

INTRODUCING COMMUNE AND VILLAGE DEVELOPMENT BUDGETS:

2 years experience of decentralisation to local levels in Northern Vietnam

Maria Berlekom

Environment & Socio Economy Adviser

Ministry of Agriculture and Rural Development

Vietnam Sweden Mountain Rural Development Programme 1996 - 2001

December, 2001

Contents

Brief description of the Mountain Rural Development Programme (MRDP)	5
1. Introduction and background	7
2. Results and utilisation	11
2.1 Village coverage	11
2.2 Planning process	11
2.3 Transfer of funds	14
2.4 Utilisation of funds	15
3. Main conclusions and lessons learned	19
3.1 Policy and general framework	19
3.2 Direct support to households	19
3.3 Small-scale infrastructure	21
3.4 Community- based Natural Resources Management	25
3.5 Local contribution	25
3.6 Village and commune capacity	26
3.7 Reaching women and poorer households	30
3.8 Project and support procedures	33

3.9	The role of district and province staff	34
4.	Recommendations	37
	Annex 1. Key steps taken to introduce the VDBs/CDBs 2000-2001	
	Annex 2. Summary of views & comments from MRDP workshop 1-2 November 2001	

Acronyms

APO	Annual Plan of Operation
CEMMA	Committee for Ethnic Minorities and Mountain Areas
C&VDBs	Commune & Village Development Budgets
CMG	Commune Management Group
FCP	Forest Cooperation Programme
MARD	Ministry of Agriculture and Rural Development
MILS	Management Information and Learning System
PBO	Programme Board Office
PRA	Participatory Rural Appraisals
Sida	Swedish International Development Cooperation Agency
VMG	Village Management Group

BRIEF DESCRIPTION OF THE MOUNTAIN RURAL DEVELOPMENT PROGRAMME (MRDP)

The Viet Nam-Sweden Mountain Rural Development Programme (MRDP), under the Ministry of Agriculture and Rural Development (MARD) worked with supporting rural development and poverty alleviation in 18 districts in five provinces (Lao Cai, Yen Bai, Ha Giang, Tuyen Quang and Phu Tho) in northern Vietnam between 1996 and 2001. MRDP was a successor of the earlier Forest Cooperation Programme (FCP), 1991-1996. Both programmes have been supported by the Swedish International Development Co-operation Agency (Sida).

The overall vision of MRDP was to:

In order to alleviate poverty amongst poor households "the programme should contribute to the re-establishment of green productive uplands that are managed in a sustainable way by healthy farmers having secure land tenure, maintaining the ecological, economical, social and cultural diversity of the area".

Relating to the overall vision the following two End Results for MRDP were defined:

End Result 1: Improved livelihoods and income opportunities for rural people in the programme communes and villages including equitable opportunities for poor people, women and men.

End Result 2: Improved land use practices and natural resources management in the programme communes and villages contributing to environmental stability in the uplands.

The programme had three main objectives:

Objective 1: Institutional development in the whole support structure from central to province, district, commune and village levels of the five provinces, to enable rural households to achieve what they truly want as expressed in their visions and end results.

Objective 2: Development and testing of working methods and production systems to sustainably (from both economic, ecological, social and cultural points of view) convert the barren uplands and mountains in the five provinces to productive land use.

Objective 3: Create policies, recommendations and guidelines for sustainable upland and mountain rural development based on learning from the institutional, methods and systems development in the five provinces

The programme consisted of a ministry-based project and five independent province-projects, all served by a Programme Board Office (PBO) based within MARD. Activities of the programme included e.g. extension, tree and forest resource management, rural finance, business development & market information, human resources development, and gender balance. Starting year 2000, the earlier component-based planning system was changed to a planning system based on administrative levels and geographical areas. This included the introduction of local development funds ear-marked for and directly managed by commune and villages, so called Commune & Village Development Budgets.

The consolidation process during 2001 and this study

In 2001, the last year of MRDP, the programme embarked on a wide process of capturing the learning and experiences from the six years of implementation. This so called "*consolidation process*". included e.g. undertaking a number of special studies, organizing workshops on different topics, and production of information & communication material such as reports, videos, training material and a CD-Rom.

This report is one of the outcomes of the consolidation process. The objective was to summarize the experiences and main lessons learned from the large-scale trial of introducing local development funds managed by villages and communes.

1. INTRODUCTION AND BACKGROUND

Starting year 2000, MRDP changed and decentralised the program planning system. This included introduction of earmarked funds for village and commune levels. Through the so called Commune and Village Development Budgets. (C&VDBs), villages and communes were to get direct responsibility for planning, implementation and financial management of local development funds. 40% of MRDP provincial budgets were therefore directly transferred to local levels. The background to this decision was a combination of:

Changes and development generally in Vietnam relating to decentralisation and grass-roots democracy (eg **Decree 29¹** and **Programme 135²**) and Experiences and lessons learned within the programme.

The programme-experiences leading to the change were of two kinds. Firstly, several short-comings had been noted with the earlier component-based planning & monitoring system, including difficulties to get a good overview of support and activities at village level.

Secondly, the C&VDBs was a logical "follow-on" and development of the programme's long experiences of using Participatory Rural Appraisals (PRA). MRDP- and its predecessor FCP - have used PRAs as the main tool for village-level planning and monitoring during more than 10 years. Through the C&VDBs, local levels would not only be actively involved in planning and monitoring, but would also get the direct control of management and implementation of the plans.

In summary, the main objectives for introducing the Village and Commune Development Budgets were to develop and test a model for:

Enhancing and supporting decentralisation - including decision-making and management of financial and natural resources - at local levels

Enhancing local participation, including poorer households and women, in planning, decision-making and implementation. A more flexible funding approach, which could directly respond to local needs, and priorities.

Key features of the C&VDB concept included:

Decentralisation of responsibilities, tasks and resources to the level where the actual programme

implementation takes place, through ear-marked allocations of funds to both village & commune levels. Contribution to poverty alleviation through targeting of poorer and remote areas, and also poorer households within villages.

Utilising Government criteria for selection of poor & remote areas. The categorisation of villages and communes by the government agency CEMMA (see Box 1) was therefore applied, to target villages in the most remote and difficult areas (i.e. the so called "Zone 3" villages and communes).

Using an integrated planning approach. Village and commune plans should be based on villager's priorities and identified needs, and there were to be no limitations set by pre-defined programme components³. Activities were consequently not to be restricted to the traditional MRDP agricultural-forestry sector but could also include rural development activities in other sectors such as up-grading health centres, improving school facilities and supporting communication (eg. village radios, loud-speakers etc.)

The role of district and province levels was primarily to **facilitate and support** the commune and village levels.

Box 1. The CEMMA-categorisation

The Committee for Ethnic Minorities and Mountainous Areas (CEMMA) categorises communes and villages in mountainous and minority areas according to three zones:

Zone 1: Areas beginning to develop.

Zone 2: Relatively stable areas.

Zone 3: Areas with difficulties.

This categorisation is based on five criteria: natural resources, infrastructure, social factors, production conditions and living standards.

(Source: Directory of the three mountainous and highland zones; Committee for Ethnic Minorities and Mountainous Areas; Hanoi 1997)

Previously, MRDP had mainly been targeting and working with village level⁴, but with the C&VDBs, the programme started to support commune-wide work and activities as well. A main reason for this change is that communes - being the lowest administrative level authorised to manage government funds - need to play a key role in managing the C&VDBs.

The C&VDBs were deliberately introduced in large-scale. The reason was to ensure that experiences are "typical" - i.e. that the C&VDB-scheme can operate under ordinary Vietnamese administrative routines and with available staff and resources. This new approach has therefore been tried in more than 200 villages in over 60 communes in the MRDP area since 2000. Annex 1 summarises the key steps taken in the process of the introducing the VDB/CDB-concept.

Monitoring and reviewing the C&VDBs experiences have been an important programme activity during both 2000 and 2001. This report is based on the lessons obtained from the different monitoring and reviewing activities, including:

- The regular C&VDB-reporting by all levels (from village to province level)⁵
- In-depth follow-up by PBO/advisers
- Special studies⁶
- Programme review workshops⁷. See also Annex 2

2. RESULTS AND UTILISATION

2.1 Village coverage

In year 2000, 206 villages in 64 communes prepared their plans. 70% of these were in poor and remote areas (i.e. "Zone III" - villages). There was an overlap with MRDP savings & credit groups in 81 of the villages.

During 2001, number of supported villages decreased to around 180, since most of the remaining older and "better-off" villages (e.g. "Zone 2" - villages.) were phased out. The focus on poor and remote villages (i.e. "Zone 3"-villages) was thereby further enhanced, with more than 80% of supported villages being "Zone 3 - villages". The over-lap with savings & credits groups decreased to about 50 villages. Figure 1. shows the location of areas being supported.

2.2 Planning process

The planning for C&VDB included two main phases:

- Selecting villages/communes and setting budget levels
- Detailed village & commune planning

Villages to be involved and budget levels were suggested by the districts in October-November each year as part of the APO-planning. Criteria for targeting and deciding amounts are summarised in Box 2.

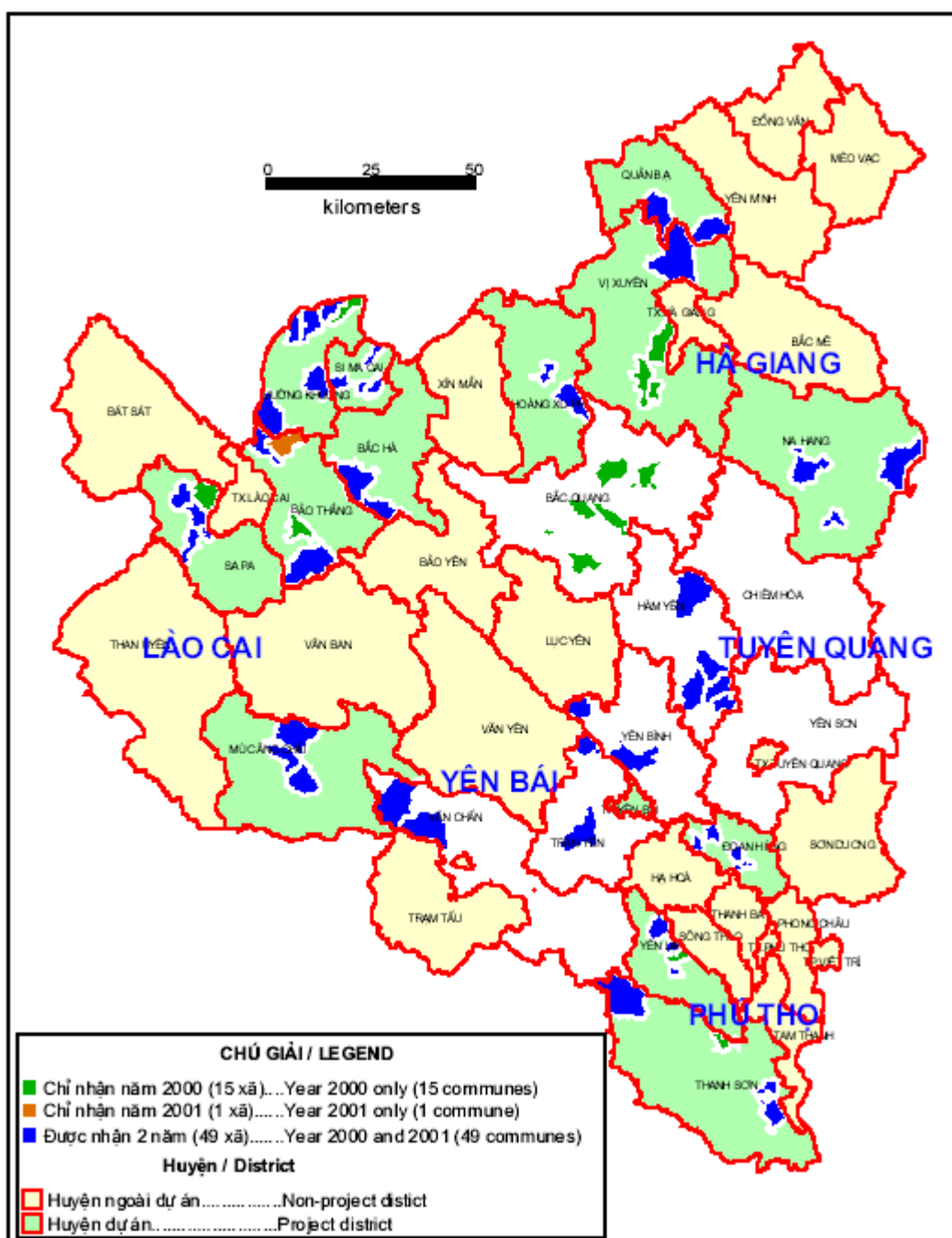
The suggestions were incorporated in the provincial APOs. The villages and amounts were finally agreed when MARD and Sida approved the APOs.

The detailed commune & village level planning started after approval of the APOs. Involvement and participation of all members in the community was one of the key requirements for the C&VDBs. The C&VDB guidelines⁸ outlined several steps (see Box 3) for how this was to be ensured. These steps included initial PRAs - including wealth ranking (see Box 6) - and several village meetings to both prepare, and follow-up on the plans.

Box 2. Criteria for selecting villages and setting budgets

- To focus on remote and poor upland areas primarily (Zone III commune and villages according to CEMMA).
- The number of years a commune and village has been in the programme (ie lower budgets for "older" villages).
- The size of the community (number of households).
- Earlier performance (included in guidelines for 2001)

COMMUNES WITH C&VDB IN YEAR 2000 AND 2001



Box 3. Steps in the village- and commune level planning

The village & commune level planning was mainly done in February-March, after approval of the APOs. The planning was done in six steps:

1. **Commune-level preparation meeting:** Introductory discussions with commune and village cadres, organised by district staff to explain purpose, scope and requirements for the C&VDBs.
2. **Village-level consultation meetings:** Arranged by VMGs for all households in the village. VMG (see Box 9) is elected/re-elected. Information from PRAs are used as inputs.
3. Making the draft plans: **The VMG prepares the detailed plans** and budgets based on suggestions and comments from the earlier village meetings

4. **Village meeting to agree on plans:** VMG present the detailed plans for village for approval
5. **Commune meeting to approve village and commune plans:** The commune level approves village plans and forward to district
6. **Approval of commune and village plans by district:** After approval by the district, money could be released to the commune account

Both information from the districts & provinces and follow-up visits (by PBO /advisor pool) indicate that typically 3-5 meetings were organised each year at village level, to discuss planning and implementation of the VDBs.

"About 70% of village households participate in meetings. This percentage changes depending on seasonal time and village traditional days. The expenditures for tea, drinking water are provided in these meetings, but not for allowance of participants."

MRDP-Lao Cai, 2001, C&VDB-report

Actual involvement of households appear to have varied. In many cases, step 2 (village-level consultation meetings) seem to have been omitted . and the VMGs presented a draft plan in meetings for approval, rather than opening up for a general discussion.

"The implementation of village development budget is better in smaller villages because planning is easier, investments can be more effective, and management & coordination of activities and money easier. Villages with more than 100 households are too big so it is very difficult to collect their opinions for planning."

MRDP-Phu Tho, 2001, C&VDB-report

Planning during village meetings seem to have been problematic especially in the larger villages. In the larger and/or more widespread villages with several hamlets, and different ethnic groups it was much more difficult for the VMGs to consult with and include all households

2.3. Transfer of funds

Transfer and management of funds basically followed the regular Vietnamese procedures and accounting requirements. Funds were therefore transferred through each level, and there was no direct transfer of funds to commune or village level from province (or programme) level:

Funds for the communes and villages were transferred by the district to a separate bank-account held in the District Treasury or a bank in the name of the commune. In each commune, the commune accountant was responsible for supervising management and reporting on the use of the funds. Village level received cash advances from the commune for implementation of activities, based on the village development plans and budgets.

The programme introduced one exception in financial management. Normally all expenditures (including receipts) needed to be accounted back to the province level. With the decentralised planning and the C&VDBs, both Sida and later MARD agreed that the C&VDB-expenditures were to be treated as a cost on transfer. This meant that accounting procedures could be simplified (no need to report back with all detailed receipts to province level), and that the communes could receive funds in instalments based on the general budget and not only for specific activities.

During 2000, implementation of the plans was delayed, and the bulk of the funds were transferred to the

commune accounts as late as in December 2000⁹. A rapid implementation therefore took place in December 2000-January 2001. This delay created a sense of disappointment in most villages and communes. Fortunately there were no problems during 2001, and funds were transferred on time.

The financial report for 2000 showed that 37% of the overall province budgets had been used at commune and village levels. Funds had been physically transferred to the commune level accounts, in most cases. Though there were some cases where the funds were not transferred to commune but managed by the district on behalf of the commune. One explanation for this is that in some remote communes, where capacity is regarded as low, districts handle the general (government) commune account and expenditures (e.g. salaries of commune cadres and operational costs).

The extent to which funds were further decentralised for direct village management varied between areas. Communes often took an active role in buying in-puts for several villages, and in organising for implementation of infrastructure activities. In Tuyen Quang province, fund management was generally completely decentralised to the village level. In the other provinces, usually some villages within a commune received at least part of the money directly and handled all or most of the implementation. For other villages within the same commune, the commune management group could more directly assist and organise for eg in-put supply and infrastructure. This depended on how the commune (and district) judged the capacity of the Village Management Group (see also examples in Boxes 7 and 8).

2.4. Utilisation of the funds

The C&VDB guidelines stated that activities should be suitable for poverty alleviation, and that the plans should be based on local priorities. The "menu" of possible activities was therefore kept broad (Box 4). There were also a number of restrictions and limitations (Box 5).

Box 4. The following activities were suggested as possible uses of the C&VDBs:

(Source: the C&VDB guidelines for 2000 and 2001)

- Food production and improved land use - including supplying inputs like seeds, fertilisers and fruit & forest seedlings
- Management and protection of community natural resources (eg. forest areas)
- Development and upgrading of social infrastructure (e.g. equipment for schools, repairing primary school, up-grading village clinic etc)
- Development and up-grading of other infrastructure (e.g roads/paths, clean water supply, extension houses etc)
- Communication development (e.g. commune radio systems, loud-speakers, material for extension clubs etc)
- Training (e.g. on production systems, marketing, women's needs etc)
- Skilled labour (carpenters etc)
- Management (allowances for Village and Commune Management Groups, stationary)

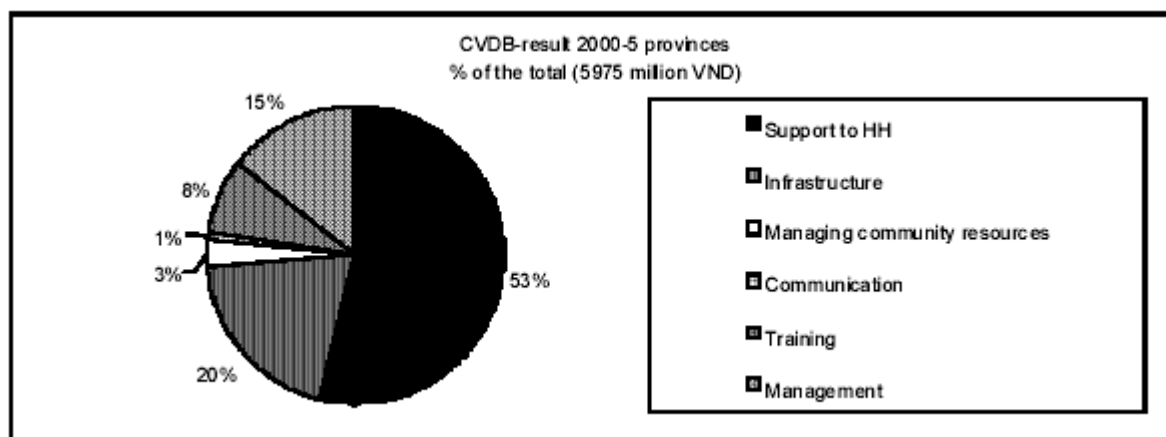
Box 5. Restrictions in the use of the C&VDBs: (Source: the C&VDB guidelines)

- The C&VDBs could not be used as loans, or revolving funds (either in money, labour or material/seeds). The reason was to avoid overlap and confusion with the MRDP credit funds.
- Only the poorest households should receive direct support and inputs. Poorest households were not defined in the 2000 guidelines. For 2001, it was specified that only. Category III and IV households. (see Box 6) could receive support
- The commune-level budget should not be used to support individual households (this limitations was introduced 2001)
- There were ceiling amounts set for how much that could be spent on management costs and allowances.
- Maximum percentages (budget ceilings) were set for some uses during 2000 (e.g. not more than 30% on infrastructure, not more than 50% on direct household support, etc). These budget ceilings were removed for 2001.

During 2000, the main uses¹⁰ of the C&VDBs were (see Figure 2): Production in-puts accounted for more than half of the total C&VDB expenditures. These included agricultural in-puts (seeds & fertilisers), livestock (ducks, chicken, pigs, buffaloes) and fruit & forest seedlings.

- 20% was used on a variety of small-scale infrastructure, ranging from improved road culverts, improvement and maintenance of irrigation systems, and construction of village water tanks to buying desks for a class room or repairing the roof of a health centre.
- 12% was used on management (eg. allowances of Village and Commune Management Groups, and stationary)
- 8% was spent on training (mainly at commune-level), 3% on managing community resources (see 3.4), and 1% on communication (eg loud-speakers).

Figure 2. Overview of C&VDB-utilisation in the whole programme, 2000



The utilisation of the budgets varied quite a lot between the provinces. There were also clear differences in the use of the commune-level and village level budgets. Training was an important activity at commune level (and accounted for 35% of commune expenditures), while direct support to households was marginal (11% only) at commune-level.

Agricultural in-puts were usually obtained from the district supply companies. The detailed data from 2000 on direct support to households from the C&VDBs showed that:

- **About 9,600 households received agricultural in-puts** through the C&VDBs. All households within a village usually received these in-puts, but the poorer (Categories III and IV, see Box 6) households often received a bit more.
- **Almost 4,300 households received tree seedlings.** Two thirds of these were among the poorest households.
- **Livestock (e.g chicken, piglets, and in some cases buffaloes) had been distributed to about 1,300 households.** Almost 85% of these were in the poorest categories.

"VDB concentrated on support with production input for households; training; and infrastructure. While CDB focused on training, project management and communication. This is entirely reasonable as budget was used for different purposes at different levels. CDB was for building commune staff capacity, while VDB was for more direct support to households."

MRDP-Yen Bai, 2001, C&VDB-report

Sources and supply of agricultural in-puts

- "Most of the fertilizers, and rice & maize varieties were supplied by the district agricultural material supply units. But the fruit tree varieties were supplied by the district extension & varieties supply centre."

- The official (red) receipt was then available for buying fertilizers and rice varieties.
- However, it was more difficult to get for buying materials from individual suppliers in remote areas.
- The District Project Management Unit had to guarantee payment (for buying in-puts from the District supply units) when the budget transfer was delayed (during 2000). to ensure a timely distribution to communes and villages
- In order to apply new techniques in production, the district staff introduced new seed varieties which were suitable for different areas. And they helped villages/communes with buying in-puts..

MRDP- Ha Giang, 2001, C&VDB-report

The planning figures for 2001 showed a similar pattern as results for 2000, but with slightly higher focus on production in-puts.

Box 6. Wealth/Well-being ranking

MRDP has used so called "wealth-ranking" (or "well-being ranking") a lot in the PRA-based village planning and monitoring. A main purpose is to establish the local criteria for poverty and well-being and thereby get a better understanding how these are perceived locally.

In wealth/well-being ranking a group (or sometimes two different groups) of informants from a village first together discuss and put all the households into different categories, where Category I is the most well off, and Category IV (or sometimes V or VI) the poorest.

Criteria (or indicators) for each category are then discussed and agreed on by the group. This means that criteria vary from village to village - and most villages have also changed the criteria over the years.

Typical criteria for the poorest category are:

- lack food 3-4 months
- have many children, but lack labour
- lack good land
- have no plan for production

Typical criteria for the better-off households are:

- produce surplus of food
- have a lot of livestock
- have good house and many assets
- can support education of children
- have small businesses

3. Main conclusions and lessons learned

3.1 Policy and general framework

The C&VDB mechanism is in line with government policies and intentions, and can basically be managed within the existing administrative set-up.

This includes eg. the recent legislation on local democracy (Decree 29) that outlines processes for consultation and decision-making on local level development.

"MRDP's new direction (decentralisation) is very relevant to the Government's policies: poverty

alleviation, democracy, decentralization to the grass roots and administration reform.

The Government can consider the model of C&VDB of MRDP to apply sustainably in the future."

MRDP-Yen Bai, 2001, C&VDB-report

During the programme workshop in November 2001 it was also suggested that villages should have their own bank accounts for project expenditures (Annex 2). This is however presently not possible, since villages are not an official and recognised level of government organisation.

3.2 Direct support to households

The type of support given directly to households clearly changed from forestry in-puts to agriculture & livestock with the introduction of C&VDBs.

Before introduction of the C&VDBs, forestry in-puts (fruit & forest seedlings) were the most important "production expenditures" of MRDP. About 70-75% of the costs for production in-puts during 1997-1999 was related to forestry. This included both support to household tree planting as well as community & district managed plantations. However, household tree planting was the most important¹¹. During 2000, costs for fruit & forest seedlings decreased, and constituted less than 50% of all costs for production in-puts¹².

Instead, agricultural in-puts and livestock increased, and together accounted for about 50% of the expenditures for production inputs during 2000. The year 2000 data on distribution of inputs to households also show that more than twice as many households received agricultural in-puts compared with forestry in-puts. The data from 2001 confirm this pattern.

"There were changes in the types of materials supplied compared to earlier years (before C&VDB), to meet the demand of local people. For example: Inputs selected by people were new rice varieties, NPK fertilizer, cinnamon, and tea - not fruit trees and organic fertilizers as the previous years."

MRDP-Yen Bai, 2001, C&VDB-report

Agricultural in-puts are regarded by all levels (village to province) as an important way of contributing to poverty alleviation, these in-puts can be distributed to all households in a village and are easy to organise

There are many factors that can explain why supporting households with agricultural in-puts is favoured by virtually all villages:

MRDP targets poor and remote villages, where food insecurity usually is a major concern. Support to increasing the agricultural production (i.e. higher yields and more harvests/years) is therefore very high on the agenda (see 3.6).

Supporting agricultural and livestock production is also (by all levels) regarded as important and efficient for poverty alleviation (3.6). Stronger MRDP-emphasis on poverty therefore results in increasing focus on agricultural in-puts. Discussions in the field, and with district and province staff clearly show that agricultural in-puts and livestock are seen as more directly suitable for poorer households than e.g. fruit & forest seedlings. Hence an increasing focus on poverty alleviation has resulted in a shift to agriculture and livestock in-puts, at the expense of forestry in-puts.

Extension staff from MARD tend to recommend activities that they know of and can influence more directly. The main extension message villagers receive about ways to increase food security is also to use improved varieties of rice & maize, and artificial fertilisers. And also to if possible add a supplementary winter crop to the annual cropping cycle (eg. potatoes, soya-beans, maize etc).

Agricultural in-puts (and tree seedlings) can be distributed to all (or majority of) households within a village. Everybody can clearly and directly benefit, which makes it easy to justify, and acceptable to all households

within a village.

Purchase of particularly agricultural in-puts can be easily managed (compared to the more complex government regulations guiding infrastructure and construction activities). Official receipts¹³ can be easily obtained (3.7). District extension staff have easy access to the supply companies.

Most provinces had also made a clear recommendation to the lower levels to prioritise "production development for poverty alleviation" during 2001, and avoid infrastructure¹⁴.

However, even poor households should not get in-puts 100% free, they should either contribute part themselves, or revolving funds could be set up.

In most cases, households received the in-puts without having to contribute themselves or paying back. But there are also examples where a household contribution was suggested or required (see 3.5)

During the programme workshop in November 2001 (see Annex 2), it was recommended that poor households should not be given in-puts completely free. Ideas brought forward included encouraging revolving funds (e.g. households should pay back either in cash or in kind to a village fund that revolves to other households in need), or demanding a commitment in the form of at least partial payment.

3.3 Small-scale infrastructure

VMGs and villagers appreciate being able to use part of the budget for small-scale infrastructure, and the villages can manage handling small infrastructure - particularly if they get some support from higher levels.

Regulations and requirements for infrastructure can be quite complex if procedures for larger-scale infrastructure (eg. commune-level roads) are to be followed (see also 3.7).

However, the MRDP- experiences (see also Boxes 7 and 8) show that:

- The C&VDBs are used for a broad variety of small-scale infrastructure (see Table 1)
- Villages appreciate being able to use the funds for small-scale infrastructure, including road improvements, up-grading irrigation, constructing extension houses, improving schools etc. These type of activities are often too small to be funded by other programmes (eg. 135), but many times they fill an important function at village level.
- Implementation of small-scale infrastructure can be more efficient and resources better handled at village level, where the VMG can directly supervise the activities.
- Many villages have the capacity to handle simple infrastructure and can also easily mobilise local labour and additional material.

"The most unsolved problems in infrastructure construction is design procedures, and the approval, and quality control are very complicated and also costly, while commune and village budget is limited...

...but although the support fund is small, the construction of infrastructure in remote areas is still effective if there is assistance from different levels to villages - or collaboration with other programs/projects. By supporting infrastructure, the gap between life of people in zone 3 and their counterparts in zones 2 and 1 will be reduced step by step."

MRDP-Phu Tho, 2001, C&VDB report

Table 1. Some example of infra-structure constructed in Yen Bai

(Source. MRDP-Yen Bai, 2001, C&VDB-report)

Constructions	Total value (MVND)	MRDP fund (MVND)	Local contribution	Types of contribution

			(MVND)	
Village electric grid at village No 8 Tan Dong commune, Tran Yen District	29, 162	9,120 = 30 %	20,042 =70 %	Labour, material
Small bridge in Tan Huong commune, Yen Binh	13, 285	5, 000 = 38 %	8, 285 = 62 %	Labour, rock, sand, stone, wood
Inter-village road in Mo De commune . Mu Cang Chai	28, 852	20,742 =72 %	8 110 = 28 %	Labour, transport of material .sand, stone
Drinking water system in Ban Khao Giong- Kim Noi Mu Cang Chai district.	12, 547	10,200 =82 %	2, 347 = 18 %	Labour, transport of material
Chong Xua extension house - De Xu Phinh- Mu Cang Chai district	30, 000	21,682= 72 %	8, 318 = 28 %	Labour, transport of material
Check dam in village No 3 - Tan Dong - Tran Yen	18	2 = 11 %	16 = 89 %	Labour, material
Check dam in village No 4 - Tan Dong - Tran Yen	30	3 = 10 %	27 = 90 %	Labour, material
Extension house in Dong Ke, Tan Nguyen -Yen Binh	35	30 = 85 %	5 = 15 % and expand 1.5 km road	Labour

Box 7. The wooden bridge in Tung Nun village Lung Tam commune, Quan Ba district, Ha Giang province

(Source: Field report from advisor/PBO C&VDB-follow-up, October 2001)

Tung Nun is a H.mong village in the far end of Lung Tam commune, or as the VMG put it "we are in the middle of nowhere". After discussions and voting the village agreed to spend their 30 million (for year 2000) on buying fertilisers, upgrading irrigation channels and constructing a wooden bridge to easier connect the two parts of the village which are separated by a stream.

To build the bridge the VMG directly contracted a small company in Quan Ba town. After discussing design and costs a contract was made with the company and the bridge was quickly constructed.

The VMG-head explained:

"We discussed with the company and agreed with them that they take care of all the paper work, including design fees and technical approvals. It was not difficult to agree on price, we could calculate ourselves roughly how much labour and material that was required and what that would cost, and it was reasonable that the company should get some profit.

Everything was easy and smooth and not complicated to organise for. We could supervise the workers and give the directives if needed when they were here. Afterwards we handed in the design drawings and receipts to the commune and district, so that they could verify that everything was correct.

The VDBs are an ideal model, and can really ensure that money is properly used. And

it is good if it can be used for different kind of activities, including infrastructure."

Box 8. The Water Tank in Suoi Day village, Thu Cuc commune, Than Son district, Phu Tho province

(Source: B. Jorgensen et al, 2001, "An Uphill Voyage")

Suoi Day is a small (38 households) Dao village in Thu Cuc commune. The idea to build a water tank in Suoi Day came up in one of the first meetings about the VDB. It's wide acceptance among the villagers have a longer history than the VDB itself. Many years back, the whole village had easy access to drinking water, but logging dried out a stream completely. There is one remaining stream - but downstream households in the lower part of the village have problem to get enough good water. A water tank for clean water in the lower part of the village, was therefore accepted by everybody since it would solve the problems for the downstream households.

When money was not transferred to the commune (due to the late disbursements during 2000) the Commune People's Committee took the initiative to borrow money from other sources to implement many of the planned CVBD-activities, including the water tank in Suoi Day.

The CMG therefore hired construction workers, and bought or borrowed material from on-going construction works in the commune centre Thu Cuc, and the builders began to construct the water tank.

Unfortunately the tank was not built according to the village needs.

The pipes were made of hard plastic that broke several times after the tank was built. According to the villagers, the tank should have two chambers instead of the one chamber model that was actually built. When villagers discussed this with the workers the reply from these workers was simply: *"We are working for the commune, not for you. So we only follow what we are told by them"*

Villagers were not so happy that the tank didn't function as planned.

"The water tank seemed like a good idea on paper, but when put into practise it didn't work out well since the construction workers didn't feel responsible to the villagers. (man in Suoi Day village).

In the end, everybody agreed that co-operation between the commune and village should be improved, and that the village-level should have a more direct influence on the work. The chairman of the Commune People's Committee said: *"In the future, we will only supervise them (the village) . We made mistakes, but we learn".*

3.4 Community - based natural resources management

The guidelines allowed the C&VDBs to be used for "community-based natural resource management. (see Box 4), but only 3% of the total C&VDB funds were spent on this (year 2000). Some of the villages in Yen Bai province involved in the MRDP-trials on community-based forest management utilised this opportunity. Typically activities could include e.g. purchasing a board for displaying the village rules & regulations on the community forests.

However, other experiences (from Giang Cai-village in Yen Bai province) show that community forests can be a potential revenue source for village funds. In the case of Giang Cai, funds generated from a village plantation of Cinnamon were used to contribute to the costs of constructing a local bridge¹⁵. This shows that there is potential for generating funds through community-based forest management. The experiences from the C&VDB-mechanism can therefore be useful regarding management of other locally raised funds.

3.5 Local contribution

Local contributions can be substantial but flexibility is required on the type and level of contributions that villagers should make

The C&VDB guidelines required a local level contribution to be made, either in cash, material or labour. For 2000 the required local contribution was 30%. During 2001, the fixed percentage was removed, since the interpretation was unclear, and varied between areas. In some cases, (eg in Phu Tho province), value of labour in-puts on own land had been calculated as a household in-put.

However, local contribution in the form of labour (and sometimes material, e.g. providing timber for extension houses), is standard for infrastructure works and could sometimes constitute up to 50-75% of total costs (see Table 1).

3.6 Village and commune capacity

The local levels - villages, communes and district level - have all been very important in the planning and implementation of the C&VDBs.

Box 9. gives an overview of the MRDP-organisation at village, commune and district levels. The MRDP commune and district level management form part of the government set-up, while the village-level management is selected by the households in the village.

Box 9. Organisational levels of MRDP

The following three organisational levels had key roles in managing the C&VDBs:

1. Village Management Group (VMG): In all supported villages, MRDP initiated election of 3-5 persons who formed a VMG. The programme recommended that at least one should be a woman.

The village leader was usually (but not always) member of the VMG. The VMG-members received a small monthly allowance.

2. The MRDP Commune Management Group (CMG) (or Commune Development Board, CDB): The CMG/CDB consisted of 3-4 persons appointed by the Commune People's Committee (CPC). These included the Chairman of the CPC, the CPC-accountant, and a representative from the mass-organisations (like Farmers Association, Veterans Union, or Women's Union) or the commune extension group. The programme recommended that at least one member should be a woman. The commune accountant received automatically the role of handling the commune & village budgets. The CMG/CDB-members received a small monthly allowance from the commune budget.

3. District extension. The district extension staff (or the organisation who functioned as MRDP district focal point) gave support to the lower level in planning and implementation, and also approved plans as well as financial reports.

4. Local people's contribution was discussed during village meetings. Compared with the previous years, the contribution became stronger and easier (with the C&VDBs). Contribution consisted of labour, ransport and local material. For example: Mr Kim's household in Dong Ke village, Tan Nguyen commune, Yen Binh province gave his village 1000m² of land to build an extension house. Clearly, with budgets directly managed by the village, local people are very happy, become more confident and capital is used more effectively."

MRDP-Yen Bai, 2001, CVDB-report

Ear-marked village level budgets can result in a better resource use and more adequate response to local needs.

MRDP's experiences confirm that good local knowledge and understanding is essential for devising local solutions for improving villager's livelihood opportunities. Needs are more known at local level and plans can be better adapted to these needs. Sometimes even the commune level do not know the village needs so well, particularly if a commune is big with 15-20 villages, and several ethnic minority groups. Some of the villages may be quite remote and not so accessible from the commune centre. Needs and priorities may also vary a lot between villages in the same commune.

"Although the commune and village development budgets have been implemented for only two years, they have promoted the internal forces in the area.

It is suitable to remote and poor areas, since villages has the initiative to make the plans based on their priorities, and can use it for reaching goals such as poverty reduction and improved land use."

MRDP-Phu Tho, 2001, C&VDB-report

Both village & commune interviews¹⁶ and the programme workshop therefore stress that increasing the village-level responsibility and control can result in better resource use, improved service delivery and thereby also in increased trust in government (see Annex 2). See also Boxes 7 and 8.

The village budgets have in several cases created an increased interest and involvement from villagers, and higher demands for information.

"Through participating in discussing, implementing and monitoring plans, communes and villages have increased the awareness of local people, and encouraged them to contribute more."

MRDP-Yen Bai 2001, C&VDB-report

The village-budgets have created an increased village level involvement in MRDP activities in many areas. This has included higher and more active participation in village meetings, and higher demands on information (about e.g. use of resources) to be provided within the village. This is noted both in village and commune interviews and by all levels during the programme workshop in November 2001.

The Commune and Village Development Budgets have increased the responsibilities, pressures on and workload of commune and village cadres.

The C&VDBs have placed particularly the VMGs on a much higher level of responsibility and has also resulted in an increased workload of commune and village cadres. Skills are eg. required for financial management and accounting. For the individuals involved this also represents a significant opportunity cost. in terms of their time, energy and even personal resources¹⁷.

Village and commune levels are also still weak when it comes to planning, reporting and financial management, and require more support and training.

All programme follow-up indicate that monitoring & reporting capacity is a weak point. The need for more training in C&VDB planning, management and accounting is also repeated in all contexts (e.g. village interviews, province reports, the programme workshop in November 2001 etc).

Recommendations in Yen Bai C&VDB-report

- "Training should be done at the beginning of the year. It should focus on planning and project management and should be repeated.
- Training should be provided for the young people to be key staffs in the future.
- Province.s staff are key trainers, with district level as facilitator in the field.
- Objectives of the programme and project should be clarified and made

understood to staff at different levels - including project's philosophy, focus and sustainability of the programme, as well as main approaches for commune and village development.

- More training for communes & villages should be undertaken on methods for planning, and financial management.
- In parallel with the project-related training, the programme should hold training courses (short and long-term) to commune and village people in upland areas on two subjects - Math and Vietnamese."

Regular support from the higher levels and good coordination between levels is also important to successfully implement activities. **Nevertheless, village and commune levels generally have the capacity to plan for and manage their own activities, and they want to have this responsibility.**

There is undoubtedly an urgent need for both basic education and training in practical skills in the mountain areas. But this lack of access to formal and non-formal learning opportunities should not be equated with a lack of basic competence or knowledge. The majority of commune and village cadres working in the mountain areas do have a real understanding of the practical realities and requirements for effectively implementing development work at the local level¹⁸.

And the examples in Boxes 7 and 8 show how implementation can - or could - be more effective if handled at village level directly. The same message is consistently repeated in village-level interviews¹⁹ and also during the programme workshop (Annex 2).

The VDBs have also contributed to increasing the management capacity at village level , and implementation was smoother during the second year.

Management and financial training for village-level have since the start of MRDP (and also earlier during the FCP-phase) been a core activity of the programme. This has e.g. included training in PRA/annual planning, gender awareness, accounting for the Savings & credits activities, and reporting routines. When the C&VDB were introduced, training in planning, management and accounting was organized both during 2000 and 2001.

The C&VDB planning and reporting routines are nevertheless found to be quite complex (see e.g. 3.7 below).

However, follow-up visits, village level interviews and the programme workshop in November 2001 (Annex 2), indicate that capacity has increased through the combination of training and hands-on experiences of managing the local budgets. VMGs and CMGs were more confident in handling the budgets during the second year of implementation, and found it less difficult.

The experiences of MRDP thus show that a combination of training of individuals, strengthening local level organizations and local processes, and the decentralization of management responsibility to local levels, together can contribute effectively to local capacity building and positive socio-economic development.

3.7 Reaching women and poorer households

MRDP specified two types of poverty-targeting under the C&VDB-mechanism:

Targeting of **poor areas** - using the CEMMA-classification (see Box 1)

Targeting of **poor households within villages** (Box 4)

The data on village coverage (see 2.1) as well as the general trends and results (Box 10) show that the area-based poverty targeting has been efficient and also that MRDP support generally has contributed to poverty alleviation and improved socio-economic conditions in poor remote areas. The shift to agricultural in-puts under the C&VDB has enhanced this even further.

Box 10. General trends in the programme area

MRDP's socio-economic and environment monitoring has shown that:

- Crop production and food security have increased in the northern mountains during the last 10-15 years, due to a combination of land reform (allocation of agricultural land to households), improved extension services, and increased availability of agricultural in-puts. Production has diversified, and livestock (and also forestry) are now important income sources. Livelihood opportunities and income sources have generally become more diverse
- The role of MRDP has mainly been to support this general trend through training, provision of credits, and supplying in-puts. There are clear evidence that socio-economic conditions has improved substantially in the MRDP-supported areas, and that the combination of technical training and provision of in-puts has been important.
- A higher proportion of the in-puts supplied under the C&VDBs are short-term compared with earlier years (ie supporting households with seeds and fertilisers have become more common) - as these are regarded as contributing more directly to food security and increased production (see 3.2).

But the C&VDB mechanism does not automatically ensure higher involvement of either women or poorer households, within villages. There is a need to promote and encourage this actively.

Men have more chances and roles in deciding the planned activities, because they often participate in planning meetings.

MRDP-Lao Cai, 2001, CVDB-report

Reaching and involving the poorest households, or women, *within* villages requires special efforts and dedication²⁰:

1. Poor households and women usually participate in village meetings but seldom voice their opinions directly. Few (if any) villages had organised separate opportunities for women to discuss the CVDBs.
2. However, it is evident that new roles and opportunities for women have been created through MRDP in some places - particularly where there has been a combination of active external encouragement and a dedicated woman at local level. This has not been a consequence of the C&VDBs per se but is a result of a longer-term encouragement and support.
3. There are for example big differences in percentage of female VMG-members in the different provinces, which, in part, can be explained by how active the province staff have been in promoting and encouraging women's participation.
4. It is also clear that some households within a village often remain trapped. in poverty while most of the households see an improved situation (Box 11). Special efforts need to be made to reach these.

Box 11. The increasing gap between poorer and better-off households

- MRDP has found²¹ that when conditions start to improve generally in a village some households often remain "trapped" in poverty. This pattern is particularly clear in many midland villages. It can also be seen in upland villages that have received MRDP-support for a period of time or that are more drawn into market economy (as villages around Sa Pa town, involved in tourism activities or cardamom-growing).
- Obviously the gap between the poorest and the better-off households show signs of increasing. The better-off households have accumulated assets, have started small business and diversified income, and are often able to support education of their children.
- The poorest households have often seen much more limited improvements. These households have usually experienced long-term food insecurity due to permanent lack of good agricultural land, labour or other resources. Other

reasons for long term poverty can be that the household may have experienced a major crisis, such as a serious illness that have drained the family of resources while reducing labour availability. Female-headed households (with a dead, absent or disabled husband) are often found in the poorest category.

Village level is best suitable for identifying households in need of support, but need clear guidelines to avoid conflicts.

Village and commune level interviews show that VMGs often are concerned about reaching the poorer households, and try to make special efforts to meet their needs.

Experiences from the Savings & Credits activities also show that where clear criteria are given, VMGs are in a good position to know which poor households that need support, and are also well placed to support them adequately.

An assessment for MRDP during 2001 on support to poor households made a similar recommendation:

"As regards households selection (*of poor households to receive support*): it is necessary to do this in a comprehensive way using established criteria. Selection should take place in village meetings in a democratic and open manner, to avoid unnecessary conflicts both among households and between households and management officials..

Recommendations for supporting poor households, ethnic minorities and women:

- There must be clear signals from the province and district level about prioritising and focusing on poor households, ethnic minorities and women.
- Budgets should not be allocated equally to all communes and villages, but should be focus on poorer communes and villages.
- Villages now use PRA to rank the households, and themselves decide indicators for each household category. Reasons for poverty are analysed. After that the best supporting methods (training, price subsidy, credit etc) are discussed.
- Households receiving support should have clear objectives (and plans) before receiving in-puts.
- Poor households should not be given cash, but production input and training to improve the capacity
- VMG should regularly visit, support and monitor how poor households use the input from the project, and encourage them because they are easily discouraged.

MRDP-Yen Bai, 2001, CVDB-report

However, the village wealth/well-being ranking does not provide clear criteria to the village, and using it as base for VMGs to decide on distribution of resources may lead to conflicts - particularly since VMGs often are involved in doing the wealth-ranking. Instead objective (fixed) criteria should be used.

1. There are no pre-set criteria for "poor households" in the wealth/well-being ranking (Box 6), as a main purpose is to establish the local criteria and thereby get a better understanding how poverty is perceived locally. This is not a problem for general planning and monitoring purposes (rather the contrary), but becomes problematic when the wealth-ranking category is linked to who gets in-puts and who does not.
2. The main reason is that it puts a very heavy responsibility on VMGs (who usually are involved in the wealth-ranking) for defining who is poor and thereby eligible for support. The data on in-input distribution (see 2.3 above) show that VMGs (and the higher levels) often have "solved" this by distributing particularly seeds & fertilisers to all households, with the main argument that "all households in the village are poor"²².
3. There is also a risk that the wealth-ranking may be affected if people know that in-input distribution is linked to wealth-ranking category - i.e. it becomes an "advantage" to be defined as poor. Clear and objective criteria for targeting support to households are therefore preferable, for guiding resource distribution to households.

3.8 Project and support procedures

The comments and recommendations on project procedures are very consistent in village & commune interviews, provincial C&VDB-reports from 2001, and the programme workshop in November 2001 (Annex 2):

Present procedures are too complex and need to be simplified

Many of the regulations are quite complex, e.g. those governing infra-structure in most of the provinces. This includes minimum requirements for quality and safety, and specified procedures for e.g. bidding.

The Vietnamese Accounting System (VAS) also requires that official, so called .Red Reciepts. are used. This discriminates against individuals and local suppliers (particularly in remote areas) and locally bought material (eg bamboo for fences, locally bought livestock, locally produced tree seedlings etc). MRDP allowed authorisation of local expenditures by the commune (through a "red stamp") as a valid verification. This was approved as sufficient documentation in some provinces but not all.

"To overcome the constraints, a simpler procedure should be considered for commune and village levels. The existing procedure of accounting is very complicated for communes and villages, and not suitable for the staff of these two levels.

MRDP-Phu Tho, 2001, CVDB-report

Planning and reporting formats are also too complex. There is a real need to develop simple and understandable project procedures and guidelines for working in the mountain communes and villages. This includes developing material in ethnic minority languages.

The villages and communes need planning security - they needed to know that agreed plans and budgets don't change, and that information is adequate

There need to be consistency in the guidelines, directives and support from the higher levels. Information need to come on time. Training and in-puts should be provided when relevant (e.g for planting crops). Plans made should not be altered without discussions with the village and commune concerned. Allocation to Village Development Budgets should not be changed, once they have been agreed in the APO. Requirements and roles of the different levels should be clear and not altered without explanation and notice.

3.9 The role of district and province staff

The provinces played an active role in guiding and supervising the C&VDBs.

Some additional C&VDB-guidelines in Phu Tho province

- Providing forms for planning, reporting and accounting
- Suggesting that villages and communes should not invest in infrastructure construction such as water resource, road, bridge and sewage building.
- Recommending that the C&VDB can be used for providing poor households with cattle/buffaloes which are "revolved" (ie first off-spring is to be given to other poor households
- Emphasising the need for supporting poor households.

MRDP-Phu Tho, 2001, C&VDB-report

Several of the provinces have commented on the need for capacity building at commune and district levels. And e.g. Yen Bai notes that these two levels play crucial roles in the whole process, and that adequate capacity here is very important.

The provinces find that collaboration between the levels has increased (see also annex 2) on introduction of the C&VDBs. They also find that awareness and motivation for planning & implementation have increased.

Most provinces also made additional guidelines to complement and clarify the general programme level guidelines.

The expectations put on district staff are changing, and they need more support and training to take on their new roles

The district has a very important role, and has been the key level for supporting planning and approving C&VDB plans and reports.

There is an on-going shift in the expectations and role of the districts since the start of MRDP. Initially the districts were actively managing field activities at village & commune level (eg. directly providing inputs and subsidies). This role is changing, and extension workers are now more expected to be facilitators, and support the local processes and the local capacity building.

However, many districts need more support and training in this changing role. And this is not enough: job descriptions and reward & evaluation systems need to be adapted to provide a better "incentive framework" for the district level work.

More staff with knowledge in ethnic minority languages would increase efficiency in training and outreach to remote villages.

The programme review workshop (Annex 2) also stressed the importance of providing adequate transportation and communication means for district staff, to enable better outreach to remote villages.

4. Recommendations

We wish to make the following recommendations based on the MRDP-experiences:

1. Commune & Village Development Funds are a suitable tool for upland development and poverty alleviation, and should be continued and further developed.
2. There should be ear-marked funds for the village-level, handled directly by the village.
3. The possible uses of the C&VDBs should be kept broad, and e.g. small-scale infrastructure should be included as an option.
4. Possible links between community-based forest management and village budgets should be further explored
5. In-puts should not be given 100% free even to poor households.
6. Planning and reporting procedures need to be simplified
7. There is a need for more training in management and planning. Guidelines, training etc need also to be in suitable formats, and languages etc for ethnic minorities.

Annex 1

Key steps taken to introduce the VDBs/CDBs 2000-2001

Year	Main level	Step/activity
1996	Programme level	<ul style="list-style-type: none"> The VDBs/CDBs are included in the programme document for 1996-2000 as one of the expected End Results of MRDP
1998	Programme level	<ul style="list-style-type: none"> Trial with direct funding to one village (Nam Cai, Van Chan District, Yen Bai province) initiated. Preliminary discussions within the Programme Board
1999	Programme level	<ul style="list-style-type: none"> The Nam Cai trial is continued and experiences evaluated The planning system (from component-based to area-based), and the large-scale introduction of VDB/CDB is discussed and approved in different contexts²³ Villages and amounts are decided for 2000, in the Annual Plans of Operation for 2000 (Nov. 1999)

2000	All levels	<ul style="list-style-type: none"> • Detailed guidelines for CDB/VDB planning and follow-up developed (January) • Training at all levels: province, district, commune village levels (March-April) • Tentative financial guidelines developed (March) • Training of commune and district accountants (April-May) • Village & Commune Plans are developed (April-May) • Some implementation started (June-) • C&VDB data-base is set-up (July-August) • Revised village & commune guidelines for 2001 planning and implementation (Oct) • Villages & amounts are decided for 2001, in the Annual Plans of Operations for 2001 (Nov 2000) • Major part of the funds are transferred and main implementation of activities for 2000 takes place (December 2000 - January 2001)
2001	All levels	<ul style="list-style-type: none"> • Re-training of village & commune levels (in some districts) • Village & Commune Plans are developed (Feb-April) • The C&VDB monitoring system further developed (Jan-March) • C&VDB-activities under the consolidation project are identified (Jan-March) • Transfer of funds and implementation (April-onwards) • Programme C&VDB-report for 2000 compiled (May-August) • MILS workshop (Nov)

Annex 2

Summary of views & comments from MRDP workshop 1-2 November 2001

In November 2001 a two-day programme workshop was organised with participants from all levels. One of the main topics during the workshop was discussions on the two years of experiences of the C&VDBs. This annex includes the general conclusions and recommendations by the workshop, as well as summaries of the discussions at each level.

Based on the presentations from each group, and the comments and questions that followed, the workshop agreed that:

1. The C&VDB is a suitable mechanism for supporting socio-economic development in the northern mountains, which could be extended to other programmes:

- It is in line with government policies
- Village-level has capacity to handle funds
- The VDBs have contributed to increasing capacity of village-level groups
- Local participation and involvement has increased
- Resources are efficiently managed
- Trust in government increases

2. There should be specific and ear-marked budgets for both commune and village-levels.

3. Planning and reporting formats and routines need to be simplified.

4. There need to be more training in management for the lower levels

5. Guidelines and training need to be in a form that is adequate for ethnic minorities.

6. Women should be encouraged to become members of the Village Management Groups (VMGs) and be involved in project activities

7. Village accounts in the bank would be preferable but is presently not feasible, since villages are not recognised as an official and legal entity.

8. Small-scale infra-structure (road improvements, up-grading schools etc) plays an important role and should continue to be part of possible uses of the Village-level budgets

9. In-puts should not be given 100% free even to poor households. One option could be to encourage village-level revolving funds (i.e. of seeds, chicken/ducks etc) to ensure long-term sustainability.

VIEWS AND COMMENTS BY VMG-MEMBERS

Advantages of the Village Budgets

- The VDBs have supported economic development of households and villages
- The link to training - ie supporting farmers with training in production skills - is important
- With the VDBs, farmers participate more actively in discussions and planning
- The VDBs have contributed to increased capacity of the VMGs

Problems with the VDBs

- Accounting procedures are complicated .and sometimes it was difficult to get the right accounting vouchers
- The money was delayed
- Households are very scattered which makes it difficult to reach all
- Knowledge and capacity of villagers are limited

Recommendations for the future

- The village budgets should be continued
- The direct management of budgets by village level should be applied for all programmes
- Procedures should be simplified
- There should be more training in management for VMGs

VIEWS AND COMMENTS BY COMMUNE CADRES

Comments on selection criteria

- Criteria are fair - except that "older" villages (than 1997) also should be able to get support.
- The communes should suggest which villages and amounts - not the districts. The communes know the conditions and characteristics of villages better than districts.

Collaboration between village-commune-district levels

- The districts guided the planning. During 2000, ceilings for different kinds of activities had been given (e.g 30% on infrastructure). During 2001, districts had recommended to prioritise "production development" - ie agricultural and forestry inputs.
- The communes had taken an active role in supporting the villages to implement the work.
- Villages had some difficulties to make their plans - particularly to prioritise.
- Villages did not participate in discussions on use of the commune-level fund, except where there were joint activities between several villages and the commune.

Advantages of the C&VDB

- It makes villages and households active in making plans, and creates high responsibilities of community
- It contributes to poverty alleviation.

Problems of C&VDBs

- Accounting is difficult and procedures are complicated

Recommendations:

- Village-level is appropriate for handling and managing the budgets . but the villages accounts have to be with the commune since villages don't have legal status
- There need to be more training in planning and management. Training courses should be organised in the communes (not at district level)
- Routines and formats for planning and reporting must be easier.
- The fund should be revolving so that it can be maintained in the village

VIEWS AND COMMENTS BY DISTRICT STAFF

Advantages of C&VDBs

- The Village Budgets promote open discussions and active participation in planning, and give better plans
- The local budgets also promote active participation in implementation and monitoring.
- The C&VDBs contribute to increasing capacity at village and commune levels

Problems encountered with C&VDBs

- The procedures and formats for planning and reporting at village level are too complicated and strict.
- Procedures for transfers of funds are also sometimes too complicated and/or slow
- Higher levels sometimes still manage the C&VDBs, and villages rely too much on this:
- The information and support given to the lower levels (for e.g. planning) is not enough
- Management skills at commune and village levels are limited

Recommendations for improvements regarding the C&VDBs

- More information to village and commune level on both policies and how to plan should be provided
- More training for commune and village levels should be arranged
- Procedures need to be simplified
- Villages should have their own bank accounts
- Transfer of funds and other support should be timely
- Training and training material must be suitable for local conditions, and not too complex and theoretical

Role of C&VDB in poverty alleviation

- In-puts provided to households through the C&VDBs have contributed to improved land use and development of production.
- Links between provision of in-puts and technical training are important, and training should be in a form which is easy for poor households to understand
- Poor households should show signs of commitment and their contribution need increase
- There must be a careful selection of which households that can receive support

Should the C&VDB be expanded? Why?

The C&VDB model should be expanded to other areas for many different reasons:

- It will increase capacity and responsibilities of grass-root levels. It is a way of focusing support, and there is no interference from higher levels
- It has increased the financial management capacity of commune and village staff.
- The budget utilisation has a high effectiveness.
- It is suitable for socio-economic development in the upland areas.

VIEWS AND COMMENTS BY PROVINCE STAFF

Effectiveness and advantages of C&VDBs

- In line with Government's policies and orientations
- Strengthening capacity and increasing responsibility of commune and village staff in management and planning.
- Mobilizing the peoples' internal forces
- Contributing to other programmes in the support of poverty alleviation in rural areas, e.g through providing direct support to farmers, especially to the poorest households.
- Efficient use of money, reducing management costs
- Increasing people's trust in Government

Constraints and problems

- The financial management capacity at village level is still limited
- Accounting procedures are complicated
- Some villages still rely on higher levels, and are not active
- Geographical area is complex, travelling is difficult, information system is limited
- Government Infrastructure procedures are complex

NOTES

¹Decree No. 29/1998/ND-CP promulgating the Regulation on the exercise of democracy in communes.

²Decision No. 135/19898/QĐ-TTg to approve the program on socio-economic development in mountainous, deep-lying and remote communes with special difficulties.

³MRDP (including village-based work) was earlier planned and implemented based on a number of programme components, including extension & applied research, land allocation and land use planning, gender balance, rural finance, communication etc.

⁴MRDP had supported commune-level activities earlier in some provinces, eg. in Tuyen Quang province.

⁵See eg. MRDP, 2001, "*Monitoring of the Commune and Village Development Budgets - Data & analysis of coverage and results during 2000*" and the five provincial CVDB-reports from 2001

⁶See eg. MRDP, 2001 "*Building the bridges for village development -The experiences of Commune and Village Cadres in managing local development in the northern mountains*".

⁷See eg. MRDP, 2001, "*Programme experiences of the Commune and Village Development Budgets . Summary of discussions during a MILS workshop 1-2 November, 2001*". The workshop was attended by participants from all levels (village, commune, district, province and programme-level).

⁸Annual guidelines for village & commune level planning, implementation and monitoring of the CVDBs were

prepared.

⁹Due to late disbursement from Sida

¹⁰See MRDP, 2001, "*Monitoring of the Commune and Village Development Budgets - Data & analysis of coverage and results during 2000*" for more detailed data.

¹¹R.Gilliusson, 2001, *.Forestry and Forest Land Management Activities in MRDP 1996-2000*.

¹²MRDP, 2001, "*Monitoring of the Commune and Village Development Budgets - Data & analysis of coverage and results during 2000*"

¹³The Vietnamese Accounting System (VAS) that MRDP follows require that official so called .Red receipts. (they are red in colour) are used.

¹⁴Sources: 1.) PBO/Adviser field reports from 2001, 2) Provincial C&VDB-reports, 3) Summary of discussions from MILS workshop November 2001.

¹⁵MRDP, 2000, *.Linking Government and Local Forest Management Systems . A new approach to community forest management and protection from a Dao village in Yen Bai*.

¹⁶See e.g. MRDP, 2001, "*Building the bridges for village development*."

¹⁷See e.g. MRDP, 2001, "*Building the bridges for village development*."

¹⁸See MRDP, 2001, "*Building the bridges for village development*."

¹⁹See e.g. MRDP, 2001, "*Building the bridges for village development*."

²⁰See e.g. CVDB .field reports from 2000 and 2001; MRDP, 2001, *.Building the bridges for village development.*; and provincial and programme reports from MRDPs Participatory Environment and Socio-Economic Assessments

²¹See eg the Participatory Poverty Appraisal from Lao Cai (1999), and the reports from the MRDP Participatory Environment and Socio-Economic Assessments (2001).

²²There are also many examples where poorer households (category III and IV) get more agricultural in-puts (or a higher proportion paid), and better-off households get less.

²³Including the annual review-meeting with staff from all districts, provinces and central levels; Sida-MARD annual meeting; Programme Board meetings, and Sida-MARD mid-term review