



Institutional Development and Local Associations for the
Organization and Management of the collective Services

Local organizations and services

The experience of the DIALOGS project
in supporting economic and social development
in rural areas of north Vietnam



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Capitalizing on the experience of the Project DIALOGS

This document recounts the experience of the DIALOGS project. It presents the problematic of local services in the context of Doi Moi and analyzes the different service organizations supported by the project, demonstrating how these organizations combine commercial, public, community-based and associative modes of regulations to ensure quality services that are both adapted and accessible to local rural households. Finally, it describes the conditions for the emergence and consolidation of such organizations.

This document is part of a larger program of capitalization and diffusion of the DIALOGS experience and the lessons learnt during the project. This program includes:

- a series of 15 informational sheets destined for field operators, whether they are public service agencies, local political partners, or NGOs. These sheets, in a few pages, aim to give an overall view of the actions undertaken for a given theme. For the "services series", they included a description of the services created, supported, or reinforced, whereas the "method series" presented the methods tested with local partners in the context of the implementation of our activities.
- a summary brochure bringing together a series of posters presented at the provincial seminars. These posters are illustrated summaries of the information sheets described above.
- a summary brochure of the lessons learnt during the project, destined for political decision-makers.

Results were presented at a series of provincial seminars in November and December 2005, and will also be the subject of a national seminar in June 2006.

These documents are available in French, English, and Vietnamese on the GRET Vietnam Internet site at (<http://www.gret.org.vn>), as well as on CD-ROM.

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Introduction

The question of local services

In order to take advantage of their environment and resources, increase their level and conditions of living, populations must have access to different types of services:

- services supporting economic activity and particularly, in rural areas, those supporting agricultural production and animal husbandry,
- social services and basic services, for example access to drinking water, health services, etc.

Since the change in policy at the end of the 80s (the *Doi Moi*, or “Renewal”), the rural sector in Vietnam has experienced spectacular economic changes: economic liberalization, the rebirth of family agriculture, a strong increase in the standard of living. These changes have been accompanied by a significant restructuring of the institutional framework, in line with the new orientation of economic and development policy, which, for public services, has meant the dismantling of cooperatives, the abandon of free health services, the introduction of specialized public services at district and commune level (extension stations at district level, village health workers, etc.)

The implementation of these new public service agencies represents an attempt at providing an interface between the agricultural and sanitary needs of rural populations (families, producers) and the administration: a role previously held by the old cooperatives. However, under constraints to reduce costs and attain financial autonomy, these new structures supporting agricultural production tend to focus their interventions on wealthier farmers, who can pay for the services and are considered in a better position to take advantage of technical support. These services thus do not always reach the population at large. When these public services

are present at commune or village level, their cost seems particularly difficult for the State to assume. In addition, the private sector has rapidly grown, both in the agricultural sector (fertilizers, seeds, etc.) and in the health sector. But the private sector also tends to target essentially the better-off.

Despite the efforts employed by public policy as well as the breadth of reforms initiated in rural development and health, the administrative and economic changes currently underway have left significant institutional gaps that neither public nor private structures manage to fill. For a significant part of the population, although they would like to follow the economic and social progress underway and could have the capacity to do so, access to services remains limited. At the same time, this economic focus has accelerated inequalities and has excluded this part of the population from access to the basic services they need.

An experience in north Vietnam

Relying on a long experience in rural areas of north Vietnam, the European NGOs and Vietnamese institutions that made up the DIALOGS¹ team worked with regional and local institutions to support the emergence and consolidation of local services in the agricultural and public health sectors.

These services took on different forms within the different themes and regions, but all centered on local organizations. These organizations thus developed the knowledge and capacities necessary to offer basic services in response to local needs:

¹ DIALOGS stands for the project name in French, “Développement Institutionnel et Associations Locales pour l’Organisation et la Gestion de Services collectifs” or “Institutional Development and Local Association for the Organization and Management of collective Services”. DIALOGS brought together four European non-governmental organizations (NGOs) who had been intervening in Vietnam for many years, in partnership with two Vietnamese institutions. The NGOs included GRET (Groupe de Recherche et d’Echanges Technologiques “Group for Research and Technological Exchange”), AFDI-HN (Agriculteurs Français et Développement International de la Haute Normandie “French Farmers and International Development of High Normandy”), MdM (Médecins du Monde) et VeCO (Vredeseilanden Coopibo). The Vietnamese institutions included ASD-VASI (Agrarian System Department – Vietnam Agricultural Sciences Institute) and HMU (Hanoi Medical University).

production and commercialization of certified rice seed, vaccination of pigs, technical support for production or commercialization of agricultural products, production of fry for aquaculture, etc. These services are sold, and represent a source of revenue for those that produce them.

The DIALOGS experience has shown that these local organizations are capable of offering quality services, appreciated by consumers or users, while also fulfilling the conditions of economic viability.

These services are either new or better adapted to local needs and capacities, due to their local character and the inherent close relationship with the end users. They are more accessible and less costly, and thus complement the actions of public authorities and the private sector and fill a part of the “institutional gap”. They operate in collaboration with public and private institutions, and with official recognition on the part of local political institutions.

Organizations to encourage ?

Without pretending to resolve all the problems of access to health and agricultural services, the emergence of such services, founded on local organizations, seems to be a promising response to local needs as well as to the development of policies that are both efficient and inclusive. These young organizations have, in many cases, obtained official recognition from local political institutions, which is an important condition to their existence but also to their sustainability.

However, such local organizations, independent from public institutions and mass organizations – even if they work in cooperation with them – are not easily created. The legal framework defining such organizations is not yet entirely constructed or adapted. Because of this, public institutions sometimes hesitate in supporting them, even if they are of great interest. The capitalization of this experience, including discussion and analysis of both successes and weaknesses, attempts to show that the creation of local organizations and services worth exploring in order to ensure a better access of rural populations to services supporting agriculture and community health.

General information on Vietnam:

Government :

Vietnam is a socialist democracy, established in 1945, confirmed by the Constitution of 1980, which was revised in 1992 and amended in 2001 in response to the economic situation.

- The **President** and the **Prime Minister** are elected for five years by the National Assembly.
- The **National Assembly** (*Quoc-Hoi*), is elected by universal suffrage for five years and holds constitutional and legislative powers.
- The **People's Council** is both the agent of public authority at the local level and representative of the local population, who elects them. This body exists at each of the different administrative levels (province, district, and commune). The **People's Committee** is its executive body.

On a political level, Vietnam has a Marxist-Leninist regime with a one-party system, founded upon the principles of "democratic centralism" and of the guiding role of the **Party** on the State and society. **Congress** is the supreme body of the Party. It elects a **Central Committee**, which meets two times for year. In between meetings, the **Political Bureau**, which includes 15 members of the Central Committee, constitutes the decisional body. The State is organized according to a pyramid structure from the central government to the communes.

Political institutions:

The local administration covers three levels: **province** (64), **district** (569) and **commune** (10,300). Each administrative level has an executive branch (the People's Committee) and an assembly (The People's Council). The province is relatively autonomous regarding agricultural services, with the Economic Offices (formerly Agricultural Offices) at provincial and district levels, and extension groups at the commune level.

Also noteworthy are the mass organizations, social organizations which are also present at each administrative level. Associated with the Communist Party, they have a representative role for certain organized sectors (Women's Union, Farmers' Union, Veterans' Union, etc.)

Economy:

GNP per person: \$550

Growth rate: 7.5% in 2004

Primary resources and bases for economic growth:

- **Conditions favorable to agriculture and fishing industry**
- **Solid social infrastructures:** an educated population (literacy rate: 93%, gross schooling rate: 67%) and in good health (life expectancy at birth: 70)
- **Significant workforce:** 70% of the population is less than 30 years old
- **Controlled demographic growth:** 1% in 2004 compared to 3.7% in the 60s

Sources: *World Development Indicators database, August 2005, World Bank*
French Ministry of Foreign Affairs: <http://www.diplomatie.gouv.fr/>
French law consultancy group ("Maison du droit"): <http://www.maisondu droit.org>

I. Political and institutional reforms and the question of local rural services

In the beginning of the 1980s, the Vietnamese government realized that the end of the war did not resolve the economic crisis the country was facing, particularly the critical situation in agriculture. Agricultural collectivization was recognized as one of the key factors at the root of the crisis.

*In 1986, the policy of “Doi Moi”, or “Renewal”, launched a vast series of economic and institutional reforms in response to this economic crisis. This policy consisted principally in the **decollectivization of agricultural production, the liberalization of local markets, and an opening to international commerce and foreign investment.** This process has now led to Vietnam’s candidacy to the World Trade Organization (WTO), Association of South East Asian Nation (ASEAN) and Asian Free Trade Agreement (AFTA).*

Macroeconomic perspective

In addition to the interior pressure that was at the root of the recent reforms, certain **exterior constraints** linked to Vietnam’s integration in the world economy now add to the pressure on the Vietnamese economy. Vietnam’s candidacy for the WTO, ASEAN, and AFTA are also determining factors for government policy.

Due to the liberalization of Vietnamese economy, emphasis has particularly been placed on the question of competitiveness, in terms of both international and domestic markets:

- **International market:** Vietnam wishes to reinforce its position as an exporter of agricultural products, but has not always managed to stabilize its position in global markets, due to lack of competitiveness,
- **Domestic market:** domestic demand is growing, and is also becoming more and more demanding in terms of quality. With economic liberalization, Vietnamese producers risk losing a part of the interior market share if they do not manage to improve their competitiveness in terms of both the price and quality of their production.

In order to satisfy both domestic and international demand, the organization, professionalization, and improvement of quality and efficiency of production are thus crucial. Improving services to producers provides them with the necessary tools to increase and improve production as well as have a greater control on their production.

This economic liberalization has been accompanied by a progressive but profound process of political and institutional transformation, during which the system of centralized planning has evolved to a “socialist market economy”. In the beginning of the 2000s, this process led to the redefinition of the role of the Party and the government: the government gained a certain independence in the administration of the State, and the Party, still present, is seen in this new political configuration as the guarantor, and no longer the administrator, of the collective good. At the same time, in decentralized administrative levels, the role of People’s Committees has been reinforced and public service agencies have been profoundly reformed, following the logic of deconcentration and economic equilibrium.

This vast reform process has redefined the terms of public intervention in the economic and social sectors. It raises questions concerning agricultural and rural development policies, as well as questions as to which institutional frameworks are apt to favor and accompany a form of economic and social development which will not generate exclusions. The rapid increase in inequalities, product of economic liberalization, is worrisome to Vietnamese authorities, who are looking to reconcile economic growth and poverty reduction. It is in this context that the issue of local rural services is raised.

A) DOI MOI AND THE REBIRTH OF FAMILIAL AGRICULTURE

As soon as the Socialist Republic of Vietnam was proclaimed, Vietnamese authorities proceeded with a distribution of land that aimed to ensure the totality of the rural population with access to land. The agrarian reforms became systematic in 1954. Land reform was succeeded in the 60s by agricultural collectivization, aimed to bring about technical progress and gains in productivity. With the exception of small family gardens, all land belonged to the State; agricultural production was organized under cooperatives, organized in brigades. Very soon, and in spite of gains in

productivity resulting from the introduction of improved varieties and hydraulic work, production plummeted. In the beginning of the 80s, agricultural production stagnated; production growth fell below demographic growth. The war effort could no longer serve as explanation for mediocre performances, which now seemed evidently linked to the collective organization of agricultural production. The legitimacy of the government, founded upon the rural sector and the working class, was in question.

In 1981, the “contract 100”² gave families independence in their production, in exchange for a set volume of obligatory contributions. In 1986, Congress decided to begin the process known as *Doi Moi*, or “Renewal”. This policy was born of the failure of collectivization, the economic crisis, and the Party’s desire, and need, to reestablish its legitimacy.

In agricultural policy, *Doi Moi* led to the reestablishment of familial agriculture: family-run farms were now considered as independent economic units responsible for decisions regarding both the production and the commercialization of their product. At the same time, the agricultural market for both products and inputs was liberalized. The State redistributed lands in an egalitarian manner, giving land rights first for five years (Contract 10³, in 1988) then on a more long term basis (the property law of 1993). An agricultural credit policy was also put into place.

Following these reforms, familial agriculture replaced the system of cooperatives of production and commercialization. The effects of this liberalization were spectacular: production grew exponentially and as early as 1989, the country began exporting rice again.

² “khoán 100”, or “subscription 100”: a directive of the Party that provided for contracts between cooperatives and their members, according to which individual families were held responsible for the majority of agricultural operations. See Bergeret, 2001.

³ “khoán 10”, or “subscription 10”: Resolution n° 10 of the Party, which transferred responsibility for the production and commercialisation of agricultural goods to individual families. See Bergeret, 2001.

***Doi Moi*: spectacular results**

Results of the *Doi Moi* reforms were spectacular: during the 90s, Vietnam experienced a high growth rate (8.5% in 1992 and 9.3% in 1996), doubling its GNP in 10 years. Redistribution in agriculture allowed agricultural producers to more than double their returns. In 1986, Vietnam was an importer of rice: the *Doi Moi* reforms and the restructuring process that followed transformed Vietnam into the third largest exporter of rice, in a matter of 10 years and to the second largest exporter today.

In 1995, the food security crisis was past but the fight against poverty was still an affirmed priority. If the whole of the population benefited from the reforms (through a general increase in the standard of living), social and regional inequalities increased, certain minority populations and/or regions were excluded from this dynamic, too isolated to benefit wholly from the movement. The rural population in particular still suffers from this increase in inequalities.

The economic boom following land redistribution progressively slowed down, however, and an agricultural policy began to appear necessary. Decollectivization had focused on the redistribution of land, but not, or to a much lesser extent, other means of production. This led to significant needs in capital for the growing agricultural industry. In 1992, 80% of the loans from the Agricultural Bank of Vietnam went to State companies. Very few families thus had access to credit. In the four following years, the rural financial market was radically transformed: loans granted to rural families were multiplied by 6, attaining a total of nearly one billion US dollars. The Bank for the Poor was created. Despite these efforts, however, inequalities persisted in terms of access to credit.

In 1995, food security was achieved in Vietnam and an agricultural policy based on agricultural diversification and the development of commercial agriculture was undertaken, including efforts to increase competitiveness in terms of both quality and productivity, as well as an opening to new markets. The market economy was established; however, for a significant portion of the rural population, access to these markets as well as to technical innovations was difficult. Liberalization in agriculture led to a strong increase in inequalities, a growing problem.

During this period following decollectivization, agricultural policy was defined and evolved with the aim of moving from a model based on familial subsistence agriculture one that led the country to a situation of food security. Once food security was achieved in 1995, the emphasis shifted to increasing productivity, exports, and to a lesser extent, farmers' revenues.

B) EVOLUTIONS IN THE POLITICAL AND INSTITUTIONAL FRAMEWORK IN RURAL ZONES

The economic transition initiated in the beginning of the 90s brought about profound changes to agricultural and rural society. The disengagement of the State created a need to adopt new policies to accompany these measures, in order to provide services that contribute to sustainable rural development.

A hierarchical structure of governance, in the process of decentralization

A structure of governance historically dominated by hierarchical relations

The government and its administration exercise authority according to four levels of governance: the central or national level, the provinces, districts and communes. The diagram that follows represents this structure, with the example of agricultural services. From the provincial level downwards, the administration is under the authority of the Provincial People's Committee ("PPC"), which coordinates and supervises the action of different public service agencies which, themselves, answer to different ministries (e.g. Health, Education, Agriculture, etc.). The PPC also supervises the actions of the people's committees its lower administrative levels. The people's committees are appointed by the People's Council, which, at each level, is elected by the population. The People's Committees are thus the executive bodies of the People's Councils, but are revocable by the government, who also controls their budget. At commune level, People's Committees are in contact with village leaders at the local level.

This structure of governance thus combines a double logic:

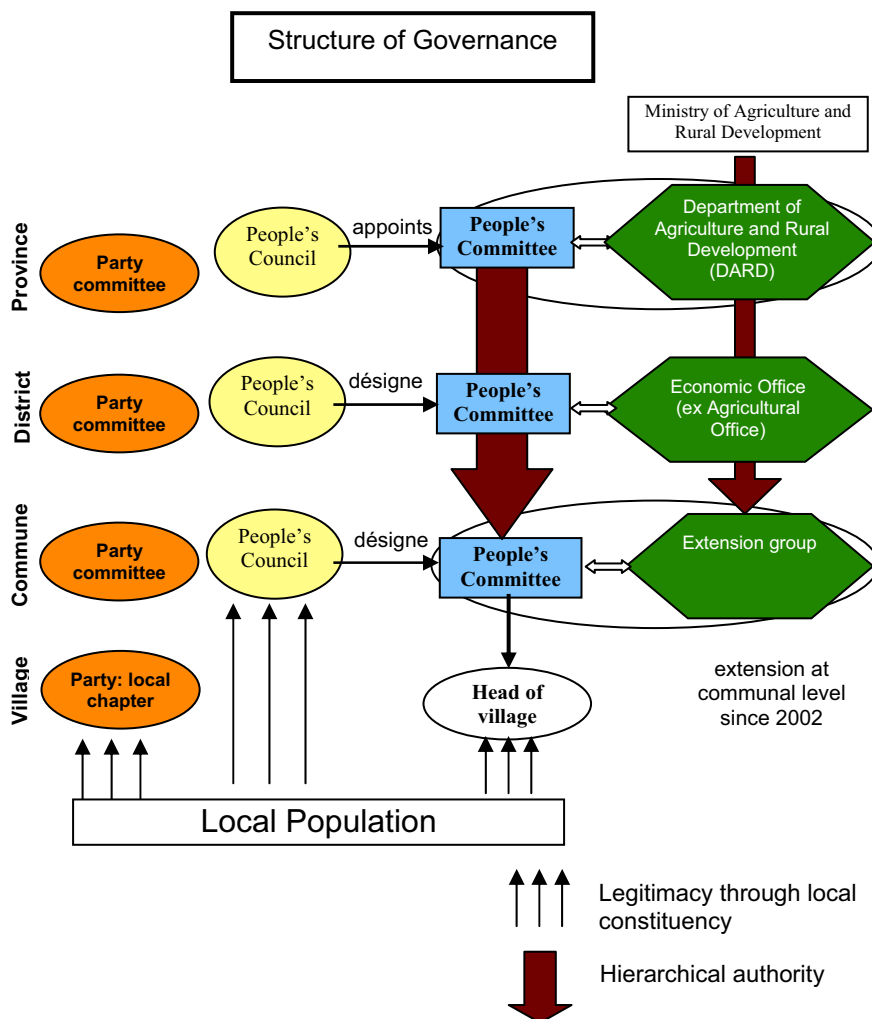
- on the one hand, a vertical hierarchical logic, top-down, in which higher administrative and political levels decide upon both strategies and measures to put into place by the lower levels. This is particularly the case for technical or sectorial strategies, in which district authorities such as the Economic Office (formerly Agricultural Office) must apply directives from the respective provincial authorities, as well as, (to a lesser extent, in practice) the Ministry of Agriculture. The supervision of people's committees by the

CPP also falls under this logic.

- on the other hand, a model of political representation based on local interests and rooted in a territorial perspective in which the administration at a given level must answer to the corresponding People's Committee.

In this structure, the Communist Party is omnipresent, due to its integration at each level.

Even if the hierarchical, vertical logic is historically predominant, the real legitimacy of local authorities must not be underestimated, and, as a consequence, their ability to express and represent local needs and interests to authorities at higher administrative levels. The fact that the Party plays more and more a mediating role between these levels of governance tends to reinforce the second logic of representation of local needs and interests.



Considering that the State, before *Doi Moi*, undertook to provide all services within a planified economy, the reforms of the last years have involved the inverse: that is, a withdrawal of the State from a certain number of services, while remaining implicated in others or sometimes developing new services, and integrating different means of decentralization.

At the center of the structural reforms resulting from both *Doi Moi* and pressures from international donors, the need for financial resources has forced the State to decide between services that it will provide and services that it will disengage from, as well as those whose management it aims to improve. This desire to improve the productivity of public services has been accompanied by an effort at decentralization within the governance structure, with the objective of transferring financial responsibilities but also to modify relations between service providers and those who pay for the services. These efforts aim, in the long run, to improve the equality, accessibility, and sustainability of services rendered.

In general, in Vietnam or elsewhere, decentralization policies obey **three overall principles**⁴:

- **Subsidiarity**: it is preferable that decisions are made at the lowest level possible. That is, decisions made at a certain level are only those that cannot be made at a lower level.
- **Non overlapping competences**: all competences that overlap are a source of conflict, inefficiency, a waste of time or resources, and
- **Specialization**: specialized actors are more apt to produce a service or sub-service in an efficient manner that minimizes risks of overlapping competences.

A **fourth principle** is generally introduced when the government wishes to preserve an **imperative of equality**. It concerns the equality of treatment, by which an offer of services –

⁴ The paragraphs that follow are taken from Smith, Lawrence D.: *Réforme et décentralisation des services agricoles : les éléments d'une politique* ("Reform and decentralization of agricultural services: policy elements"); FAO ; Rome ; 2002. In Bergeret, Pascal. Appui à la composante évaluation et capitalisation du projet DIALOGS. ("Supporting the evaluation and capitalization component of the DIALOGS project") Hanoi and Vinh Yen, June 16-25, 2003.

seen either through the coordination and standardization of procedures, or on the contrary by specific corrective measures – aims to ensure an equal treatment at all comparable levels of governance.

The following **modalities** of decentralization are not mutually exclusive and can coexist within an ensemble of services or even within a single service structure. One can thus distinguish the following modalities:

- **Deconcentration:** a process by which a certain number of functions and prerogatives are transferred from one administrative level to another, more local level within the State structure. This process is accompanied by a transfer of resources toward local levels which will permit them to fulfill these new functions.
- **Delegation:** a certain number of prerogatives and functions previously fulfilled by certain levels of the administrative structure are entrusted to other actors, public or not. The State delegates the production of a certain service to structures that operate with a large degree of independence and are free to organize themselves as they wish, even if the State is still responsible for the provision of the service. The delegation of a service often involves changes in the management of operations.
- **Devolution:** the State accepts to give up its responsibility for a certain number of prerogatives or functions which will be placed under the sole responsibility of local collectivities. To the extent that local collectivities are meant to represent local interests, devolution often involves a change in governance.
- **Partnership with civil society organizations (CSO):** a modality characterized by advanced decentralization that responds to the need for efficiency, equality, and sustainability. This form of cooperation often involves a change in governance, where the relation between producers and users is often a significant issue. The basic idea behind this modality is that territorial collectivities do not always have the financial means to respond to small groups of the population but also that they are often overloaded with tasks that, following the principle

of non-overlapping competences, keep them at a level that is higher than the group or community.

- **Privatization:** when the State considers that a service can be entrusted to private operators, and that its regulation can operate according to the market laws.

Concerning the Vietnamese context, we can deduce from this discussion the following points:

- Decentralization procedures are generally complex and are not limited to the more common cases of deconcentration, delegation, or privatization of services.
- Devolution and partnership necessarily involve a risk that the State considers them an easy means to cut budgets, in disengaging from certain services without giving the partner bodies or local collectivities the corresponding financial compensations.
- Finally, the production of decentralized services necessarily implies the development of new functions within local collectivities but also the appearance or reappearance of new actors intervening in the production and management of these services, including particularly for the agricultural sector, the farmers themselves, collectively or individually, as well as private operators of all natures. It is the nature and the quality of the relations between these different actors that determines the success or failure of decentralization policies.

A legal framework in construction

While the politico-administrative system was implementing the reform process described above, which opened opportunities for new actors, a rapid process of legal construction started to design a new framework favorable to the creation of new legal entities who could play a role in the production of local services. Two laws – one on cooperatives (1996) and the other on cooperatives and associations (2003) – have thus provided farmers with the possibility of organizing themselves into entities officially recognized by political authorities, which thus gives them the opportunity to develop collective activities in a way that is legitimate in the eyes of both the law and the administration.

Main currents in public policy in the rural sector since 1986:

1986	1993	1996	1999 - 2002	2003
<i>Doi Moi</i>	Agricultural extension	1 st law on cooperatives	Extension at commune level	2 nd law on cooperatives and associations

In 1993, familial agriculture was re-established; the growth rate was rapidly increasing: the agricultural economy was back on its feet. The law of 1993 solidified the reforms, established a real estate law, and set the path for agricultural extension policies.

The first law on cooperatives was passed in 1996 in the context of the economic renewal of the country, necessitating legal recognition of different economic units. At the same time, one could perceive a lack of local public services.

The State responded to this situation in 2002 with the creation of a system of extension at the commune level. However, this system lacked staff and technical training, and thus was not able to cover the needs of all producers.

In comparison to the law on private companies approved in 1999, the law on cooperatives proved more restrictive and less clear in terms of the procedures for creation. In order to better respond to the economic situation, the law on cooperatives was amended in 2003, and included a new legal form, the association.

This change in context in 2003, marked by the adoption of this new law on cooperatives and associations, represents the beginning of an acceptance of a growing civil society and was an opportunity for DIALOGS to reinforce institutional development and local organizations.

A new legal status for local organizations

With the law of 2003, the notion of cooperatives would experience a strong change. The new status defined them as an independent entity open to different types of economic subjects (individuals, households, legal entities). A simplification of the procedure to create one was introduced in the new administrative and legal framework, which also set out more specific references to its management as well as the State's role in such organizations.

A new legal form – the **association** – presented itself as a new alternative for collective organization of activities of a non-profit nature.

In both cases, interested parties must follow an administrative procedure that involves the deposit of an official request which is decided upon by the President of the People's Committee, at provincial level in the case of associations and at district level in the case of cooperatives.

This law has been interpreted and applied in different ways from one province to another. However, we will see that they have opened real possibilities and alternatives concerning agricultural and health services.

A culture of law in construction (amidst other forms of socio-economic regulation)

The existence of strong differences in the ways of applying these laws warrants a detailed explanation for three reasons.

Firstly, these differences are in part due to the present characteristics of the legal system. Considering Vietnam's recent and older past, the political sphere (in terms of decisions and measures taken), up until a few years ago at most, has played a legal role, which hindered the development of an independent system of Law. The construction of a specifically Vietnamese system of Law with a developed legal framework seems today to be a radically new situation, a result for the large part of Doi Moi reforms, but also unfinished and presenting certain gaps or incoherencies⁵.

The second reason based on an important cultural factor. Independently from the predominance of politics over law, other forms of social regulation that have always existed at the local level still predominate. A Vietnamese proverb can be used as an illustration of this phenomenon: "the law of the King cedes to the law of the village" ("Phep vua thua lê lang")⁶.

Finally, the independence of provinces, even districts, following decentralization efforts, has provided for considerable

⁵ Salomon ; CERI ; Paris ; 2004

⁶ Idem.

margins for maneuver concerning interpretations of laws. The personalities, capacities, and ambitions of administrative authorities have important consequences on the application of laws. (See box in III.D “A recognition that can be difficult to obtain” p. [148])

If today the Law is gaining more and more ground as a norm of reference for resolving conflicts, political decision and socio-communitarian norms continue to play an important role in providing models for social regulation.

A method of intervention that takes into account elements of institutional construction

This last point is of crucial importance in reflecting on the types of regulation for services and the institutional arrangements that could provide sustainability to actions. These considerations played an important role in the method of intervention that was adopted by DIALOGS.

Concretely, in a context where the capacities of the different levels of governance are still being redefined, where the Law itself is in the process of being constructed, and where it was necessary to find efficient means of coordination such that local actors with a status that is often still uncertain were able to produce, deliver or manage local services, DIALOGS looked above all to promote specific institutional arrangements between the actors involved in the service⁷ and the authorities present at the local level.

Constructing local arrangements does not however represent an end in itself. In the spirit of DIALOGS, it was a matter of finding a solution to a present situation where the principal institutional elements (the capacities of authorities, the legal framework, laws, etc.) were not entirely defined yet. This however does not mean

⁷ These local actors include principally service producers, service users, public service agencies, State executive bodies (People’s Committees), mass organizations (local structures with social objectives that are integrated both in the local social fabric as well as in the central government through their relations with the Party).

that DIALOGS avoided attempts at fixing them or was satisfied with a single model for managing local services that is itself based on a single representation of economic and social regulation.

In this context, it seemed thus more relevant and judicious to test many different means of supplying these services, leading to different institutional arrangements, and thus opening a way to different possibilities for formalizing organizational structures.

Local services and organizations

From the perspective of the organizations associated with DIALOGS, the decentralization policies underway in Vietnam and the laws that accompany them have encouraged the emergence of new actors, particularly in the realm of service provision.

As soon as the project began, production and management of local services seemed to be able to develop under the new modalities inspired from models of delegation and partnership. These modalities particularly provided an opportunity to associate actors from the public sector with collective actors in different ways.

Whether it concerned agricultural or community health services, such associations necessitate the emergence and reinforcement of organizations capable of responding to the needs of small groups or communities of service users with the provision of the service in need.

The experience acquired previously in the Red River Program had already demonstrated that the link between organizations of such actors and local collectivities at the commune level was of utmost necessity, not only to ensure the political and institutional viability of the former, but also to affirm their legitimacy vis-à-vis the population.

The actions of these local organizations thus seemed capable of modifying the governance of services, and increasing their efficiency, equality of access, and sustainability. These organizations could perhaps even offer new possibilities of participation of local populations, through the construction of a network of organizations

that would be in a position to dialogue with the State on questions of supply, management, and access to services.

The objective of DIALOGS was thus to test certain modalities of decentralization by supporting the emergence of certain actors organized collectively, by consolidating their interactions (amongst themselves, with public service agencies, private actors...) and by reinforcing their performance. At the same time, these actions would reinforce their relations with the State, particularly on a local level.

C) THE REORGANIZATION OF AGRICULTURAL SERVICES

These economic, political, institutional, and legal policies brought about spectacular economic results, but have been accompanied by an increase in inequalities that is often linked to problems of access to services for underprivileged populations in rural areas.

The effects of liberalization and decentralization: inequalities in access to services and institutional gaps in service provision

In the context of *Doi Moi*, the State, de facto, withdrew from its role as the supplier of the majority of social services and as the regulator of collective access to input. The case of cooperatives and agricultural services is illustrative of this dynamic, in which the consequences were however far from what was expected or intended, and the different variables were difficult to control on the whole.

Before *Doi Moi* was set into action, the majority of services supporting agricultural production and commercialization were managed by the cooperatives. These organizations had several roles: for farmers, they were an economic unit of production and commercialization of goods, but they were also a public decision-making and management body, a supplier (often the only one) of goods and services for farmers belonging to the cooperative, but also a user of these goods and services.

The old cooperatives had thus integrated the ensemble of functions constituting direct support to agricultural production, both in terms of input and output services that, in the few years following economic liberalization and decollectivization, were entirely dismantled: supply chains, commercialization, financing, technical training, etc.

If parts of the sector were left to the initiative of the private sector⁸ (at least within the realm of agricultural production strictly speaking), the State however made a first attempt at restructuring – at the central level – specialized public service agencies such as agricultural extension services or the supply of rice seed.

Around 2000, the implementation of decentralization policies led to a new restructuring of these services with the transfer of a large part of responsibilities to provincial administrative authorities.

The content and pace of these reforms can be considered a success in themselves. They also permitted a certain continuity in terms of the grand picture of public offer of basic services, particularly in terms of technical advice for traditional sectors of production such as rice or for the promotion of new productions such as coffee.

This being the case, these reforms met many obstacles. In the case of agricultural services, the following difficulties can be observed:

- The question of targeting wealthy farmers, an implicit effect of the new system. This issue was discussed in previous sections.
- The means of transfer of responsibilities between the different levels of governance which were not always clearly defined. Responsibilities regarding the implementation of certain services were transferred to lower levels of the administration without however properly transferring the accompanying responsibilities or capacities (decision, financing, management, supervision, control).

⁸ The private sector covered the commercialization of products and the retail sale of the majority of inputs. This being the case, the role of the public sector has often maintained a certain power in what concerns wholesale commerce. Private initiative is thus at least in part limited.

- A geographic continuity in service supply is not always guaranteed. The employment of at least one person in charge of agricultural extension per commune remains thus an objective that has not been achieved in spite of decentralization efforts. Entire zones remain thus uncovered.
- Even if their content and methods have evolved, extension services often remain limited to a downward transfer of technical knowledge, which does not take into account the needs and interests of producers and does not take advantage of local experience and knowledge⁹. The content remains thus defined by scientific decision-making bodies with an approach that is principally technical and does not always respond to the true socio-economic conditions of production and systems of exchange experienced by farmers.
- The significant lack of financial resources, linked to the unclear definition of the circuits of budgetary transfer accompanying decentralization. This situation has led to services that lack personnel, or with an existing personnel that is underpaid, underqualified, and thus unmotivated.
- The rapid evolution of production techniques and the specialization of farmers. Economic liberalization has led farmers to rapidly change their agricultural techniques in order to adapt them to the new economic context. To give only a couple examples linked to DIALOGS, we can witness: a) the emergence in the aquacultural sector of specialized producers of spawn, who supply aquaculturists with fry at different levels of maturity, b) the emergence of milk producers outside of large urban centers, c) the development of market gardens within irrigated areas, d) the introduction of a third or fourth cycle of harvest, within certain zones, e) specialization within the pork sector with the emergence of breeders specialized in reproduction, fattening, quality production (lean pork, for example), etc.

Generally, these transformations developed upon the initiative of the farmers, independently of extension services which, *in fine*, are often incapable of adapting their services to all the factors involved in the new productive dynamics.

⁹ Notes from the PAOPA seminar, Hanoi 23 and 24 September 2002.

Concretely, this situation can be interpreted in two ways:

- For rural populations, reforms have led to inequalities in access to these services, particularly those that concern agriculture or community health and which were previously supplied – in a more or less effective manner – by the old cooperatives.
- Given the situation described above, and considering the goal of developing different service chains meant to give an institutional response to agricultural and sanitary needs in accordance to the missions and objectives defined at the political level, it must be recognized that there exist certain **discontinuities**, or *institutional gaps*, where services are provided neither by the public nor by the private sector.

In fact, as we just observed, these inequalities in access and the corresponding institutional gaps can also be the result of several factors:

- an absence in the definition of certain procedures for certain administrative levels,
- the inefficiency of service suppliers (public or private) meant to guarantee service provision,
- the geographical and organizational difficulties involved in providing certain services,
- the new needs of farmers in relation to their changing environment,
- insufficient resources,
- a supply that is not adapted to technical-economic conditions,
- etc.

It is usually a combination of several of these factors.

The principal hypothesis reached at the end of DIALOGS was that, in the context of *Doi Moi* and decentralization reforms, in most cases there lacked a level of organization that was in a position to fill these institutional gaps in agricultural and health services, to regulate access to common resources or to manage collective services.

The emergence of the private sector is not the panacea

In terms of agricultural or health services, the market economy has up until now developed to a limited extent in northern Vietnam, particularly due to a lack of necessary infrastructure and resources.

In agriculture, the private sector is more or less present within certain themes or zones and in some cases can begin to fill a part of the existing institutional gaps discussed above. However, the private sector is unable to supply some of the products and services that are useful and accessible to certain regions and populations, particularly in isolated regions or in the case of minority populations or underprivileged families.

In addition to these institutional gaps, we can thus witness a tendency that can be qualified as the **private sector vacuum**. The development of the private sector, characterized by its orientation towards wealthy populations, presents the risk of creating a new gap behind it.

We can also witness in the emergence of the private sector an absence of a culture of quality, which is aggravated by the absence of regulation. This situation can lead to practices that can be characterized as uncontrolled capitalism (even if, as mentioned above, other forms of regulation, particularly those based socio-communitarian relations, may still act as a counterbalance to this tendency).

Moreover, the privatization of public companies remains incomplete and not entirely transparent, which has left a room for the development of essentially only small-scale private production. To take an example from one of the DIALOGS themes, for example, rice seed production is in theory guaranteed by a public company; however, production levels are insufficient. In other sectors, production is assured by both private and public actors, sometimes for political reasons (guaranteeing a minimum of public service, preserving a national strategy such as food security, etc.); however in other cases this mixed nature is merely the vestiges of the old system or of the institutional gaps cited above. In any case, an improved coordination of this production would be beneficial.

These gaps present the risk of worsening the situation in service provision, particularly the inequalities of access to services in rural areas. The difficulties encountered by rural households in changing their system of production to adopt a more commercial orientation suggest that they had to confront numerous obstacles in organizing such commercial production.

In this context, policies supporting market participation seem necessary. The DIALOGS teams reached the conclusion that institutional gaps could only be filled by organizing all actors involved in service chains, whether they are private, public, or collective, in order to define and take charge of what the State had previously provided – more or less well – on a local level. This organization would allow for a greater integration of those excluded from the new economic situation through an improved access to basic services.

Beyond public and purely private actors, this implies changing the conditions of the socio-economic and institutional environment through the development of organizations of producers as well as organizations specific to different agricultural fields in order to allow for a stable integration of rural households in the market economy¹⁰.

The legal form of *new cooperatives* thus came at a good time, presenting itself as a solution to guarantee certain economic functions such as the management of credit, supply in input, technical services, transformation and commercialization of agricultural products. Up until now, these new cooperatives have also tended to form around the wealthier or more technically advanced farmers. In contrast, the organizations of producers set up or supported by DIALOGS did not have the direct objective of being profitable but rather to increase the individual revenues of members and/or users by reducing the costs of services, thus participating in a fair, sustainable form of rural development by establishing a system of regulation amongst these actors.

D) THE REORGANIZATION OF PUBLIC INTERVENTION, NATIONAL DEVELOPMENT POLICY, AND THE QUESTION OF LOCAL SERVICES

Doi Moi can thus be characterized by a profound reorganization of public intervention in the rural sector. Following the collapse of basic services previously supplied by agricultural cooperatives, national and provincial administrations made an effort to

¹⁰ Notes from the PAOPA seminar, Hanoi September 23 and 24, 2002.

restructure the public sector, without always reaching district or commune level and leaving agricultural support structures (extension stations, veterinary stations, companies producing genetic material or agricultural inputs) with insufficient means to reach underprivileged populations in any permanent manner, outside short-term operations or campaigns run by the State.

Sectorial policies have been defined without consulting producers and in a context of voluntarist interventions with disputable impact. As a result, large sections of the local economy have been excluded from these interventions.

The private sector has, for its part, tried to take over certain sections, particularly the supply of inputs, certain commercial services or transformation processes. It has nevertheless not been able to substitute the public sphere for all services: its flexibility and dynamic nature are indisputable, but there remain problems of quality and of equality. For profitability reasons, the private sector is not present everywhere and works closely with wealthy farmers.

In the context of liberalization and efforts at finding competitiveness, only a minority of producers have access to technical advice and quality inputs, which limits their possible gains in productivity and increases inequalities. Neither the restructured public structures, nor the private sector seems to be in a position to fill the institutional gaps and thus reach the majority of the population.

The national strategy for development 2006-2010 stresses two distinct objectives:

- the development of **commercial production** and the search for **competitiveness**, as well as
- the **reduction of poverty** and the participation of the poor in the economy.

Succeeding in achieving these two objectives necessitates a policy that allows the majority of producers to improve their technical performance and to have a better command on their production, on the one hand, and on the other, to develop their activities and revenues.

In order to do so, this implies that producers have access to **services** (inputs, advice, financing, etc.) that are both **relevant** and

adapted to their situation and agro-economic environment, **accessible** (in terms of both cost and proximity), **sustainable**, and capable of evolving. These services allow producers to improve the quality of their production, to improve their relations with consumers for a greater valorization of their product, and thus to increase the added value of their production.

It is within this context of political, economic, social, and institutional transition that DIALOGS intervened to help structure such services, based on local organizations, to complement and reinforce public action in the sectors of agricultural production and primary health and to reach a greater number of people to services.

II. Constructing sustainable and quality services at the local level: the DIALOGS experience

The European and Vietnamese organizations involved in DIALOGS sought to accompany these economic and institutional changes in rural north Vietnam.

Relying on the experience gained from the many years of cooperation under the Red River Program (“Programme Fleuve Rouge”), DIALOGS proposed to test decentralized service mechanisms aimed at supporting agriculture and health within the familial economy, based on local organizations. Working with technical and economic expertise and the beginnings of local organizations already underway from previous projects, the DIALOGS teams experimented and tested models to structure local rural services and ensure their sustainability by establishing their viability and quality.

It became clear that, beyond the quality of the services or their economic viability, which are two critical factors, their institutionalization was essential. “Institutionalization” involves the act of anchoring these services in the local institutional framework, which, as we saw, is itself in construction. The process of institutionalization seeks to formalize arrangements between the existing structure (public services, private structures, etc.) and the organizations created or reinforced by the project, in order to

respond to the deficit in agricultural services that has marked the Vietnamese agricultural sector since decollectivization.

By supporting rural actors who wish to develop a service activity, by working with them on the conditions of viability and sustainability of their action and on their integration into the institutional framework, DIALOGS sought to contribute to rural development by creating links that are enrooted in the local context. DIALOGS sought above all to increase access to basic services, to contribute to economic progress as well as to the process of political, institutional and legal evolution underway, in an effort at finding development models that are both efficient and inclusive.

A) DIALOGS: STRUCTURING SERVICES IN A CONTEXT OF CHANGING DEVELOPMENT POLICY

Between 2002 and 2004, DIALOGS worked in different provinces in North Vietnam to support the emergence and consolidation of services. With its emphasis on rural services, DIALOGS is the rational continuation of the previous actions of its partner organizations as well as the Red River Program (“Programme Fleuve Rouge”).

From agronomical research to supporting local organizations: the “Red River Program”

The Red River basin covers the largest part of North Vietnam. Its delta, altered by the vast hydraulic works in the 50s and 60s, has one of the largest population densities in the world. With an extensive control of water supply and the proximity of market outlets, agriculture practiced here is intense, diversified, and market-oriented: significant returns in rice production, market diversification in the dry season, expansion of orchards. The hill regions, less developed, combine rice production in the plains and lowlands as well as slope cultivation, in less favorable conditions. In the mountains, surfaces for cultivating rice are limited, the lowlands are frequently too acidic and less fertile, the production systems are diversified but less intense, and markets are at a further distance.

It is in these regions that the French-Vietnamese rural development program called the “Red River Program” (RRP) started 15 years ago, upon the request of the government authorities of both countries. The program was jointly coordinated by the GRET and the Department of Agrarian Systems (DAS) of the Vietnam Agricultural Sciences Institute (VASI)¹¹.

Project sites:



With the objective of accompanying and supporting agricultural development in the Red River Basin following decollectivization and land redistribution, the RRP began with agricultural research, to evolve progressively towards research-action and finally to agricultural development projects.

The program has followed an evolution characterized by gradual shifts in themes and approaches. Centralized research

¹¹ Under the Red River Program name, there were many projects and programs financed by French and European cooperative agencies: PFR, DERCOM 1 and 2, COLLINES, PAOPA, DIALOGS...just to cite the largest. Many organizations were associated with or participated in the program: public organizations (notably the CIRAD, INRA, IRD) as well as some NGOs (AFDI, Codev, Fado/Veco, Médecins du Monde, VSF, etc.).

quickly extended to on-site studies. Sectors studied included agriculture, fishing, stockbreeding, and milk production. Support followed a technical approach by product, and then took a more hands-on approach, integrating economic advice, followed by work reinforcing production chains and small farmer organizations, to arrive at the point where, currently, support focuses on supporting local service organizations and their institutionalization¹². At the same time, RRP has expanded its intervention zones to include not only the part of the delta near Hanoi but also into the hilly and mountainous regions that form the Red River basin.

This evolution of themes has followed and in many ways accompanied the evolution of Vietnamese agriculture and rural development policies.

Vietnamese Policy	Year	Cooperation project	Cooperation policy
<i>Doi Moi</i>	1986		
	1989	Red River Program	Technical cooperation, research on the evolution of agricultural systems
Agricultural extension	1993		
1 st law cooperatives	1996	COLLINES	Support for the extension of technical innovation
	1997	DERCOM1 DERCOM2	Local collective services in the rural sector (hill and mountainous regions)
	2000	PAOPA	Support for the emergence of farmer organizations
Extension at the commune level	1999 – 2002		
2 nd law on cooperatives (and associations)	2003	DIALOGS	Institutionalization and organization of local services

¹² At this time, research and action focused on the Red River Delta and evolved from an analysis of field irrigation, to studies on water management at commune level and the functioning of local pumping stations, finally to questions on regulating water and hydraulic systems.

With the COLLINES and DERCOM projects, the RRP worked to bring about technical innovations adapted to small and medium farmers by working with informal groups of farmers. In a booming rural economy, the principal problem encountered by small farmers was not as much finding market access but rather finding quality inputs, adapted to local conditions, and at reasonable cost: rice seed corresponding to their ecosystem rather than the varieties that extension policies stressed were highly productive but demanding; locally available fry for aquaculture, to avoid risks due to transport into the delta; vaccines for pigs where veterinary services vaccinated cows; etc.

The approach consisted in identifying, with the groups, the innovations they wished, and to support the emergence of specialized producers (of fry, rice seed, etc.) and rural technicians (veterinary agents, etc.) who could supply these services to the members of the group or an expanded network of users¹³. The legal framework at the time did not allow for an institutional arrangement for these groups. In any case, the results of the activities showed that organizing farmer groups around these services was not of particular value, beyond the phase dedicated to integrating technical innovations: there were no coordination problems, since rural technicians did not work exclusively with the group but also on an individual basis. However, rural technicians or producers of inputs could benefit from group action for certain functions (purchase of medicines, aquaculture equipment, etc.). These observations led to reasoning around services and access to services, and to the creation of organizations as a means to better coordinate the service at hand.

Other actions oriented toward production output had supported the emergence of industries specialized in quality products which guaranteed producers a greater control of their market outlets and a higher added value (lean pork, dried litchis, etc.). Beyond the technical aspects (techniques linked to raising lean pigs, drying techniques for litchis, etc.), these actions focused on ensuring the quality of the

¹³ Cf. Lamballe P. et al. *Mobilizing actors with a research-action approach* (*"Mobiliser les acteurs dans une démarche de recherche-action"*)

products as well as improving the recognition of this quality as reflected in higher prices. Here as well, organizational questions were raised regarding transformation, commercialization, creation of a product identity, quality control, etc. Certain problems encountered (in terms of contractualization and commercialization) were linked to the fact that these organizations had no official or legal status.

The evolution of intervention techniques in the field of community health responded to the changes in the health sector following the Doi Moi reforms. Following these reforms, public services in health and education were significantly reduced. During the two DERCOM projects, actions focused on village health workers (VHW)¹⁴, in an effort to improve access to health education for the inhabitants of isolated and underprivileged regions. These workers, within their village, provided local services on a voluntary basis, before being integrated into the official network of VHW in the public health system.

Although the VHW fulfill the roles assigned to them by the Ministry of Health, the impact of their action is however still limited in changing certain local attitudes or practices. As a result, project intervention was reoriented towards capacity-building efforts for the VHW, along with experimenting with an organization of the beneficiaries of their services: the Mother groups. This organization allowed for the VHW, supported by the project, to better respond to a major and recurrent health problem in the rural communes in mountainous and isolated zones: malnutrition in children under 5 years old. This organization allowed the VHW to reach more mothers.

The MdM experience in public health, in particular in rural areas, led them to assert that the implication of beneficiaries is essential to the sustainability of offered services, and also that the implication of public service agencies, in a relation that is negotiated with different organizations of actors, is also crucial.

¹⁴ In the beginning, they were village health volunteers, who became public servants after integration into the State health system.

DIALOGS: objectives and methodological approach

To respond to these problems, DIALOGS sought to help organize agricultural industries by integrating input and output aspects of the production chain, structuring collective services managed by new organizations or by those created by previous projects. In order to ensure the sustainability of these services and to integrate them into the socio-political framework, DIALOGS adopted an approach that focused on negotiation, consulting all the actors involved.

The primary objective of DIALOGS was “to improve services to rural populations in primary health, agricultural, and animal husbandry sectors by promoting local, professional organizations oriented towards a form of stable and sustainable development that favors the participation of populations that are either socially vulnerable or from disadvantaged zones”¹⁵.

With a certain level of experience acquired from previous programs, the project aimed to support rural technicians in consolidating the services they provide, in forming an organization when necessary, and in negotiating institutional recognition.

Actions fall under two main themes:

- Agriculture, animal husbandry and local development, and
- Community health.

The partners involved in the project undertook different actions, organized by both intervention site and theme.

¹⁵ Objective taken from project description.

Distribution of activities by theme and by zone:						
ACTIONS	HAI DUONG	BAC NINH	VINH PHUC	PHU THO	BAC KAN	THAI NGUYEN
Porcine production	VASI	VASI	GRET	GRET		
Veterinary services	VASI	VASI	GRET	GRET	VASI	
Milk production		AFDI-HN				
Rice seed production	VASI	GRET	GRET	VECO	VASI	
Aquaculture			GRET	GRET		
Fruit production	VASI				VASI	
Local development					VeCO & MdM	
Health					MdM	HMU

See map p. [33] for the geographical location of provinces listed

A third component for the project was the coordination and capitalization which was designed to ensure a coherence and transversal character to the actions, as well as to provide retrospective insight on the actions implemented.

The three components of DIALOGS

The first project component, “**Agriculture, animal husbandry and local development**”, had 3 specific objectives:

- Promote the emergence and reinforce capacities of producer groups.
- Structure agricultural production chains, adapt them to market conditions and favor the development of professional networks in collaboration with public authorities.
- Favor the integration of basic agricultural organizations into local decisional bodies, support negotiation during plenary sessions for rural development (in coordination with national agricultural services) and favor stable and sustainable development from both a territorial and social point of view, at commune level.

With the following expected results:

- The development of new services to producers and the improvement of already existing services, and thus,
- The improvement of technical and economic results in production,
- The emergence of “negotiation spaces” between actors involved in local development.

The second project component, “**Community Health**” had two specific objectives:

- Decrease the prevalence of health problems by promoting the emergence and sustainable organization of Mother Groups at a local level.
- Reinforce capacities of actors involved in the health sector: in the technical realm for health workers, organizational and management skills for participants in the project, and expertise in community health for the project's institutional partner, the Hanoi Medical University (HMU).

With expected results, including an increase in:

- Knowledge on hygiene at the village level,
- Quality and access to health care services,
- Access to community development funds,
- Knowledge, technical capacities, and/or management skills of partners, with the goal of ensuring sustainability to the action.

A third component, “**Coordination and Capitalization**”, aimed to underline as well as analyze the capacities and experiences acquired during the project with 2 specific objectives:

- Promote a transversal dynamic: the internal coordination of the activities of consortium members, and, externally, the elaboration of a transversal analysis, follow-up and evaluation.
- Capitalize on the project's experiences and the development of communication strategies: diagnostic tools, communication of project results, particularly with regards to decisional bodies.

The overall approach consisted in testing models of service organizations. The project worked in many technical areas (health services, rice seed production, veterinary services, aquaculture, etc.), but proceeded with a common approach in three phases:

- 1) Capacity building, in areas responding to problems encountered by producers and consumers of a targeted service,
- 2) Structuring of the service (often through the creation of organizations), and
- 3) Institutionnalisation of the service and/or organization.

This third step, institutionalization, aims to ensure the sustainability of the service(s). The process of institutionalization consists of two phases:

- Negotiation and consultation with the actors involved, and
- Seeking a way of diffusing the models.

The chosen strategy relies on teams that are well-integrated in the region to lead the necessary negotiations with local actors. The methodology privileges community participation in concrete technical actions at each phase of development of the project, as

well as in the elaboration of a strategy to ensure the sustainability of the new services developed with beneficiaries.

More than carrying out clearly defined, pre-planned activities for target populations, the project aimed to promote, support, and accompany local service organizations with a number of technical interventions that were, granted, planned in advanced but whose implementation (rhythm, nature and characteristics) was continually being adapted to the contexts and dynamics of the concerned organizations.

With the adoption of the second law on associations and cooperatives, an official legal recognition of these local organizations became easier to obtain, which also enlarged the scope of the project activities. DIALOGS could then test the organizational structures and their institutionnalisation in this new legal context. Following the research on applications of the new law and its consequences, the DIALOGS teams advised the organizations on the legal form that would be most suitable to their situation. For organizations that wished to pursue a new organizational form, legal advice (help with the drafting of by-laws, negotiations with authorities, etc.) provided help in inserting the organization in the legal framework.

B) WHY REASON IN TERMS OF SERVICES ?

The production and commercialization of rice seed, spawn, vaccination services for animals, nutritional information for mothers: these actions could be described in terms of the **goods** produced or exchanged (rice seed, spawn, vaccinations, information, respectively) as well as in terms of the organization that produces them. How is an approach in terms of **services** useful ?

What is a service ?

Analyzing in terms of services includes the non-material dimension of the offer. What is at play is not only the material good, but also the knowledge, the advice, the relation of dialogue and proximity. The service is sometimes completely non-material, as with nutritional education or technical advice.

Material goods and services

The differentiation between the production of a “service” and a “material good” is essential. “Pure” material goods are simple objects, exchanged by either gift or sale. There is little or no relation between the producer and the user. Inversely, “pure” services are non-material; they take form in the interaction and the relation between producer and user. This is the case for consulting, for example.

“Pure” material goods	“Pure” services
<ul style="list-style-type: none">• Tangible,• Stockable,• production demands work, capital, and inputs,• the product of the production process is the property of the producer,• production can be independent of the place of usage.	<ul style="list-style-type: none">• Non-material,• Non-stockable,• production demands time,• the product of production is not the property of the producer,• production takes place on the site of usage, and there is a strong interaction between the producer and the user

In practice, there are few “pure” material goods and non-material services: services often have both material and non-material components and are situated on a service continuum. “The transition from the ‘pure’ production of material goods to the provision of product-related services is often barely perceptible; it takes place where the consumer begins to be directly involved in the provision of the service. This can take the form of the customer informing the ‘producer’ of certain requirements or preferences, thus enabling the producer to individualise the product, i.e. to tailor it to the recipient’s wishes. The essential feature – and this is frequently seen as the determining feature of services – is that the customer introduces an ‘external factor’ into the production process (cf. Maleri 1973). This ‘external factor’ may comprise information (e.g. in the case of the personal preferences conveyed to an architect), a material good (car repair) or even the customer’s own person (massage)”¹⁶.

¹⁶ Huppert and Urban. *Analysing Service Provision*, p. 20

A service can thus be defined as **“supplying a material or non-material good, aimed at improving the conditions or favoring the economic activity of those who use it. It is an offer that puts the producer and user/beneficiary of the service in relation, in direct interaction”**.

Services and sub-services

A service offer often brings together an ensemble of sub-services, of different natures, some material, some non-material. A veterinary service includes a sub-service of vaccination (which itself includes the supply of the vaccine as well as the act of injection), training, medical care (diagnostic and supply of medicines), etc. The sale of fertilizer can include technical advice as well as credit.

For complex offers, identifying the sub-services involved is necessary in order to characterize the nature of the global service. We can thus compare services only by taking into account all the sub-services provided or used. This is particularly necessary in comparing services offered by public structures and those, often more personalized, offered by private actors or organizations. Certain sub-services, and not necessarily the most apparent, can thus be a determining factor in the satisfaction of the consumer. The dimension of credit, for example, offered by many commercial agents is often underestimated, even if it may be essential for the rural users.

Finally, these different sub-services are not always remunerated in the same way.

Services within a production chain

In order to supply a service, the producer often has to use material or non-material goods produced by other actors (for example, vaccines, super elite rice seed, etc.). The “final” service producer, directly in relation with the final users, is himself in relation with others as a consumer/user of a service provided earlier in the chain. The analysis of the quality of a service must include

the ensemble of the services within the structure, as the coherency and functionality of the end service, for the final user, often depends on more “hidden factors” that exist within the whole chain.

This quality does not depend on a theoretical diagram of the relations between the actors, but rather on their concrete relations, on their willingness and capacity to assume their roles, their cooperation, competitiveness, or conflicts that they establish amongst themselves, the hierarchy of power. Why center the organization on the service ?

Centering the organization around a service emphasizes 1) functions accomplished, 2) relations between actors, and 3) modes of regulation.

Describing service production

Analyzing a service thus begins by describing the different services and sub-services at play, the actors involved, the organizations concerned, and the relations amongst them and service users.

In a classical commercial relation, there are only two actors: the consumer, who pays and consumes, and the merchant. The regulation is established through competition: if the consumer is not satisfied, he/she will go to another merchant the next time.

In services, and particularly public services, relations are often more complex, due to several possible factors:

- there is not always competition, thus no possibility for the consumer to choose (also the case for many commercial relations, which are, in a given zone, either monopolies in practice, or oligopolies);
- the service may be, either wholly or in part, paid by others (this is the case for public service agencies: the service is paid for by the State, and not by the consumer); or
- depending on the case, there may or may not be regulation involved in the service (for example definition of norms, setting of prices, quality control, etc.).

Questions of quality and regulation of service are thus different than in the case of a simple commercial interaction.

The analysis of services that are not purely commercial thus requires a reflection regarding a number of key questions, including:

- who produces the service (perhaps part of a service chain) ?
- who consumes/uses/benefits from the service ?
- who pays ?
- who regulates ¹⁷ ?

Quality and regulation of a service

The quality of a service can be measured in terms of the satisfaction of users' demands, more specifically, in terms of content, supply, cost. Beyond the technical aspects (quality rice seed, non-expired vaccines, reasonable costs), access to a service is also of particular importance: proximity, facility in access, possibility for dialogue, confidence, etc.

Achieving and maintaining a quality service requires mechanisms of interaction between the producer and the user, in such a way that wishes, expectations, and complaints are all taken into account. This can be achieved through a direct interaction, but this alone is not enough.

What we call regulation is the mechanism through which the service is defined and its implementation is supervised, to ensure the quality and sustainable satisfaction of users. Regulation is strongly (but not exclusively) linked to the mode of payment, as this is the "weapon of war" and it is often the one paying (or controlling its financing) who has the real power in a service relation. In practice, the way in which a service is (or is not) regulated, including the way in which the users can or cannot,

¹⁷ The list of questions could clearly be expanded upon and/or refined. It is often useful to consider for example "who decides on the service?" The general notion of regulation is often divided into "who manages" and "who controls or regulates (during or after)?" etc. These first four questions seem to be however the most essential to adopting an initial approach.

directly or indirectly, influence the way the service is rendered, must be studied carefully.

Exit, voice and loyalty

The economist Albert Hirschman defined three main types of reactions in the case of dissatisfaction:

- “**exit**”: the actor leaves the game, follows the logic of competition: if I’m not satisfied, I will go to the competitor (the other merchant, another candidate, another organization). There is no need for explanation or justification.
- “**voice**”: speaking out, demanding a form of retribution. This mode is often in play in the context of organizations or political parties if the internal debate is sufficiently open. I express my needs as well as my dissatisfaction. If they are taken into account or responded to, there is no need to “leave”.
- “**loyalty**”: conformity with the group that one identifies with, even in the case of dissatisfaction. Although unsatisfying, I will “stay” and “be quiet” because I consider that belonging to this group, or its preservation, is more essential.

We can distinguish between four types of regulation:

- Commercial,
- Public,
- Community-based, and
- Associative.

These types of regulation differentiate themselves by their **modes of regulation**:

In the logic of **commercial regulation**:

- The client is the one who demands, receives, and pays.
- Regulation is established by supply and demand, which necessitates a situation of competition and thus permits the consumer to express him/herself through “exit”.
- There should be no social relation between the producer and the client.

This type of regulation is flexible and efficient when there is real competition and a supply that is sufficiently standardized, realistically accessible to all interested. However, there is a possibility of price exclusion or an insufficient supply in a given zone when the activity is not profitable enough for private structures.

For public regulation:

- Supply is homogenous in a given area or sector, provided by a public service agency or decision-making body.
- The State pays for the service with the Nation's budget (whether the service is provided by a public, private, or associative structure).
- The rules of the game are defined, in a way that is more or less clear, by the administration or an administrative body.
- Users do not have the means to act directly upon the rules. However, they may act indirectly through elections or political pressure, which gives them the possibility of regulating by "voice".

This type of service is theoretically accessible to all without condition, but is sometimes and even often selective in practice. The bureaucratic nature creates the risk of affecting the relation/adaptation with the users. Regulation is often difficult because the efficiency of political mediation is variable.

For community-based regulation:

- The service is produced and used within a given social group, sometimes in a context of reciprocity.
- "Payment" for the producer occurs within the group but can take on different forms, monetary or non-monetary, as there is also the element of preserving or expanding social networks, and thus social prestige within the group, that plays a remuneratory role.
- Regulation is established through reputation, relations, or a notion of honor, sometimes through the intervention of political or moral authorities within the community.

These systems are often exclusive, reserved for members of the given social network. Regulation involved is not always efficient when there is an absence of alternatives or of competition: the community dimension may guarantee quality, or have the opposite effect if the producer is at the top of the hierarchy with respect to the users, it may lead to insufficient regulation through a system of obliged "loyalty".

For **associative regulation**:

- The fact of being a member of the organization that produces the service gives access to the service and – in theory – a decisional power on the service, its contents, and the way in which it is delivered or produced (for example, within a general assembly).
- “Payment”, as was the case with community-based regulation, can take on different forms, monetary or non-monetary, and possibly include the element of preserving or expanding social networks and thus internal social prestige. There is however no obligation that it be limited to members, particularly if financed through public means.
- Regulation is established through the concept of “voice” and is internal to the organization, in direct interaction with external donors or sources of financing.

For this type of service, users are members of a group, and thus have the power to define and organize the group. This power is not always efficient, in the case of leadership of the elites and/or the administrative burden of paid professionals if necessary.

These four modes of regulation are schematic. In practice, many **hybrid forms** are possible and exist. Moreover, there is not an automatic link between the nature of service regulation and the legal status of the service producer. There thus exists:

- Public services supplied upon contract by private or associative actors, financed by the State.
- State services that are paid for by users.
- Service organizations of a commercial nature in a community-based setting,
- ...and many others.

We will see that the services promoted by DIALOGS are often regulated in a hybrid manner.

Services, coordination of actors, and organizations

A functional approach: reasoning in terms of necessary tasks

The essential interest in reasoning in terms of services is that this approach puts the emphasis on the action at the center of the

service as well as the relation between the producer and user. This vision does not dictate or predict the nature of the service producer (public, private, collective), nor its organization; it rather targets the functions of the service, the actors who are in a position to fulfill them, the conditions under which they are able to do so in a satisfactory and sustainable manner, as well as the types of relationships between the actors involved, in one way or another, in the provision or regulation of the service.

With such an approach we thus avoid ideological debates on the nature of the service producer (should he/she/it be a public or private actor ?) as well as arguments that emphasize an institutional approach (what organization ?) in favor of a focus on the functional purposes of action (what are the functions to be fulfilled ?).

Finally, this approach favors an examination of the **end objectives**, in terms of efficiency (does the service truly exist, and who has access ?), quality (does this service satisfy the needs and demands of its users ?), and sustainability (is it sustainable in the long-term ?); the nature of the service producer, the internal organization, and the legal form are only **means** to provide a quality service.

The form of the organization

The existence and provision of a service requires the functional coordination of different actors, including:

- service providers and users,
- sometimes amongst service providers themselves,
- service providers and producers of goods and services upstream in the supply chain,
- sometimes with public authorities, when they define, pay for, or regulate the service.

A functional and efficient service thus requires a solid form of coordination and cooperation between an ensemble of actors. The means of coordination can take on many different forms, including:

- habits, for actors who are frequently in mutual interaction,
- explicit rules, formulated in contracts, interior workcodes, etc., or

- an organization, for which the roles and responsibilities of each are defined.

An organization is thus one of many possible ways to ensure this coordination, and is not always the most efficient way. In economics, theories centered on firms show that an organization (based on the principle of hiring workers rather than buying their services) is a way of stabilizing relations between actors, by reducing the proportion of uncertainty as well as limiting the transaction costs involved in establishing contracts. However, certain activities are better off staying external.

An organization can take form:

- **around service providers** in order to improve the quality and access to this service. This form of organization is the principal idea for DIALOGS, but support also took other forms:
- **around service users** who can also have a productive role: farmers forming a group to benefit from collective services or make group purchases, providing thus economies of scale or better market access, to better organize production, to produce in a way that is more adapted to local conditions...These means of organization are often at play when structuring a production chain.
- **around end users or beneficiaries of a service**, in order to render the work of the service provider (and thus the service provision) more efficient.

The organization places itself in a larger institutional environment, both up- and down-stream. We will examine, in the following section, concrete examples of these organizational forms, particularly how the reasoning described above was implemented in order to structure services and coordinate actors for each of the given themes of DIALOGS.

C) DIALOGS ACTIONS

The approach that project teams followed involved accompanying the emergence and consolidation of services through

technical, methodological and institutional support, within a diversity of fields.

Due to the agro-ecological diversity of the intervention zones, the different priorities of the decision-making bodies involved, and a previous experience that was more or less advanced in technical and organizational terms, the situation in the beginning of the project (at the end of 2002)¹⁸ was particularly different from one site to another or one field to another. Each of the organizations implicated in the project had its own experience and its own weaknesses to work on. On an operational level, this fact led to project implementation that varied widely according to these particularities, taking on methods adapted in response to specific situations.

In addition, as the project began before the new law on cooperatives was passed, DIALOGS worked, in the beginning, without specific reference to the legal possibilities for organizing these services and inserting them within the institutional context. The method adopted thus involved a sort of “advance while walking” approach by identifying questions and answering them as they were raised¹⁹.

For many reasons, DIALOGS was not based on the application of a specific, single and pre-defined operational method. The project rather regroups a series of actions carried out in given locations, with local actors; these actions thus followed their own progression. DIALOGS followed the methodological principles previously mentioned. In this sense, the project constituted a test of different approaches to supporting and structuring local collective services.

The fact that the teams, following this methodology in an ad hoc manner in different sites with different specificities and local diversity, came to some common lessons and/or results leads us to believe however that some of these results can be generalized and/or transposed.

¹⁸ Filed with the European Commission with a starting date announced for November 1, 2000, the financing of the project was not officially approved until the end of 2002. Even if certain actions were carried out in 2001 and 2002, the true beginning of the project was in the end of 2002.

¹⁹ The draft of the law had already been announced several years prior.

The following presentation of project activities attempts to show, *a posteriori*, the coherence inherent in the diverse set of actions that DIALOGS represents. This presentation does not aim to give all the details of what happened but rather to decipher the logic and essential traits of the actions in relation to the issues involving local services as presented in the first chapter.

A categorization of DIALOGS actions ?

The large number of sites and the diversity of themes addressed by DIALOGS made it sometimes difficult, at first glance, to conceptualize the coherence behind the actions put in place. However, this diversity of actions can be categorized into several types that will be presented below, before entering into the precise descriptions of activities and concrete examples in the sections that follow.

This is a summary presentation that aims, in each case, to illustrate the problem that the project was attempting to respond to, the service (or service chain) proposed as a solution, the way in which the service was progressively constructed, the different functions fulfilled, the form(s) of organization and the principal results.

For those readers who would like to learn more about a given case, a detailed description is available in the form of “operating service briefs” (“fiches opérateurs”) on the Internet site of GRET Vietnam²⁰.

The services supported by the project fall under three major types:

- Structuring input services to promote diversification in agriculture, articulated with organizations of service providers;
- Production and commercialization services, internalized in organizations of specialized producers;
- A public, community-based service for preventive health, articulated with organizations of beneficiaries.

²⁰ Available in French, Vietnamese, and English at http://www.gret.org.vn/FR/Printed_production.asp

Added to these types of services are actions aimed at developing certain methods and references that could result in the establishment of services.

Structuring input services to promote diversification in agriculture, articulated with organizations of service providers

In the project intervention zones, farmers rely on a diversity of agricultural activities (rice fields in plains and low grounds, dry season cultures such as corn or truck farming, fruit production, stockbreeding, aquaculture, etc.). The inputs proposed by public service agencies or the private sector are rather generic and better adapted to either the environment of the delta or the wealthier, more favorable zones. Placing this diversified production on the market is not the priority except perhaps to increase specificity or added value (cf. next type of action).

The question here is to give farmers the opportunity and resources necessary to take better advantage of their ecosystem and of their systems of production by working with input services. These services can involve higher quality genetic material, better adapted to the local environment, improved veterinary services, technical advice, etc.

The services supported by DIALOGS were constructed and structured on the basis of technical-economic references that were previously developed with the farmers and the service providers within the context of previous projects.

The support for such structuring was concentrated not on the farmers using the service, but rather on the service providers themselves, who had an interest or need to structure their service.

Structuring input services to promote diversification in agriculture, articulated with organizations of service providers	
Access to genetic material	Access to veterinary services
Certified rice seed Fry Spawn Piglets	Vaccination of pigs Veterinary advice for pig health Aquacultural pharmacies (supply of medicines)

Production and commercialization services, internalized in organizations of specialized producers

In a certain number of cases, producers wished to develop an industry specializing in higher quality products, which would allow them to sell their products at a higher price and to thus benefit from the higher added value. This type of action concentrates first on production (or transformation) techniques and on commercialization tactics, so that the higher quality product will be recognized by the consumer.

The organization of such producers allows for:

- a greater efficiency in the extension of production techniques,
- a greater control and monitoring of these techniques as well as the transformation of the product,
- a coordination of introducing the product on the market, and
- the coordination of marketing tactics such as the possibility of creating a brand name or a label.

This type of organization centers on the producers themselves, who internalize the service(s) in an ad hoc organization.

Project actions focused on porcine production, where techniques were developed for the production of lean pork, and on fruit production (litchis in particular), where transformation and commercialization were the first steps. In these two cases, organizational support was based on previously acquired technical-economic references.

Included in this type of action is also work developing the growing milk industry. This work aimed to help cow breeders in structuring their production chain by improving their technical-economic references and thus permitting intensification in milk production. Work also involved organizing a system of distribution for milk produced. Given the newness of this type of production in

Vietnam, the amount of references and techniques to develop (stables, feed, veterinary services, production of forage, etc.) impeded the successful structuring of the services involved (see discussion in the section that follows).

Production and commercialization services, internalized in organizations of specialized producers	
An accent on production	An accent on transformation and commercialization
Lean pork Milk production	Dried litchis

A public, community-based service for preventive health, articulated with organizations of beneficiaries

Hygiene, food, nutrition, child health services: the issue of sanitary and nutritional education is evident. The way to respond is less evident. DIALOGS supported village health workers, who worked with groups of mothers in order to increase their audience and thus, their efficiency. To encourage the creation of these mother groups as well as their collective work, a system of microcredit was set up.

With the evolution of Vietnamese national policy, these village workers, previously volunteers were accorded a public status, prior to the project, and became communal agents, part of a public service of preventive health, functioning in close collaboration with the mother groups.

A public, community-based service for preventive health, articulated with organizations of beneficiaries
Maternal care and nutrition

Methods and referencpes that could result in the establishment of services

A last type of action did not focus directly on structuring or consolidating a service itself, but worked on the necessary tools for a service to be subsequently put in place. These activities focused on the experimentation and development, with users, of technical and methodological references that the project teams are directly

implicated in ²¹. This work can potentially result in the establishment of a service, if its usefulness is proven and the conditions of sustainability fulfilled.

This is the case for the development of soil conservation techniques, where the DIALOGS team focused primarily on knowledge transfer and capacity-building that provided local actors with the necessary technical knowledge to put in place terraces and hedgerows. With the financial support and a supply of quality plants the project was able to secure, these references allow farmers to build terraces on uncultivated or poorly cultivated (vulnerable to erosion) slopes where this knowledge or practice is not yet common within the farmer community.

The second step consisted in questioning whether this dynamic could reproduce itself spontaneously or if a permanent access to all or part of the “packet” of technical expertise, supply, and subsidy would be necessary so that additional farmers interested in applying the techniques on their slopes could do so.

We have discovered a similar pattern in the case of village development planning. In response to planning that starts from the national level, the goal here was to experiment with a method of participative communal planning, which starts at village level, and mobilizes public service agencies at the district level. In this particular case, the question of inserting this method in an institutional framework, and the way of diffusing and mobilizing the corresponding methodological knowledge, can be raised once the relevance of the action is proven and recognized, as much for the local actors as for the administrative bodies.

Lastly, work involving water and sanitary systems centered on the construction of a system of sanitation in communities where these public services do not exist. A system of management, however, was not able to be permanently set up, due to time constraints (see the section dedicated to this action for more details).

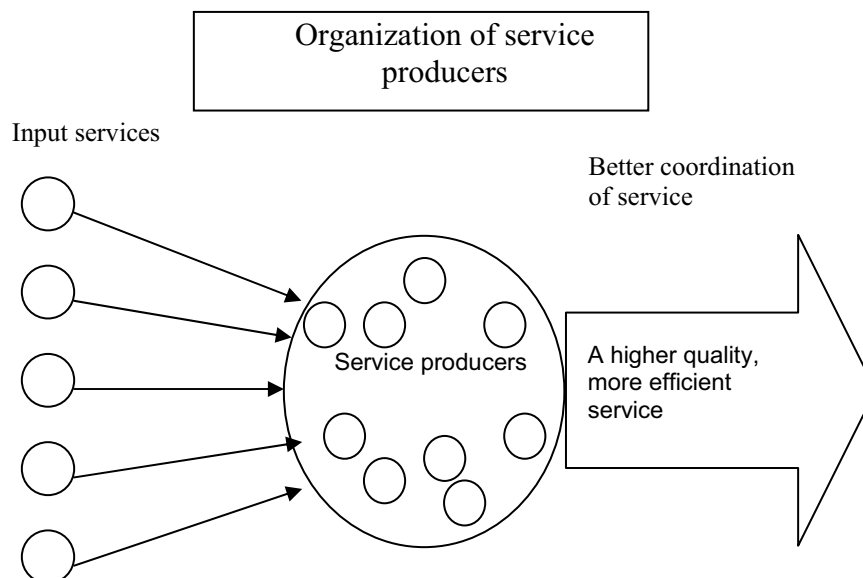
²¹ The implication of project teams at the center of these structures constitutes a fundamental difference with the rest of the activities implemented, which leads us to believe, for these particular cases, that it was not structuring a service that was tested but rather the elaboration of a method of intervention that was adapted to local conditions and needs. As we will see, this method can nevertheless lead to a subsequent structuring of a proper service...however, this in a way would be outside the context of the project.

Nonetheless, the installation of these systems, both with the techniques used and the information supplied, provides these communities with a potential for developing a community-based water supply service.

Methods and references that could result in the establishment of services	
Soil conservation techniques for sloping land Water and sanitary systems	Village development planning

Structuring input services to promote diversification in agriculture, articulated with organizations of service providers

This first category of services supports agricultural diversification through a better access to input services that are also better adapted to local conditions. The organization centers on service producers, with the idea that the benefits of this action, that is, a better service, will then affect a greater number of people (the farmers who use the service). The schema below gives a general representation of how the structuring works.



Access to local services is a key issue for farmers in intervention zones: when agricultural inputs proposed by public

services or the private sector remain rather generic, inaccessible, or not always adapted to local conditions. This deficiency presents an obstacle to the development of their production.

Service producers organize themselves under different forms and with different legal forms (production groups, cooperatives, or associations) to put into place technical guidelines, better coordinate, improve, and monitor their production, as well as organize the commercialization of their product at the local level. The organization thus allows for a better contact with users, and if necessary, public services²².

Improving local supply of piglets destined for fattening, through the purchase of gilts (young piglets) of pure origin and the breeding of high-quality piglets

Context

With the diversification of agriculture in rural areas, familial fattening of piglets has rapidly developed and the **demand for piglets has increased. Local supply in gilts (young piglets) remains insufficient**, considering the small number of reproductive sows, which are not always of a certified origin. This situation brings about **problems of quality**. Importing piglets can also lead to sanitary and economic risks. In addition to this problem, farmers specialized in pork breeding are not supported with proper technical advice.

²² With this approach in organizing a service, particular attention must be paid to the final function of the organization, in order to ensure that the actual *service* is being supported and not just production. It is therefore important to verify that the relation between the producers and users of the service is properly structured as well. This attention makes the difference between the production of a material good and that of a service.

History and evolution of previous interventions:

From pharmacies (*Tu Thuoc*) managed by a local veterinary agent (LVA) to a triple action in stockbreeding

Since 1995, in its intervention zones, GRET wanted to support the needs of stockbreeders through various types of solid assistance. GRET supported the development of *tu thuoc*, basic organizations of stockbreeders centered on a veterinary agent. These *tu thuoc* purchased medicines and vaccines co-financed by the stockbreeders.

The *tu thuoc* took care of vaccination, improved veterinary care for the animals and the technical training for stockbreeders. They also supported groups of breeders, as well as groups of poor fatteners, which as a whole came to be called interest groups.

At the end of 1996, the action of the *tu thuoc* was complemented by the implementation of a line of credit aimed to limit economic inequalities between stockbreeders. This line of credit helped the most disadvantaged stockbreeders acquire high-quality, vaccinated piglets as well as to construct small barns without having to rely on the high interest rates practiced by loan sharks.

These two actions, accompanied by sessions of technical training, helped to limit the prevalence of disease and mortality in stockbreeding. They did not however resolve a large part of the problems encountered by stockbreeders. A new analysis of the situation by project technicians revealed that:

- The local veterinary agents (“LVA”) had a strong tendency to concentrate their activities on the more profitable service (sale of medicines) rather than technical assistance.
- Without sufficient technical assistance, the acquisition of high-quality, vaccinated piglets did not eliminate all sanitary risks.
- The interest groups were in need of specific assistance that the *tu thuoc* themselves were not able to deliver. For example, the organization of training sessions on reproductive stockbreeding interested only a part of the members of the *tu thuoc* and was thus not held.

In this context, in 1999, the idea gradually emerged to address stockbreeding conditions directly through the question of sanitary risks and to try to combine in a single action a service that would limit risks while favoring technical assistance.

This explains why, from 2001, GRET disengaged from the *tu thuoc* and pursued new types of intervention: 1) stockbreeder groups (high-quality piglets), 2) communal veterinary sections, and 3) a system of insurance and technical assistance to align stockbreeders and veterinary services. (See descriptions of the two latter actions further in this section)

Services and organization

The project supported groups of breeders in order to improve the quality of the stock by increasing the number of Mong Cai gilt

(of pure origin) while also providing technical assistance during weaning. These groups brought together many different actors, including stockbreeders from Mong Cai reproductive farms, communal veterinary sections, and communal extension services in order to improve the genetic quality and the technical conditions of their stockbreeding.

This action aimed to **increase economic efficiency, reduce the incidence of disease, and ensure a quality supply of piglets at a reasonable price.**

End service: Input services for improved genetic quality and for quality porcine production

Supply in Mong Cai gilt of higher genetic quality
Technical assistance
Weaning
Conditions of stockbreeding and fattening
Veterinary services

The breeder groups created are recognized by political authorities and follow local strategies of development for stockbreeding. A further action could involve bringing these groups into closer interaction with local veterinary agents in order to reinforce the capacities of the latter. However, to ensure the sustainability of this action, aid from communal authorities would be necessary.

➤ **Results**

- 8 groups, which bring together 320 families of 8 communes, have developed a new service that could potentially provide for 6,000 families.
- 385 gilt of pure origin introduced now ensure an annual supply of 4,350 piglets.
- A net added value per stockbreeder of sow averaging at 90,000 VND, often greater than 300 or 400,000 VND but with equivalent risks of loss (1/3).
- 85% of users consider that they benefited from an increase in net revenue (evaluated at 70,000 VND per piglet under good stockbreeding conditions).
- For society at large, the increase in net revenue represents 300 millions de VND/year (17,000 euros).
- If the technical results are positive, certain structural limits persist, particularly concerning the reproductive sows introduced and that the number of piglets responds to only 15-20% of demand. In addition, 25% of the piglets introduced died, showing the groups need more technical and organizational assistance.

Interventions with different logics: breeder groups or specialized cooperatives

The action working to improve the supply of piglets was based on organizations of poor farmers, in an effort to help develop their activities and improve their production. The end service to improve the supply of piglets was not fully achieved due to the small scale of production. In fact, 70–80% of production stayed within the group, which shows that these producers are not as much service producers as beneficiaries of a service (improved supply of gilt of genetic quality, and technical assistance). The organizations in this sense operate as economic units geared to their own advantage.

The specialized cooperatives, however, are made up of wealthier farmers, with an activity that is significantly more developed. The work with these latter groups focuses on building a production chain and supporting services that allow for better coordination within the chain. The latter are in more of a position to provide a service, whereas the groups cited above are users of a service. (See description of action further in this section)

If the objective of DIALOGS was to support organizations providing services, this action on improving the supply of piglets reveals to be more in support of production, in short. However, this type of organization did allow for better coordination of actors with relation to a service of supply of young piglets and also improved conditions for a group of disadvantaged breeders. The action is more in line with an action fighting poverty than with an objective of developing independent, profitable, and sustainable organizations. This fact should be taken into account when looking for sustainability models, as well as its place within the institutional context.

Animal health: a system of insurance - technical assistance for stockbreeding

Context

One of the problems that poor farmers face is the obligation of starting off a new activity with a loan. In order to limit the amount borrowed, they often buy lower-quality piglets which thus carry higher sanitary risk. In addition, the breeding conditions are often unsatisfactory, which adds further sanitary risk and leads to a higher mortality rate even with higher-quality piglets.

With the *tu thuoc*, local veterinary agents (“LVA”) were responsible for both technical advice and medical care for the stock, but concentrated more on curative services, as these services were considered more profitable. (See box above concerning the evolution of intervention strategy)

A subsequent strategy of prevention based on technical assistance took form under a system of insurance – technical assistance to lower such risks involved in stockbreeding.

Services and organization

Small breeders, fattening one or two piglets, were brought together into a group of twenty or thirty individuals, which is recognized or simply accepted by the authorities of the People's Committee at commune level. A system of insurance – technical assistance was put together and managed around these groups. The system covered vaccinations, veterinary care and treatments, technical advice, and indemnities in the case of mortality.

End service: a system of insurance – technical assistance to reduce risks in stockbreeding and fattening

Veterinary and zootechnical advice given by a local veterinary agent (LVA),
Facilitated or priority access to certain paid vaccination and prevention procedures²³,
Free veterinary care and treatments provided by the LVA for piglets insured against "red diseases"²⁴,
A compensation equivalent to 10 times the total of the premium in the case of the death of insured piglets²⁵.

A contribution fee²⁶ from each member was given to the group's Management Committee (Comité de Gestion (CG)) for the service benefits listed above. The insurance and related benefits cover one 5 to 6 month growth cycle, starting from weaning and lasting until the animal is sold to be slaughtered.

Results

A 60 to 80% reduction in the prevalence of deaths essentially due to red diseases.
Up to 50% increase in the average number of animals raised per family.
Average weight increase for fattened pigs of around 10 kg.
Net supplementary added value of between 300,000 to 1,000,000 VND/year (based on 2.5 cycles) per household due to increased services.
Positive impact on the fight against poverty (an average of 25% of subscribers are poor, against 13% of the total population concerned).
The success encountered by these first experiences led to develop and extend this action into other districts of the Vinh Phuc province and to create 42 distinct insurance funds benefiting nearly 1,000 households.
For society as a whole, the net supplementary revenue amounts to more than 300 million VND/year (15,000 – 17,000 euros) based on 2 cycles.

²³ deparasiting, fortifying injections

²⁴ pasteurellosis, swine fever, swine erysipelas, salmonellosis

²⁵ 100,000 – 150,000 dong, approximately 5 to 7.5 euros

²⁶ an average of 10,000 to 15,000 dong (0.5 to 0.75 euros) per piglet and per cycle

Rice seed: local access to quality rice seed, at reasonable prices

Context

In the DIALOGS intervention sites, access to quality rice seed at reasonable prices is insufficient. Rice seed production is organized at provincial level by State-run companies. These companies multiply several priority varieties for the region, and **there is no production of rice seed that is specifically adapted to local conditions**. In addition, the **quantity of seed produced is insufficient** (distributing through public service agencies and the private sector, the centers/companies are not able to sufficiently provide all communes).

Farmers interested in buying seed must typically go through the intermediary of commercial agents who sell at a high price.²⁷ Farmers often end up using their own production as seed, renewing their own seed only after three or four seasons, which leads to a loss in yield due to degeneracy.

Services and organization

In order to respond to this situation, GRET had previously worked with groups of rice seed producers. Once their technical capacities were built, these groups of producers faced certain obstacles to the development of their activities and the establishment of a proper service. We can particularly note:

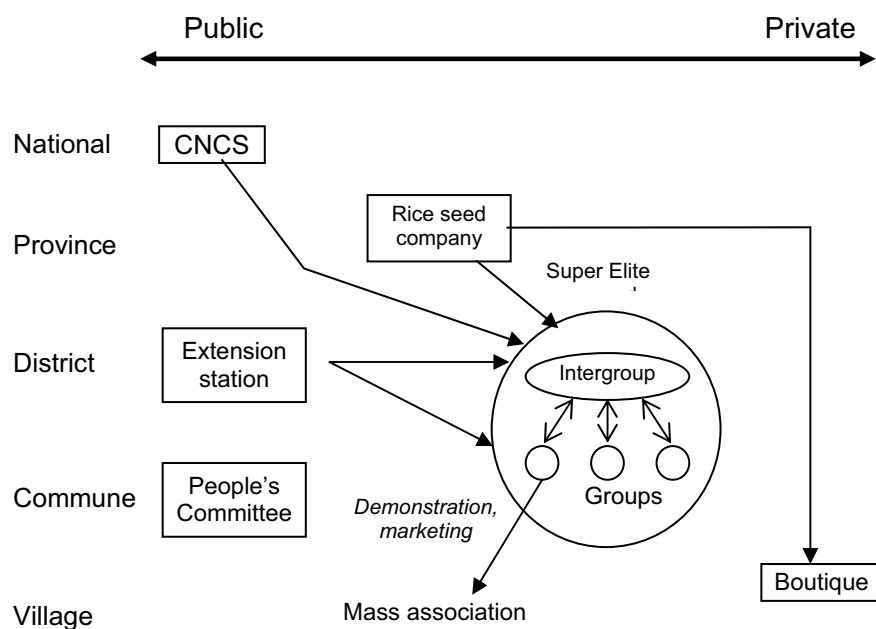
- a lack of standardization and coherence (the groups were functioning independently of each other),
- a diversity of quality for the seed produced by different groups, and
- a marketing system (commercializing the rice seed) that was inefficient.

DIALOGS thus focused its attention on the organization of these groups into intergroups or the establishment of cooperatives or associations within the institutional context at district level. This

²⁷ One kg of rice seed produced by the groups or intergroup at Phu Tho, for example, costs 3,500 VND, more than 20% cheaper than one kg produced by the State-run companies.

organization allowed for a better coordination of group activities, particularly concerning the problems mentioned above: a centralization of the services to producers (group purchases of inputs and super elite rice seed, training sessions, establishment of technical guidelines), a better commercialization of seed through group management, certification of the seed produced, amortization of common equipment, group packaging, and a better coordination with public authorities.

End service: Local access to quality rice seed at reasonable prices
Services to producers:
Group purchases of inputs
Certification
Equipment: purchase, group management
Training sessions
Establishment of technical guidelines
Marketing/commercialization
Packaging
Group management of activities



Two organizational forms were tested, within different institutional contexts:

- In Bac Ninh, the cooperatives already in place set up a common marketing group. This group works with the national center for rice seed monitoring, which certifies the quality and gives a sort of stamp of approval (unofficial).

This strategy of action aims to develop and professionalize the groups' activities by mobilizing existing resources, while waiting for the establishment of a formal organization at a higher level, inserted into the institutional context.

- In Phu Tho and Hai Duong, another strategy was adopted: the development of an intergroup in Phu Tho, and of an association in Hai Duong, both at district level.

The idea is that the producer sells his rice seed to the intergroup or the association, who then takes charge of the rest (see services listed above). In Phu Tho, the intergroup had a difficult time asserting itself in a context where producers exchange a part of their production within their personal networks due to social obligations. Without a contractual agreement set up, these social constraints make the economic advantages of the group marginal. However, in Hai Duong, the insertion of the organization into the institutional context, via the creation of an association, helped formalize commercial relations and the association achieved greater success.

For a more detailed discussion of these different institutional arrangements, see Chapter III.D "Choosing an institutional form: the crossroads between three factors", p. [138]).

Results

In the provinces of Hai Duong, Vinh Phuc, Phu Tho and Bac Kan, the project helped to create networks of rice seed producer groups. In these provinces, groups were first linked via a supra-communal structure called an intergroup. Although this intergroup did not hold a legally recognized organizational form, it functions as a network allows the different groups to exchange products and organize the commercialization of their production.

In Hai Duong, this network was able to acquire one of the two legally recognized organizational forms: that of the association. For the most part, producer networks were able to establish relationships with other actors in the production chain. For example, service agencies involved in certification (the economic office at district level [previously the agricultural office], the extension office, the national center for the certification of rice seed...), or marketing (the rice seed center at province level, mass organizations...).

In Vinh Phuc, the intergroup network nearly ceased to exist starting from 2004, when the project decided to refocus its support on a limited number of groups, reorganized in cooperatives of local production and commercialization of rice seed.

In total, nearly 29 hectares are regularly producing rice seed and 600 producers are involved in production. A production capacity of nearly 140 tons per production cycle was attained, of which 66 to 80% is sold or exchanged.

For the user, an increase in yield ranging from (10 to) 20 kg/sao (550 kg/ha) and a net revenue increase (subtracting the cost of necessary inputs) between 54,000 and 100,000 VND/sao (75 to 150 euros/hectare) has been achieved.

On the whole, the total increase in production for users was 46 tons for approximately 1,620 hectares, and a net supplementary revenue of around 2.5 billion VND (140,000 euros).

Aquaculture: local access to quality fry and spawn

Context

Aquaculture is an activity in rapid growth in certain regions in northern Vietnam. The needs in fry and spawn have strongly grown, and aquaculturists who feed the fry until they reach maturity are faced with an **insufficient supply of fry and spawn**.

The aquacultural center at province level cannot respond to these needs, nor do public aquacultural service agencies that provide technical assistance at lower administrative levels. In addition, private production sites are too far away. These limits lead to **problems of distance and thus cost**. Furthermore, the transport of fry and spawn over such distances leads to a **high mortality rate (abrasions and loss of scales incurred during transport favor transmission of infections and diseases specific to fish)**. The project gave priority to isolated and underprivileged communes in districts far from the provincial center for aquaculture.

The near monopoly of the limited number of fry producers leads to a high price for fry and spawn, which are also without sanitary guarantee. Quality is not monitored, and thus, in the event of dissatisfaction or poor quality of the fry sold by the aquacultural center, producers have no means through which to register their complaints and request compensation.

The difficult access to fry reduces the aquaculturists' leeway in planning their cycle of production. Supporting local fry suppliers allows the aquaculturists who feed the fry until they reach maturity to reduce their cost of production and increase the economic value of their productive surface.

The principal issue is thus to improve access for these aquaculturists to quality fry, available on site (reducing the losses linked to transport) and at reasonable prices: a local service, in a field that is little (or not) developed by public services.

Services and organization

The project supported groups of fry suppliers: experienced aquaculturists specialized in fry production. They **exchanged experiences** and helped each other, also opening such services to non-members. In the group, they benefited from **group purchases of material** (spawn, oxygen bottles, pumps, etc.). The project favored **investment in infrastructure** and **capacity-building** (both in technical and management matters), the adoption of **technical guidelines**, as well as work on **commercializing** production in order to improve market access.

Private sites of spawn production were also established at district level so that the fry producers could have a reliable supply. A cooperative relationship was set up with the provincial aquacultural institute, who supplied the progenitors. This relation between actors allowed for the development of a local supply of fry for local aquaculturists.

End service: Local access to quality fry at a reasonable price

Services to producers:

- Group purchases of material (spawn, bottles of oxygen, pumps, etc.)
- Common investment in infrastructure
- Technical assistance
- Establishment of technical guidelines
- Work on commercializing the product

Results

The creation of 6 spawn production sites covering 15% of the needs in the districts of Binh Xuyen and 50% of the needs in two districts supported in the province of Phu Tho. The quality of the production was recognized, and costs reduced.

23 groups of fry production were supported, including 210 fry producers. These groups produce 125 tons of fry of improved quality.

The total revenue generated by the groups amounted to 2.2 billion VND (125,000 euros), nearly double that of before intervention. The groups of fry producers supply 4,600 aquaculturists, of 12,000 total in the 4 districts covered (>35%). For these aquaculturists, supply costs were reduced by 20% and the risks of loss cut by nearly 50%.

The sites for aquacultural reproduction operate well. A private, decentralized installation, they allow for the extension of aquacultural techniques throughout the districts.

The groups of fry producers have been taken into account in programs of aquacultural development formulated by local authorities.

Aquacultural pharmacies

Context

Intensification in aquacultural production has led to an **increase in sanitary risks**²⁸. Sanitary risks bring with them a decrease in productivity due to **losses in production, slow growth rates, premature sale due to the outbreak of disease, lower sales value of those able to be sold** due to the poor appearance of sick fish, etc. The difficult access to aquacultural medicines makes treatment and prevention of such disease costly.

Given the absence of public services at administrative levels lower than the province, activities developed in the field of aquacultural sanitary protection are in between commercial and public services, particularly concerning the technical assistance that goes along with the sale of medicines. The organization of aquacultural pharmacies

²⁸ The rate of aquaculturists whose fish are affected by disease is 35- 40%.

tried, with the strategy of experimentation that is typical of GRET intervention, to link these two types of services, in order to respond to the singular problem of aquacultural disease.

Services and organization

A double service thus proposes:

1) a service of technical assistance focused primarily on the prevention of aquacultural disease.

2) a service involving the sale of medicines of both preventive and curative nature:

- This service is paid for by aquaculturists and takes place within the context of small, private aquacultural pharmacies.
- The pharmacies are placed within a decentralized geographical context: each commune where the project intervened had at least one private aquacultural pharmacy.
- Services are provided by local farmers who were trained by project specialists.

Project actions included training the pharmacists (who then advise the aquaculturists), creation of private aquacultural pharmacies, campaigns raising awareness on issues of aquacultural health, the communication of results of the pharmacies with public service agencies and local authorities, and the creation of a network of aquacultural pharmacists at district level.

End service: Aquacultural pharmacies offering the sale of medicines and technical assistance
Services to pharmacists:
<ul style="list-style-type: none">• Training sessions• Support for the creation of pharmacies• Awareness campaigns for aquaculturists at large• Communication with public service agencies• Coordination of group purchases of medicines

The organization of the service remains unclear at the current stage. The pharmacy is the focal point of a “relational service” coordinating pharmacist-technical assistants and aquaculturists. In this case, technical assistance is where the service lies. However it is difficult to place this service within a purely commercial situation where the real demand is considerably less than the potential demand, and when the activity is still hardly profitable. This last point underlines the importance of the support of local authorities to raise awareness of aquaculturists concerning the importance of proper prevention.

Results

- 15 private aquacultural pharmacies placed within 3 districts
- Aquacultural pharmacists are trained, and lead technical training sessions for aquaculturists (between 5 and 7 per year)
- In 3 districts, the number of regular clients numbers 800 aquaculturists and 1,500 total (15% of aquaculturists present).
- Aquacultural health services accounted for a 50 to 100% reduction in sanitary risks
- Clients expressed their satisfaction with the services provided

Animal health: veterinary services

Context

Stockbreeders or farmers, particularly poor ones, **rarely vaccinate their animals, which increases the chance of disease and results in a higher level of mortality**, which thus brings about **economic losses**.

Vaccination services are organized by the under-departments of provincial veterinary services department as well as by veterinary stations at district level. Generally, these latter agencies lack personnel and capacities. However, in the districts where the project intervened, they could rely on a number of local veterinary agents (“LVA”), who were trained or supported previously in the context of the Red River Program.

The station organizes two annual vaccination campaigns, which mobilize LVAs. However, these two campaigns are insufficient for

intensive production, and are particularly unsuitable for barnyard animals with a short lifespan, for sows or reproductive cows suckling their calves, for which vaccination can only take place during certain intervals of their cycle.

Outside of these campaigns, these private veterinary agents give treatment on a demand basis, which are paid services. The DIALOGS team, familiar with the situation from previous experience, noticed that LVAs did not respond to the needs of stockbreeders in terms of preventive services (vaccination, training, technical services). They preferred focusing on curative treatments, due to a lack of time but also because these services were perceived as more profitable. There lacked coordination between LVAs, who also had no formal relations with stockbreeders, whether they were organized or not. (See box p. [59])

At the time of intervention, the vaccination rate remained limited²⁹, and was not in a position to fight against the outbreak of epidemics (foot-and-mouth disease in 2000 in Bac Kan, the avian flu). This last epidemic would regain the interest of the authorities, LVAs, and stockbreeders to help improve the service. The project seized this opportunity to test out several operational methods.

Action consisted in developing services complementary to public services, in order to diversify and improve an existing vaccination service.

By supporting the organization and coordination of LVAs, DIALOGS improved the accessibility and quality of an existing service by experimenting with forms of delegation of various public veterinary services.

Services and organization

DIALOGS intervention focused on improving vaccination services following a strategy based on creating veterinary organizations that could then complement services already provided by public service agencies.

²⁹ General vaccination rate was lower than 25%

End service: Veterinary services
Services to producers (LVAs organized in networks, communal sections, or associations at district level)
Group supply and conservation of vaccines and equipment (common refrigerator) Other preventive actions such as the disinfection of breeding buildings Training (and technical assistance in certain cases) Support for the relations between LVAs Direct cooperation with the public veterinary system

An organization of LVAs internalized the services listed above and improved those provided to stockbreeders, particularly:

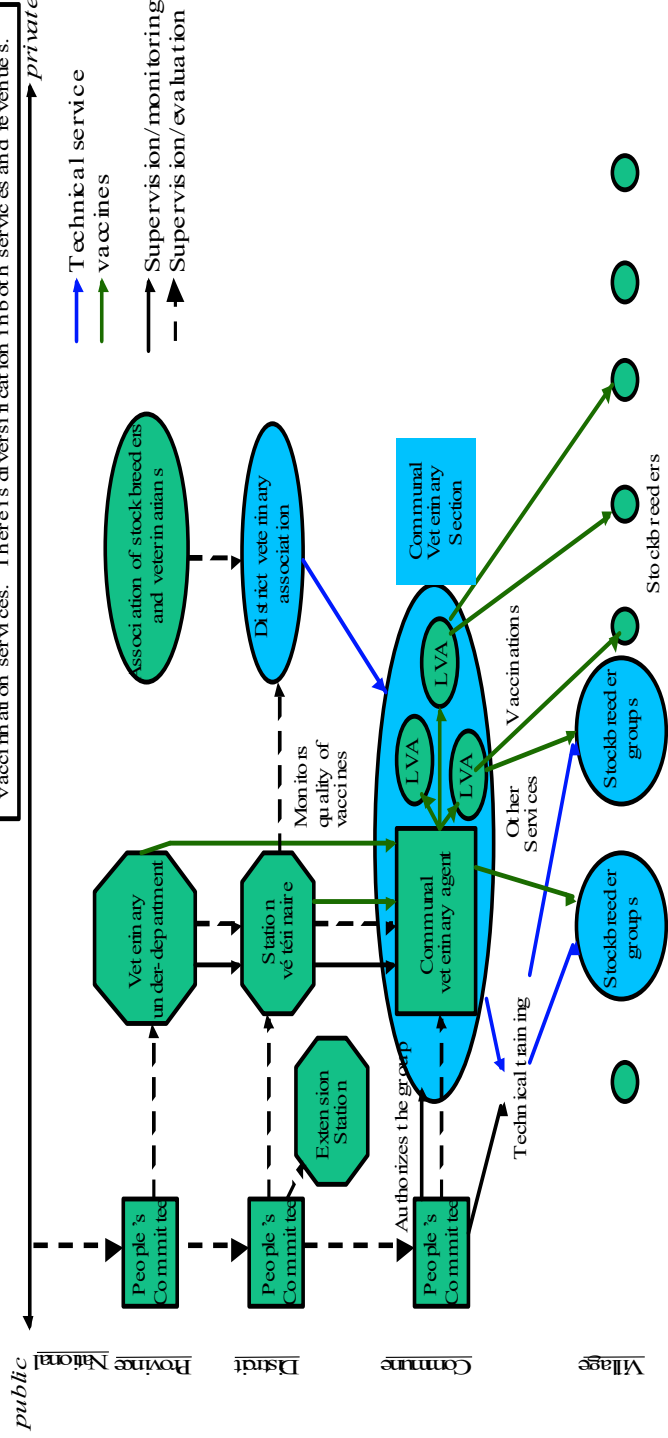
- raising awareness,
- technical training at the village level,
- vaccination throughout the year and upon demand,
- fight against avian flu,
- disinfection of breeding buildings, and
- preventive and curative care.

These organizations took the form of communal veterinary sections that collaborated directly with the veterinary manager of the commune and brought together the LVAs³⁰ and/or an association at district level that coordinated technical support, trainings, and group purchases, in coordination with the district veterinary station (in one case, in the district of Ha Hoa, the two levels of organization exist). (See schema below)

³⁰ These sections also cooperate with the groups of stockbreeders of piglets described above (voir p. [56])

Preventive veterinary services Final institutional diagram

State-run services provide vaccinations and can delegate a part of the responsibility. The association at district level can complement these services, for common purchases and technical assistance (group trainings sessions). Each section has 3 to 7 LVA who provide permanent and obligatory vaccination services. There is diversification in both services and revenues.



→ Technical service
 → vaccines
 → Supervision/monitoring
 - - Supervision/evaluation

➤ **Results**

- 15 communal veterinary organizations put in place brought together 80 LVAs.
 - Vaccinations available throughout the year with significant results for prevention of disease. (In the beginning of 2005, an average of 590 pigs were vaccinated per month in the communes of the district of Tam Duong, compared to 20 in the beginning of the project)
 - An increase in the vaccination rate ranging from 20 to 50%.
 - For the LVAs, an additional revenue representing 25% (initially 12%) due to vaccination, without changing their revenue level for curative action.
 - For stockbreeders, a distinct decrease in the prevalence of disease that remains however without statistical evidence.
 - The creation of new institutional forms, including the contractualization of certain relations
 - An association in Cho Don (district in Bac Kan province)
 - In Binh Xuyen (Vinh Phuc) and in Nam Sach (Hai Duong), the establishment of cooperatives for veterinary services
 - In Ha Hoa (Phu Tho) and Tam Dao (Vinh Phuc), having not succeeded in establishing legal institutional forms for the organizations, they set up a relationship of co-management with district veterinary stations, where LVAs are affiliated with the provincial association, and organize themselves as a sort of veterinary section at district level.
- See section III.D “An example: the different institutional forms for veterinary services”, p. [161] for more details.

Production and commercialization services, internalized in organizations of specialized producers

This second category of services concerns producers specializing within a given industry or production chain. This support focused on **structuring agricultural production in line with market conditions**, including the development of **professional networks in coordination with public services**.

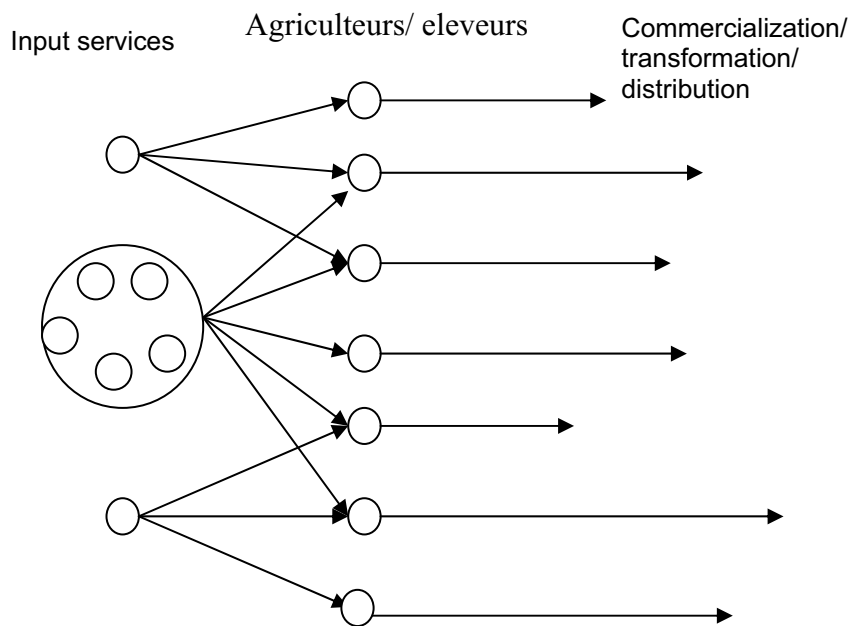
Producers specialize production, increase the volume of their activities, and better negotiate their insertion into the market, by:

- controlling their production techniques, in such a way as to guarantee efficient production of reliable quality while limiting the risks linked to intensification, and
- negotiating their market conditions in a more favorable way, by relying on either volume or quality or both.

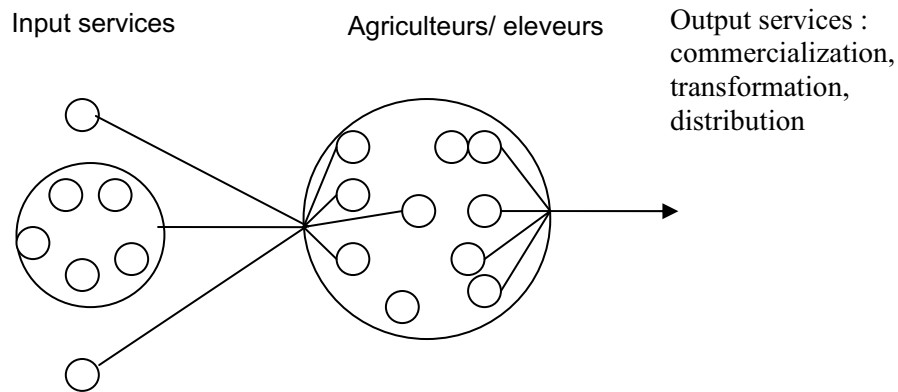
Producers form cooperatives in order to benefit collectively from certain services (technical advice on production, transformation, or commercialization). (See the schema below)

Services are integrated into the cooperative, and destined for its members (while also being accessible to non-members), and they are articulated in relation with State-run services.

Diversified familial agriculture



For developing production chains



Association for the production and commercialization of litchis

Context

In 1995, food security was achieved in Vietnam, and agricultural diversification began to develop.

In Thanh Ha, one producer successfully developed a new market for sweet litchis. This producer was then presented in propaganda campaigns as the “litchi king” and this type of production quickly became a model for retail production. A policy based on incentives (modifying the use of land) and subsidies was put in place, and in 1999, litchi production reached its highest level, and prices dropped.

Fruit production in the Hai Duong province is characterized by certain particularities however that can secure a higher added value. The Thanh Ha district represents the heart of sweet litchi production in the delta. However, in an extremely competitive market, the quality of its production is not recognized.

Services and organization

In a previous phase, the VASI (Vietnam Agricultural Sciences Institute) had worked in Thanh Ha supporting litchi producers with

the application of technical guidelines for production and conservation through drying procedures. By ensuring the conservation of the product, drying litchis allows for a lengthening of the commercial phase and thus avoids cycles of overproduction.

In this context, it became clear that the recognition of the quality of the litchis from Thanh Ha (due to the variety, ground conditions, and drying techniques) depended on the development of a commercial strategy that emphasized its origin and thus distinguished them from mass production. In order to do so, it was necessary to guarantee this quality, as well as work to make it better known.

During the project, the decision was made to create an association that aimed to formalize the organization of services for the production, transformation, commercialization and drying of litchis, as well as to create a protected geographical indicator derived from models of the *appellations d'origine contrôlée* in France.

This association brings together individual producers who then collectively dry their production (in order to guarantee the standardization of the transformation and its quality) and then commercialize it (with the creation of a brand name and thus group labeling, packaging, and marketing).

These activities represent the crux of the strategy, even if other input services (such as group purchases of inputs) or output services (market studies, working to create the geographical indicator) are included in the services provided.

End service: Structuring a production chain for quality litchis
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Services to producers:

Transformation of the product (drying procedures)

Commercialization

Construction of a brand name

Labeling

Packaging

Publicity

Group purchases of inputs

Market studies

Creation of a geographical indicator

➤ **Results**

- Creation of an association bringing together 148 households and 44 ha of production
- The establishment of technical guidelines and group purchases of inputs has allowed for an increase in returns as well as a higher quality.
- Drying techniques reduced costs of production while guaranteeing better quality.
- The commercialization circuit was better organized and the retail price increased in comparison to other varieties.

Specialized cooperatives in porcine production

Context

With the diversification of agriculture in rural areas, familial breeding and pig raising has developed very quickly, but the quality is still mediocre. Vietnam has accumulated several weaknesses in terms of the competitiveness of its porcine production: the cost is high, and quality low. Because of the geographical scattering of farms and breeding grounds, market supply is difficult.

For the last few years, domestic demand in terms of quality of food products has dramatically changed. 86% of urban consumers questioned are ready to pay higher prices for high-quality meat (in this case, lean pork).

The project aimed to increase the quality of porcine production while also improving access to this new market.

Services and organization

VASI had previously worked to improve techniques in animal husbandry in order to produce lean pork. Once the techniques were mastered, the question of commercializing the product became crucial in order to ensure that the higher quality is recognized by higher prices.

The project logic was the following: small groups of stockbreeders brought together around technical themes to work on the quality in an

efficient way, after which these groups were inserted within the institutional context in order to improve their market access.

End service: Structuring the porcine production industry

Technical assistance to producers in order to apply technical innovations in their activities and thus improve their competitiveness

Access to quality inputs at a lower price

Veterinary services (vaccination, treatments, care)

Exchange of technical information

Market studies

A strict set of guidelines that then allow producer groups to obtain sanitary certificates necessary to penetrate urban markets (including supermarkets)

Technical assistance with commercialization

Potential development of a label guaranteeing quality

The different sub-services were organized differently. Technical assistance was covered by a specific team set in place by the cooperative. A veterinary agent was also employed by the cooperative. Commercialization was handled by a “commercialization group” made up of members of the cooperative and paid via a percentage of sales.

The cooperative is itself in relation with other organizations, who support, reinforce, or favor its insertion within the institutional framework.

- *The group supporting the development of the cooperative (“groupe d’appui au développement de la cooperative” or “ADC”)*: created by local institutions. It is composed of five members representing various public offices working in technical services at both province and district levels.
- *The federation of cooperatives*: supports its members by looking for possible loans, and organizing training sessions for the management committees. The content of training sessions is worked out in relation with the ADC group above.
- *The veterinary station* is responsible for supplying vaccines and overlooking the veterinary aspects of the cooperative.

Results

- 10 cooperatives with a total of 212 members were created
- An average of 120 pigs were fattened per farm, nearly 10 t/household/year.
- The retail price for the meat sold, for the members of the cooperative is over 500 VND/kg higher than current market price.
- The price of feed is 100 to 360 VND/kg less than the current retail price.
- Between 87% and 100% vaccination rate, depending on the disease.
- An average annual profit of 28 million VND (1,475 euros) per member
- An additional profit of 120,000 VND/piglet compared to non-members.
- For society at whole, a net supplementary added value of more than 3 billion VND per year (170,000 euros).
- The model of the specialized cooperative in animal husbandry was established and tested with success in Hai Duong, helping stockbreeders to group together and develop a better market access through collective services.
- This model of a specialized cooperative has currently been extended within the province of Bac Ninh.
- In neighboring provinces (Bac Giang, Ha Tay, Hai Phong), several cooperatives were created upon the initiative of farmers, following the model of their neighbors, without waiting for aid to do so.

Milk production: constructing and reinforcing a production chain

Although it did not advance as far as the other activities for reasons that will be described below, the work of AFDI-HN on milk production in Bac Ninh followed the same methodology and worked within the same perspective.

Context

Milk production is the object of both national and provincial priority. In Bac Ninh, milk production has been officially supported by the province since 1997.³¹ The State developed a policy supporting milk production in 2001, with the objectives of reducing

³¹ The project “Supporting Local Producers” (“Le projet d’Appui aux Producteurs Laitiers (PAPL)”) of the Tien Du district in the Province of Bac Ninh.

Vietnam's dependence on foreign sources of quality milk, of encouraging agricultural diversification and thus limiting movement from rural to urban areas, and finally, of increasing the farmers' revenue³². Support included subsidies for the purchase of animals and forage, preferential interest rates, and free vaccinations.

Despite these incentive policies, milk production in Vietnam remains a new and undeveloped activity. If many farmers have one or two cows, it is still rare that farmers specialize in milk production and make it their principal activity. The activity is poorly structured largely due to its newness: services towards producers are very poorly developed, the production chain remains unorganized, technical knowledge of producers and other actors (veterinarians, extension agents, distributors) is insufficient, and commercialization of the production must still be organized.

Moving from a couple cows to intensive production with commercial orientation brings about several technical (genetic, reproductive, those related to feed and forage, animal health, etc.) as well as organizational problems. The policies put into place by provincial authorities, particularly subsidies, do not resolve the most serious problem, which is the lack of expertise and local references on problems specifically linked to milk production. In addition, even if the question of organizing commercialization of the product is raised (distribution, guaranteeing refrigeration along the chain, etc.), market outlets themselves are not a problem.

For these reasons, the intervention of AFDI-HN in the context of DIALOGS concentrated on improving the necessary technical references, with the stockbreeders, and a first attempt at commercialization. It was too early to consider the question of services directly.

Services and organizations

The project aimed to reinforce cooperation between agents involved in production outlets: **stockbreeders, local collectors/distributors, and the factory** (Vinamilk) in order to ensure a regular distribution of milk.

³² The strategy for national milk development - Decision N° 167 / 2001

The project also negotiated with **local authorities** in order to create an institutional environment that was favorable to local forage production. **Veterinarians** were also involved in order to improve sanitary conditions for the livestock.

Finally, **technical advisors** worked with stockbreeders in order to improve the technical aspects of production and to reinforce the capacities of stockbreeders and other actors within the production chain.

End service: Structuring milk production
Technical assistance to increase quality Veterinary services Organization of distribution services Putting the distributors in relation with the factory Negotiations with local authorities concerning production of forage Group purchases of inputs

Within the intervention zone, organizations of milk producers took two different forms:

- around distribution services: each stockbreeder belongs to one of three principal distribution networks. These networks are centered on local distributors who received the support of the project for refrigeration tanks, including support for their maintenance. Stockbreeders organize themselves locally in order to deliver their milk in group to the tanks, or if the tank is near, to deliver it individually. After, directly or indirectly, all of the milk is delivered to Vinamilk.
- Around local groups of technical exchange: these groups are locally organized most often around experienced stockbreeders. The group's purpose is to defend the rights of the stockbreeders at the local level (for example regarding access and regrouping of land for production of forage), to encourage exchanges regarding technical experiences between stockbreeders and to ensure a minimum of common functions (supply in mineral supplements, for example). Certain groups specialized in the production of forage (both stockbreeders and non-stockbreeders). They also guarantee an extension of technical knowledge and savings due to the group purchase of seed.

During the process of negotiation between actors, members of these local groups of technical exchange preferred to organize the service of milk distribution around a private actor. This configuration of actors, however, gave significant power to this private distributor, due to the fact that the distribution market is weakly contestable because of the large amount of investment involved (other actors often cannot afford the costs of the refrigeration tanks supplied in part by the project). The establishment of a private distributor thus created a partial monopoly situation. For this reason AFDI-HN set up competitor distributors. Despite this precaution, distributors rarely find themselves in competition as they are small in number (3) and because of transport costs. The nearness to the distributor remains the determining factor, and not the price received.

In addition, the distributors do not follow all of the technical advice given regarding the quality of the milk. This is particularly due to the fact that they are paid on a quantitative basis, with little monitoring of the quality of the milk, on the part of Vinamilk. The quality is thus not valued at its fair price in the distribution circuit (neither by the distributor, nor by the Vinamilk factory). These limits, added to the technical problems explained above, are particularly disadvantageous for milk producers. They can even cancel out the advantages of collective action in this case.

However, independently of the technical factors linked to the choice of site and the economic conditions, we can induce that an organization of producers is advantageous in the case of structuring a production chain, but it is necessary to integrate a reflection on both input and output services in the organization.

Results

By bringing about a clear improvement in the quality and quantity of milk produced (3,700 kg/VL/year), technical experimentation allowed to increase gross margins for producers.

Milk production is still not very profitable because the price of milk is stable, and does not take into account the quality level, whereas the price of inputs is rapidly increasing.

The profitability in this field decreased following the decrease in the price of calves.

Passing from 36 in 1998 to 500 in 2003, the number of stockbreeders is currently in significant decline (430 in 2005) with often significant losses.

These last points lead us to question the viability of intensive milk production in the delta. (See box in Section III.A, "The viability of the production chain, condition for proving the relevance of services: the example of milk production in Bac Ninh", p. [96] for more discussion.)

Lessons learnt in developing production chains

It is interesting to compare the activities of the specialized cooperatives and those of the association for litchi production with the activities of a new field of production, such as milk production.

The technical-economic references for litchi or porcine production were already well advanced and the production further developed. In addition, the final product requires less transformation than in the case of milk production. The technical references achieved, the organizations in the first two cases could focus principally on output services, such as market outlets for production, services which were internalized in the group.

The informal groups organized for milk production, however, emphasized input services for the producer members, with a priority on technical advances, while output services for commercialization and market outlets (distribution) were organized around a private actor. These groups did not need to be formalized to benefit from collective action, whereas the nature of output services requires a more advanced level of institutionalization.

These two approaches show the difference between establishing a new production chain and structuring an existing one. An organization can indeed help put into place input services, but the formalization of such an organization comes into play once output services are concerned, that is, the sale, contractualization, commercialization, market access, or the establishment of a geographical indicator.

A common point between these activities is that structuring any field of production requires organizing services to producers, and that the organization can internalize such services in its structure, as the schema in the beginning of the chapter section shows. (See p. [55])

Methods and references that could result in the establishment of services

This third category of services concerns coordinating local actors to implement a method, build an infrastructure, or develop a technique that is at the center of a potential service. These actions serve as either catalysts or an act of mediation that allows for the consolidation and formalization of relations, through experimentation with models or methods that could be reproduced in an independent or private way, or in a politico-institutional setting.

The action is thus not oriented directly on structuring a service but rather on the construction of a basis on which a service can be constructed.

Terraces and hedgerows: supporting a private service

Context

Deforestation and the cultivation of steep slopes have led to erosion problems in the intervention area. The issue at hand is both environmental and economic. Erosion has led to damaged infrastructures and rice paddy fields, water shortages as well as flooding, but also a decreased yield.

Although terraces and hedgerows are used elsewhere in Vietnam (for example in the mountains in the north), DIALOGS however intervened in regions where the farmers and local authorities have little experience or knowledge in the area.

At the outset of DIALOGS, farmers expressed their interest in these techniques; technicians were trained but relations were not yet formally established. Farmers requested subsidies, public authorities responded that they lacked the resources, technicians proposed their services, but, without remuneration, they were not ready to put their knowledge to use.

DIALOGS intervened in order to create and/or reinforce the necessary links between these actors.

Services and organization

In this context, DIALOGS aimed to better coordinate local actors by:

- **defining and introducing a reference for soil conservation measures,**
- **organizing workshops that allowed discussions and negotiations,**
- **capacity-building amongst actors in order to improve existing references, and**
- **contractualizing these relations.**

The model proved profitable and achieved strong results. In addition, formalizing the relations between technicians, farmers and the People's Committee through the use of three-party contracts could be reproduced outside the context of the project.

Although the implementation of this model necessitates an initial investment, given its proven profitability, this investment could be covered by bank loans, which would be easily reimbursed by the gain in returns.

The organizations put into place to facilitate training or coordination between actors were intermediary organizations that act as catalysts so that the action can develop naturally, as has been seen in the region, with meetings organized by ad hoc groups and technicians.

The implicit service lies between the specialized technicians and the farmers, with or without implication of the public authorities depending on local policies. If this service is characterized by its individual nature, its public interest is undeniable, due to the environmental issues linked to the fight against erosion.

Results

Technical-economic:

- An average 30% increase in returns with terraces and 15-20% with hedgerows.
- A supplementary net added value of 75,000 VND/sao (115 €/ha).
- Positive results in terms of fight against erosion. Eradication with terraces and a 22% improvement with hedgerows.
- 325 households in 13 communes benefited from the support, for a total of 75 terraced hectares and 39 hectares in hedgerows.
- A return on investment, without financial support, within 1 to 3 years.

Coordination/technical capacities:

- Participants master the soil conservation techniques and some have carried them out without exterior support
- Competent technicians are capable of training farmers

Extension of the model:

- The methods and the formalization of relations could be reproduced in an independent manner: information sessions have already been organized between technicians and ad hoc community-based groups

Village Development Planning

Context

The objective of village development planning (“VDP”) is to modify the typically vertical and hierarchical relations of local governance towards a more transversal interaction that is based on information exchange at the local level. In this sense, it integrates elements from a “bottom-up” approach into a global planning system that is “top-down” by nature. By ensuring that these two approaches join together and result in effective policy-making, the VDP process implies a better consideration of local needs in public policy and in the attribution of public funds. VDP is one of the tools useful for integrating a local development model within the politico-institutional framework that is itself being restructured through decentralization efforts. It gives a new perspective on the formulation of public policies that better reflect the needs of populations in a bottom-up decisional process.

Numerous decrees have been signed³³ to promote the creativity of the people and the appropriation within civil society of knowledge, political discussion, decisions, and evaluation of public activities, which shows the willingness on the part of Vietnamese politics to engage in processes like VDP.

Services and organization

A number of organizations and committees working in collaboration with public authorities at each administrative level were established³⁴. Training sessions in PRA (“participatory rural appraisal”) methods were organized. A first decisional process was undertaken using PRA methods, in which the participation of villagers was significant, showing the interest of such action for the beneficiaries but also the success of the method.

³³ 29/1998/ND-CP, 79/2003/ND-CP

³⁴ The details of these activities go beyond the objectives of this document. For more information, see the corresponding operating service brief (*fiche opérateur*) on the GRET Vietnam website: www.gret.org.vn

Activities that resulted were generally a success but represented only a small part of the global results. In the long term, the success of the model would be its integration into the local administrative structure.

End service: Village development planning

Training sessions in the PRA methodology
Establishment of committees at each administrative level
Implementation of a first VDP process, with activities put into place that were decided upon through the VDP process

➤ Results

- High level of participation and initiative from the local population
- Creation of organizations with a reflection concerning their sustainability,
- Extension and management of activities put in place through the VDP process.
- The model itself has not been integrated into public policy, but the province of Bac Kan encouraged its districts and communes to do so

Water supply and sanitary systems

Context

According to age-old habits, inhabitants of mountainous regions have used water from streams led to their homes by a bamboo duct. There is thus always a shortage of running water during the dry season, and there are problems of cleanliness of the supply. This is one of the causes for increased threat of contraction of diseases like diarrhea, digestive, parasite, gynecological and skin problems.

These structures are part of basic essential services, access to which constitutes a public service, from the inherent interest they provide for the community, community health, sustainable development, and the economic interest implicit in such services.

The economic interest of these structures has two explanations. Firstly, through the relation between poverty and health: the level of health of a community affects its productivity and vice versa. Secondly, through a gain in time: access to clean water in their homes represents a gain in time for particularly women and children who can devote themselves and their time to other economic and educational activities.

Services and organization

Médecins du Monde intervened to help construct collective water supply systems, wells, cisterns, and latrines.

In the context of DIALOGS, this work was not limited to technical aspects. The emphasis was put on **community capacity-building** for the **planning, construction, and management of installations**.

The construction of these installations was a collective project, with strong community participation in installation and labor. The work was co-financed and the routing of the tunnels for water pipes, for example, was decided on by village communities themselves.

The mobilization necessary for this type of action constituted in itself a community organization around essential services such as water and sanitary systems.

Informal groups were set up to benefit from programs of information, education and communication (IEC) put into place to build the knowledge necessary to change attitudes and behavior regarding water and sanitation, and thus increase the effects of the work.

End service: Construction and management of a water supply system
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- | |
|--|
| <ul style="list-style-type: none">• Community planning (where the system would run)• Construction of the system (collective community effort)• Training in IEC and on the sanitary conditions• Support for the management of these systems (initiated but not finished) |
|--|

In the final phase, the development of a community-based management system had been planned. However, due to the strict

time schedule (largely due to the late start for the project), this management system was not developed.

The collective management of these infrastructures was to be based on the creation of a management organization, a system of contribution, and the coordination of works and repairs. These issues were more in line with the organization and institutionalization of a service.

➤ **Results**

- 639 latrines, 170 wells and 35 water supply systems
- The establishment of a management committee, through elections, but without supervision or support
- The distribution of an information sheet on water management to users
- Training sessions for specialists in repair and maintenance of latrines

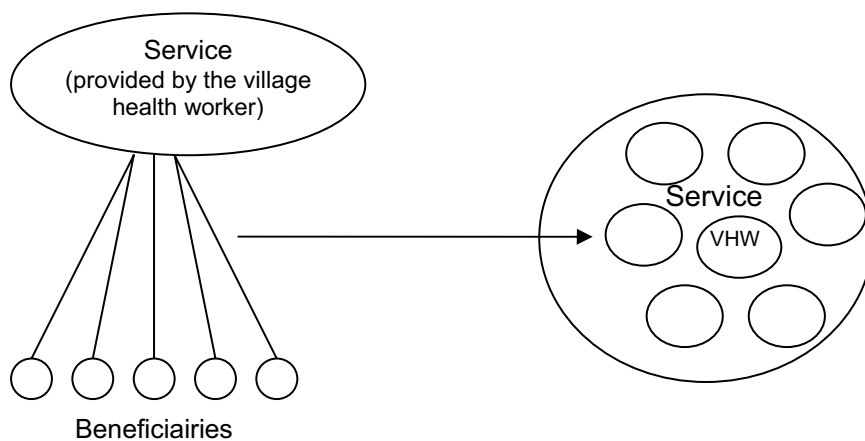
Point of comparison: interest groups vs. community-based groups

While the groups implicated in structuring a production chain constituted interest groups, the groups here can be characterized as community-based groups. The nature of the services, in the first case, is purely economic: the organization of producers for better economic development, in which the beneficiaries of the action are the members of the organization itself. In the case of the services established in this section, as well as the one which follows, the nature of the service is public and/or community-based (with the exception of terraces and hedgerows, which has some of these aspects due to the environmental issues at hand, but to a lesser extent): the beneficiaries of the action go beyond the organizations that can be set up. Here lies the importance of a public or community-based system of regulation in order to avoid free riders, to guarantee the performance of the system, and to ensure fair access to all.

A public, community-based service for preventive health, articulated with organizations of beneficiaries

This fourth and final category of services concerns improving public services in the health sector. This service is focused on an organization of beneficiaries in order to better coordinate the relation between beneficiaries (mothers) and public health service agents (village health worker, or “VHW”). The project also aimed

to reinforce the capacities of the public agents at each level. The concept of the organization differs from the schematizations we saw for the first two categories (on production chains and organizations of service producers). See the schema below for a visualization of the overall concept.



The organization brings together young mothers so that they can benefit from the services provided by village health workers (information, education, and communication, or “IEC”) who are themselves in relation with State-run service agencies at commune level.

Contrary to organizations of service producers where the relation between service producers and users is exterior to the organization, in the present case, the relations between service producers and users is at the very center of the organization. Another key difference with many other DIALOGS actions is that this category does not concern the production of material goods that are pivotal to a service, but rather the services are fundamentally articulated around a direct delivery of immaterial goods in a collective setting. Here, the organization simply does not exist without the service. See the schema above.

Mother groups

Context

Following the *Doi Moi* reforms, public health and education services were significantly reduced. Many of these services were entirely abandoned in their purely public form, often becoming paid services not very accessible on the local level.

In addition to this institutional context, the intervention zone is a mountainous region populated primarily by ethnic minorities, where both physical and linguistic barriers limit access to communal services. DIALOGS intervened, with the participation of Médecins du Monde (Mdm) and the Hanoi Medical University (HMU), in the province of Bac Kan in order to improve health educational services and extend them to the village level.

This action plays another social role: to reinforce the role and place of women in these villages. Through their work with the Women's Union, meetings were organized of exclusively women, and most often only mothers of children under 5. Through the methods used (including a microcredit fund, competitions for recipes, and other incentive policies), these meetings offer them both a place and a way to express themselves, which is outside the hierarchical structure of the village, or the ears of men and mother-in-laws³⁵.

Mother groups bring together women who have children under five years old with the objective of ensuring sanitary prevention and reducing child malnutrition.

Organization and services

These groups are the institutional key of the health component of the project, due to their implication in nearly all project actions under community health, whether in training, vaccination, nutritional advice, infant care, and credit. The microcredit fund was also a source of motivation and provided a reason to meet every six months.

³⁵ For more information, see "Strengthening Local Health Services." Capitalization DIALOGS community health component, Médecins du Monde – Vietnam.

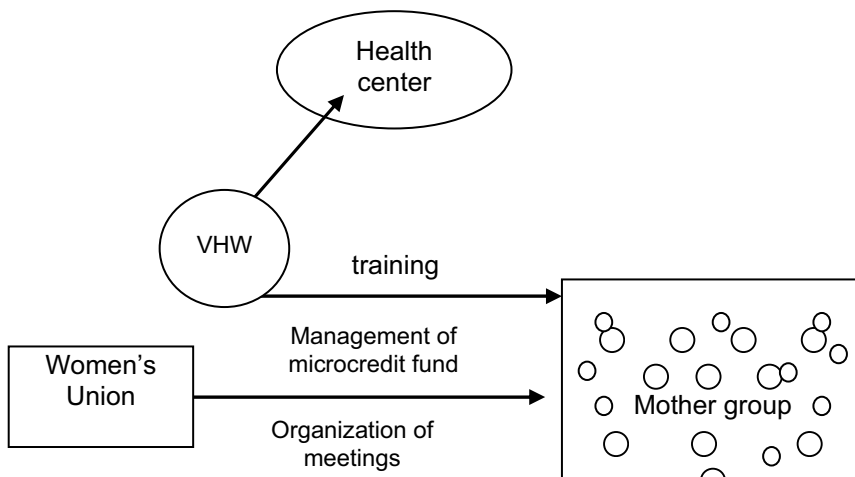
End service: preventive health services

- Training in health, child nutrition
- Training in methods (e.g. recipes)
- Health services from village health workers:
 - Vaccination
 - Nutritional advice
 - Infant and child care
- Activities permitted by the microcredit fund (food supplements, economic development)

In their practical functioning, the mother groups were in direct relation with the Women’s Union and the Village Health Workers (VHW). Mother groups were for the most part presided over by a member of the Women’s Union who was also often a VHW.

This configuration allows for the VHW to effectively put into action their technical knowledge (bringing together the women in a group represents a gain in time) but also for the women and future mothers to benefit directly from their advice and monitoring.

The Women’s Union organizes the meetings and manages the microcredit fund that was put into place in order to motivate the women to participate. See the schema below.



Through their implication in several different actions, Mother Groups maintain relations of different natures with actors outside the group, particularly the People's Committees at commune level who supervise their actions and the Health Centers at district and commune level, who play a role of advice, monitoring, and evaluation.

The cooperation implicating health centers at both district and commune levels, the village health workers, and the mother groups is a way of providing an integrated offer of services that cover vaccination, advice, monitoring, and care.

Results

- The status of village health workers (VHW) guarantees them a stable institutional position. They work with the technical support of the personnel from the district health center.
- The VHW, after having been trained, master certain techniques necessary to improve child health.
- The district health center plans to expand its offer of services through the network of VHW now present in all 235 villages of the Cho Don district of Bac Kan.

However

- Despite the key role of mother groups, there is no clear policy that aims to reproduce the model. The Women's Union expressed interest in integrating the groups into their structure, and provincial authorities in Bac Kan encouraged the continuation and extension of this model, following the Bac Kan provincial seminar. Neither, however, gave a clear commitment.

D) PRINCIPAL RESULTS

An external evaluation of the project, from October to November 2005, gives a summary of project results³⁶. This report confirms the overall relevance of the actions, which respond to the needs of the population, particularly due to the negotiation process led at local level.

³⁶ See Sfez, P. et Dang, D.H. *Rapport d'évaluation du projet* ("Project Evaluation Report"), January 2006 for further details.

Technical results

The technical objectives were, for the most part, achieved. In terms of immediate effects, there was a clear improvement in services accessible to the population in the fields of community health and agricultural production in the project intervention zones and for the direct beneficiaries.

In the domain of community health, there is now a better monitoring of children, a facilitated access to running water, and an overall improvement in sanitary conditions.

In the domain of agricultural production, results achieved were technical, economic, and social:

- A higher rate of renewal of rice seed associated with a marked tendency to use higher quality seed,
- A larger range of services in what concerns animal health, improving conditions in order to achieve a higher rate of vaccination and an increase in the efficiency of preventive measures,
- A genetic improvement in stock, due to a higher proportion of breeding animals of improved race (F1, F2 or pure exotic), and
- Technical progress, associated with new services, in the domains of aquaculture, milk production, and management of sloping land.

In addition to the specific results listed in the previous section, project actions have had positive economic and social effects for targeted populations.

Fight against poverty: what results ?

One of the dilemmas for the strategy of action in terms of fighting poverty or inequalities is linked to the question of "targeting":

- Should we work with "all" or the "greater number" (and can we manage to ?)
- Should we privilege, for questions of efficiency, categories that are better off, in order to favor a growth that will then extend its effects to all ?
- Should we specifically target certain categories of actors, exclusively or in addition to more general action ?

This dilemma of targeting leads to political choices on the type of actions to favor. This question is also linked to certain theories, more or less proven empirically, on the relation between growth and inequalities as well as to practical questions on capacities and efficiency of action. Secondly, this dilemma of targeting leads to theories, explicit or implicit, on the effects, outward or indirect, possible or probable, of action. Are there trickle-down effects for underprivileged categories, following an improvement of the condition of middle-class or well-off categories ? Of what nature ? In the case of targeting middle-class or well-off categories, is the “supply” likely to “spontaneously” trickle down to new actors once the initially targeted public is “saturated” ?

We can distinguish two distinct cases:

- A total increase in wealth with a decrease in poverty and an increase in inequalities (but a decrease in absolute poverty). The hypothesis is thus that it is preferable to let the economic mechanisms play for all parties, and to have specific corrective measures for the poor (security net).
- A strong reduction in poverty, without effects for the wealthy, and leading to a clear reduction in inequalities. There can be side effects to targeting, a lesser level sustainability, and a longer time for evolution.

The method followed during the project was to adopt strategies that were complementary, and adapted to different socio-economic levels. For example, the specialized cooperatives targeted well-off producers, whereas the system of insurance-consulting or the supply of piglets targeted underprivileged producers.

Other activities conciliated the two: by ensuring a better quality service at lower prices, the project fought against structural inequalities. For example, local access to quality rice seed at low prices can give final consumers means to improve their situation, which thus helps reduce inequalities.

There was no systematic monitoring of populations targeted by DIALOGS actions. With the exception of work developing production chains (lean pork, litchis, etc.), actions were conceived in order to be accessible to the greatest number of users, both in technical terms and in cost. The surveys carried out show that the “clients” represent a large portion of the population, with a clear accent on “middle” categories. There was thus a greater access to services by and large, without always directly affecting the poorest households.

Organizational and methodological results

The project reinforced existing farmer organizations, created new ones, and reinforced the capacities of their members. Hundreds of groups of producers were created under multiple forms and at different levels (village, commune, intercommune, and district). These organizations functioned in a context of experimentation that was explained in the beginning of the project. Considering the newness of the organizations and the services associated, it is difficult at this stage to pass clear judgments on their performances and their evolution.

Organizations in general improved their internal management capacities through the definition of guidelines for both interior and exterior relations.

“Political” results

DIALOGS actions showed and convinced authorities, public service agencies, and of the interest of farmer organizations as well as new mechanisms of cooperation. The project showed that several organizational and institutional models are valid, in contrast to the view based on a single model that was prevalent until recently.

Starting from a technical-based approach, the project managed to show that the institutional reinforcement of young civil organizations can lead to the organization of large-scale production, in a market-oriented perspective of developing production.

The political impact of the project is thus interesting. Firstly, the project contributed to a larger level of independence for the organizations, compared to existing ones. Secondly, the political and technical representatives, present in the pilot committees for the project, were able to convince decision-makers of the usefulness of the civil organizations in implementing collective services.

II Global lessons

More than the application of a single model, the DIALOGS method was based on the development of technical and organizational solutions to identified problems, case by case and in relation to local actors (future users, service producers, local institutions) and their wishes, capacities, local configurations, etc. At the end of the project, the diversity of services put into place shows that there is no single model to be followed.

The input services for service producers are not organized in the same way as services involved in the development of production chains for example. Although also dealing with access to input services, the services for the production of rice seed or fry are structured differently: there are significant variations within the same category. We can note as well differences between sites, for a same type of service: certain producer groups in rice seed formed an association, others a cooperative, still others preferred to keep their informal status.

However, in a relatively independent manner, between the different sites, different teams came to similar choices within the same theme. It seems that there are factors that are rather determining in deciding how to structure a service in a relative and efficient manner.

This chapter attempts to summarize and analyze the lessons learnt from DIALOGS, particularly concerning the conditions and process of constructing and institutionalizing local services.

The analysis that follows brings together the theoretical framework set out in the section II.B “Why reason in terms of service ?” and the description of activities found in section II.C “DIALOGS Actions” in order to draw the conclusions that constitute these global lessons. The particular context of rural Vietnam as explained in the first chapter “Political and institutional reforms and the question of local services in rural areas” will also be taken into account.

A) AD HOC SERVICES, DEFINED AND ARTICULATED WITH BOTH USERS AND PRODUCERS

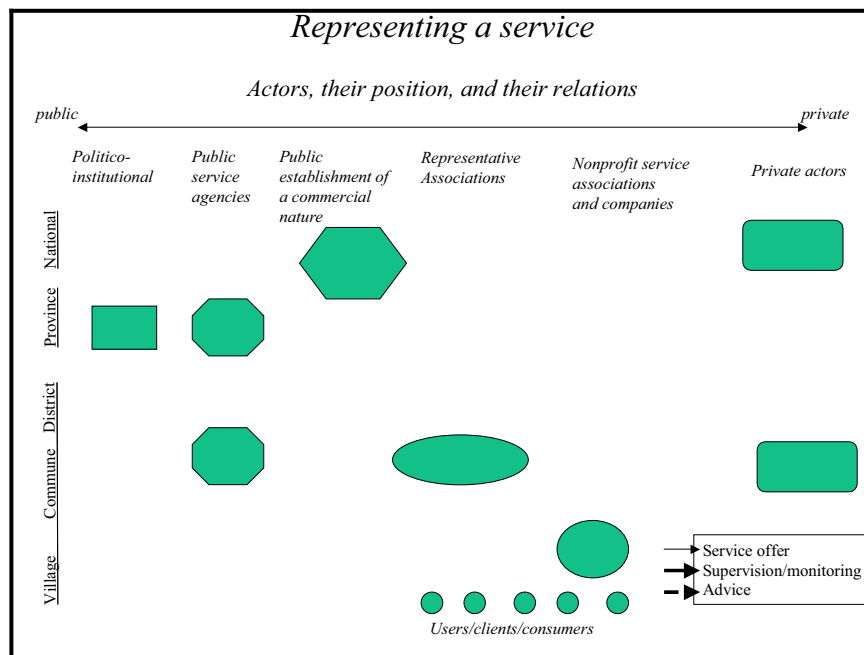
Filling institutional gaps with local service organizations

The first chapter revealed how the political and economic restructuring undertaken since *Doi Moi* had left an institutional gap

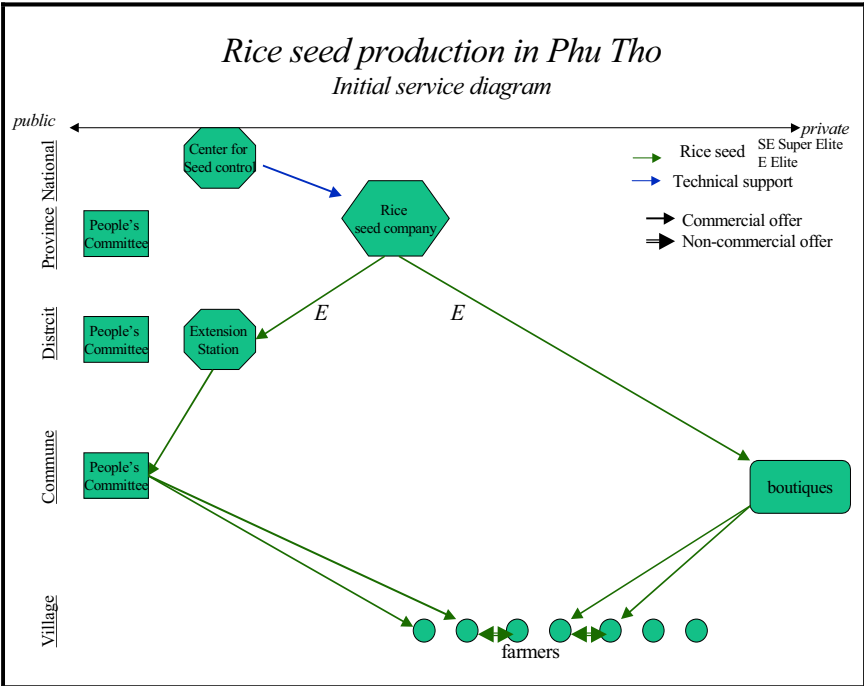
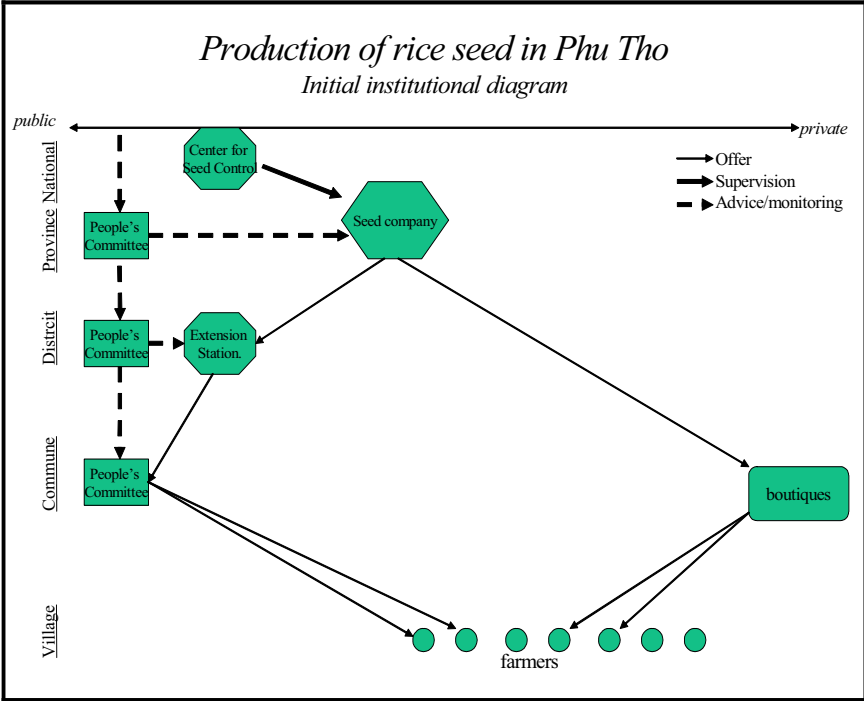
between public agents and the population at large, thus reducing the capacity of these institutions to play their role in a perspective of inclusive economic and social development. This effect also limits the efficiency of public policies³⁷. The first chapter also showed how the development of a private service industry did not completely cover these gaps.

Services implemented or reinforced by DIALOGS attempt to construct alternatives within the space left vacant by these movements, and local service organizations attempt to build the “missing links” necessary to improve access of local populations to services that are articulated with public institutions.

The case of rice seed is a good illustration of this institutional gap and a proposed solution. We can represent the actors involved in the production and commercialization of rice seed by placing them within a schema that shows their geographic position on the one hand (national, provincial, district, commune, village) and their position in the public/private spectrum on the other (politico-administrative body, public service agency, public structure with a commercial nature such as the provincial centers for rice seed production, private actors, associative or cooperative actors).



³⁷ This is an unfortunate effect that is typical of decentralization policies that are developed and implemented at a particularly rapid pace. (FAO, op.cit.).



The first diagram shows the symbols chosen. A service brings together a certain number of institutions or organizations that situate themselves on the public/private spectrum at a given geographical level.

For the example of rice seed supply, represented here for the case of Phu Tho (figures 2 et 3), the production of certified rice seed was initially covered by provincial companies under the responsibility of the Provincial People's Committee. These companies produced Super Elite rice seed under the supervision of the National Company for the Control of Rice Seed. They were responsible for the distribution, in part through agricultural offices at district level (thus through the public sector), and in part through commercial agents (through the private sector). The latter were in direct contact with some of the producers, while the district offices, without another contact at commune level, worked with the People's Committee.

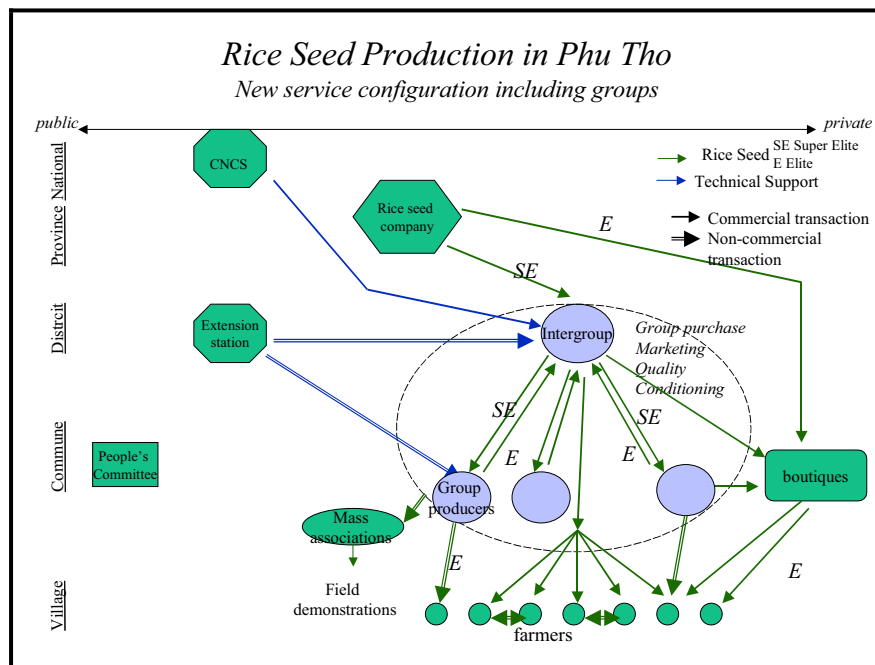
As we saw (see the description of activities "Rice Seed Production: local access to quality rice seed, at reasonable prices"), this set-up managed to reach only a small part of the rural population. The different varieties of rice seed were decided at provincial level, were expensive for the majority of farmers and were not sufficiently adapted to local conditions and needs. The essential part of rice seed renewal was thus provided through community exchange.

In the communes where DIALOGS intervened for this theme, rice seed was produced by groups of farmers at communal level. These farmers had acquired the technical knowledge necessary to produce Elite rice seed from Super Elite samples bought from the Provincial Rice Seed Company, including varieties that were identified as adapted to the zone. The necessity to certify this rice seed by the National Company for the Control of Rice Seed (for commercialized rice seed that was not exchanged locally) required a new organization of production that would facilitate the supervision, conditioning, and commercialization of a standardized product. An intergroup (in Phu Tho, which took the form of an association in Hai Duong) was formed amongst these producers to manage the purchase of Super Elite rice seed, ensure an internal monitoring of quality, conditioning, and marketing. The quality is controlled by the National Center for Rice Seed Control, through testing of a sample taken from overall production.

Whether in the form of intergroup or an association, these organizations offer certified quality rice seed, adapted to the zone at less than 20% the price of rice seed found through other commercial circuits. Activities are regulated with a commercial logic. A part of the Elite rice seed produced by these specialized farmers is however exchanged at village level.

While remaining independent in their organization and functioning, these cooperatives of rice seed producers are not completely independent from public institutions. They have a contractual relation, commercial in nature, with the provincial rice seed company, who supplies Super Elite rice seed. They are under technical supervision by the National Center for the Control of Rice Seed, who certifies the seed produced: a paid transaction. These organizations have received the necessary authorization of the District People's Committee and benefit from technical support from the District Extension Office. Finally, they often give rice seed to the Farmers' or Women's' Union at commune level for field demonstrations in order to improve their visibility within the local community.

The organizations are thus part of the institutional framework, with diverse relations with the other actors, and fill an "institutional gap" by increasing access to certified, quality rice seed.



With this schematization, the different services put into place can be visualized in a manner showing how these arrangements complement or restructure a given service configuration, and respond to a given “institutional gap”, between public and private sectors. The services provided can operate in a more commercial or more public manner, depending on the case.

A common approach in three phases

Despite the diversity of the actions and situations inherent in the project, we can nonetheless distinguish a common approach that was adopted in an implicit manner, following three steps:

- *Ensuring technical-economic relevance for users:* Following identification of the problem(s) and in cooperation with the actors, an experimental approach led to “technical-economic” responses and/or a method that were undertaken to develop the corresponding knowledge. This work was carried out with both users and producers of the given service. The economic viability of the action for service producers was essential at this early stage (including a reflection on the modes of payment, for example).
- *Reinforcing the organizational viability of a service:* At this stage, reflection turns to the organization of the service(s) in order to combine efficiency and viability: what are the coordination needs between actors in order to guarantee an efficient, quality service ? What organizational forms are necessary or useful in order to do so ? Organizing relations between service producers and users is essential to the reasoning involved at this stage.
- *Constructing institutional sustainability*³⁸: At this stage, a mode of institutionalization of the service is sought in order to formalize the relations between the different actors (public or private) whose contribution is necessary to both the existence as well as the efficiency of the service. This institutionalization aims to anchor the service in the existing institutional environment. It also works to consolidate its existence by establishing a formal status that is recognized by all actors.

³⁸ All the themes, however, did not attain this final step, which raises the question of the future of these relevant, but young, groups.

This three-step approach is more a formal articulation *a posteriori* of an intuitive approach than a constructed proposal of how to advance. Many actions within different themes were begun during previous projects, when the questions of institutionalization and the acquisition of a legal form for independent organizations was not yet a possibility.

This formulation seems however to faithfully describe the approach, and seems relevant in terms of how to work with new themes and services: an analysis of the points of view of farmers on the actions led in the context of a former project, COLLINES, had shown that technical-economic relevance was the first criteria of judgment for farmers³⁹.

It must however be noted that for new themes, where technical-economic references adapted to the local context have not yet been identified, developed, or stabilized, the implementation of the process requires a significant amount of time.

Concerning rice seed, animal husbandry, or preventive health, for example, DIALOGS activities relied on the experience of previous projects, which added up to many years. It is often within these themes that the process of institutionalization advanced the furthest. Inversely, within newer themes such as milk production, where the prerequisite action concerned the development of the first or second step, the project did not manage to attain the final stage in this process.

Once the references are stabilized, new services within a given theme can however be developed more quickly. The knowledge acquired by actors in the field who assisted the initial groups allows them to be more efficient in new sites or within new themes in a given area. In this case, it is more a case of replication and adaptation, whereas any intervention on a truly new service must pass through the three stages mentioned above.

Ensuring technical-economic relevance for users

A service should provide an adequate response to identified needs. Depending on the situation, identification of the problem normally comes from local demand, articulated by a group of

³⁹ Cf. Tessier O., 2001, "De l'action technique au construit social" ("From technical action to social construction"), *Coopérer aujourd'hui* n°23, Gret, 31 p.

interested actors (farmers, mothers, aquaculturists, consumers) or from the proposal of technicians following a diagnostic.

The nature of these actors is of little importance as long as they decide to reflect on and collectively experiment solutions to this problem, with the support of a technician. The interest of working in a group is that it allows for a dialogue on the analysis of the problem and possible solutions, to capitalize on several viewpoints, discuss results, and thus come to solutions in an efficient manner, that respond to the expectations and capacities of the majority of the actors involved⁴⁰.

In the case of DIALOGS, the process usually started with volunteers within these groups interested in constructing the service: a stockbreeder recognized for his or her capacities specialized as a veterinary agent, rice farmers recognized as particularly competent and interested in building their activities then specialized in rice seed production.

This approach allowed for a direct dialogue between future users and producers of the service at an early stage, and permitted as well to reinforce the capacities of the latter in the process⁴¹.

Once the problem is identified and the group put together, solutions are then tested in a process of trial and error, during which a further analysis of the problem and new directions for solutions are developed. During this period, the “local service producers” (the “farmer technicians” of the COLLINES project, the village health workers, or the specialized farmers in drying litchis) acquire knowledge and capacities.

With time, several themes are stabilized, bringing together technical or methodological references (for example, the best suited varieties of rice seed and the corresponding technical guidelines, the pathologies to treat in animal health services, public health issues) and a first form of organization for the service appears.

Establishing the technical-economic relevance requires a certain amount of time, more or less long, in order to choose the themes, fix the references, develop the necessary capacities. In the majority of activities implemented under DIALOGS, this work was accomplished prior to the project.

⁴⁰ Cf. Ruault C., 1996. *L'invention collective de l'action*.

⁴¹ cf. Lamballe, P. et al., 2002. “Mobiliser les acteurs dans une démarche de recherche-action. *Coopérer aujourd'hui*, no 31.

The viability of production: a necessary condition for establishing the pertinence of services

The example of milk production in Bac Ninh

In the zone of Bac Ninh, the development of milk production was a political priority, and thus benefited from credit and other programs aimed at providing incentives for producers to increase their stock and production.

In the beginning of the project, the activity seemed to be particularly profitable, justifying support for the sector. During the project, it however became apparent that the economic viability of milk production in this area was not so evident. In fact, during the initial phase of development of milk production, the demand in calves was very strong, and the sale of calves represented a significant part of stockbreeders' revenues. When this boom ended, a strong decrease in prices of calves, coupled with an increase in the cost of raw materials, led to a decrease in producers' revenues. In zones where the availability of land for pasturing is low and the costs of production are thus relatively high (stabling, feeding), specialization in milk production proved in reality less profitable and a significant number of producers were excluded from the market. New producers who had benefited from provincial and national incentive policies through facilitated loans or other measures found themselves with significant debt to repay.

This experience does not put into question the relevance of the actions improving stockbreeding conditions and structuring the production chain that were put into place, however. What it shows is that this activity is interesting and profitable for fewer milk producers and in conditions less favorable than what the State, the producers, and DIALOGS technicians initially thought. We now know, for example, thanks to the economic monitoring carried out, that milk production in the zone is only profitable for breeders with three or more cows.

This experience did allow for a greater understanding, *a posteriori*, of the economic conditions of creating a production chain. The creation of a production chain is not the same as reinforcing an existing one (as was the case for porcine production or litchis for example). Creating a production chain or developing a new industry requires work that is more demanding and precise than supporting existing ones - where a minimum of knowledge, commercial relations, and structures are already in place. For the former, more work is necessary on input services and supporting technical-economic references (production techniques, pathology, etc.) before focusing on the end product or improving global productivity. In addition, institutions in the sector must also be constructed: for milk production, there is no structure that controls or monitors production quality, and the means of distribution to the factory do not recognize the improvement in quality that follows technical support.

A stricter analysis of the conditions of viability of intensive production in the delta, before launching incentive policies, would perhaps have identified certain constraints, particularly the low availability in pasturing fields, the implications on production costs and the efficiency of land usage: is it profitable for a collectivity to produce forage in areas with such a high property value ?

Technical viability is guaranteed by reinforcing local capacities and by developing technical knowledge in response to the needs and capacities of clients.

The question of financial viability was raised in the beginning. The project proposed solutions involving the establishment of paid services, organized in a manner such that they are commercially viable and socially fair, or services that are supported by public authorities.

In order for a service to be sustainable, service producers must be able to earn a profit from their work. This contingency leads us back to earlier questions regarding modes of payment, whether the beneficiaries pay in a commercial arrangement, whether the activity benefits from public financing for actions of a public nature, or whether the activity is “paid for” in terms of the social prestige earned for systems of a community-based nature, or a combination of these modes for associations or activities with a hybrid nature. On the other hand, beneficiaries and/or those paying for the services must be sure that the offer satisfies the demand in terms of quality, price, quantity, etc.

Once the technical references and relevance of the action is established, the reflection then turns to how to better organize the actors involved. This reasoning extends to structuring the service as a whole, and not just the production, with a careful look at the relations between producers and beneficiaries, on the one hand, and the relations between the service producers and the input environment, on the other (purchase of medicines or vaccines, of super elite rice seed, etc.).

Reinforcing organizational viability

This second step relies on the first: if service producers find no interest in producing and delivering the service in the long term, they have no reason to pursue their activity. The economic relevance is thus doubly guaranteed by technical capacities and the interrelations between actors.

As described previously (see section II.B “Why reason in terms of service ?”), the reasoning is based on organizational needs between actors in order to guarantee an efficient service. It is important to look into the nature of these relations, whether it is a

simple commercial transaction (exchanging a good or service for payment, without further need to formalize the relation) or if, for questions of financing the service, of access to information, of cost or of regulation, other forms of relations or organization between actors are necessary.

In organizing these interrelations, one must consider how to structure and coordinate the different actions or interventions of the different parties, without forgetting to take into account transaction costs, including non-monetary costs (which often take the form of time spent on actions). Often, development policies or workers support local arrangements without looking closely enough at the time (and its cost) necessary for multiple meetings for the purposes of information, explanations, discussions, negotiations, training, analysis, decision, which are required in order to identify ways to act in a collective manner, adapting them to each member, to the context and to evolutions. It is only through adopting such an approach that one can justify and decide collectively with a minimum of legitimacy.

This methodological step attempts to find organizational forms that are adapted to needs, and that are sufficiently simple to be functional and efficient. The box below presents an illustration of how the organizational logic can change the strategy of intervention, through the example of the evolution in the field of animal husbandry.

Organizational viability: the example of the evolution of veterinary services from stockbreeder groups to organizations of veterinary agents

During interventions previous to DIALOGS, veterinary pharmacies (*tu thuoc*) had been created with the objective of organizing veterinary services destined to stockbreeders. Different services (technical training, credit) were thus proposed to groups of stockbreeders. (See box p. [45].) These “groups” had an ambiguous status and their organization around pharmacies proved inefficient, even if the service was useful: internalizing veterinary services in a collective manner around stockbreeder groups had no outward advantage. Once the technical guidelines were established and followed, and credit was less and less necessary in order to promote innovation, the necessity of coordinating these farmers was put into doubt. Little by little, these groups disappeared but the service (vaccination, veterinary services) remained.

A field study⁴² revealed that these veterinary services were appreciated but that the groups no longer existed, or at least in a functional manner. One service provider had typically emerged from each of the groups and maintained individual relations with users, whether they had or had not been members of the group. This observation led to rethinking organization around the service: the service offer is of an individual nature, provided by the veterinary agent. Collective organization seemed nonetheless interesting at the level of local veterinary agents (LVA) for training, group purchases of vaccines, sharing material, cooperation with public service agencies, etc. Activities from that point focused on supporting the creation of organizations of LVAs, which were then inserted into the institutional framework with the support of DIALOGS.

As we saw in the second chapter, key issues that shape organizational choices are identified and defined by the responses to the following questions regarding the central service: who decides ? who pays ? who produces ? who monitors ? etc. Although these questions may seem simple, the responses may be quite complex. Responses may be simple for one field but complex in another.

The example of rice seed production is a good illustration of these differences: the service is simply paid for by the users; however, its monitoring and regulation require a large diversity of actors (producers, commune, national rice seed company, mass organizations, etc.)

Organizational viability is thus established through the construction of relations as well as the means for coordinating the different fields (activities, financing, decision, monitoring) that may have distinct organizational needs.

A series of factors are to be taken into account in reflecting on how to organize a service. They will be analyzed in the sections that follow.

Constructing institutional sustainability

Since reflection on the organization of an efficient service concerns above all the coordination of relations between actors, establishing a sustainable form of coordination depends on the context and the legal status of these actors, their relations (formal, informal ?) or further, the type of relations between the organizational structure and its politico-institutional environment.

⁴² Tessier, O. Op.Cit.

The sustainability of a service requires that at some point its institutional identity be clarified in order to take into account the political, legal, social, institutional, community-based factors that can guarantee the sustainability, not only of the activities, production, and organization, but also, and more importantly, of the **service** itself: Which legal status for the different actors ? For their relations ? Which relations between the organization and the general administrative framework ? Is a contract necessary or can activities remain informal ? A contract that concerns what exactly ? Between whom ? Who takes care of what (and who leaves what outside of the arrangement) ? Who supports whom ? With what means of verification, incentive, or sanction ? Etc.

In the current Vietnamese context where the legal framework of associations and cooperatives was and is still subject of debate, and where the political and institutional bodies (particularly the People's Committees at the different administrative levels) play an important role, this type of questioning leads to particularly important issues.

For DIALOGS, it was a matter of finding immediate, concrete, and pragmatic responses to these questions in order to ensure durability to the services supplied. In this sense, the project looked to clarify the essential factors without looking to absolutely determine and fix all the factors or possibilities. A part of the factors and possibilities are thus still not clarified.

That said, the question of the possibilities offered by the current legal framework was of primary importance, particularly concerning its possible evolution. Concerning this point, the project played a voluntary role of legal experimentation, in cooperation with the different interested parties (service producers, users, public service agencies, local authorities at each level). This experimentation included both the legal status of certain new actors (associations, cooperatives) as well as interrelations between actors (delegation, public-private-associative partnership, etc.). Behind this method was the idea that it was not a matter of trying to fix things *a priori* within a certain status or relationship, but rather, to concretely test what "could work" and what was useful in the legal context.

Lastly, establishing new types of relations between local, private, associative, and public actors raises questions concerning the capacities of the different parties involved which, implicitly, has an effect on their independence with regards to other actors. In what way can producers organize themselves and act together in order to produce a service with a collective nature or interest ?

The sustainability of a service thus relies on a number of factors including the profitability of activities, the social prestige gained by actors involved in the activity, the insertion of the organization or its activities in the public sphere and/or the participation of the State, the formalization of the legal status of the organization, the contractualization of relations. The institutional form relies also on a number of factors, including the nature of the service, the mode of regulation, the relations between actors, the sub-services, etc. The primary factor remains however the decisions of the actors involved (producers, local authorities, members of the association, etc.) following a process of negotiation between and with them. A discussion of the factors involved in the process of institutionalization is the subject of this chapter.

B) SERVICES OF A DIFFERENT NATURE: MODES OF REGULATION THAT ARE COHERENT WITH THE NATURE OF THE SERVICE

The nature of a service depends in part on the nature of the good or goods supplied, as this will condition in part how the service is paid or regulated.

The nature of goods or services provided: a theoretical framework

Whether a product is material or immaterial, its nature will determine in large part how it is provided. We can thus distinguish the following types of goods:

- **Exclusive goods**, or goods for which it is possible to control the usage or consumption and/or to exclude certain potential users (for example, toll highways).
- **Rival goods**, for which the usage by one or certain users naturally excludes other potential users (for example, a bag of fertilizer).
- Buchanan (1965) separates the question of ownership from that of non exclusion and non rivalry: collective goods do not necessarily have to be provided to all for free. When exclusion of consumption is possible (for example by a technical means such as the crypting of a television program), a financing scheme for beneficiaries can be considered, in place of a public source of financing.⁴³

On this basis:

- **Public goods** are generally neither exclusive nor rival. They benefit all members of society and are in general provided by the public sector (for example, education, lighthouses).
- **Private goods** are *a priori* exclusive and rival. They are generally

⁴³ “Concepts économiques et conceptions juridiques de la notion de service public”, Cerna (Ecole des mines).

provided by private actors and are regulated according to market mechanisms.

- **Club goods** (Buchanan 1965): a category of intermediary goods that have the characteristic of being able to be excluded but are not rival (for example, a television channel that can be subscribed to, parking in a supermarket, a sports center). For each user, the consumption of these goods depends on the number of users (n) with whom they share the consumption. The extreme cases, for example, are private goods, for which $n=1$ and purely collective goods, for which $n=N$, where N equals the whole of the population⁴⁴.

In practice, even when goods or services are of a private nature, they often are situated in between categories, due to imperfect markets, and particularly due to the following factors:

- the existence of externalities (effects that are not taken into account by market mechanisms),
- a difficult market access for producers,
- a difficult access to the products on the market for consumers, due principally to transport,
- a lack of transparency in information (in terms of prices and quality), and
- market mechanisms that do not function at the local level for the above reasons, as well as for reasons linked to community-based practices or effects of social networks.

Goods which serve social objectives and merit services:

When private goods coincide with issues of general public interest, these social objectives are often not taken into account in the product or service's market value. Similarly, a "merit service" implies interests that are beyond those perceived by the consumer. The equilibrium between supply and demand is thus difficult to establish in these cases. For these goods and services, it is common for the State to set the level and needs of the demand, knowing that this level would certainly be lower without such intervention. Examples of such services are common in development cooperation. This is for example the case for environmental measures, education, etc. Certain services involving preventive services or technical advice can also fall under this category, for these actions are not always valued in the economic decisions of actors⁴⁵.

Certain actions of DIALOGS fall under this category, within a certain degree: Mother groups (education in preventive health), soil conservation measures (even if the action is profitable for farmers, the environmental advantages are not included in their economic calculations), technical advice in aquaculture (put into place via the pharmacies, but with difficulty), etc. In fact, this is the case for the majority of goods provided in the context of DIALOGS.

⁴⁴ "Concepts économiques et conceptions juridiques de la notion de service public" du Cerna (Ecole des mines).

⁴⁵ Huppert et Urban, 1998. *Analysing Service Provision*.

The analysis of the nature of a service as well as its mode of regulation seems thus an essential step in considering organizational and institutional choices.

In order to analyze services in this perspective, it is useful to refer to the types of regulation described in the section II.B “Why reason in terms of services ?” (p. [40]). This analysis allows not only to identify the actors involved but also to determine the nature of the relations that link them.

Services and sub-services: complex service structures

We saw that a service offer often groups together a number of sub-services, which are themselves of different natures, either material or immaterial, public or private, bringing together different actors. Certain sub-services, and not necessarily the most apparent, can have a determining effect on consumer satisfaction and thus the provision of the end service.

In the case of complex service structures, identifying sub-services is essential to characterizing the nature of the end service as well as the implicit forms of regulation. Some examples will be used to illustrate this point.

❖ The case of local rice seed production

End service: local access to quality rice seed at reasonable prices
Services to the service producers, members of the organization (group, association, intergroup, etc.):
<p>Group purchases of inputs Certification Techniques:</p> <ul style="list-style-type: none"> ➤ Training ➤ Technical guidelines <p>Commercialization:</p> <ul style="list-style-type: none"> ➤ Bagging ➤ Purchase and collective management of equipment (scale, bags, etc.) ➤ Publicity/marketing/distribution

When we analyze the service divided into sub-services in this way, the case of local rice seed production demonstrates the complexity of relations and modes of regulation that exist within the larger service structure.

- Certification, which relies on relations with structures in charge of quality control.
- Training, which puts producers in contact with project technical assistants in the short term, and public service agencies in the long term; the capacities acquired allow for the development and control of technical guidelines for each of the producer groups involved.
- Commercialization, which, on an internal basis, involves the purchase and management of equipment necessary for the group's commercial activities (scales, bags, etc.) and on an external basis, involves publicity work as well as distribution and sale of rice seed within the community and other districts.
- Supply in inputs, which implies relations with private companies for group purchases.
- Communication and internal management, which implies coordinating relations between management and staff of the organization on the one hand and the producers on the other, in order to coordinate all the above services.

These different sub-services play an essential role on the quality of the end service as they have an influence on the quality, price, and access of rice seed provided to local consumers.

❖ *The case of litchi production*

End service: structuring the production of quality litchis
Sub-services to producers (final users), members of the association:
Transformation of the product (drying procedure) Commercialization <ul style="list-style-type: none"> ➤ Construction of a brand name ➤ Labeling ➤ Bagging ➤ Publicity Group purchase of inputs Market studies <ul style="list-style-type: none"> ➤ Work on the creation of a label indicating the geographic origin (<i>appellation d'origine contrôlée</i>)

In the case of litchi production, we note that most of the sub-services concern commercialization of the product, which leads to two consequences:

- The producers grouped together in the form of an association decided to create a commercial committee (*comité de commercialisation*), keeping technical services linked to drying techniques separate.
- The strong economic factor linked to market access played an important role in how the different relations were structured, as well as the modes of regulation put in place, which will be discussed in greater detail further in this section.

❖ *The case of veterinary services*

End service: veterinary services	
Sub-services to stockbreeders: Awareness campaigns Technical training at the local level Vaccination upon demand Fight against avian flu Disinfection of stockbreeding grounds Veterinary care (of a curative nature)	Sub-services to veterinary agents: Group supply and conservation of vaccines and equipment (refrigerator) Training Cooperation with the public veterinary system Recognition within the community

The case of veterinary services is an example where the service structure includes two levels of sub-services: those aimed at stockbreeders, and those aimed at veterinary agents. The latter plays the key role in service provision towards the former, thus the organization of the overall structure (veterinary services) focuses on the agents.

This organization based on two levels is largely a result of the analysis that was made following the experience of the *tu thuoc* (veterinary pharmacies, see box p. [57]). The failure of the *tu thuoc* seemed to be linked to the fact that, aside from training and awareness campaigns, the services provided to stockbreeders are delivered on an individual basis, so promoting groups of stockbreeders does not bring forth a gain in efficiency. Inversely, grouping together veterinary agents around specific activities and a particular organization is advantageous for reasons that are:

economical (group purchases of vaccines and equipment), organizational and institutional (facilitation of relations with the State veterinary system), and finally community-based (local recognition for the agents). Structuring the service and sub-services around the veterinary agents thus justifies collective action.

The division of services in sub-services reveals that they are not necessarily situated on the same levels, and allows us to distinguish:

- *on the one hand, between simple end services (e.g. rice seed production) or those composed of several sub-services (veterinary services), and*
- *on the other hand, end sub-services (commercial committee for litchis), destined to service producers (rice seed), or favorable to the final service provision (training for the local veterinary agents).*

Improving access of producers and users to services supporting agriculture and community health must begin with an analysis of the whole of the service structure, including the different sub-services.

Services (and sub-services) of different natures

The analysis of the nature of a service as well as the modes of regulation is an essential step in analyzing organizational and institutional choices.

Who produces, who pays, who regulates ?

These questions, apparently simple, allow us to characterize a given service.

The different services of DIALOGS were organized in large part was based on the responses to these questions. (See table on following page)

	Who uses the end service ?	Who decides ?	Who produces ?	Who pays ?	Who regulates ?
Veterinary services	Stockbreeders	Veterinary agents Public service agencies, through veterinary stations or the communal agent	Local veterinary agent, in cooperation with the communal agent	Stockbreeders demanding service Certain communes for technical assistance of stockbreeders	The satisfaction of the clients A status for the agents within the community
Rice seed production	Farmers who buy the rice seeds (+ those who exchange with the producers)	Rice seed producers, organized in association, cooperative, or intergroup	The association, cooperative, or informal group providing the end service (group commercialization of certified rice seed). The rice seed producer in the case of exchange.	Farmers buying the rice seed (+ those who exchange with the producers)	The commune, via authorization National Rice Seed Company for certification Satisfaction of clients The group itself through control of technical guidelines In certain cases, mass organizations distribute a part of the production and monitor a quality product
Aquacultural services	Aquaculturists (those who raise fish to maturity)	Groups of aquaculturists raising fry as well as specialized individuals	Individual aquaculturists	Aquaculturists (raising fish to maturity)	Satisfaction of clients No technical regulation for the time being
Aquacultural pharmacies	Aquaculturists (principally those raising fry)	Aquacultural pharmacists	Aquacultural pharmacists	Aquaculturist users	Satisfaction of clients
System of insurance – technical assistance (stockbreeding)	Subscribed members	Group of stockbreeders taking part in the system	The group, with the support of veterinarians and public service agencies	Subscribed members	Satisfaction of members, The performance of the system
Piglet production	Stockbreeders (who fatten pigs)	Organization of piglet producers	Organization of piglet producers for the supply. Local veterinary agents for training sessions and technical assistance	Stockbreeders	Producer members: satisfaction

	Who uses the end service ?	Who decides ?	Who produces ?	Who pays ?	Who regulates ?
Cooperatives specialized in porcine production	Members of the cooperative (+ certain stockbreeders outside the group who benefit from veterinary services)	Members of the cooperative	Veterinary technician of the cooperative, local veterinary agents The commercial committee	The group, through the profit margins of the group commercialization (thus indirectly by the stockbreeder members of the cooperative)	The office of the cooperative
Litchi production	Members of the association	Members of the association	The association	The association, through the commercial margins (indirectly by the members of the association)	The office of the association Satisfaction of members (with a higher added value)
Milk production	Specialized milk producers	Producers, with the project (and public service agencies)	The project (public service agencies if they take over the responsibilities)	Producers	The satisfaction of the producers if there were a recognition of the quality, regulation could pass by the distributor
Terraces and hedgerows	Farmers calling upon technical assistance to put in place soil conservation techniques	Specialized technicians, in relation with the clients	Specialized technicians, with the clients	Farmers demanding service (perhaps the local authorities in the case of a subsidy)	Satisfaction of the farmers
Village development planning (VDP)	Local village populations	Political authorities at the provincial level (decisional)	Political authorities at all administrative levels, integrating the process	The State	Local authorities Satisfaction of villagers: expression by vote
Water and sanitary systems	Local village populations	Community management committee	Community management committee	Consumers, thus the local population, via a system of contributions	Community-based ?
Preventive Health	Mothers (of young children) of the village brought together in groups	The State: directives and delegated role of the village health agent Women's Union: operational framework (part of the agenda of the meetings)	Village health worker (VHW), in cooperation with the Women's Union	The commune, via the province's budget (for the remuneration of the VHW) Women's Union (operational and management costs)	The commune Public budget The community: reputation of the VHW, recipe competition, distribution of "diplomas"

A few examples from the activities above will be analyzed in further depth before discussing the differences between the natures of these services.

Veterinary services: a local commercial service provided on an individual basis

Veterinary services put into place and reinforced by DIALOGS are commercial services: the local veterinary agent (LVA) sells products (vaccines, medicines) and services (diagnostics, shots) in a commercial logic, where there is a direct link between the global service (veterinary care) and payment.

The organization, in a form or another, of the agents is not inherent in the service. It is a means for the LVAs to facilitate supply in medicines and vaccines at a better price. Including communal agents in their organization allows them to be more visible and better recognized within the community, which constitutes an additional motivation and adds a community-based aspect to the service regulation⁴⁶. The organization of LVAs concerns more the service input end and less the end users⁴⁷.

A sub-service that does not fall under this commercial logic however is the training of stockbreeders. In the context of DIALOGS, this responsibility was remunerated by the project. Its sustainability is unsure, as it is less likely that the stockbreeders are willing and capable of paying for such a service. In certain cases, the People's Committees participated in paying the veterinarian responsible for training but with an amount that remains too low to ensure a proper remuneration. This subsidy is not enough to ensure that the position continues but still represents a symbolic recognition of the public character of this service.

Aquacultural pharmacies, a local commercial service of an entirely private nature, due to the absence of public service agencies

The services set up and reinforced by DIALOGS by the aquacultural pharmacies are commercial services: the pharmacist

⁴⁶ Community-based regulation is partially present in the majority of activities promoted by DIALOGS. This aspect seems inevitable with local services.

⁴⁷ With exception, perhaps, to interventions of LVAs and their services which, such as biannual non-commercial vaccinations, complement an insufficient public service.

sells products (medicines) and services linked to this sale (technical assistance) in a commercial logic where there is a direct link between the service and its payment.

The collective organization is not inherent in this service either: it is a means for pharmacists to facilitate their supply in medicines at a better price and to benefit collectively from the necessary training sessions in order to ensure the corresponding service of technical assistance.

In comparing this service with that of veterinary services, where technical assistance for farmers is clearly present, constitutes a public interest, and justifies in large part the presence of a collective actor, we can note here that an organization is certainly useful but that its institutionalization is far from being absolutely necessary. A simple network of aquacultural pharmacists would have probably been sufficient.

Such an analysis remains however a little limited, for two reasons: firstly, the reality of this growing industry and the necessity to fill a real institutional gap, and secondly the ambiguous status of technical assistance, clearly at the limit between public and private interest.

In the case of aquaculture, and in contrast to other sectors, we can note the existence of a real **institutional void** in public services:

- At the provincial level, an aquacultural center exists but does not adequately ensure supply in aquacultural medicines. With insufficient staff, it is also unable to provide the technical assistance that aquaculturists need, whether it is directly or by other institutional canals.
- At the district and commune level, there is simply no aquacultural health service. Without a better option, aquaculturists often buy veterinary medicines destined for other productions (destined for pigs for example).
- There is no aquacultural station (as there are extension stations or veterinary stations) that would be capable of handling possible technical services for the provincial aquacultural center.
- **More generally, no system of monitoring or sanitary prevention in aquaculture exists from the national to the local level.**

In the absence of such technical services, the function of technical assistance was, in the context of experimentation that characterized DIALOGS, directly integrated in the services of private pharmacies even if this combination of sale of medicines and technical assistance risks certain abuses (see box below).

For aquacultural pharmacies, this leads us to believe that the transition through a collective actor represents a way to anticipate problems of sustainability.

The “institutional gap” and an insufficient private sector in aquacultural services

Aquacultural pharmacies were conceived as a solution to the institutional void concerning aquacultural services. Technical assistance and advice, in the pharmacy model, are given by the same actors who sell medicines. Is there not intrinsically a risk of abuse ? The privatization of technical advice can bring about problems linked to monitoring or control. It seems that a minimum of public services involved in monitoring this activity would be beneficial.

In a local context, it however seems possible to rely on social and community-based forms of regulation to counterbalance eventual abuses. That said, the risk is still present.

In the case of the two services put into place in aquaculture (supply in fry, aquacultural pharmacies), it seems that private services do manage to fill a part of this institutional void left by public services. Risks within the sector that accentuate the absence of public involvement in the control and regulation of these services lead us to believe that public services in charge of certain of these responsibilities, however, are necessary.

Training and technical assistance: a nature difficult to define

Concerning technical assistance, the case of aquacultural pharmacies raises a two-part question that was not resolved in the context of DIALOGS involving first, the sustainability of services put into place and second, the role and evolution of organizations created.

We saw in other service structures that technical assistance could be provided on a private basis, although training was rather a public service: a characterization, and distinction, that is far from absolute. For training, two elements are to be considered: the socialist nature of the political regime in Vietnam tends to consider training as a public good, and secondly the fundamental characteristic of the contents of technical training often have characteristics of goods that are non-rival and non-exclusive. However, it is

often still possible to place a commercial value on technical knowledge, even if only in the short term. The non-exclusive and non-rival character limits the possibilities for valuing technical knowledge at a high price because competition is always likely to develop. This impedes the production of new technical knowledge by those supplying it and brings the production of new knowledge back to public services in research and extension. A commercial service for basic technical training can only survive if the content is renewed by public services.

In the case of technical advice or consulting, the exclusive nature of the service is of higher value because the supplier is supposed to adapt his or her recommendations to the particular case. In theory, there is thus more possibility of remunerating consulting based on market mechanisms than training. That said, in the context of DIALOGS, technical advice remains rather basic (identifying a sickness, for example) and the added value related to the adaptation to the user compared to its proper technical content is rather low⁴⁸.

These two cases, training and advice, raise the question concerning service providers' access to new knowledge, keeping in mind the low price that they can then hope to sell this service to producers. In other words, these services are sustainable to the extent that they do not require important evolutions in technical content. Otherwise, the costs of keeping knowledge up to date are too high.

This leads to the question of the role of collective organizations put into place. For the moment, this role focuses on the supply and management of input stocks (medicines, treatments, rice seed, fertilizer...) and potentially on the commercialization of production. Considering the role of training and advice in a given service structure, there is however no doubt that they will not continue in the long term unless the organizations manage to handle the costs of maintaining a level of technical knowledge that is up to date. This seems to necessitate the participation of the public sector through intermediary organizations or partial subsidies.

Rice seed production as a commercial service, under public monitoring, with a community dimension

As we saw (section III.A “Ad hoc services, defined and articulated with users and producers” p. [96], as well as in the section II.C “Actions of DIALOGS» p. [49]), the service of

⁴⁸ In aquaculture, the purely technical content of technical advice is often clearly higher than in porcine production. Which does not necessarily mean that advice involves more adaptation to the user, but that it is “sharper”, in technical terms.

production and commercialization of Elite rice seed is above all based on a commercial logic: the cooperative buys Super Elite rice seed and sells it to farmers, the latter sell Elite seed to the cooperative, who sells them to interested farmers. This activity however has a strong community-based nature to it: a significant portion of members' (of cooperatives, groups, or associations) production is exchanged within local networks and thus sidetracks the official commercial circuit.

Traditionally, farmers renew their rice seed by exchanging them, 1 for 1, with friends, family, and neighbors. One of the difficulties in establishing groups of specialized farmers was this rule – the “*tin h cam*” or “community exchange” that can also be translated by “friendship”. This practice does not favor specialized production of selected rice seed: the 1 to 1 exchange does not compensate the efforts necessary to produce Elite rice seed. Creating a brand name, commercializing in a group manner, obtaining the certification of the rice seed are many ways of differentiating between Elite rice seed and generic seed produced by farmers in the community, which thus justifies a higher price (the condition upon which specialized farmers will continue their activity).

However, exchange continues and “*tin h cam*” represents up to 30% of distribution of Elite rice seed production. Specialized farmers cannot or do not wish to completely abolish this practice that reinforces their position within local social networks. This equilibrium between community-based and commercial values seems to satisfy farmers involved in this activity.

In addition, this activity is regulated by the State: one does not have the official right to sell rice seed that is not certified. An authorization for production is necessary because Super Elite rice seed is produced by public rice seed companies and the necessary quality control must involve the National center for the control of rice seed production. The fact that rice seed production is a regulated activity justifies a stronger public intervention, both at national as well as district and commune levels. This necessary certification (a source of distribution problems) has a strong effect on the necessity of forming an organization, since quality control cannot be done on an individual basis, farmer by farmer.

Rice seed production: a local service anchored in local social networks or a commercial service with a regional scope ?

It is interesting to compare actions focusing on input services in agricultural production (such as rice seed production) and those focusing on commercial associations for developing a production chain (litchis, porcine production, for example). In the first case, groups of producers target a local market that includes for a large part their social relations whereas in the second case, groups of producers (the commercial association for litchi production and specialized cooperatives for porcine production) target a larger market, composed of anonymous buyers that are at a distance from producers.

This raises the question of whether, for rice seed (or other actions that are based on organizing a local service), distributing at a higher level, towards other districts or provinces, would not endanger the very nature of the service, which is local access to quality rice seed, adapted to local conditions.

Does this definition of the action (that is, local rice seed production, for local access) presuppose small-scale production ? During the project, the possibility of developing activities, a “brand name”, or distribution towards other districts or provinces was evoked and even suggested during provincial seminars. The project team in Hai Duong even went so far as suggesting institutionalizing the organization as a means of “desocializing” or depersonalizing the distribution networks at play for rice seed exchange (“*tinh cam*”)⁴⁹.

Would this development of activities, oriented towards a market exterior to the local market, not compromise the social aspect of production, which would then transform a production of a service into a simple production ? Would this action risk changing the nature of the objectives by accentuating the importance of profitability, the commercial aspect, and thus lose the local perspective ?

A possible solution carried out during DIALOGS was the creation of an association at district level, which coordinates local groups and the development of commercial activities, but remains a non-profit organization by definition (see discussion of legal forms p. [x]). Creating an association provides the opportunity to forge the necessary relations with public decision-making bodies and the companies involved in quality control in order to legitimize activities and guarantee the quality of the production, without risking a descent towards a logic of pure profit. We have nonetheless seen, with the association of litchi producers, that this legal form can also integrate a strong commercial dimension, depending on the logic of the groups that manage it.

⁴⁹ Le Duc Thinh et al, 2004, Technical information sheet (“Fiche technique”): *Système de contrôle de la qualité, Difficulté de la commercialisation des semences de riz, Itinéraire commun de production de semences de riz d’une groupe paysans, Reconnaissance de l’origine de la semence par le comité populaire de la commune, Garantie de la qualité de la semence par les foyers paysans* (“System of quality control, difficulty in commercializing rice seed, common itinerary for rice seed production of a farmer group, Recognition of the origin of rice seed by the communal People’s Committee, guarantee of the quality of rice seed for rural households”), ASD – Projet DIALOGS, Hai Duong, 11 p.

Dried litchis and their commercialization: a collective service financed by sales

The association of litchi producers put in place a commercial committee that manages the sub-services related to marketing their product. This is a collective service, with an associative nature (destined for members of the association). It is not purely commercial in nature because the service is paid by profit margins (by kilo of litchi sold). In other words, litchi producers do not pay for drying procedures and/or their commercialization, upon demand, but rather the activity is financed by profit margins. A given internal payment is made by the structure in order to cover the costs through the profits realized upon commercialization. The association bases its legitimacy through the economic value of the end product but regulation is based on an associative model.

Preventive health services, a local public service articulated with a collective dimension

In preventive health, there is no explicit demand from the part of beneficiaries, in the form of individual services or direct payments for the service. This form of relation would not work: mothers do not request and pay for the nutritional advice given. However, this service cannot rely solely on charitable actions. Since this service is considered relevant and useful, it is thus necessary to find financing from other sources: in a first stage, Medecins du Monde and donors financed activities, but this exterior financing is not sustainable.

A modification in national policy, transforming village health volunteers into public agents (“village health workers” or VHW) resolved part of the problems by making a part of community health services a communal public service.

The VHW thus have a double mission: they are part of the communal personnel but are elected or chosen by the village. They play an intermediary role between the community (Mother groups, in the context of the project, managed by the Women’s Union) and the commune.

Seeing as though there is no institutional mechanism that guarantees the continuation of Mother group activities, a microcredit fund was introduced in order to provide an incentive to their continuation. In the same logic, relations with the Women's Union were developed.

Management of water systems: a community-based service ?

The services involved in water supply systems are basic services that are often managed by public service agencies.

In the province of Ban Kan, isolated villages do not have access to this public service. Networks providing drinking water put in place by MDM in the context of DIALOGS rely on a community model: all the inhabitants benefit from the system and not only paying clients. Community groups were established in order to work on project planning, installation work was provided through a significant mobilization of the population, and a management committee was established through an election system.

The mobilization necessary for the planning and installation of this action was in itself a form of community-based organization, on an informal basis, around a basic service.

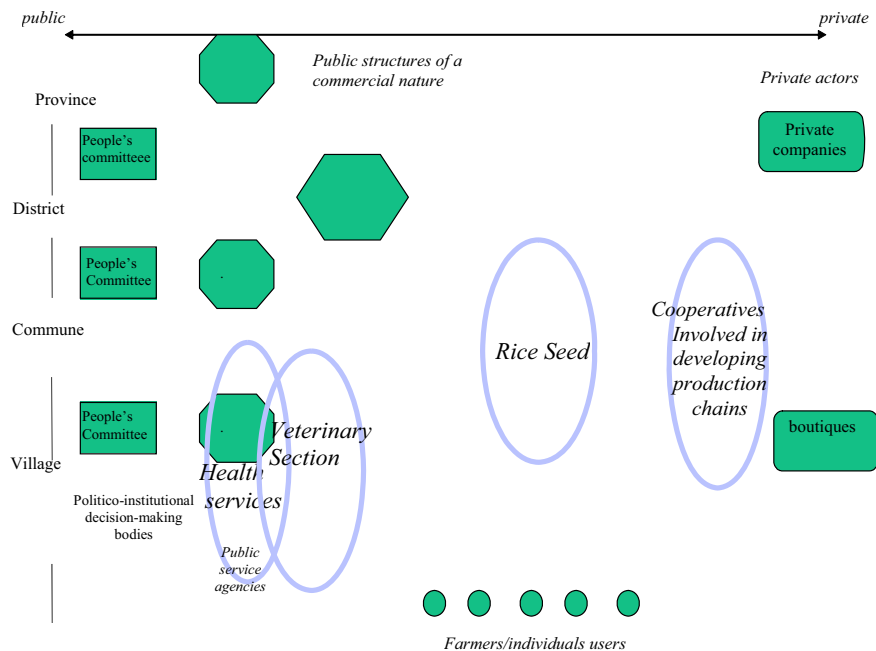
A contribution system and the coordination of maintenance and repair work were initially provided for. Due to significant delays in the installation, it was however not possible to work on management schemes for the service, nor is it possible to know if the community appropriated the system in order to ensure its management and maintenance.

Hybrid services

We can thus note that the nature of services, or in any case the principal service (because we saw that an end service can include many sub-services of different natures) can determine in a decisive fashion the modes for payment and thus the regulation, be it commercial, public, collective, as well as the level of organization, from village to district level.

These different examples can be represented on institutional diagrams: aquacultural pharmacies are situated closer to the private end, actions on production chains near the private end with a strongly

associative dimension, rice seed is of a mixed quality, and preventive health is almost entirely on the public end of the spectrum.



Characterizing services in such a way, by placing them on a public/private spectrum remains nonetheless a simplification.

In many cases, services are of a hybrid nature, either because they combine different sub-services of different natures (as is the case with veterinary training, already mentioned), or because they are constructed through an articulation between commercial, public, and community-based logics, as was the case with rice seed production.

This hybrid nature often leads to a reduction in the cost of the service, as the payment is shared between several sources (State, clients, etc.) and also because the community dimension has an effect on profitability: an extension of social networks can be a part of the “remuneration” of an action. This is the case, for example, of local veterinary agents who benefit from the recognition they gain from village populations on account of their association with the organization in order to reinforce their own interventions. In his

study of the *tu thuoc*, O. Tessier revealed that one of the veterinary agents, arriving in the region following his marriage, had constructed a client base around his in-laws, showing that his new technical capacities helped reinforce his social integration in the local environment.

We were thus able to observe that certain incentives can create distortions: the “*tin h cam*”, in the case of rice seed production, led many producers to sell their rice seed at prices lower than its actual value. Similar phenomena were observed on the user end: many farmers must continue buying from a certain producer, for reasons of debt or family relations, for example, even if they know concretely that the quality of the rice seed they buy is inferior to that of others⁵¹.

Incentives for service producers to take on this role are thus not exclusively monetary but remuneration can be based on both commercial considerations *and* social value, which involves complex relations that are not always initially apparent to the expatriate technical assistant or political authorities.

The organizations and services created or supported by the project thus combine, in an ad hoc fashion, community-based, public, and commercial forms of regulation, particularly because:

- they rely on specialized producers and/or communal technicians who are inserted in local social networks,
- they combine commercial remuneration, social value, and sometimes public financing (IEC in health, veterinary training), and
- they guarantee local access and are thus directly answerable to clients.

It is this combination of community-based, associative, public, and commercial logics that, for themes that are relevant from a technical-economic perspective, ensure an economic and social sustainability for the service.

⁵¹ Le Duc Thinh et al, 2004, Op.Cit.

Collective services in response to institutional gaps

The characterization of the general situation in Vietnam and its context of reform, discussed in the first chapter, combined with that of its particular sectors, described in the second, led to an interrogation concerning institutional gaps, where neither the State nor the market is able to ensure certain services. By looking closely into the nature of different services and sub-services put into place, as well as the modes of regulation involved, a first step in the analysis has shown us how these services attempt, case by case, to resolve the problems presented within these voids. The chapters that follow will now examine the factors that determine the choice of organizational and institutional forms for the local organizations or groups of users that will be best suited to ensure these services in a sustainable manner.

C) STRUCTURING AND ORGANIZING SERVICES: DETERMINING FACTORS FOR ORGANIZATIONAL CHOICES

The section II.B “Why reason in terms of service ?”, as well as the preceding sections in this chapter, explained why, in order to ensure a relevant and efficient service, emphasis must be placed on the functions fulfilled by the service, the relations between actors, and the modes of regulation. This avoids promoting an organization for its own sake, based on ungrounded choices and without functional justification.

Identifying sub-services to bring out organizational issues

Within a given service structure, an organization can focus on certain aspects and not on others. What do we choose to organize collectively and why? Informational access? Material? Purchase of input materials? Sale of products? Many questions can be raised.

The division of an end service into sub-services articulated in relation with each other emphasizes the possible organizational choices relating to what the organization can internalize or simply

coordinate: an organization should be constructed only where it serves certain needs, functions, or gains in efficiency.

Sub-services can be:

- internalized within the organization (as is the case for specialized cooperatives for example),
- organized externally (the case for milk distribution),
- organized by a sub-group within the organization (as is the case for commercial committees in several activities, such as rice seed or litchis), or
- ensured by a cooperation scheme with the State (the example of the local veterinary agents and the State in relation to training or delegation of activities).

This articulation also emphasizes the different actors involved in the service, the relations that must be established between them, and how the organization can take such relations into account.

It must be noted that the end relation, between producers and beneficiaries of the end service, must not be forgotten in this process of establishing a service or organization.

The organization and its function: collective action for efficient services

Collective action is justified when its advantages surpass its transaction costs

Organized distribution or group sales can allow producers to receive a better value for their production when sales margins surpass management costs linked to the organization. This is the founding principle for example of specialized cooperatives or the association of litchi producers.

Through group purchases or the availability of group materials, an organization can reduce certain costs normally paid on an individual basis by members. Veterinary agents thus benefit from the organization in order to share a refrigerator or buy vaccines.

An organization of service users can also serve efficiency purposes. By regularly bringing together women, Mother groups

favor the sharing of information, education and communication tools, which made the work of village health workers more efficient.

Certain services can nonetheless be delivered on an individual or informal basis. An organization per se is not always necessary or useful. We thus saw organizations supported in projects preceding DIALOGS, such as the *tu thuoc*, that had no real reason to exist besides initial technical training purposes. See box p. [57].

The work underwent in slope management is a particularly interesting example of this point. It shows how, within this theme, the service does not require an organization or institutional framework.

❖ *The case of terraces and hedgerows: when a formal organization of a service is not necessary*

In order to build interest among farmers for soil conservation techniques using terraces and hedgerows, DIALOGS teams worked to mobilize technical knowledge, necessary vegetal material, and subsidies. Their work aimed to encourage farmers who were otherwise neither aware of these techniques nor capable of implementing them, to landscape the mountainside and to reduce the cost and risk involved in such constructions. An intermediary organization was set up to coordinate the interventions of local agricultural technicians, to manage subsidies, and to take care of other administrative tasks.

In other regions of Vietnam, not only do farmers have the necessary knowledge regarding such techniques, but they are also capable of supporting the costs and constructing terraces without external help.

In this case, structuring a service supporting slope management is perhaps unnecessary: once initiated and judged as a useful technique in the minds of the local farmers, this dynamic could continue to spread spontaneously.

An economic evaluation revealed that the revenues from fruit production allowed for by slope management techniques permitted to reimburse the initial investment in less than three years, thus confirming the economic interest of the techniques as well as its environmental interest as a measure fighting erosion.

A second study looked into the perceptions of these techniques and the conditions under which farmers could construct more. It concluded that local technicians trained by the project at Phu Tho were in a position to continue providing technical advice in slope management. The vegetal material necessary is also available on site, through the farmers that already put in place such structures. And in the majority of cases, farmers use their own labor, organizing work in function of their resources in labor. They often use the technical support of their neighbors, in the context of local practice for exchanging services. Certain procedures were put in place in a spontaneous fashion, when a group of farmers asked the local technician for training sessions in exchange for lunch.

In short, project support was proven necessary to develop the missing technical capabilities in a beginning phase. But the extension of this dynamic in the long term requires no specific organization of this service. At best, communes could put in place a targeted subsidy program, if they would like to favor this activity and accelerate its development, particularly in the case of the poorest households and/or in a public-oriented logic of territorial development.

Certain functions require collective action

In certain cases, certain tasks or functions that are necessary in order to provide a given service can justify establishing an organization. This is the case for example when certification or quality control of a product is necessary. As previously mentioned, the official certification of rice seed production cannot be carried out on an individual basis. Collective action is thus justified by the necessity of grouping production, organizing tests of quality on the whole of production, centralizing bagging and labeling procedures, etc.

For similar reasons, the creation of a geographic indicator (*appellation d'origine contrôlée*) for dried litchis also requires an organizational form: the organization ensures that technical guidelines are followed, centralizes control, develops a brand name and marketing, etc.

This point is clearly linked to the first, regarding economic advantages: collective action is beneficial only if producers gain a larger profit.

The utility of an organization is not always enough to bring about its creation

Even in cases where collective action entails evident advantages, it does not always come about spontaneously: acting in a group requires mutual comprehension, negotiation, time, transaction costs. The intervention of third parties can sometimes prove essential, as they can play the role of catalysts, mediators, or support, in order to bring about a dynamic, support actors in the development of their capacities and the search for service efficiency, and help negotiate the organization's institutional grounding. Where references are more numerous and reliable, the cost of this process is lower.

❖ *The case of milk production: a disadvantageous organizational choice*

The organization created around the distribution of milk was interesting in this perspective. The necessary references for this new sector of production were neither numerous nor reliable, which led to the decision to externalize the output distribution service via the establishment of a private distributor. This choice, however, tended to cancel out, for certain aspects, the advantages of collective action.

At the end of DIALOGS, milk producers and project technicians realized that an organization around milk distribution would have been preferable to setting up private distributors. In fact, the private distributor controlled the price of the product and, in relation with the factory, did not properly recognize the increased quality. Producers thus lost the control on their own production, and their technical advances were not taken into account by a higher price.

An organization of stockbreeders around this service or the implementation of a system of collective management of commercial services would have ensured the producers a better value for their production.

This example leads us back to the three steps of intervention mentioned above. It shows the difficulties involved in deciding the means of organization when the technical-economic references are still

underdeveloped. In a context where the technical references were still necessary to create, the economic environment was only slightly favorable and profitability was uncertain, the choice to externalize the distribution and commercialization was a way for producers to focus on input services and questions of production.

In a context where there is little room for organizational learning on the part of the farmers, it would have been risky to support an experiment with an organization combining productive aspects, transformation, and commercialization for a sector of production that is still new⁵².

The effects of this organizational choice are still part of the lessons on services: a reflection on the entire production chain is necessary in order for the value of the final product to be fairly recognized.

Identifying and defining synergies between the different actors involved in a service

Identifying the actors and their interactions around a service and its sub-services is an essential step in organizational analysis: a visualization of the service structure not only shows the juxtaposition of actors within this structure, but also allows for a closer look at the relations between actors and a reflection on their interactions: the relations necessary to structure, reinforce, or construct, while taking into account the modes of regulation (see III.B “Services of a different nature, modes of regulation coherent with the nature of the service”, p. [109]).

⁵² On this aspect, see the concept of *specificity* of activities developed by Arturo Israël in: *Le développement institutionnel. Les organisations à l'épreuve de la spécificité et de la concurrence. ("Institutional development. Organizations, specificity and competition.")* L'Harmattan, Paris, 1996. The idea is that the more *specific* an activity is (specialized, programmable, technically standardized and reproducible...), the easier and quicker the organizational and institutional experimentation can be put into place. Agriculture in developing countries is, in a general manner, considered to be the activity the least *specific* and where, consequently, managerial complexity is the strongest.

Open service systems

In order to visualize the configuration of actors involved in a service structure, it is useful to differentiate between two service systems:

- **Closed service systems**, where the service producer responds directly to users, who are those who demand, pay, and consume the service.
- **Open service systems**, where the service producer is in relation with different actors, and the one who demands is not necessarily the one who consumes or pays for the service.

Because of their hybrid nature, the majority of services put in place by DIALOGS are open systems. (cf. table of actors and types of regulation p. [115])

A diversity of actors

We can distinguish different categories of actors amongst the services supported by DIALOGS:

- **political authorities**, represented by People's Committees at commune, district or province level;
- **public service agencies**: veterinary stations or extension offices at district level, composed of veterinary agents or communal extension agents; agricultural offices or economic offices at district level; veterinary under-departments, agricultural departments, aquacultural stations, extension centers, departments for planning and investment, at province level;
- **public establishments with a commercial nature** (at national or provincial level): rice seed companies, veterinary medicine companies, aquacultural companies, centers supplying genetic material;
- **commercial establishments**: agricultural input stores;
- **research centers**: the Institute on aquacultural research, the Institute on alimentary plant research;
- **associations or cooperatives of private technicians**: veterinary associations; veterinary cooperatives, technical advice or support cooperatives;
- **private technical agents** in villages and communes: local veterinary agents;

- **individual producers**, grouped together under different forms: groups, networks, cooperatives, associations, etc.

In addition to this configuration of actors, the project and its team of technical assistants (both national and international) must also be considered.

Coordinating actors within a service structure: an organization allows for a better distribution of activities, roles, and interactions between actors

A service provider is always in interaction with other actors, who either supply or receive other services. The service provider is thus part of a chain or configuration of services, which it is essential to characterize by:

- identifying the different actors, their theoretic or practical roles, their desires and capacities, as well as the relations of authority between them, and
- analyzing the juxtapositions and duplications of roles, as well as eventual institutional gaps.

If organizations of service providers play a central role in this structure, one of their functions is to serve as an intermediary amongst other actors of the configuration in order to structure relations between individual producers and these actors.

On the one hand, organizations of producers can bring about, within a given field, a better coordination of both input and output services (production and commercialization, for example) supplied by individual or collective actors. On the other hand, an organization gives each individual member the opportunity to better manage his/her activities, particularly with regards to other actors.

❖ *The case of rice seed production*

To demonstrate this approach, the following table presents the actors involved in the different sub-services already seen for rice seed production, which helps specify the configuration of actors and bring out the service structure behind the end service.

End service for farmers: local access to quality rice seed at lower prices	
Sub-services for service producers (farmers producing rice seed, members of the group):	
Group purchases of inputs	Private suppliers, provincial rice seed company for super elite rice seed
Certification	National Center for the verification and certification of the quality of vegetal seeds
Training Technical guidelines Group management of activities	Groups, in collaboration with DIALOGS teams, public service agencies (Economic Office at district level)
Publicity/commercialization Bagging Equipment: purchase, group management	Group: possibility of delegating to a commercial committee

By putting these actors on a diagram with the administrative or geographic levels of these structures, as well as their situation on a public/private continuum, as we presented at the beginning of the chapter, (see p.[16]), we then have a vision of where the organization is situated within the institutional environment, and the relations to construct and/or consolidate.

❖ *The case of Mother groups*

Mother groups provide an interesting contrast to the majority of agricultural groups supported by DIALOGS because they show significant organizational differences.

As it is not a matter of *production* itself, actions within this theme are closest to the implementation of and assistance in a public service. In addition, although DIALOGS favored the creation of other organizations focused on users (e.g. work on production chains, piglets, system of insurance-technical assistance), the relations within the other structures were largely associative in nature. Here, the logic is purely public and relies on community-based groups such as the local sections of the Women's Union and the Mother groups themselves.

In the present case, structuring the service through an organization of beneficiaries allowed for a better coordination of the actors involved: mothers that are part of the group, village health workers (VHW), public service agencies, the Women's Union (WU), and project workers. The VHW, although part of local collectivities through their association with communal health

centers who organize monthly meetings, are poorly paid and often have a difficult time reaching all village women. The act of bringing together many women thus allows both the VHW to better coordinate their work and the project assistants to have a better impact with nutritional training programs. Integrating the WU in this schema was a way of consolidating relations between local actors and institutional structures. The VHW were often members of the WU, and the union had its own relations with public authorities at higher administrative levels, including direct relations with the Party. Still more important, the commune was able to reach a majority of beneficiaries at a lower cost, through structures that are both present and active.

Relations with public services or entities: structuring complementary, and not competitive, services

Within the structures described above, we saw that organizations often play an intermediary role between producers, users, and public service agencies. Public service agencies often delegate a part of their responsibilities to these emerging actors.

This delegation of activities reinforces the efficiency of the two types of actors in an approach that is coherent with public policy (decentralization and privatization) without sacrificing the objectives of national strategy or local development policies aimed at reducing poverty.

In this sense, the services implemented are not in competition with companies and public bodies but rather represent a situation of complementarity.

❖ *The case of veterinary services*

In the case of veterinary services put into place by DIALOGS on the basis of organizations of local veterinary agents (LVA), training and supply of certain services required cooperation between veterinary stations and the communal veterinary agent. The groups of LVA had an interest in developing such a cooperative arrangement because it allowed them to reinforce their community networks and increase their recognition within the population. The public communal agents, for the most part, have a good reputation within the community; their inclusion in the group thus reinforced the position and recognition of LVAs. To the extent

that public service agencies generally lack the resources (in personnel) to respond to veterinary needs, the groups of LVAs, in turn, provide a solution to provide more complete services. The situation thus represents a really complementarity in terms of both functions and interests. The respective capacities of each of these types of organizations were thus reinforced.

Today, the inclusion of these public decision-making bodies in organizations such as “communal veterinary sections” could take these synergies to another level by ensuring not only a better coordination with the communal veterinary agent but also with the veterinary station at district level.

Concretely, this type of cooperation is a form of more or less official delegation of certain public services towards new actors (see box below). There is no duplication in services provided but rather a complementarity in roles: for services that are not particularly profitable or of a public interest, this type of cooperation presents itself as a solution that combines the efficiency of the private sector while guaranteeing that certain essential preventive services are covered.

From the point of view of the authorities, this situation reveals a strategy that is coherent with national issues: new associative or private actors form a structure that is not entirely independent due to the delegation of certain activities that the State and its agencies cannot fulfill completely.

Testing service delegation in the context of cooperation between public veterinary services and private local veterinary agents

In Ha Hoa, monitoring markets was entrusted to veterinary agents in the context of a direct contract with the veterinary section at district level, which extends the capacities of public veterinary services up to the entry of the product onto the market, while also reinforcing the status of agents.

The implementation of prevention services for the avian flu, in the beginning of 2005, was also an example of testing the delegation of activities from the State to private actors. The disinfection of grounds in the hills region was carried out by private agents, as the public veterinarians at communal level (semi-public) were not able to take on this task alone (due to lack of sufficient staff). Taking into account the public nature of this mission, financing was also partly public in the majority of cases.

- Preventive services are not always easy to put into place by the private sector alone, whereas the efficiency of the private sector can aid State programs through mechanisms of delegation.

❖ *The case of rice seed production in Vinh Phuc*

The situation of rice seed production in Vinh Phuc is different than that in other provinces. In the context of relations developed between the producer groups and public service agencies, the supply in Elite rice seed through the public sector (cf. initial diagram, p.[98]) is thus already sufficient in Vinh Phuc and satisfies local demand.

This service no longer functions within the optic of responding to availability problems but rather in positioning itself as an actor in a production chain that is trying to identify ways of being competitive.

This situation thus brings up the question of the legitimacy of such activities and the necessities of organizing a collective service, a central issue in reflecting on the interest of institutionalizing the service.

Determining factors for organizational choices:

- Identifying the service and sub-services emphasizes where the organization is situated within the service structure, the justifications for collective action, and organizational issues.
- The principal function of an organization is to coordinate collective action and manage cooperation between actors with the goal of accomplishing common objectives despite different possible orientations. Articulating the usefulness of collective action and focusing on this functionality of the organization ensures its relevance.
- Within a service chain, actors maintain different relations and play distinct roles. The existence of an organization increases the efficiency of the system when it facilitates relations between these actors and when these actors fulfill their respective roles.
- An organization structures relations between actors in order to lead to a situation of complementarity, and not competition, with public services.
- For services within a given sector or production chain, the effects of organizational choices and the value of the product must be considered for the whole of the chain or within the sector as a whole.

D) INSTITUTIONNALIZATION: GUARANTEEING THE SUSTAINABILITY OF THE SERVICE

Institutionalizing a service or its organization aims to ensure its sustainability. This last step works to formalize relations between service producers and other interested parties, in order to reinforce the insertion of the entire service structure within a given

institutional environment. This most often involves the definition of the legal form of the organization or service.

The question of institutional stability

The preceding steps should have:

- ▷ defined and implemented, with the users and service producers, the different sub-services,
- ▷ worked on the relevance and economic viability for service providers, and
- ▷ worked out organizational models.

During this last phase, service producers (rice seed producers, village health workers, local veterinary agents, etc.) are already in relation with other actors: public or private, on the input side of a production chain, public actors responsible for authorizing, financing, or regulating the service, etc.

However, the organizational and economic viability of the service is not enough to guarantee its sustainability. At this stage, the service is still informal, relations with other actors are based on either personal relations or market interactions (purchase of medicines, Super Elite rice seed, etc.). If this type of situation can be sufficient for an individual, private service, it is insufficient in the majority of cases supported by DIALOGS. The question of the legal form of a service organization and its way of managing its relations with its institutional environment is thus essential when:

- ▷ the service deals with a theme that is part of public policy or is defined and regulated by the State;
- ▷ the service is managed entirely by an organization, and it is the organization, and not only individual producers, that is in relation with its environment (group purchases, commercial brand, certification of rice seed, etc.).

Aside from its economic viability, the sustainability of a service also relies on its insertion in the institutional environment, its recognition by existing actors of its role and usefulness, and

stabilized relations with the actors involved. It is thus a question of anchoring the service in the institutional framework so that it can become an integrated element of this system. This process usually involves legal recognition or the perspective of legal recognition.

In fact, a service can be sustainable only if it is anchored within the institutional framework, which then clarifies and structures its modes of relations with partners involved in both input and output sides. The official recognition provided by a legal form legitimizes its existence and activities.

The different meanings of the term “institutionalization”

The term “institution” has many different meanings.

In institutional economics, an “institution” in the broad sense is “a combination of rules put into practice by a group of individuals in order to organize repetitive activities that have an effect on these individuals, and eventually on others”⁵³. It is thus a combination of social norms, behavioral principles, precise rules, that shape the behavior of actors in their search for their own interests, whether they be market mechanisms that structure relations between two actors involved in a commercial transaction, rules that organize water management in an irrigated system or other interactions. All systems of rules form an “incentive structure” that affects the behavior of individuals, in one way or another.

Thus, in irrigation, Ostrom shows how the rules of the game (access to water, its distribution, maintenance, etc.) are fundamental for the viability of the irrigation system and how rural societies that have a tradition of irrigation have put together a sophisticated ensemble of rules that evolve with time. In order to be effective, the rules must be legitimate, rely on authorities that are themselves legitimate and have the power a) to ensure that the rules are respected, b) to arbitrate conflicts, and c) to modify the rules if necessary. The existence of these rules, known by all, allow one to predict people's behavior or actions, and thus reciprocal trust: I can respect the rules of the game because I expect the others to do the same. This predictability of others' behavior makes collective action more fluid because it avoids permanent negotiation on what should be done and how.

An organization thus places itself within the norms that structure interactions between actors. These norms can be formal (law, rules, constitution) or informal (community values, behavioral codes, social constraints). Added to this are rules specific to the question at hand: distribution of water within a given perimeter for irrigation, the modes of certification of rice seed, remuneration of the drying function for the

⁵³ Ostrom E., 1994, *Crafting institutions for self-governing irrigation systems*, ICS Press, Institute for Contemporary studies, 111 p

association of litchi producers, etc.

On a first level, institutionalization is thus the definition and stabilization of these rules that allows each to play out his/her role because he/she knows the rules. The service exists, in practical terms, only because a certain number of individuals play the game and do what each expects of them. **In a general sense**, the process of institutionalization begins as soon as the technical-economic references are established and the relations between actors begin to be defined.

In practice, predictability of the behavior and actions of other actors relies on a number of elements, which are not all explicit rules:

- * social norms of behavior, internalized by different actors;
- * routines, habits (we do it this way, without having to think about it);
- * organizations (whose internal rules determine the behavior of its members);
- * contracts (between individuals or organizations);
- * law (legislation, rules, or decisions of a politico-administrative decision-making body, etc.).

In a more specific sense, institutionalization involves the more formal steps of the process: the legalization of the rules of the game, whether it is within the organization (by-laws, interior rules, etc.), or in the relations between the organization and its environment (contracts, authorization for creation, etc.).

In this chapter, we have used the term “institutionalization” in this more specific sense: institutionalization represents thus **enrooting** the service in the institutional environment in which it is located.

Ostrom underlines the **impossibility of defining at the outset** the rules that are immediately **relevant and efficient**. Far from being defined *ex ante*, **a system of rules is constructed and refined in practice**, through trial and error. Ostrom speaks also of “crafting institutions”, as an artist would craft his/her work. This is true for institutions in the general sense (“an ensemble of rules put into practice”) but also in the more specific sense used here.

At the end of this process, the service structure will be *doubly institutionalized*, both by its new legal form and by its anchoring in pre-existing structures (e.g. mass organizations, public service

agencies, social fabric, old structures that made up part of a previous institutional framework)⁵⁴.

This question is particularly crucial in Vietnam where the freedom to organize is rather new and strongly regulated, and where the possibility to form independent collective organizations outside mass organizations was far from evident until recently.

In the case of DIALOGS, supporting the emergence of these services began before the project, in a context where the question of institutionalization seemed very limited. In the meantime, this question was raised particularly when legal evolutions widened the possible range of action.

Institutionalization does not necessarily lead to financial independence

An external source of financing is however sometimes still necessary particularly for:

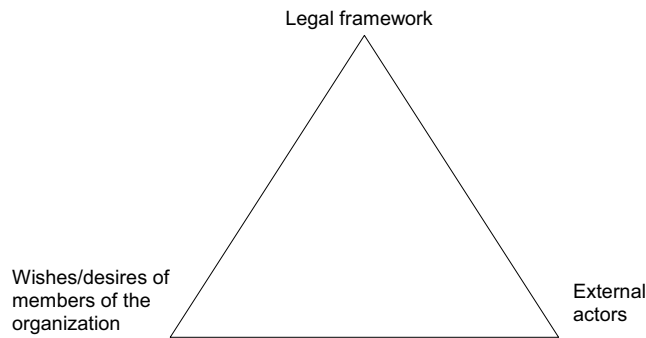
- non-commercial functions such as technical advice and training, if they are not financed by public services or commercial margins, or
- the implementation of public policies (the case of delegation of responsibilities: in a logic of decentralization and not disengagement).
 - e.g. avian flu, IEC in health

Choosing an institutional form: the crossroads between three factors

Options for institutionalization are not logical, automatic results of the nature of the service or of a simple application of a pre-determined legal form.

Institutionalization of a service is a process that results from relations based on power or interest, or a game of constraints that can be visualized by the triangle below.

⁵⁴ We draw attention here to the methodological hypothesis that one is at the third step in service construction. The relevance, efficiency, and thus the legitimacy of the service in both the eyes of producers as well as users are supposed to be already attained. The elements of institutionalization that are “internal” to the structure (institutionalization in the general sense, see previous box) are thus supposed already to have been built. Here we focus on the “external” aspects that involve the entire service structure.



Each of the points on the triangle represents a different source of interest, including both possibilities and constraints that the final form must incorporate. The way the service is in the end institutionalized depends on the result of a combination of these points of interest, and the responses given to potential conflicts.

Concretely, we can distinguish:

- the wishes or desires of the members of the organization or organizations around the service,
- the points of view of other actors within the given institutional environment, involved in one way or another in the new service framework and whose support or agreement is necessary,
- the legal framework that defines the legal possibilities for such institutionalization.

The wishes or desires of members of the organization or organizations involved in the service

The first set of parameters is composed of the wishes and desires of members: what are their objectives ? What do they want for themselves and the organization ? In function of what priorities, what values ? Do they see themselves as farmers providing a service for their neighbors or as specialized producers and part of a market ?

Whether they bring together farmers, technicians, or users, these base organizations rarely limit themselves to a single task or

specialized function. The management of a small perimeter of irrigation involves the added function of representation or access to technical advice. The production of rice seed involves the function of supply in inputs, and not only the production of rice seed. Community health services include objectives focusing on local economic development through microcredit.

The multifunctionality of DIALOGS organizations

The majority of organizations of producers or technicians who play a role in service provision in the context of DIALOGS were formed during previous projects of the Red River Program that worked to encourage organizational dynamics generally based on an identified technical theme, using participative methods and building on the necessity to produce technical references. These organizations can be characterized, for the most part by a strong degree of specialization from the beginning. In this sense, they are organizations structured at a basic level, rather than basic organizations, and were organized by their members around general development objectives.

Although specialized, these organizations always had a tendency to promote new approaches, activities, and objectives, upon the demand or initiative of their members. The diversity of services covered by DIALOGS is a result of this tendency. Groups of stockbreeders for example led to the development of veterinary pharmacies. These evolved toward activities in microcredit that, in certain cases, led to the creation of systems of insurance-technical assistance. There are many such examples.

In this context, these different projects played a structural role, not impeding evolution but helping to select priority actions, either choosing not to follow certain paths judged too far from these priorities, or favoring the emergence of another specialized organization focused around a new theme.

This strategy of action has led to the creation of several small organizations capable of producing a service of local interest in an efficient manner, without impeding the development of some "annex" activities.

The level of organization reached for the different services has however led to a reconsideration of this strategy based on "specialization". The sustainability of these structures requires a reinforcement of organizations at an intermediary level that is difficult to obtain in this context of specialization.

❖ *The case of rice seed production groups in Phu Tho: members of the organizations choosing between independence and institutionalization*

In some provinces involved in local rice seed production (in Nam Sach, district situated in the Hai Duong province, for example), institutionalization of the service and thus a more formalized relation with external actors was a solution to better commercialize production and resolve problems linked to sales. Many consultations with the actors involved in this local production in Phu Tho however showed that this model was not desired by the producers in this province. In fact, both producers and the project team, considered the idea of commercializing rice seed outside the groups and following a strategy of recognition by other actors as a “deviance” in relation to the initial motivations behind collective action, and a change in attitude that was unacceptable amongst both producers and users.

The group was thus seen as a collective identity where each producer was entirely responsible for his/her own production, and particularly for its quality. And it was on the basis of his/her *own* reputation that users bought from him/her.

This logic does not require the recognition of other farmers of a given zone, or the implication of public decision-making bodies or external actors. The evolution of these small local organizations in Phu Tho proved that they could continue to sell their rice seed through their own networks, without impeding the development or creation of an intergroup that could handle supply of inputs or sales of products. The absence of an official legal status seemed however to be an obstacle for formalizing certain relations and limited the intergroup’s chances at sustainability.

The case of local rice seed production in Phu Tho represents an example of obstacles encountered in the institutionalization process that do not originate with authorities nor with external actors. It was rather a choice made by producers who wished to conserve a

certain set of values, even if this meant refusing to recognize the roles that other actors could play in their favor.

The points of view of external actors of the institutional environment that are involved in the new service structure

Many actors play a role in service production and can have an influence on choices. Users, first, because their satisfaction or dissatisfaction will determine the sustainability of the organization and its activities. But also other actors, more or less numerous (mass organizations, producers, social networks, political authorities, private actors, etc.) whose support or cooperation is necessary. Some authors have called these actors the “external coalition”, meaning all the private persons or legal entities exterior to an organization that have or try to have an influence on the organization in order to affect the decisions or actions made within its organizational structure⁵⁵. However, the term “coalition” can lead one to believe that there is a common goal or point of view amongst these actors, which is not necessarily the case.

Each of these actors has a perception of the service, of the interest they find in the service, the modes of relations they wish to have, and the conditions of cooperating with it.

❖ *The case of perceptions of rice seed production in Tam Duong*⁵⁶

All of the persons asked recognized the usefulness of local rice seed production. However, according to their level of responsibility and their individual interests, they perceive and describe this “usefulness” in different ways.

Producers, including those at the heads of the groups, see the possibility of evaluating, themselves, the need for Elite rice seed. Participation in the group gives the possibility of gaining access to

⁵⁵ Mintzberg, Henry : *Le management: voyage au centre des organisations*. (“*Management: traveling at the center of organizations*”) Éditions d’Organisation, Paris, 2004. pp.186-7.

⁵⁶ Tessier O., 2004, *L’identification et la négociation d’arrangements locaux*, (“*Identification and negotiation of local arrangements*”) ETARI/DIALOGS, p.21.

technical progress through the assistance supplied by the project and by external specialists. Rice seed production allows them also to provide a service to their own networks (family, neighbors, and friends) by offering seed at a reduced price and in the context of preferential exchange (*tin h cam*), thus reinforcing their personal status and social networks.

Producers and local authorities seem to believe that rice seed production is economically more interesting than paddy production, even if it is recognized that the margin is small.

For farmers (consumers) who bought rice seed produced by the groups, the local aspect of production (in their village or commune) allowed them to observe with their own eyes the entire process of production, to visit the rice fields and thus make a personal decision about the quality of the rice seed sold. In addition, this local production assures farmers that the variety chosen is adapted to local conditions (both concerning soil and climate). Finally, by buying local rice seed, farmers benefit from an additional guarantee: in case of quality problems, they know where the seed comes from and can go directly to the producer for an eventual reimbursement.

Both farmers and local authorities appreciate local supply (for the limited amount of transport time necessary within the village or commune), at a price that is equal to the price of paddy and less than the price of rice seed sold on the market.

Communal authorities also perceive the personal benefit for both producers and farmers using the rice seed, with the opportunity for the commune to reinforce local control on rice seed supply (e.g. the secretary of the communist party at Dong Tinh) and to make quality rice seed available for farmers within their commune, one of the elements guaranteeing good harvests. Local availability in rice seed can also serve as an incentive for farmers to renew their rice seed more often, which improves global production within the commune. In Thanh Van for example, based on estimations made by local authorities, rice production increased 20% compared to 1997, which was due in part to the percentage of rice seed renewal. For this reason, communal authorities consider that local production of rice seed contributes to economic development and to local political stability.

When the service was put into place, modes of relations were negotiated, with a view to take into account, systematically, the different actors concerned, in one way or another, in the service structure, and to analyze their different logics and interests as well as the way they envision relations between them and the service, in order to negotiate a structure that is coherent and functional in terms of the relations involved.

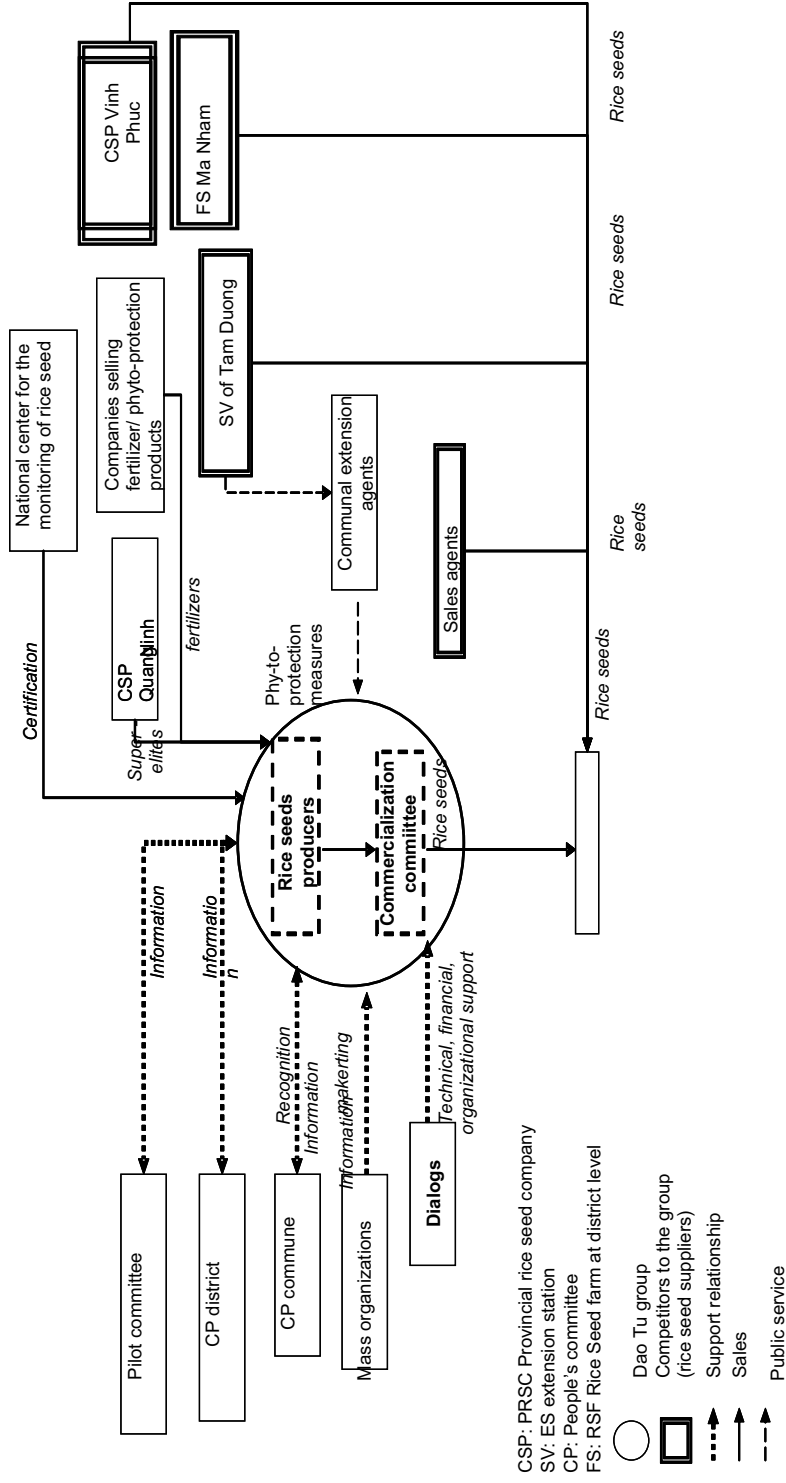
A recognition that can be difficult to obtain: the phenomenon of “it’s not my responsibility...”

In the majority of intervention sites, and despite the history of relations with local authorities in the context of the Red River Program, authorities often at first showed signs of reticence when asked to support a given service structure presented to them. This reticence was not necessarily due to opposition to the structures themselves, to the actors or to the services, but more to a certain concern regarding how the other levels of governance were likely to react.

Authorities at communal or district level wished to obtain approval from province level...who often reacted by referring competence to local level.

We thus witness here to what extent the definition of “who decides ?” is already problematic. In such cases, teams had to play a role of communication and coordination between different actors in order to lead them to a collective position or decision that allowed for a clarification of respective responsibilities within the system of governance.

The following diagram shows the **relations between the rice seed cooperative in Dao Tu with the different actors involved in the service structure**, and brings out the complexity involved in the issues described above.



Source: Tran Thi Le Minh, under academic supervision of Christophe Gironde, 2005.

Here we can see:

- classic operational relations between the client and the supplier, particularly concerning the circulation of material goods (rice seed, input, products),
- relations directly involving the circulation of immaterial goods that also have an operational function (certification, support...)
- but also relations linked to issues of authority or orientation, whether it is of a political nature (for example the implication of pilot committees and People's Committees of different administrative levels), economic nature (e.g. the presence of "competitors" who are potential partners or adversaries), or institutional nature (e.g. mass associations, extension stations...).

In this context, we see that the institutionalization of a service is not limited to a simple choice of the legal form of the organization(s) involved or of the contractual forms of the relations that it maintains with actors involved in its institutional environment. Generally, these actors have their own objectives that are liable to either converge with or oppose the service structure or certain of the organizations that are service providers.

Institutionalization involves thus the construction of relations of different types (functional, decisional, informative, explicit or implicit alliances...) with some of these actors (those whose agreement, support, or functional cooperation are necessary).

The "external coalition" does not necessarily cover the entire institutional environment that existed prior to the service concerned but rather those actors with whom it is useful or necessary to forge relations, who are explicitly or implicitly able to participate in the service. In this sense, it is a matter of a social and political "construction" between actors that goes beyond questions of a solely legal or technical nature and that are necessary in order to ensure the functionality of the service.

In terms of approach, it is thus a question of:

- on the one hand, understanding, amongst these external actors, who is in measure and capable of doing what, in what way and

under what conditions, in order to ensure production and delivery of the service, and

- on the other hand, analyzing if the functions necessitate a legal arrangement, and if so, under what form, considering the legal framework, in order to then proceed with creating one.

In order to respond to this first set of questions, it is thus necessary to understand not only the operational functions that each of the actors can play but also their respective interests and strategies.

In relation to the service, this approach requires a return, in a more precise manner than before, to the set of questions regarding “who decides ?” or “who regulates ?” in order to ensure that the service “operates” in a functional and efficient manner. This also verifies that each of the external actors plays a relevant role within the service structure itself, and that this role is coherent with their own nature, objectives, and capacities, as well as with the roles played by other actors, particularly service producers.

In reconsidering the case of local rice seed production, the regulation of this service concerns on the one hand product quality, with the question of certification and the necessary implication of the National Center for rice seed control, but also in terms of the improvement of farmers’ access to rice seed. Should one regulate this aspect ? If yes, who ? The local sections of mass organizations (Farmers’ Union or Women’s Union) ? The communal People’s Committee ? Alone, or concerning the operational aspect and under the political authority of a people’s committee of a higher administrative level ? Does the actor identified to fulfill this function have the means (technical, human, financial) ? Does it really have the motivation to do so ? Is it in a legal position to establish this relation (contract, delegation of service, partnership, transmission of information...) ?

At this stage there are many questions of this nature, and one must assume that there is no response that will be satisfying to all those concerned. It is thus a practical compromise that is necessary to develop.

❖ *The case of rice seed production in Nam Sach and arrangements with external actors*

The case of rice seed production in the Nam Sach district offers an example of a situation where institutional actors rapidly recognized the essential role played by local organizations of rice seed producers. It also illustrates the amount of work on the part of project teams and organizations that is necessary to mobilize actors.

Historically, the Women's Union ("WU") was the principal partner of the project. Before the application of the new laws on associations and cooperatives, this mass organization provided a solution to problems of official recognition by representing the groups at district level. Its presence at commune and village level also allowed for a local representation, which was essential in order to earn the trust of farmers.

This cooperation coincided with the organization's own objectives to the extent that the WU was responsible for the implementation of a program named "Supporting women for the development of familial economy" and rice seed production fell under the objectives of the program. The leaders of the groups of producers were women, members of the organization, and presented group activities at the regular meetings held by WU. Until the end of 2002, this partnership had no other purpose however than institutional representation. In fact, the farmer groups were producing independently from each other and commercialized only about half of their production.

A first step aimed to guarantee the viability of the service and thus consisted in increasing the role of the WU to one of coordination between groups and particularly support for the local circulation of information on the availability of rice seed from each small organization. The percentage commercialized outside of the groups and their family networks was thus significantly increased.

This result could have been considered satisfactory. It improved the revenues of rice seed producers as well as local access of other farmers to the rice seed. In both a technical and economic perspective, the viability of the service was thus achieved. However, through surveys carried out with the users, it was however discovered that

outlets for production could not be sustainably ensured without guaranteeing quality and monitoring production.

Following this observation, two strategies of institutionalization were possible:

- one involving an official certification of the rice seed and thus pursuing official recognition of the service framework as well as its actors by political authorities,
- the other using a community-based solution that would institute a sort of system of quality control based on the reputation of producers (cf. the case of production in Phu Tho described above).

In the case of Nam Sach, organizations, in relation with the WU, opted for the first solution, involving official certification, and thus recognition by external actors.

Local rice seed production and the service linked were thus presented to district authorities, and then provincial authorities of Hai Duong, with explanations and activity reports. The National Center for certification was involved. After many steps in the negotiation process, the role of the different groups and the actors involved was officially recognized, which opened the way for certification.

During this same process, the service framework was extended into the district of Gia Loc, in the context of a program called “People’s rice seed” which integrated a program attributing subsidies for rice seed producers and a direct cooperation scheme with the Agricultural (now named Economic) office for questions involving training.

In less than two years, these groups became known amongst a set of new institutional actors, who recognized their role as well as their usefulness. In the end, this process also led to an evolution of the principal partner to the Department of Agriculture and Rural Development (DARD), who became a point of passage at provincial level for the construction of new institutional arrangements. These different partners proved essential in order to develop the groups’ activities, to improve their reputation with

farmers, and to insert them in the institutional environment by adapting to the logics and interests of external actors⁵⁷.

The legal framework: legal options for institutionalization

Once a service requires formal recognition, the range of legal solutions defines, in a relatively direct way, the possibilities available. In the context where the Law is firmly established, the legal framework remains the sole factor in the triangle that specifies and defines in a stable and predictable manner what is legally possible as well as what constraints are present.

In the case of Vietnam, the Law is still in a process of construction, following a rapid but incomplete process (See I.B “Evolutions in the political and institutional framework in the rural sector – a legal framework in process of construction” p. [x]). This context had an influence on the actions led by DIALOGS to the extent that:

- the decrees applying the laws on cooperatives and associations did not come into effect until the end of 2003 and beginning of 2004, thus at the end of the project,
- the previous practice (more practice than Law) tended to approve of only actions that had previously been authorized or recommended by a public policy.

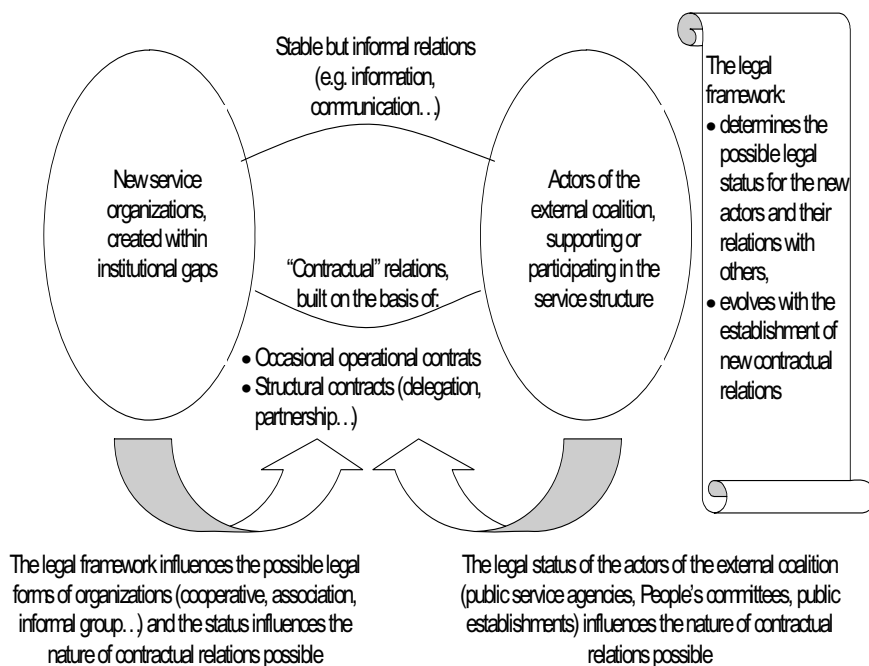
This being the case, some “tests” of the limits of the existing laws were nevertheless possible to the extent that they were not provided for by the Law, or at least in the political orientations of the moment. We are thus in a context where concrete actions are capable of helping produce Law.

At a certain point, services must achieve a legal form to achieve institutionalization. At this phase, the question no longer concerns the production and delivery of the service but on the legal form that will legitimize the new actors (in giving them a legal existence and a possibility of recognition by others). This new arrangement associates the different interested parties through establishing different relations that take on different “contractual” forms.

⁵⁷ ETARI: *L'identification et la négociation d'arrangements locaux*. Op.Cit.

The following diagram represents the questions that are raised from the necessity of setting the service or sub-services within the legal framework.

Constraints involved in the legalization of certain services or organizations



In terms of logics, and thus possibilities and constraints, that result from the legal context, the following results are worth emphasizing:

- ▷ **The legal framework, by nature, determines the possible status of the new service organizations that were created within the institutional gaps.**

In the context of DIALOGS, organizations were thus principally created under the form of cooperatives or associations, or kept their status as informal groups. The forms of cooperatives or associations are relatively similar even if the legal objectives are

laid out in different terms. For the “new cooperatives”, objectives must be fundamentally economic, focused on a service offer that is relatively well-defined. For associations, objectives can be of a wider scope and more socially-oriented.

Opting for one or the other of these forms can thus bring forth a contradiction with the desires of members of the organizations.

*Possible legal forms, following the law of 2003 on Cooperatives*⁵⁸.

A new “law on cooperatives” of the *National Assembly*, November 26, 2003, **applied on July 1, 2004** abrogated the old “law on Cooperatives” of the *National Assembly*, March 20, 1996.

The current legal framework includes *associations* (decree 88/2003/ND-CP on the organization, functioning, and management of associations, by the government on July 20, 2003) and *cooperatives* (laws of 1996 and 2003). These are the only two forms that can receive legal recognition, be considered as a legal entity and benefit from diverse sources of financing and subsidies, both private and public. The “cooperative group”, mentioned in article 2 of the law of Cooperatives of March 20, 1996, is no longer part of the law on Cooperatives of November 26, 2003.

Cooperatives

At first view, the form of cooperative seems to be the best adapted to the situation of groups of producers. In fact, a cooperative functions with conditions similar to that of a commercial venture. In addition, the procedure requesting registration of a cooperative is rather simple. Article 13 of the law announces clearly that four documents must be attached to the file: the request for registration, the by-laws of the cooperative, the list of members of the administrative board and the management committee, and the minutes of the meeting discussing the creation of the cooperative (an obligatory meeting, in accordance with Article 11.1). In reality, one must have a precise plan of activities. Finally, the cooperative receives a certificate of registration from the registry of the region where the organization holds its head office (either the commune or the district), after meeting certain objective conditions (the documents composing the file).

The principal problem is that the functioning of a cooperative is complicated. Articles 7 (concerning the “obligations of a cooperative”) and

⁵⁸ Taken from ETARI, *L’identification et la négociation d’arrangements locaux*. Op.Cit., pp. 27-28.

12 (concerning the by-laws of a cooperative) give an idea of this complexity. For example, Article 7.9 announces as an “obligation”: “paying the obligatory social charges of those founding the cooperative or those working permanently for the cooperative, in accordance with its by-laws and with the legislation on social benefits...”). In the same light, Article 12.f mention that the by-laws of a cooperative must include “principles regarding social benefits and those who must subscribe to them”.

Association

An association (with the 1901 French law on associations as model) is a non-profit organization. This poses a clear problem for services founded on economic profitability and an approach oriented towards profit for and by its members, conditions that are essential to its sustainability.

The creation of an association is conditioned by the willingness of the Minister of the Interior or the president of the Provincial People’s Committee, thus dependant on conditions that are by nature subjective and political (Articles 14.1, 15.1 and following). Article 34 thus authorizes the intervention of the Provincial People’s Committee (directly, through the People’s Committees at district or commune level) in the management of activities and financial resources of an association.

Compiling a file for the creation of an association is complex and subjective. Article 8 cites six documents to supply: the request for authorization, a draft of the by-laws, a provisional program, a list of members of the commission of the group certified by the competent administrative body, and a document justifying the existence of a locality that will serve as head office and identifying the resources of the association. Certain of these requirements show the direct power of the Minister of the Interior or the president of the provincial People’s Committee concerning the authorization of an association.

Several characteristics of associations present difficulties in compatibility with activities of local groups of rice seed producers, for example, but also with the institutionalization under this form of an organization at district level for rice seed production, stockbreeding activities, health services, etc.

Cooperative group

The “cooperative group” according to the law of 1996 could not constitute a legal entity. In other terms, even if the form of “cooperative group” was considered by the legislator as an intermediate phase that allowed it to progress towards the full status of cooperative, its official recognition did not go beyond that of the local level (commune). For this reason, we can consider that its disappearance in the law of 2003 does not preclude that

people's committees officially recognize "production groups of improved rice seed", on a local level, or similar groups.

Conclusion

In conclusion, the form of cooperative seems to be the best adapted when a legal entity is necessary. At the same time, a certain number of legal constraints involved in this form are more adapted to large structures than to organizations supported under DIALOGS. For local organizations, the form of cooperative group can be sufficient, even if it does not offer the possibility of having the status of legal entity. Setting aside the fact that it is incompatible with a commercial venture, the form of association seems complicated, due to the complex administrative procedure involved for its creation. In certain cases (for example, veterinary agents), an attachment to an existing organization at a higher administrative level can serve as a way of avoiding the creation of an independent legal entity: in this way, certain groups of veterinary agents were recognized as a communal or district section of the veterinary association at province level.

- ▷ **The legal form that new organizations take can then influence the nature of contractual relations that these organizations are able to establish with external actors.**

In the case of DIALOGS, the difference between actions possible under the forms of cooperative or association are rather clear. The difference for an organization to have one of these forms or to maintain an informal status, is, however, particularly marked. The first are in a position to establish structural relations with external actors, as for example, the recognition of the role as a supplier of rice seed. The second are certainly able to establish contracts with established actors, but in a punctual manner, and in a "one-shot" manner. Their role is thus recognized *de facto* but without any guarantee in the long term.

In this way, again, opting for one of the forms can also enter into contradiction with the desires of the members of the organizations as well as with the strategies of the external actors themselves.

- ▷ **The legal form of the external actors can also have an influence on the nature of possible contractual relations with service providers.**

In the context of DIALOGS, partnerships were contractualized locally without a problem between local sections of mass organizations as for example the Women's Union in the case of one locality of rice seed production. In a more general way, very real, but still informal, cooperative arrangements with many types of public decision-making bodies (local authorities, public service agencies) were set up in the majority of cases for services that had a proven interest, even if solely operational.

The institutionalization of these relations with public actors requires however that these actors have "the right" to contractualize this relation under a legal form that is coherent with the service offered. This passes often by the capacity of this actor to legally apply a certain mode of decentralization such as deconcentration, delegation or partnership.

Aside from the issue of knowing who has the authority to make what choice, (generally a superior level of governance), each external actor does not necessarily have "the right" to establish, for example, a partnership with an association or private organization.

Inversely, this actor can have "the right" to do so, without necessarily be interested in doing so, or may even find obstacles based on conflicting interests with the service organizations.

- ▷ **Established contracts can bring about changes in the legal framework.**

In the context of DIALOGS, bringing about changes in the Law is an implicit consequence of the notion of "test" of different structures improving access to services. In this way, it is not a matter of contributing to new texts of laws but rather, to a lesser extent and by practical example, identifying possibilities for new contractual arrangements.

In a more general sense, the production of Law is not, contrary to popular belief, the result of reflection and a strictly legal

improvement but also the result of concrete evolutions in the realm of human and collective activities, which encourage and require by example adaptations and changes in the legal framework.

Increasing awareness of the legal and operational framework

The lack of information, by different actors, both public and private, of the current legal framework is often an obstacle to the institutionalization of service organizations.

Even if the legal status of the “new cooperatives” - to use the official phrase – is quite different from the cooperatives promoted up until the *Doi Moi* reforms, and promotes in particular a necessary independence of these cooperatives in relation to previous structures, the general public retains a negative image of cooperatives, associated with forced collectivism. This image presents an obstacle to possible advances in the development of collective action.

A second element also works in this same sense. There is a lack of information and promotion of the new legal framework. It is not common for local authorities to supply information on the new laws on cooperatives and associations or to explain the content of the texts and laws that correspond to these new forms. In the majority of cases, efforts are targeted towards administrative officials (public agents at province or district level primarily) and at best, include leaders of already existing cooperatives whose mindset or functioning is very different from the “new cooperatives”. Authorities nonetheless work under the assumption that these persons will spread the information concerning the new legal framework.

In this context, project teams were obliged to respond to this lack of information by diffusing the content of the new texts and explaining their signification both to members of organizations as well as to many public actors.

This work involving explanation and training should be emphasized, as, beyond general orientations and intentions, when one works to institutionalize a service, it is necessary to go into detail regarding the official administrative procedures regarding these new forms. This leads also to the question of necessary recognition by other actors, since in the case of creating an association, an official request must be sent to the President of the People’s Committee of the province and, in the case of a cooperative, to the President of the People’s Committee of the district.

An additional difficulty, previously mentioned, lies in the different interpretations and applications of these new laws from province to province, or even from one district to another. The complexity of the administrative process largely depends upon the flexibility of local authorities and their previous experience with such procedures. When cooperatives already exist within their jurisdiction and obtain good results,

authorities tend to rely on these results in order to put forward a “policy promoting cooperatives”. Inversely, they often fear that cooperatives that are not as efficient will give a negative image of the locality.

In this way, authorizations for creation agreed upon often do not depend only on the conditions presented by a future cooperative but also on the appreciation of previous results (and the profile and social position of its future managers). The same profile of an organization and of a request can thus receive a positive response in one locality, and perhaps even benefit from national or local support, and can be blocked in another administrative jurisdiction due to the reticence of authorities.

For this reason, the negotiation process must be adapted case by case. And one can witness, in addition, that the institutionalization of service organizations depends on a variety of factors that depend on local conflicts of interest.

❖ *An example: the different institutional forms for veterinary services*

Institutional arrangements put into place for veterinary services present a good example of the necessary adaptation in response to local conflicts of interest. The issues at stake involve the desires of farmers and local authorities regarding the possible legal forms.

In Cho Don (province of Bac Kan), the interest shown on the part of local political authorities allowed for the creation of an association, which received continual support from public service agencies. The veterinary station thus delegates certain services to this organization. The latter took advantage of this structural support in order to extend its activities towards output services such as the monitoring of slaughterhouses, which thus provides a system of quality control that follows the product directly to its entry onto the market.

In the districts of Binh Xuyen (province of Vinh Phuc) and Nam Sach (province of Hai Duong), the local veterinary agents (LVA) opted for the form of cooperative, for practical reasons but also because they believed this form would better facilitate the development of commercial services⁵⁹.

In Tam Duong (province of Vinh Phuc), neither of these two legal forms of organization was able to be put in place due to the

⁵⁹ Associations are of a non-profit nature in theory, whereas cooperatives must have a commercial purpose. In practice, the difference is much less distinct.

reticence on the part of political authorities at province and district level. In Ha Hoa, the many requirements involved in creating an association made institutionalizing the organization impossible before the end of the project. This led to the emergence of different institutional arrangements. Veterinary services are thus delivered in the context of a joint management scheme between the LVA networks and the veterinary station, supported by communal veterinary sections. The legal solution found by the LVA was to affiliate themselves with the provincial veterinary association whose activities normally follow a vertical approach that is not typically in touch with local preoccupations. But in this precise case, communal sections were able to be recognized as subordinate sections with delegated responsibilities, with a large margin for maneuver, due to their dynamic nature but also to the support provided by communal authorities.

Following the creation of these different associative or cooperative forms of LVAs, many contracts have been established between these groups, and, for example, veterinary stations, input suppliers, and groups or cooperatives of stockbreeders for vaccination or veterinary care. Certain contracts were established without the intervention of the project team.

Negotiating the mode of institutionalization with the institutional environment

Constructing negotiation

A negotiation process that works with these three dimensions is thus necessary for a group of service producers to define an institutional form (legal form and modes of relation with other actors) that will satisfy members, guarantee an effective, quality service, and ensure the support of external actors.

According to the way the elements coming from these three dimensions are introduced and coordinated, the same service can take on different institutional forms or involve different arrangements. We saw above that the conflicts of interest between different actors represent a factor that is as determining in the construction of these arrangements as are technical-economic, or

purely legal, considerations. This also signifies that there is no ideal model for an institutional arrangement within a given theme.

In this context, the way of managing these conflicts of interest and ensuring a proper mediation between actors is thus essential. This brings us to the question of negotiation, and more particularly to its “construction” by the project team: how can we bring together the different actors (potentially) involved in a service structure to come to a negotiated solution that is acceptable to all ?

A practical approach

In the context of DIALOGS, there was no preconceived approach that was adopted or applied. Each team, on its own site, tried to involve the different interested parties in a progressive way, particularly local authorities or public institutions at higher levels.

In order to do so, each team organized field visits, presented results, discussed issues and difficulties encountered, exchanged experiences with other sites. Pilot committees were also put into place, regularly met, informed, and involved in principal decisions.

At the same time, a transversal reflection was led between different teams in order to compare perspectives and analyses between sites and within a same theme, and potentially between different themes.

A specific mission – ETARI (“Temporary Support Team for Institutional Reinforcement” or “Équipe Temporaire d’Appui au Renforcement Institutionnel”) – however played an essential role in analyzing the different socio-institutional approaches of several local project teams and advancing reflection on this process.

The ETARI mission

In order to help technical support teams in the different project sites reflect in a concrete manner on the socio-institutional intervention approach, a team, (“Temporary Support Team for Institutional Reinforcement” or “Équipe Temporaire d’Appui au Renforcement Institutionnel”) was put together and intervened directly in the field over a 3-month period.

This team brought together 4 experts (socio-anthropologists, sociologists,

legal experts) both national and international, either Vietnamese or fluent in Vietnamese.

Bringing in this “temporary” team that was external to the project aimed to complete the expertise of the permanent technical assistance team, where the technical or agro-economic approach dominated. This team offered a “mirror effect” by introducing an external perspective, of experts who are familiar with the realities of the Vietnamese context, and also a subtle analysis of the local conflicts of interest and power issues, including the practices of the project teams themselves.

This approach included consulting all actors involved in the different services, both members of organizations and external actors, in order to discern their opinions on the services proposed as well as on the way in which they are provided. The goal was then to put them in interaction and debate.

A first step involved a systematic analysis of the institutional environment, allowing members of the service organizations to better situate themselves within this environment, and to identify the actors whose support or cooperation was necessary, then to follow through with an analysis of the perception these actors had of the service.

From there, the team proceeded to bring about an internal reflection amongst producer groups regarding the form(s) of organization they would like to pursue. This step ensured that the discussion with the other actors would start with a clear notion of what the producers themselves wanted.

The following step aimed at proposing a model or a choice of models to the different actors in the context of a negotiation process that would conclude with an arrangement or several different arrangements for the different administrative levels (commune, district, and province).

The principal “concrete” result of the ETARI mission entailed, in several cases, a proposal of different institutional arrangements that were alternatives to those proposed by project teams.

In this way, the mission brought out debates and discussions within and between teams and sometimes with the different interested parties:

- on the one hand, on the arrangements themselves, but
- on the other, and even more so, on the implicit representations of the issues and stakes held by the conflicts of interest involved in the different services.

Even if the institutional arrangements proposed by the ETARI mission were not all put into place in the end, the process of explicitly discussing them led project teams to put into place “**negotiation areas**” between the different interested parties at the center of their intervention schemes.

Ad hoc committees were put into place at different levels (communes, districts or provinces), judged to be relevant based on the service. New actors were sometimes invited to participate, or were at least consulted. The problems were specified in a more direct manner than previously, and solutions were often suggested, while decisions were left to the initiative of the interested parties.

“Constructing negotiation”: the method set forth by ETARI⁶⁰

Negotiation does not entail a form of resolution of problems or decision-making that “just happens”. To the contrary, it is a collective process of interrelations that must be progressively “constructed” step by step.

One can generally say that negotiation requires above all effective communication between several actors (with the production of information and listening on the part of the other) and then decision. But the essence of negotiation is linked to the fact that it is even more necessary when it occurs between actors of unequal status or position, and who are not necessarily familiar with each other. The question of mutual recognition of interested parties – and thus their legitimacy to say, do, or decide on something – is the first step, essential to any construction of a negotiation process.

Beyond the classic image of collective negotiation taking place “around a

⁶⁰ Taken from the ETARI report: *L’identification et la négociation d’arrangements locaux*. (“Identification and Negotiation of Local Arrangements”) Mission report. DIALOGS, Hanoi, November 2004, p.33 .

table”, the ETARI mission revealed that, in the case of DIALOGS, it was preferable to start by a negotiation “at distance” which is in fact “virtual”.

1st step: “virtual” negotiation. This step simultaneously brings together the three dimensions of the negotiation process.

- The project team plays a role of transmitting information. It encourages and maintains a network of communication and informational exchange between the different actors involved in order to predict possible sources of incomprehension and tension. The first encounter with each actor or group of actors gives a summary of the context the project is responding to and the reasons that the team is proposing a change in the ways of intervening.
- The project team offers proposals in presenting the institutional arrangement(s) and by explaining the choices made and the arguments associated with them.
- The team brings together reactions and proposals from each actor or group of actors and integrates them progressively into the initial model. On this point, it is important to keep a written record of the changes and to explain why they were adopted, or to the contrary, rejected. The argument developed by each actor represents the logic that links the different stages of negotiation.

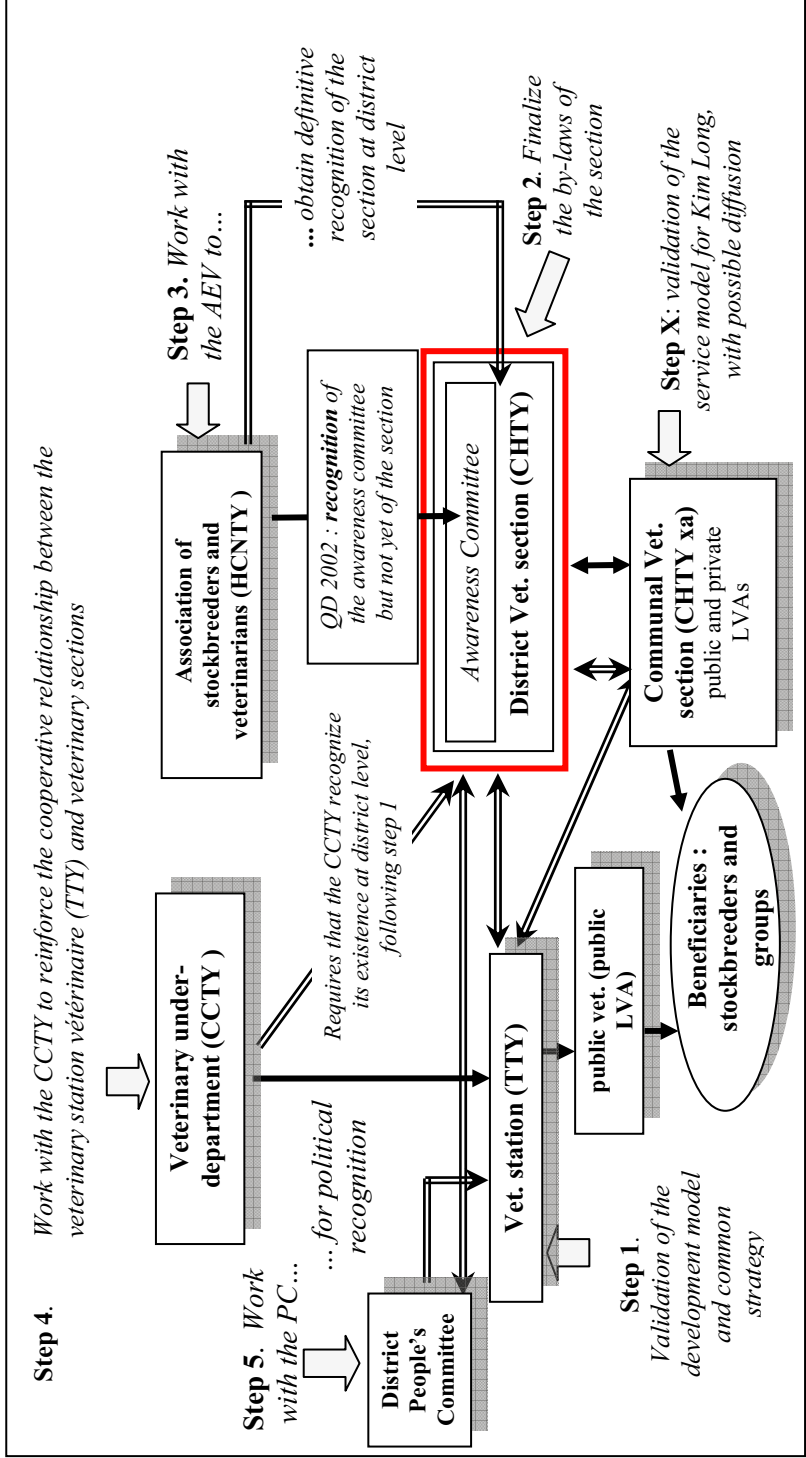
The team thus plays a mediating role, and produces and circulates information. In a society where social relations are dominated by a hierarchical system of power and respect, this role is complex, even more complex because the team plays not only a role of animator and/or facilitator in order to drive the negotiation process and to maintain the dynamic during its duration, but also a separate role as actor in the process because the team itself is at the initiative and origin of meetings between actors.

2nd step: “real” negotiation between several actors

Contrary to the idea that one begins at the negotiation table, it is only at the end of the first process, once the actors recognize the content and legitimacy of the positions of the other interested parties (expectations, conflicts of interest, etc.) and they've moved further toward an acceptable compromise that the time for one or several meetings should be organized with the different actors present. In this way, the chances are greater to finalize an arrangement or to settle differences and conflicts. This second step, optional, must be carefully prepared in order to avoid risks of confrontation that could put in danger the advances already made

The following diagram shows an example of a global strategy of negotiation followed that led to the institutionalization of veterinary services through the mechanism of communal veterinary sections.

Example of a global strategy for neoatiation



Institutionalizing a service in the context of a public policy

A change in the institutional context, through the adoption of a new public policy, can change the nature of the service, the relations that structure it, or the organizational structure itself. This change can facilitate, modify, or even block the process of institutionalization.

The case of community health services is in this way interesting because it shows how such a change can affect the service structure, particularly through the reintegration of the service in the public sphere. Before DIALOGS officially began, the State modified its health policy in creating the position of village health workers. Before the implementation of this new policy, health services were provided by village health volunteers, who, in a contradictory manner, were meant to provide preventive care, while funded by the sale of medicines.

Considering the fact that these volunteers were private agents who were not obliged to fulfill a function of public interest in a satisfactory manner, the State not only launched a program that made basic medicines free of charge⁶¹ but, in order to be coherent, (re)integrated these volunteers into the structure of communal public services.

In fact, this change in policy modified the activities of these actors and the relations they maintained with users. (Re)taking the role of public servants, village health workers (VHW) no longer received payment from the sale of medicines but from the State, for a service of public interest that they offer to the community jointly with the State and the commune. This new status provided new room for preventive measures.

Compared to DIALOGS, the VHW are, in theory, in a better position to act as a link between the organizations encouraged by the project (Mother groups) and the State in the delivery of a service of public interest.

This change in policy thus reinforced the public nature of this activity as well as the sustainability of the services provided. For

⁶¹ Program 135: free basic medicines for children less than 6 years old.

the project, it was thus necessary in this sense to readapt the modes of institutionalization of the services centered around the mother groups as well as the forms of regulations initially envisioned.

Public policy, and particularly a change in policy, can be a determining factor in institutional arrangements.

The process of institutionalization requires an adaptation to local, institutional, political, and legal contexts. The DIALOGS experience proved that there is no single model to be duplicated from one region to another, one village to another, or one moment to another. The project tested certain models that were rather results of a process of negotiation and consultation with actors involved in the production and delivery of a service (producers, public authorities, farmers, private actors, public companies, mass organizations, etc.).

Negotiation with all the actors involved is at the center of the process of institutionalization that leads to anchoring the service within its institutional environment. If the exterior institutional form remains the legal form, its legitimacy lies within this process of negotiation behind it, including the appropriation of the models and their insertion in the institutional context. This institutionalization process ensures the sustainability of the service, because it is enrooted in the local and institutional framework themselves.

Conclusion

Public policies and local service organizations

DIALOGS supported the emergence and consolidation of local organizations, offering local services for economic and social development. This document described in detail the different services, the way they were structured, and their processes of institutionalization. What conclusions can we draw from this experience, compared to the current issues involved in development policies in Vietnam ?

Lessons for public policies, at different levels, is a concern expressed by the Vietnamese authorities and was a recurrent question raised during the debates at provincial seminars. These conclusions try to summarize some of the main ideas inspired from DIALOGS.

Local services and organizations for economic and social development

Local services in order to contribute to national and local development policies

In the context of political and institutional evolutions that Vietnam is undergoing (cf. Chapter 1), service organizations present themselves as a possible solution to fill institutional gaps left by the restructuring of public structures and the development of a private sector.

Development policy in Vietnam seeks to develop commercial production, to attain a level of competitiveness that would allow producers to react positively to economic liberalization, without

sacrificing objectives linked to reducing poverty and integrating the disadvantaged into the economy.

Organizing local services gives producers the opportunity to develop their activities and revenues in order to improve their technical performance and gain a greater control on their production. On the one hand, organizing input services (inputs and technical assistance) that are relevant, adapted to the local context, accessible, sustainable and evolutive, allows a large majority of producers to benefit from their environment. On the other hand, these specialized organizations allow members to improve the quality of their product, to ensure that this quality is recognized by consumers, and to increase the proportion of added value that producers receive.

Local organizations supported by the project thus structure local collective services, filling in parts of the “institutional gaps”, and give a greater access to opportunities for economic and social development. They link the majority of farmers to production chains and to development policies. In this way, they contribute to national and local policies for rural development, both completing and reinforcing public action in agricultural, veterinary, and primary health sectors.

The process of institutionalization, with the necessary negotiation between actors involved in a given service, allows for a greater articulation between the public and private sectors, between the institutional framework and farmers. These organizations are often in direct relation with policies and become tools for their implementation.

Services implemented by local organizations, in cooperation with local authorities, with hybrid forms of regulation

Services are necessarily structured in an ad hoc fashion, in line with the nature of the primary service as well as its sub-services, but more importantly, in relation with the desires of the users, producers, and external actors. The structured services are defined with users and put into place by local actors who specialize in a

certain function that represents a part of their revenues. Other actors are involved in a more or less significant fashion, depending on the nature of the service, its sub-services, and the forms of regulation at play.

Collective local services supported by DIALOGS are thus implemented by local organizations. They are services of a hybrid nature, which combine (in different ways, according to the theme) regulations that are of a commercial, public, community-based or associative nature. It is this combination around local actors who are active in their environment that ensures relevant services at lower prices and an economic viability to the service at hand, in areas where the purely public or private logic cannot be viable.

During the structuring process, the relevance and viability of the service and its organization are essential factors which depend on the negotiation process. This process represents a “crafting” process in order to reveal adapted methods, knowledge, and themes, and is essential, even if it may require a certain period of time, particularly for new themes, to arrive at a sustainable institutional arrangement. When technical and organizational references are fully developed, it is clearly easier to proceed more quickly, but the process remains *ad hoc*: it is not a matter of duplicating what has been already done, but rather to craft a new approach based on an existing model, in relation with external actors, the members of the organization, users, and local authorities.

Contributing to the construction of a civil society

In the context of DIALOGS, presently, there are 4 associations, 42 cooperatives and federations of cooperatives that have been officially recognized and who thus have legal status. Many other forms of civil organizations were supported, whose existence is at least recognized by communal authorities, some of which are negotiating a more formal institutional arrangement.

These service organizations are amongst the first local “independent” organizations, which is to say, not integrated directly into the institutional environment of mass organizations.

This independence is based on their capacity of defining their objectives, and does not mean that they are isolated from the public sector or mass organizations: they are involved, more or less directly, with them. They are rather the first examples of local organizations, composed of farmers or residents, who organize themselves in order to respond to locally perceived needs. The organizations attempt to formulate these needs and negotiate with their institutional environment.

The fact that a certain number of these service organizations succeeded in achieving legal formalization, involving the formal recognition by local and provincial authorities, opens the way to a more general recognition of the legitimacy of such independent organizations. From this point of view, the organizations represent a modest beginning to an independent civil society that is in a position to negotiate with the State.

Articulating public policies and local services: policy perspectives

The DIALOGS experience has contributed to enriching the debate on economic and social development policies in rural Vietnam.

Principal lessons fall under three categories:

- ▷ sectorial lessons, with different themes treated;
- ▷ articulations between local services and sectorial public policy;
- ▷ the importance of the attitude of public institutions regarding local organizations and the issue of measures that can favor their development.

Sectorial lessons for public policies, according to themes

The box below summarizes certain public policy perspectives that, at the end of DIALOGS, appeared to be relevant.

Sectorial lessons, in terms of policy perspectives, following the DIALOGS experience

- **An environmental policy supporting the construction of terraces and hedgerows**

The construction of these soil conservation techniques allows for a more optimal use of sloping land and thus avoids erosion. Even if, once technical knowledge is diffused, farmers are capable of financing or building these works themselves, the environmental question inherent in these activities could legitimize and justify State intervention, in the form of support for planning, facilitated access to credit, or other incentive policies. Technical support for such activities could be linked to consulting services of local public service agencies. Such measures would increase and facilitate the diffusion of this model that is of proven economic and environmental interest.

- **The creation of aquacultural public service agencies**

Considering the rapid development of aquacultural activities, the creation of a public service agency specialized in aquaculture is of particular interest. These services would operate in relation with agricultural extension service agencies and aim to help producers develop this growing industry. Aquacultural health is an important issue that is not easily covered by the private sector; articulation with veterinary policies in aquaculture could be a useful support.

- **Integration of Mother Groups into public services**

Mother Groups currently function based on a community-based mechanism via the Women's Union (also in relation with the political sphere, but through a different perspective). The institutionalization of these groups could take on the form of public financing or management support for the activities of these groups. This form of support would be coherent with the already institutionalized village health workers, now integrated into the public service structure as public servants. The support of these groups, as well as the management of informational supports, could be officially made part of their responsibilities.

- **Rice seed production: increased coordination with public authorities ?**

Monitoring and quality control was one of the major obstacles for the groups of rice seed producers. A facilitated cooperation with the Rice Seed Center at province level or State public service agencies could help develop a monitoring system in localities where it doesn't already exist.

A strong potential demand exists: rice producers could increase their productivity with annual renewal of their seed, but due to a lack in availability and information, the actual level of demand is lower: considering provincial objectives of increasing productivity, could an awareness campaign be part of a potential public policy ?

- **Milk production: a quality control organization within public service agencies**

The project experience with milk production in Bac Ninh has shown that, if there is a potential for development of a small number of specialized producers, the real estate and market conditions are not favorable for large-scale production (cf. section IIC). If the province decided to continue providing incentives for milk production, a policy targeting the development of specialized production would be useful. The creation of an organization carrying out quality control, in collaboration with public service agencies, could work in their favor, allowing for a better recognition of the quality of production, reflected in the prices.

The experience with developing the milk industry underlines the importance of the economic environment and the conditions of price. After the initial phase had passed, the decrease in demand for calves revealed the real economic conditions for milk production and the low level of profitability in the sector. A better assessment of the factors involved in creating a new industry, including its potential profitability, must be better taken into account when a policy is developed. Supporting the creation of a new industry is clearly more complicated than supporting an existing one, such as litchis, for example, where the outlets, the commercial circuits, and basic technical references already exist. The corresponding resources, in terms of experimentation and technical-economic references, must be provided.

Articulations between local services and public sectorial policy

While remaining independent, local service organizations are nonetheless in relation, more or less directly depending on the theme, with public development policies.

Organizations can help:

- complete public action, on certain themes that are not treated or are treated to a minimal extent by public policies (e.g. porcine vaccination);
- increase the field of action for an existing policy, that is, increase the number of people affected by using organizations as intermediaries (e.g. village health workers and mother groups, diffusion of quality rice seed); or
- identify new themes and favor their treatment by communal authorities (e.g. networks of veterinary agents, integrated within the communal system).

In addition, these structures allow public policies a means of reaching a larger number of farmers, through a specific action (sanitary control, monitoring for avian flu, etc.).

These synergies between sectorial policies and local service organizations provide opportunities for social and economic development to a greater portion of the population. Developed through a negotiation process, they respect the objectives and priorities of many. Far from being competitive with public service agencies or public companies of a commercial nature (such as rice seed companies), these service organizations can be integrated into or taken into account by sectorial policies and increase the efficiency of public action.

The importance of the attitude of public institutions concerning local organizations and measures favoring their development

In DIALOGS intervention sites, we noticed in the majority of cases interest on the part of local authorities regarding the services put into place, but also hesitations in giving official support. A certain number of communes integrated or supported some of these services. In other localities, the lack of knowledge regarding recent evolutions in the legal framework and the lack of existing references that could have legitimized this type of organization brought about hesitations on the part of local authorities, who did

not feel competent enough to support independent organizations without explicit approval from the provincial level.

In the current context, decentralization in development policy and the evolution of the legal context concerning organizations seem to be too recent for authorities to adopt an explicit policy in the area, or even to take initiatives in this direction.

If this type of services seems relevant to Vietnamese authorities, at both local and national levels, they could diffuse these references and explicitly encourage this type of local initiative. This would give a signal to local authorities (both commune and district) and provide an incentive for them to favor and support organizations. At the same time, campaigns for diffusion and extension of the texts of law on cooperatives and associations would give the necessary references, both to communal authorities and to local organizations looking for institutional options.

What are the conditions for extension and diffusion ?

In the DIALOGS context, a certain number of “models” for services and organizations were more or less stabilized, which shows a real interest on the part of certain communes, districts, and provinces. If these experiences perked the interest of public institutions, at different administrative and geographic levels, and they are interested in promoting such organizations, the question of how to recreate and extend these experiences is raised.

Methodological references, developed in a “project” perspective

These references were compiled through a “project-based” approach, in other words, by mobilizing both the financial and human means, with the support of NGOs and European financing. Extension of these services towards new zones could not occur in the same conditions, if only for a question of cost.

The project has provided stabilized references with regards to services and the way of organizing them, accessible and useful to all of the interested parties: local authorities, public service

agencies, mass organizations, interested producers⁶². The description of the approach, as laid out in this document, is a second tool. Their recreation and extension should not require the same means, because actors will be able to rely on these references, and will not be obliged to reconstruct them in an experimental phase. The existence of a certain number of services, recognized by local authorities, sets a precedent that allows others to measure the interest of encouraging such organizations.

Technical knowledge and capacities in order to accompany the emergence and consolidation of local services

The DIALOGS experience has shown that success relies on a combination of factors:

- the participation of producers: “pioneer” farmers starting out an activity or volunteers in cooperation must work to mobilize other farmers by sharing experiences;
- the support of authorities and local administrative bodies in political, technical, and financial domains;
- the mobilization of available resources.

However, their experience cannot be simply copied:

- ▷ on the one hand, even if the service is recognized, this is not sufficient for spontaneous initiatives to emerge. Collective action does not always put itself into place, due to lack of knowledge about references that could serve as models, transaction costs, negotiation efforts, and other obstacles;
- ▷ it is not sufficient to simply bring together producers, formalize an organization that resembles those that already exist, and give it a legal form. These are not the conditions to put into place an efficient, functioning service.

⁶² For each theme, the project compiled an operating service brief (“fiche opérateur”) which describes in detail the content of the service, its organization, the process that led to its development and institutionalization. These documents, part of the efforts of capitalization, are available on the GRET Vietnam website at www.gret.org.vn

The time linked to developing the necessary technical expertise of the service(s), the construction of its legitimacy, the development of forms of collective action, the negotiation of modes of institutionalization cannot be underestimated. Neglecting these parameters would risk creating organizations that remain “empty shells”: that exist on paper or in theory but in reality do not function.

Concerning these new themes, we cannot avoid the different steps involved in the approach, which are the following:

- ▷ Ensuring technico-economic relevance for users
 - ▷ Working on the organizational viability
 - ▷ Constructing sustainability through institutionalization
- These steps, under certain circumstances, can be achieved more or less quickly and in some cases simultaneously, but they in no way can be avoided.

The emergence and consolidation of local services requires mobilizing technical-economic knowledge as well as organizational support in order to help producers develop and stabilize a service. Extending this approach would entail developing the capacities to support the process of structuring farmer organizations and local rural services which would help mobilize knowledge and favor the development of new organizations.

Developing and institutionalizing capacities to support the emergence of services

A limited number of actors have the capacities necessary to provide organizational support provided by those who, in the field or through coordination, worked with DIALOGS and thus developed the corresponding knowledge in practice. Beyond the project, how could these capacities be extended ?

Technicians and agricultural services, public health agents can and must play this role. Thus, in Ha Hoa (province of Phu Tho), the most recent communal veterinary sections were put into place by the extension station. But all stations do not have the characteristics required to accompany these groups: more often technical advice

neglects the process involving the entire service structure in favor of a simple approach focusing on the request for legal recognition of the organization. In addition, the institutional position and current responsibilities of many extension agents do not necessarily leave the time or give the material possibilities to play such a role. Lastly, they are themselves one of the factors in the situation, a potential source of conflicts of interests, and hold a position within the institutional environment where the organizations are going to be inserted; they thus hold a biased position.

Which types of actors would be the best placed to develop the knowledge and capacities to support the emergence of structured services ? Under which institutional form ? With what financial resources ? Certain agents within DIALOGS organized themselves into a “service cooperative” and can be called upon by local or provincial authorities. One can imagine the creation of new specialized services at provincial level.

This question must be discussed further and thought out in order to consider extension techniques. Service cooperatives that support local organizations ? The creation of a capable agency of this type at provincial level ? One could think that this kind of support would be a public service that should be supported by national or provincial policies. However, institutional forms for the implementation of such a policy must be debated and defined, and can without a doubt mobilize public, private, or associative actors in hybrid institutional arrangements.

It will no doubt be necessary to identify the actors, develop references, build capacities, work on models of institutionalization, not for local rural services, but for services supporting the emergence and consolidation of these local services.

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Supporting service organizations in rural areas

Following the Doi Moi reforms, the public framework for supporting social and economic development was profoundly reorganized. Both the public and private sector have experienced difficulties reaching the population at large. A significant part of the population does not have access to services that are adapted to their needs and capacities, which creates a risk of economic exclusion.

The successful implementation of the 2006-2010 National Strategy for Development requires inclusive development policies that offer economic opportunities to all and construct dynamic industries based on consolidated familial agriculture.

The objective of DIALOGS ("Developpement Institutionnel et Associations Locales pour l'Organisation et la Gestion de Services collectifs" or "Institutional Development and Local Associations for the Organization and Management of collective Services") was to improve local access to collective services for rural populations in north Vietnam in the agricultural, veterinary, and community health sectors.

The project experimented with different methods of action, supported organizational structures centered on services, and attempted to insert these structures in the institutional framework in order to ensure sustainability to their action.

DIALOGS, by supporting the work of local partners, has contributed to the emergence of new actors within the rural sector, notably with the creation of associations and cooperatives recognized under Vietnamese law. More generally, this experience has helped to promote local democracy, a greater participation of local actors in the formulation of rural development policy, the reinforcement of an emerging civil society, and the creation of rural organizational structures that have increased both productivity and capacities through a greater access to local rural services.

The DIALOGS experience enriches the debate on public policy perspectives for rural development in northern Vietnam. DIALOGS has shown that there is not a single model to replicate from one region to another, from one time to another, or from one village to another. The project tested certain models that were themselves sprung from a process of negotiation and consultation with local actors (producers, farmers, political authorities, commercial agents, etc.) in order to ensure appropriation, and thus sustainability, of the models.

Drawing on the DIALOGS experience, this book aims to discuss the issue of local services in rural areas of north Vietnam. It provides an analytical framework for service delivery, presents and analyzes the different services supported by the project, and discusses the potential contribution of local service organization to economic and social development.

It is part of a broader process of capitalization efforts which attempts to bring out the lessons learnt during the project. This process also includes several thematic papers, a set of workshops at province level, and a national seminar, which will unite members of the consortium, local partners, representatives of structures supported, government officials from all levels, and other interested parties. These documents are available in French, English, and Vietnamese on the Internet site of GRET Vietnam (<http://www.gret.org.vn>).

DIALOGS's consortium member

