THE IMPACT of RESEARCH on PUBLIC POLICY
IDRC’s Programs in VIET NAM

OUTLINE

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i. the definition of poverty in Viet Nam
“The social welfare implications of economic policies are notoriously poor predictors of the probability of their adoption.”
J. A. Frieden (Department of Government, Harvard University) 2001, *The Political Economy of Dollarization:: Domestic and International Factors*

1. **OVERVIEW OF VIET NAM**

Viet Nam has a population of some 80,000,000, of which roughly 80% lives in rural areas and engages in agriculture, primarily rice growing. The overwhelming majority of the population is composed of ethnic *Kinh*, with the rest divided among a large number of unrelated poverty-stricken ethnic groups each with its own dialect (many without a written form), living mostly in so-called ‘mountainous’ areas, and some of which barely have a few hundred families. The country is traditionally divided into three regions: North, Centre, South, each with its own customs and recognizable accent 1. Economic development is concentrated in the Ho Chi Minh City (formerly Saigon) area in the South of Viet Nam and to a lesser extent in the Ha Noi area in the North, Ha Noi being the capital of the country. While the average income per capita is currently of the order of US$ 400/year 2 for the country as a whole and $350 in the Mekong delta, it is significantly higher in Ha Noi and especially in Ho Chi Minh City, creating increasingly large and growing disparities of opportunities, employment and income. Not surprisingly there is a consequent important and accelerating - and to a very large extent uncontrolled - ‘illegal’ migratory movement, both seasonal and permanent, from the countryside to the cities, principally to Ho Chi Minh City and Ha Noi. This is causing the appearance of an increasing ‘underclass’ in those two areas. There is also a vast and growing number of landless peasants toiling as very poorly paid agricultural labour on ‘big’ private farms, particularly in the Mekong delta. These phenomena combine to create in their wake a variety of intractable social problems, from lack of adequate housing to what the authorities call ‘social evils’ and to potential as well as actual political unrest.

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1 This has important distributional implications for the allocation of the most senior offices. For instance, over the last decade or so the Secretary General of the Communist Party has come from the North, the President of the country from the Centre (and has tended to be from the Military), and the Prime Minister from the South.
2 Currency figures are in US dollars, unless otherwise noted.
3 All Vietnamese have an official place of residence, shown on their compulsory identity card (with fingerprints) from which they are not supposed to move without authorization. While that policy is no longer very much applied in fact, it remains that those who are living away from their official residence have no ‘status’ and no welfare rights in their actual place of residence. That can have serious consequences for the poorer migrants.
At the same time, Viet Nam is in many ways an economic success story which in less than 12 years lifted itself from the bottom of the World Bank’s list of LLDCs - the economic basket case of the world where many countries have been hopelessly mired for years - to the status of ‘simply’ a less developed country. GDP per capita increased from $114 in 1990 to an estimated $423 in 2002 despite an increase in population from 66 to 80 million people. During the same period seafood exports rose from $239 million to $2 billion, rice exports from 1.6 to 3.2 million tons, coffee from 93,000 to 713,000 tons, coal from 800,000 to 5,600,000 tons, footwear from $8.3 million to $1.8 billion, and garments from $214 million to $2.7 billion. Viet Nam is now a leading exporter of rice, coffee, footwear, cashew nuts, tea, and pepper. Between 1990 and 2001, annual investment increased from $1.4 to $11 billion. None of those developments happened by accident or through the mercy of God: they must have resulted from the steadfast implementation of a sufficient number of sound macro and micro policies, reasonably functional and adapted to the situation and context of the country.

The Viet Nam we know today goes back to 1975, when the victorious armies of North Viet Nam marched into Saigon, renamed it Ho Chi Minh City, overthrew the Government then in place, conquered the rest of South Viet Nam, and imposed the rule and laws of Ha Noi. The socio-politico-economic system which had been put in place in North Viet Nam following the 1954 Geneva Agreements was thus extended to the rest of the now unified country. That system had been borrowed from the USSR by the then North Viet Nam and imported more or less holus bolus. One crucial and easily overlooked characteristic of the USSR system is that it is a completely man-made system, consciously and carefully crafted over decades by the political leadership of the USSR, as opposed to one which evolved gradually over centuries. It is closely integrated and internally coherent, quasi-holistic, and all-embracing; it integrates all aspects of civic, social, political, and economic life; its parts and components have been designed and tested over the years to fit into, and support, one another. In 1975 that became the system of the newly unified Viet Nam.

Politically North Viet Nam, and then Viet Nam as a whole, was a one-Party unitary State with a Constitution and Government institutions closely modeled on the Soviet ones, and with a deeply embedded (and fostered) culture of suspicion and secrecy. Economically it was a

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4 Ten years ago it was nowhere in those areas.
5 They marked the end of the French colonial regime and created the two separate countries of North and South Viet Nam. That was supposed to be a temporary solution to be resolved through national elections which in fact were never held.
centrally-planned and centrally-run economy on the Soviet model, with *inter alia* the abolition through confiscation of private property, State ownership of all land and all means of production (in the latter case through a conglomeration of State-owned Enterprises or ‘SOEs’), the forced collectivization of agriculture, and prices set by a State Price Commission 6. Socially it was a tightly controlled country with a strong and pervasive secret police, State ownership of all media, utter discouragement of spontaneous social groupings or associations of any sort, and strict Party oversight over all aspects of formal and informal social life 7. A key element of the Soviet model, as is well known, is the absolute paramountcy of the Communist Party, itself unchallengeable and never up for elections, over the State as a whole and the Government in particular 8. Those are seen basically as tools of the Party and as a consequence the Party stands outside and above all State and Government institutions, including judicial ones. The Party defines itself as a self-perpetuating revolutionary organization of peasants, workers and intellectuals with the mandate of guiding the country and the people on the long and convoluted path to full-fledged Socialism. It is governed by a Central Committee elected at general Party Congresses9 by the membership of the Party (according to lists drawn up by the outgoing Central Committee), and a small Political Bureau (‘Politburo’) elected also by the Congress, again with the useful guidance of the Central Committee. The Party and the Central Committee are served by a Secretariat organized into Departments which mimic, albeit at a more modest level, the organizational structure of the Government itself. Since the State is an ‘arm’ of the Party, the Central Committee (and the Politburo) provides overall authoritative guidance to the various State institutions such as the National Assembly and the Government as a whole, while the various Departments of the Central Committee Secretariat fulfil the same function vis-à-vis their corresponding ministries.

The recent history of Viet Nam can be understood in terms of the delicate and extraordinarily complex evolution, or more precisely transformation, of that fully integrated system, which is still formally in place in almost all respects, as the country moves - some might say ‘as it is forced to move’ - gradually and inexorably along the uncharted path to a

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6 That body still exists, although it now sets only a handful of prices.
7 In contemporary terms this would be called the suppression of ‘civil society’.
8 This was illustrated by a well-known remark of Phan Van Dong, Prime Minister of Viet Nam for most of that period. He said of himself that "No Prime Minister anywhere has been in office so long, and no Prime Minister has had as little power."
9 Originally held at irregular and infrequent intervals, and now every five years.
more market-oriented economy. The magnitude and complexity of that transformation can hardly be overestimated. Since indeed one is dealing here, as mentioned above, with an internally coherent overall system, it is an essentially correct generalization to state that there is to all intents and purposes nothing from the ‘old’ system which can be salvaged for use in the ‘new’ one; at the same time, the considerable expertise developed over the years to service the old system are not only irrelevant for the new one but in fact harmful to it. For instance, and that is only one among innumerable possible examples, the Soviet quantity accounting system, still in use in SOEs, is useless for ‘capitalist’ enterprises on the one hand, and focuses the attention and energy of managers in directions which are inimical to a market-driven approach, and thus harmful, on the other. At a higher level of generalization, it is equally clear that the marxist ‘economics’ studied at length and in depth by all senior Vietnamese economists and policy makers in Moscow, East Berlin or Budapest are not only of no use, but irreconcilable with, and antagonistic to, ‘capitalist’ economics. That difficult situation applies to all aspects of life in Viet Nam. What we are looking at here is akin to attempting to rebuild a complex engine according to a new and untried design while keeping it running.

‘Redeployment’ of communist systems in the direction of capitalist ones happened all over the former communist world after the collapse of the USSR in 1990-91, most dramatically perhaps in Eastern Europe, and is by now an extensively documented phenomenon. The Vietnamese ‘Doi Moi’, on the other hand, has had from day one an unusual and distinctive character, which it shares only with the People’s Republic of China, and which has made the transition more complicated and difficult than elsewhere: the determination to change the economic components of the system without disturbing its political ones, i.e. without in any way challenging the claim of the Communist Party to being the sole legitimate holder of political power. Such had never been attempted anywhere before: there was, and is, consequently no roadmap to success available. Whether success is theoretically, as well as practically, capable of being achieved is itself an object of strenuous debate, but is not relevant for the purposes of the present Report.

It is important to underline, however, the utter determination of the political leadership of the country to keep unchallenged the exclusive place and role of the Communist Party. The

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¹⁰ That is known officially as ‘market socialism’. Its definition is still the object of heated theoretical debates within the Party.

¹¹ In the former USSR and in Eastern Europe, the political and economic systems were both overturned at the same time.
'old' political structure remains essentially intact and its fundamental modus operandi has not changed - nor is it proposed to change it in any meaningful way. Thus, a key consideration in all policy and program debates related to the transition to ‘market socialism’ (as the new system is officially called) has been and remains the extent to which the nature and timing of individual ‘opening’ measures might threaten or compromise the position of the Party. Since, as mentioned above, the leaders are venturing here into a true terra incognita, the stakes are high, policy debates are bitter, opposite factions not easily reconciled appear, prudence and caution, rather than audacity and risk-taking, must almost always be at a premium.

All this is relevant to the question this Report is trying to address, namely to what extent, and if so by what means, have the studies sponsored by IDRC in Viet Nam enjoyed a degree of policy impact. The ‘policy impacts’ one is potentially searching for here are neither trivial nor marginal. We are indeed looking at the root and branch re-design of an economic system; that re-design is unfolding within the extremely severe constraint of the continuation in power of a totalitarian Party which in theory is itself dedicated to the uprooting and demise of the proposed replacement economic system. It is clear that the inevitably controversial reform policies required to reach that paradoxical goal could, and still can, be trashed out and agreed only at the highest levels12 and in great secrecy, making the tracing of research impacts an inherently difficult task. That is so generally speaking because high level deliberations, in all Governments, are understandably shrouded in confidentiality. This is even more so in Viet Nam which suffers from a deeply ingrained culture of secrecy and underlying paranoia about enemies both within and without. Furthermore, the stakes are personally high for the policy makers and advisers themselves 13, which encourages and indeed calls for a strong degree of secrecy. Finally, the policy-making process in this country14 is itself unusually opaque and difficult to grasp, while a pervasive and purposeful veil of secrecy envelops all Government decisions, even what would be for us inconsequential ones. Party deliberations, of course, are totally secret. None of this is helped by the absence of a curious press: all newspapers, magazines and media are owned by Government ministries and agencies or by the Party and its offshoots; investigative journalism does not exist; censorship and self-censorship as well as ‘guidance’ on what should be said, and how, are active; journalists who stray from the official

12 “Doi Moi concepts could be put forward only by ‘top leaders’: lesser officials would have taken a very significant personal risk if they had done so.” Interview with Dr Luoc.
13 That those who are spearheading the transformation come from the ranks of those who earlier spearheaded the forcible and successful introduction of Communism to North and then to South Viet Nam adds to the tragic irony of the situation.
14 That process is described more fully below.
line or venture into ‘forbidden’ territory lose their Press card (and thus their job); and analysis of political and policy developments is not encouraged. The State budget is not published15 (its discussion in the National Assembly is carried out in closed sessions), nor are the financial statements of the Central Bank; there is no equivalent of Hansard, speeches by members of the National Assembly are not publicly available, etc.

At the same time, the rapid and important economic progress which the country has enjoyed since Doi Moi was clearly not the result of ‘marxist’ doctrine16 but rather of the steadfast implementation of an increasing range of ‘capitalist’ policies. Yet few if any in the leadership had much, if any, even superficial familiarity with either the theory, the practice, the measurement or the development and deployment of such policies. Since none of these could come from within, at least for an initial period of undetermined length, they had per force to come from without. Hence it would not be unreasonable to expect that policy-making in the post-Doi Moi context would be heavily research-dependent, at least foreign research, and that the need to internalize, as it were, the required research and policy capabilities would be recognized and acted upon17.

POLICY-MAKING IN VIETNAM

The special complexity of the Vietnamese policy- and decision-making process comes for the fact that it is composed of two major autonomous strands, plus a third autonomous but relatively less major one. The two major strands have to do with the Party and the Government, and the third one with the National Assembly 18. Policies move up and down each of those strands to a large extent independently, and each has its own rules and processes. The National Assembly one is concerned with laws; its several powerful Standing Committees19 are deeply involved, each within its own assigned area of competence and often in parallel with sponsoring Ministries, in the drafting and amending of laws, and consequently in decisions.

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15 There was one exception in 1999, after strenuous urging by the donor community. It took the shape of a two-page document and referred to the previous year.
16 However much the official ideology claims the contrary.
17 If only, at the most cynical level, in order to understand what donors were talking about and to respond positively in a language understandable and acceptable to them.
18 The National Assembly is elected for a five year term. The newly elected legislature has recently published its detailed 5-year legislative program, with back-up pieces of legislation available should things proceed faster than anticipated.
19 The Chairs of those Standing Committees are very senior officials. They sit ex officio on the Standing Committee of the National Assembly, to which the powers of the Assembly devolve when the Assembly is not in session (the Assembly sits only two months every year) and each has the personal rank of Minister.
Standing Committees, for instance, will routinely convene 50-70 persons workshops composed of MPs, ministers, senior officials from central, provincial and local levels, judges, police, etc. where policy issues related to proposed laws are discussed and draft laws examined 20. Those workshops are held behind closed doors and are not reported upon in the media. That strand was not a target of the IDRC-sponsored research exercises examined in this Report and thus will not be analyzed further; nonetheless it remains an important one and plays a complicating role in the policy-making process.

The Government strand follows more conventional paths, with two relevant characteristics. First, inter-ministry and even intra-ministry coordination is weak and in many ways nonexistent. It is not unheard of for one department of a given ministry to publish a regulation at odd with one on the same topic issued earlier by another department of that same ministry. While there is a Cabinet in Viet Nam, it meets only once a month and is not an executive-coordinating policy body in the Canadian sense of the terms. This lack of coherence obtains even more in the relationships between central, provincial and local governments, each of which produces innumerable overlapping regulations covering the same issues and which are not infrequently contradictory with the others. Since regulations reflect underlying policies, all this makes for a rather chaotic policy panorama. The Prime Minister himself must become the major source of policy coherence and coordination within the system as well as the only arbiter of policy conflicts between his ministers 21; he finds himself inexorably drawn into the minutiae of policies and of administration 22, as well as of politics. The large government department (the ‘Office of Government’) which is mandated with helping him and the Deputy Prime Ministers in those tasks, and which fancies itself the ‘crème de la crème’ of the Viet Nam public service, is reputed an unwieldy and ineffectual organization. This has led successive Prime Ministers, perhaps predictably, to appoint small ‘personalized’ advisory groups/brain trusts to which they turn for confidential advice and analyses, and which may not appear clearly on formal Government organization charts; however they do enjoy a legitimate existence23. The Government strand operates with great secrecy. To give only one trivial but

20 It is not unusual for draft laws to go through 10 or 12 versions before they are tabled in the National Assembly.
21 He is assisted in that task by a small number of Deputy Prime Ministers, each responsible for a specific policy field. That ‘inner’ cabinet meets more or less every day.
22 It has been calculated that the Prime Minister has personally to sign some thousands of official documents each year. In 2000, the Office of Government received 141,726 documents from ministries and local authorities, and itself issued 14,591 documents.
23 There are two such groups. One is the Prime Minister’s Research Commission (PMRC), created in the early 90s by then Prime Minister Vo Van Kiet as the Prime Minister’s Advisory Group and elevated by the
telling example, foreigners are forbidden entrance to the building which houses the Office of Government; the members of the advisory groups and all senior officials in general are the object of special surveillance and are strongly discouraged from having one-on-one meetings with foreigners. The Government does not publish policy statements, White or Green Papers, consultative documents or preliminary proposals for discussions, and the rationales behind its policy decisions are not made public. There is of course no equivalent of a ‘Freedom of Information’ Act. The media do not report on such issues and there are few if any ‘commentators’ in the Western sense of the world.

It must be remembered that the Government is composed of bureaucrats appointed on a de facto presidential model rather than of elected politicians on a parliamentary one, and that ministers are not members of the National Assembly. The cursus honorum is for one eventually to be appointed a vice-minister, then a minister, and then a deputy prime minister; a new Prime Minister will normally be selected from among the deputy prime ministers. This progression goes in parallel with election and re-election to the Central Committee of the Party, where each member has a ‘number’ which indicates his seniority as well as his progress or slippage on the ‘greasy pole’. It will be most unusual for a senior official not to be a member of the Communist Party.

The third strand is the Party one. It is the most secretive of all and little is known or transpires of its workings. The Central Committee (and the Politburo) will on occasion issue formal and at time quite detailed Statements or policies on various issues of moment, which are designed to provide authoritative guidance to legislators and to the Government ‘at all levels’. Those Statements are presumably prepared by the Secretariat of the Central Committee; by definition there are no preliminary proposals or drafts statements made publicly available ahead of time for discussion or even information. The Central Committee normally meets twice a year in the days preceding the sessions of the National Assembly. Since the last three or four years a short communiqué has been issued dealing with the topics discussed at each session

current Prime Minister to the top bureaucratic status of ‘Commission’, and the Prime Minister’s Research Group on External Economic Relations (GEER) created by the current Prime Minister. Broadly speaking PMRC is concerned with domestic issues and GEER with foreign economic ones. Both are small groups which report directly to the Prime Minister and whose members are named by him. They also assist the Prime Minister in his further capacity as senior member of the Central Committee and of the Politburo.

24 The Prime Minister is ‘elected’ by the National Assembly. However there is only one candidate, whose selection is in fact in the hands of the Politburo, although formally it is arrived at ‘spontaneously’ by the Assembly.

25 As noted above, the National Assembly sits twice each year for about one month in the Spring and in the Fall.
(whether that communiqué deals with all topics or only a selection is not known); however no papers or detailed reports are available. For instance, the enormous quantity of descriptive and analytical material prepared as input into the 2001-2010 National Economic and Social Development Strategy, formally adopted by the Party Congress in 2000, remains unavailable to scholars, and even more so to the public.

Those three separate strands meet in the first instance in the Central Committee of the Party, where ministers, MPs, Party officials, Government officials, judges, police officers, heads of research institutions, etc. sit next to one another, and ultimately in the Political Bureau (‘Politburo’) of the Central Committee. The Politburo is elected by the Central Committee of the Party (itself elected at the Party Congress) and reports to it, and is the most senior political body in Viet Nam. It meets every week and enjoys unchallenged final authority over everything; nonetheless its existence, mandate, powers and responsibilities are not recognized nor codified in any legal text. Its Chairman is expectedly the Secretary General of the Communist Party; however the number 2 in its hierarchy is the President of the Republic, the no. 3 is the Prime Minister, and the no. 4 is the Chairman of the National Assembly; a senior Deputy Prime Minister sits there also along with the Secretaries of the Communist Party of the Ha Noi and Ho Chi Minh City Regions, etc. In this fashion the three strands described above converge and are reconciled in the Politburo. Yet its meetings, agendas, deliberations are not reported on at all. Thus the question for instance of where Government policies are made in the last analysis is not easily answered: is it by the Prime Minister, or by the Prime Minister and the four or five Deputy Prime Ministers who normally meet every day, or by the Cabinet as whole which meets once a month, or even by individual Ministers? Where do the views of the Secretariat of the Party fit into this, or those of the Central Committee (of which the Prime Minister and most other ministers are members), or those of the Politburo (where all the ‘top leaders’ sit around the same table)? There is no readily available answer to those questions.

The policy making structure and processes of Viet Nam are thus unusually opaque as of themselves, and this is in turn re-enforced as a matter of design by a quasi total lack of reporting. Hence the task of tracing, or perhaps more aptly tracking, the ‘influence of research on policy in Viet Nam is an elusive undertaking, where ‘hard’ answers are next to impossible to get.

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26 It has on occasion reversed decisions of the Supreme Court.
The senior bureaucrats who form the top levels of those three strands should not be automatically seen as entirely or even principally self-serving. The country will indeed find itself for many more years in a difficult and in many ways precarious position, with daunting challenges ahead of it, not the least of which is the mapless transition to an increasingly globalized market-oriented economy without upsetting the Communist bureaucratic system of which they are a part. At the same time, the Government, and indirectly the National Assembly and the Party itself, remain the targets of continuous and loud hectoring by international donors and by their legions of traveling experts pressing on them advice of all sorts. That advice it cannot afford to ignore, much less dismiss, since it has no choice but rely on the steady generosity of donors if the country is to continue its march forward. All senior officials, and the Government as a whole, know full well that they have results to deliver, over and above whatever personal or family enrichment they might be on the take for. They are aware that those who do not deliver will find their twin bureaucratic and Party careers stymied or destroyed. There is thus in the Government an oft mentioned insatiable appetite for effective policies, a corresponding permanent bemoaning of their absence and/or miserable quality by the Government, the National Assembly and the Central Committee, and a consequential degree of responsiveness to sound policy proposals. Hence the issue of the impact of research on policy is legitimate and topical.

27 Some 1.4 million young persons enter the labor market every year.
2. **ANALYTICAL FRAMEWORK**

Without going here into exhaustive methodological considerations 28, it is useful and relevant briefly to present the analytical framework which will be used in this Report. Political scientists and other researchers in that area have identified three major types of ‘research influence on policy’. The first is the **expansion of policy capacities**. Research can provide such an expansion in several ways such as improving the knowledge of policy actors, supporting the development of innovative ideas, improving the capacity to communicate policy ideas and recommendations, and developing new talent for policy research and analysis. The second one is the **broadening of policy horizons**. Research can provide opportunities for learning and networking, propose new concepts to frame debates and new ideas for policy agendas; it can educate researchers, advisors, policy makers and others in key positions leading to a broader understanding of issues, and nourish quiet dialogues among decision makers and researchers as well as between them. The third and last one is by **affecting policy regimes**. That is the most direct and visible impact, all too often wrongly presented as the only ‘real’ way of affecting policy. Research of that third type will lead to modifications or even to fundamental re-design of existing programs and policies or to the development of altogether new programs and policies. Even here this will normally happen through a circuitous process. A claimed direct link from a specific ‘research finding A’ to a clearly-defined ‘policy Y’ of any moment is by definition unusual, and indeed *a priori* suspect. Should the demonstrable existence of such a link be adopted as the sole, or even the major, criterion or test of research impact, the conclusion of any investigation of that issue would be almost predeterminedly negative.

**Diffusion** models cut across the above three types, drawing upon socio-psychological studies of the geographical and intellectual spread of industrial, commercial, and scientific innovation. Concepts such as ‘influentials’, ‘gatekeepers’, ‘coalition builders’, ‘policy entrepreneurs’, etc., and their relative hierarchies, come into play at this level of analysis. A further complexity reflects the fact that not all policies are born equal. Impacting through research far-reaching or overarching policies will require different contexts and processes than influencing minor or more narrowly sectoral ones, or tackling the highly focused ‘policy preserves’ of entrenched interests 29.

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29 Trade policy, for instance, is an area where research seems to enjoy little impact on specific policy decisions in the USA despite the presence of specialized ‘research’ entities such as the ITC which are mandated to do just that.
3. METHODOLOGY 30

The deployment of a rigorous and statistically sophisticated methodology was from the outset determined to be beyond the scope and resources of this Report. It may not have been necessary in any event and the more impressionistic approach chosen has been judged sufficient for the purposes of IDRC and of the present exercise. The approach had two components: a desk one and a field one.

The desk component involved an examination of IDRC documents related to the three selected (see below) IDRC programs in Viet Nam, made available by IDRC itself. Those included original and amended project proposals, project-generated documents and literature, internal and external progress and scientific reports, assessments and evaluations, etc. That exercise was conducted essentially in Montreal and to a lesser extent at the IDRC offices in Singapore. One purpose of this examination, over and above the need for the author to familiarize himself with the programs, was to arrive at some view on what one might call the ‘policy potential’ of the various components of the program, i.e. whether any given project could theoretically, given its context, nature and design, have a real policy impact on some significant area. The key link between ‘policy potential’ and ‘policy impact’ is intuitively apparent: a project devoid of any significant degree of the former cannot be reasonably expected to enjoy much of the latter 31.

The field component involved a number of in-depth interviews with two groups of mostly Vietnamese respondents 32. The first was composed of persons associated with the various research programs, including some of the researchers themselves; the objective of those interviews are obvious and does not need further elaboration here. The second, and purposely larger, group comprised senior officials from a range of ministries and institutions. Those were carefully selected on the basis that they had, or should have had, given their mandate and areas of concern, a legitimate interest in the existence and policy conclusions of IDRC-supported projects. While neither ministers nor senior Party officials were interviewed, some of their closest advisors were, including leaders of senior advisory and research bodies. That latter

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30 It must be underlined that, as agreed with IDRC, the present Report deals only with the ‘economic’ elements of VISED, VEEM, and MIMAP. Their ‘environmental’ and other non-economic elements are not touched upon.
32 Please refer to Appendix I.
group provided crucial insights into the policy- and decision-making processes in Viet Nam, an essential requirement to the understanding of policy impact; they also yielded valuable information on the extent, if any, to which IDRC-supported research had influenced public policy, and how.

Arranging meetings with high-ranking Vietnamese officials normally is a hazardous undertaking both because they, like senior officials everywhere, are very busy and because Vietnamese officials typically travel a great deal within and outside the country. The fact that the author knew personally most of those senior officials was of some help, especially in ensuring a reasonable degree of candour on their part. In the event only one or two ‘key’ persons proved unreachable because of extended absence from the country. All interviews took place during the month of January 2003 in Ha Noi: a few on 9 and 10 January and the rest between 17 and 29 January. Extensive notes were taken during all interviews and written up in interview report form almost immediately after each interview. Most were carried out in Vietnamese and required the services of a skilled interpreter; those conducted directly in English or in French without interpreter are noted as such in the interview reports. While the ‘real’ degree of candour of interviewees is impossible to assess with certainty, they did not visibly skirt around questions, even difficult ones, and the interviewer rarely felt that he was being fed a ‘party line’.

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33 The normal discretion of senior officials everywhere combined with typical Asian reticence and the Vietnamese culture of secrecy and distrust see to it that ‘candour’ cannot be considered automatic or a given.

34 In particular former vice-minister of MOSTE (Environment) Dr Le Quy An, who chaired the VISED Steering Committee.

35 The author attended part of an IDRC-MIMAP workshop in Ha Noi on 8 January and an IDRC-organized Evaluation workshop in Bangkok from 12 to 15 January.
4. **OVERVIEW OF IDRC’s PROGRAMS IN VIET NAM**

IDRC’s presence in Viet Nam goes back to 1991 (the very early days of Doi Moi), when the then Director of the Institute of Economics 36, Dr Toan Anh, having heard about IDRC, wrote at his own initiative to the Centre’s Regional Director in Singapore with a research proposal on *Problems of Restructuring the State Economy*. That letter led to a visit by that Regional Director 37 to Ha Noi and ultimately to the first IDRC-supported research project in Viet Nam. From that small acorn grew the multi-million dollar program described below as well as the increasingly strong and productive relationship between IDRC and the Institute of Economics. The IDRC program which is the object of this Report extended from the Fall of 1993 38 until early 2002 and was composed of three main components: *VISED* and its successor component *VEEM* on the one hand, and *MIMAP* on the other.

**VISED**

The ‘*Vietnam Sustainable Economic Development*’ 39 (VISED) program ran from August 1993 until March 1997. VISED was put together in support of the ‘*National Research Program*’ 40 of Viet Nam on-going at that moment. It was comprised of a number of relatively small and diverse investigations grouped under four themes: environment, economic, legal, and ‘small grants’. The ‘economic’ theme, for its part, financed four studies: *Foundations for Regional Development and Management in Viet Nam*, carried out by CIEM 41 and the Institute for Development Studies, *Organization and Management of Export Processing Zones and Special Economic Zones* (Institute of Economics), *Formulation and Organizations of Shareholding Companies* (CIEM), and *Establishing a System for Credit Funds* (State Bank 42.) Investigations financed under...

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36 That Institute is a constituent part of the *National Centre for Social Sciences and Humanities* (NCSSH), a vast Government research organization which groups a number of research centres and institutes in the fields indicated by its name. The NCSSH is an autonomous State entity with Ministry status, and penurious like all State entities in Viet Nam; its staff are all public servants with poverty-level public service salaries.

37 Dr Jingjai Hanchandlash.

38 As always and perhaps more so in this instance given the context, it took some not inconsiderable time from the first contact to get a first program (VISED) defined, approved, and launched.

39 Originally the much broader ‘Vietnam-Indochina Sustainable Economic Development’.

40 The NCSSH functions through a five-year Government-wide National Research Plan (itself part of the overall five-year Socio-Economic Development Plan) apportioned between the constituent entities of NCSSH and the several research institutes which are part of each line ministry, and through annual slices of the Program financed by the Government. If the current National Research Program suffers from a pitifully modest financial envelope and if the NCSSH is a penurious organization in 2002, it can be imagined that the financial resources available for research purposes in 1991 were infinitesimal. The funds contributed by IDRC for VISED, and later for VEEM and MIMAP, may look puny on an absolute scale but were munificent for the Viet Nam of the time.

41 More about those various institutes and organizations in the other parts of this Report.

42 I.e. the Central Bank of Viet Nam.
the ‘small grants’ scheme included *The Competitiveness of State-owned Enterprises (SOEs) and non-SOEs in Viet Nam* (Institute of Economics), *Strategy for an Open and Export-oriented Agricultural Sector* (Institute of Agricultural Planning of the Ministry of Agriculture), and *Study of the Agricultural Bank of Viet Nam* (Ministry of Agriculture.) The varied nature of the components of VISED can be explained by the lack of Vietnamese experience with, and expertise in, the structuring of ODA research projects\(^43\), as well as by IDRC’s need to move forward in a novel and uncharted context without being too ‘picky’ or difficult, an attitude which could easily have compromised the whole exercise. VISED was supervised by a high-level Steering Committee chaired by Dr Le Quy An, a vice-minister responsible for the environment sector in the then recently created ministry of Science, Technology and the Environment (MOSTE) \(^44\).

It is important to explain at this point that all Official Development Assistance (ODA) projects in Viet Nam have to go through an intricate gauntlet centrally run by what was then the State Planning Commission (now the Ministry of Planning and Investment, ‘MPI’), one element of which is the assignment by Viet Nam of a counterpart Ministry or Government organization; such counterparts are not easily changed later on. IDRC’s assigned counterpart from the beginning, given that it was a ‘research’ organization, was MOSTE, an important and to some extent fateful development. The policy impact of IDRC projects was thereby officially entrusted to MOSTE, a new, untested and comparatively junior ministry without clout in economic policy matters \(^45\), and within MOSTE to a vice-minister who, however well regarded in his own area (environment), was bureaucratically far removed from economic issues and perhaps less interested personally in them. It would seem also that IDRC was further categorized as primarily ‘environment-related’, as the successive MOSTE overseers of VISED and VEEM both came from the environment side of that ministry, even though ‘environment’ was only one element of those components, and not necessarily the most important one. This was not helpful for optimizing economic policy impacts either \(^46\).

\(^43\) “The Vietnam side did not put in place an effective process of selection of projects and the Canadian side was not fully *au fait* of that situation. Projects came from various ministries without any overall plan or any central coordinating authority. The basic motivation on the VN side was to ‘get as much as possible’ and to ‘spread’ the benefits among various agencies.” Interview with Dr Ho, former President of the Development Strategy Institute.

\(^44\) That ministry no longer exists. Its environmental mandate has been hived off to a new ministry of Natural Resources and Environment, and MOSTE has reverted to its original mandate of ministry of Science and Technology. Dr Le Quy An retired from the public service in 1997 or 1998.

\(^45\) Its actual clout in environmental matters was itself debatable, given that Soviet-style regimes are notoriously unconcerned with environmental considerations.

\(^46\) Whether IDRC could at that time have insisted successfully on a different counterpart is very doubtful. That is now a moot point in any event.
On the other hand, VISED enjoyed the presence of a strong and well-connected Advisory Group, composed of the Presidents of three senior think tanks or research institutes officially concerned with economic issues: the Institute of Economics and the World Economy Institute, both attached to NCSSH, and the Central Institute for Economic Management (CIEM), attached at the time to the State Planning Commission (and later to MPI.) The Institute of Economics and the World Economy Institute are two of only three research entities which have the right to send their reports and recommendations directly to the Prime Minister and to the Secretary General of the Party; CIEM, for its part, had an illustrious history going back to the days of central planning when it was a key agency with very senior ministerial status, and was still considered a senior organization albeit less so than before.

VEEM

The ‘Viet Nam Economic and Environment Management’ (VEEM) program was put together as a successor to VISED and ran from 1997 to 2002. Its stated objective was to enhance the capacity of the Government of Viet Nam for policy development in economic integration and natural resources management, and to conduct policy-oriented research in those areas. Thus VEEM had a clear and upfront policy thrust from day one. Contrary to VISED, its important economic component focused on only two inter-related areas, both of great policy moment at the time: trade liberalization and its impacts, and the competitiveness of export industries (with particular reference to the textile and garment sectors.) This led to the publication in late 2001 of five major reports, supported by the compilation of a comprehensive computerized ‘trade data base’, the first and still only one of its kind in Viet Nam. VEEM also had a ‘small grants’ element which supported a handful of smaller research projects, all however in some way or other connected to the two major themes. Thus VEEM was tightly structured around a couple of ‘large’ issues. Contrary again to VISED, which had financed a number of heterogeneous research organizations, there was only one major Vietnamese contractor for the ‘economic’ component of VEEM, namely the Institute of Economics; it

47 The third one is also part of NCSSH, but its mandate is only to provide information on issues of the day, as opposed to analyses and recommendations.
48 It is not coincidental that the President of the World Research Institute, Dr Luoc, is a member of the two advisory boards closest to the Prime Minister (PMRC and GEER) while Dr Doanh of CIEM is a member of PMRC.
49 That component spoke for 2/3 of total VEEM funds.
50 And still now.
51 The Cement sector had also been part of the original plan but was dropped for a variety of reasons.
52 For instance the Impact of the Asian Crisis, The Role of the Private Sector in Trade, The Situation of Female Workers in the Textile and Garment Industry, etc.
53 There were a few others, such as CIEM, but for the ‘smaller’ studies only.
carried out all the studies and investigations related to the two major themes, and one of the ‘smaller’ studies. VEEM had an oversight structure very similar to the VISED one through a high-level Steering Committee chaired by MOSTE’s ‘environment’ vice-minister, by then Dr. Pham Khoi Nguyen. The economic component was supervised by an Advisory Group again composed of the Presidents of the same three research institutes as for VISED.

MIMAP

The ‘Micro Impact of Macroeconomic and Adjustment Policies’ (MIMAP) program ran from 1995 to 2001. It had two somewhat autonomous components, one having to do with Poverty Monitoring in Viet Nam and contracted to the Socio-economic Development Centre (SEDE), the other with modeling issues contracted to the Institute of Information Technology of the Centre for System and Management Research, itself part of the National Centre for Natural Sciences.

The main objective of the Poverty Monitoring component was to develop and start applying a ‘Community-based Poverty Monitoring System’ (CBPMS) offering richer and quicker data on actual poverty than traditional massive country-wide surveys undertaken from time to time by central statistical offices. Poverty alleviation and hunger eradication have been for many years key stated policy objectives of the Government of Viet Nam; important autonomous and ODA funds as well as organizational efforts have been earmarked to that end. Such policies, in turn, require precise definitions of what is ‘poverty’ and of its spatial distribution if targeted alleviation programs are to be implemented and their effectiveness measured. A narrow top-down definition based on infrequent nation-wide studies, as is the case in Viet Nam, may lead to rapid, even dramatic, but perhaps shallow and statistically suspicious ‘successes’. MIMAP was therefore to propose and test a different, indeed almost contrary, methodology calling for bottom-up measurement of poverty by local communities themselves on the basis of simple questionnaires reflecting a much broader definition of poverty, and self-administered by the villagers. Such an approach could also lead to the definition of at once ‘richer’ and better focused anti-poverty programs, more precisely tailored to the situation of each community, as opposed to the ‘one-size-fits-all’ solutions all too commonly adopted by Governments everywhere.

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54 MIMAP had two phases: phase I from 1996 to 1998 and phase II from 1998 to 2001. An IDRC-supported continuation project by the name of ‘Viet Nam Economic Research Network’ (VERN) is underway.
55 That component is still continuing as part of a larger regional undertaking, apparently independently from VERN.
56 That is the ‘natural sciences’ counterpart of NCSSH.
The second component of MIMAP supported the development of a first (for Viet Nam) set of relatively straightforward econometric\textsuperscript{57} models capable of analyzing the broad distributional consequences of various policy stances or proposals. The areas selected for analysis were the distribution and equity impact of fiscal policy (vg. various VAT rates) and of trade reform (vg. various tariff rates.) It should be noted that CGE models are by definition static in that they cannot be used to predict future developments such as for instance the impact of a given policy in years 1, 2 and 3 following its implementation. However they can provide useful insights into the effect of selected proposed policies or interventions on the current socio-economic structure of the country. Such a model was indeed developed as part of MIMAP and used for the purposes described above.

Contrary to VISED and even to VEEM, MIMAP’s content had been precisely defined from the outset, the institutions to be financed had been identified and contracted, the research directors had been brought on board, and the available budgets had been allocated. Thus there was much less need for a VISED- or VEEM-type oversight structure composed of IDRC and Viet Nam representatives or for a supervisory MIMAP scientific committee, and neither were put in place. In fact there was not even a ‘real’ counterpart ministry although MOSTE remained nominally identified as such by MPI. As a consequence, the policy impacts of MIMAP, if there were to be any, were essentially in the hands of the project directors themselves.

\textsuperscript{57} More precisely CGE (‘computable general equilibrium’) models.
5. FINDINGS

It must be underlined at the outset that this Report is not designed to provide an evaluation or assessment, however construed, of the three IDRC research programs under consideration. More specifically, this Report does not start with a normative assumption or with a hypothesis, then to be tested, that there was supposed to be, or ought to have been, identifiable policy impacts flowing from the research sponsored by IDRC under the three programs. Such an approach, despite its potential interest, would have been outside the mandate and scope of the Report. Rather, we try to address a more mundane factual question: did the three programs enjoy policy potential? Did those with potential have any policy impacts? And if so, what were those impacts and how were they achieved?

GENERAL OVERVIEW

In summary, it appears that VEEM had the highest ‘policy potential’, followed by VISED and then by MIMAP. On the ‘actual policy impact’, and using the three categories identified in the analytical framework 58, it appears in a nutshell that:

(i) VISED, VEEM and MIMAP clearly and significantly contributed to the expansion of policy capacities;
(ii) VISED, VEEM and MIMAP contributed to the broadening of policy horizons;
(iii) VEEM likely had some impact, however difficult to pin down, on policy regimes, while MIMAP may be on the way to having one.

Thus it is concluded that overall the three research programs had an impact on policy, particularly through the expansion of policy capacities and the broadening of policy horizons.

DISCUSSION

It should be underlined at the outset that the peculiar and dire situation of Viet Nam, when IDRC started its programs there (and still today to a large extent), and given the contemporaneous decision to launch Doi Moi, did most dramatically call at the same time (1) for the urgent expansion of policy capacities from a base of more or less zero; (2) for the accelerated broadening of policy horizons (indeed for an upheaval in such horizons so as to make Doi Moi understandable); and (3) for drastic changes to all policy regimes (save for the political one) in order to begin implementing reform. Thus the overall context was uniquely

58 Please refer to the Analytical Framework described in Section 2 above.
receptive, if proportionately challenging, to research inputs designed to assist the country on those three fronts.

Within that context, two approaches to policy development were possible. The first one relied on the import of ready-made and already research-tested policies relevant to implementing Doi Moi. Such an approach was not without considerable merit, based on two sets of considerations. First, the problems of transition from a centrally-planned to a market-driven economy were being faced elsewhere: there was already a portfolio of ready-made policies available to deal with such situations. Vietnamese policy-makers could simply be made aware of these, and would-be local researchers, such as they were, could study and learn from these basically as assistants to the foreign advisors who arrived with the policies more or less in hand. There remained mostly the need for some fine tuning and for devising how to apply the policies to Viet Nam, both of which called for local research in order to pinpoint the right articulations. Second, growing a sound autonomous research and policy capability takes time, but time was clearly of the essence, immediate decisions and results were needed, and why re-invent the wheel? Already finished and quality policy products could be taken directly to senior decision makers for high-level discussion and early implementation.

The second approach focused rather on the development of that autonomous research and policy capacity: a less immediately useful and indeed more time-consuming formula but one which hopefully yields crucial medium term benefits as the policy development process become domestically grounded and more sophisticated. That approach calls for a mentoring rather than a directing methodology: high-level foreign experts, instead of carrying out the research themselves with local assistance, guide domestic researchers in the design and conduct of data-grounded policy-oriented research on issues selected by the latter (rather than by the experts), subject their work to the rigorous scrutiny typical of good Western academic practices, and encourage the formation of inter-institutional teams or networks capable of addressing complex issues on a cooperative basis. Local researchers will then ‘own’ the finished product; its policy impact will hinge to a very large extent on the timeliness and relevance of the issues they (the local researchers) will have selected for investigation, on their own knowledge of the ‘system’, and on the quality of their access to policy makers. There is a risk that their output will

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59 That was the so-called ‘Washington Consensus’, which called inter alia for the early and rapid dismantling of State-owned Enterprises. More recent work, including by the World Bank itself, has introduced important nuances, to say the least, in that Consensus. However it was the only ‘doctrine’ available at the time.
turn out contextually out of sync with the needs of policy makers and thus useless, or will remain unknown or forgotten. That approach is in fact a combination of capacity building, institutional development, and network creation/maintenance. One of its essential requirements, if it is to be successful, is a patient and steadfast orientation to the long term which allows the sustained application of financial and human resources over several years and refuses to be discouraged by initial confusion or flailing around, by recurrent delays, and by the absence of immediate breakthrough results.

As will be made clear below, IRDC consciously selected the second approach and stuck with it with remarkable tenacity over a ten-year period despite serious occasional difficulties and criticisms, and discouraging setbacks. At the risk of oversimplifying, it could be stated that VISED provided the experimental phase where the approach was tested, institutions assessed and a first group of researchers trained. VEEM (and to some extent MIMAP) built on that experience and brought it to fruition. Therefore, what one might call the fundamental ‘policy potential’ of IDRC’s approach to research in the politico-economic context which obtained in Viet Nam at the time was positive and indeed considerable, as well as fully capable, at least on paper, of generating effective policy impacts.

That impact would hinge further on the ‘policy potential’ of the actual issues chosen for investigation. Here again, one has to note that the issues variously selected in the economic components of VISED, VEEM, and MIMAP were on the whole at once relevant, timely and of moment. While that is not an unimportant conclusion, it is less dramatic than may appear at first sight. We have to remember that movement up the economic development ladder from a miniscule base, and more importantly the transition from a centrally-planned to a market-oriented economy, call for the wholesale re-thinking of practically all economic policies: for the three IDRC components to have altogether missed such a wide target would have been surprising. The overall central policy issue in such contexts is different: given limited human, financial and particularly time resources, and given that ‘everything’ has to be tackled, where should one start? What should the politically feasible policy development priorities be? Are there viable policy ‘families’ which can be identified as overarching or underpinning ones to be dealt with at the very first opportunity? That was a most difficult and yet crucial question for the ‘untrained’ Vietnamese decision-makers; in fact it was basically unanswerable for them.

60 That does not mean of course that other approaches could not have been equally or even more fruitful.
This is where the so-called ‘Washington Consensus’, right or wrong, proved useful\(^{61}\) in providing a policy roadmap.

That vexed issue of policy priorities was particularly relevant for VISED, since its preparatory planning took place in the very early days of Doi Moi, i.e. 1991 and 1992\(^ {62}\). Here, one is struck by two things. First, the economic, legal, and ‘small grants’ components of VISED are all over the place: none of the specific components can be faulted for irrelevance, far from it, but one cannot escape the impression of a scattershot approach to policy research, without much visible synergy between the various components. Thus we are led to the conclusion that the actual policy potential of VISED as a whole could only be quite limited, given the multiplicity and diversity of selected targets. On the other hand, one can reasonably speculate that such a situation reflected the fact that the senior decision makers in Viet Nam were themselves confronted with a very wide array of problems and had not yet made any final choices as to which ones should be tackled first, and how. Thus they needed views on a large range of apparently disjointed issues. The second observation is that of a certain convergence, perhaps entirely accidental and perhaps not, between the content of VISED and some of the key elements of the Washington Consensus, incl. for instance the competitiveness of SOEs, the strategy for an export-oriented and open agricultural system, the reform of the court system, and (shades of the People’s Republic of China...) the organization of Export Processing Zones and Special Economic Zones. One can assume with some degree of confidence that such issues were at the forefront of the chaotic economic debates which raged at that time. Whether the various pieces of VISED-supported research had in fact any policy influence is a question that will be discussed below; however their individual ‘policy potential’ cannot be doubted.

The situations of VEEM and MIMAP are clearer. In the case of VEEM, the convergent topics of trade liberalization and competitiveness have been at the forefront of the Government’s economic agenda for years, and indeed increasingly so with the signing of AFTA and BTA, and the proposed accession to WTO\(^ {63}\). For MIMAP, poverty eradication has also been

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\(^{61}\) While the World Bank and the IMF could not become fully engaged in Viet Nam until USA-Viet Nam relations had been repaired in 1994, other agencies (bilateral and multilateral) were active in Viet Nam. Their thinking was necessarily influenced by that Consensus and they impressed its consequent priorities on the Government.

\(^{62}\) The project itself, it will be recalled, started in 1993.

\(^{63}\) Respectively ‘ASEAN Free Trade Area’, ‘Bilateral Trade Agreement’ (between the USA and Viet Nam), and ‘World Trade Organization’.
an overarching and key policy objective of the State. Thus the ‘policy potential’ of those two elements is incontrovertible.

The Expansion of Policy Capacities

Two major conclusions emerge very clearly from all interviews. First, the economic research, analysis and policy capacities of Vietnamese institutions and of Vietnamese scholars, in the context of a market economy and in the early 90’s when IDRC started its Viet Nam program, were to all intents and purposes nil. That weakness was recognized by all interviewees and explained by three converging factors. First, all Vietnamese economists who by the end of the 1980s had risen to important policy advisory positions had studied the orthodox Marxist doctrine in universities in Beijing, Moscow, East Berlin, Prague, etc. Thus their scholarly economics were useless and they were unacquainted with ‘Western’ economic concepts - much less could they deal with them. Second, the kind of economic analysis required in a market economy context is fundamentally different from what a Soviet-style planned economy calls for; thus the techniques mastered by Vietnamese experts, advisors and researchers for the purposes of what the Vietnamese now call the ‘subsidized economy’ were not only useless in the novel context of Doi Moi, but actually harmful. All economists working in Viet Nam had to be re-trained in depth, and many of them more than once. The question thus arose, and that is the third crucial factor, as to who would do the retraining and how. It is at the level of that third factor, and this is the second major conclusion, that the three IDRC programs, starting with the very first one (VISED), made an outstanding and singular contribution through their adoption of an innovative approach which no one else was using at that time.

The diagnostic that Vietnamese economists were not capable, for reasons clearly not of their making, of grappling with ‘capitalist’ economics was an obvious one. It was recognized by all, Vietnamese and donors alike, that this created a serious problem in need of urgent solution. As noted above, the emergency approach adopted by the early key donors was to fly in their own experts to carry out the urgently needed work and according to their own sense of what was urgent; their Vietnamese counterparts could learn their ‘new’ economic skills by observing what those experts were doing. In contrast, IDRC adopted an almost opposite approach. It

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64 It should be remembered that important Soviet technical advisory missions, including economic ones, were stationed in Ha Noi for many years, and that Viet Nam managed practically all its external trade through the COMECON.
65 It was underlined by several interviewees that those who could not be re-trained were ultimately cast out.
allowed the Vietnamese researchers themselves to select the issues to be investigated according to their own view, rather than IDRC’s, of what was urgently needed. The research was then entrusted to Vietnamese institutions and Vietnamese researchers, as opposed to being carried out directly by IDRC experts with Vietnamese assistance. Thirdly, and this was seen as the key innovation which made the first two especially effective, IDRC provided senior academic advisors to the Vietnamese researchers and institutions, who came periodically to Ha Noi in order to review in depth, discuss and correct their methodologies and their work. Thus the Vietnamese economists learned their new skills by actually carrying out serious investigations on important and topical issues selected by them, but with the guidance and under the surveillance of senior foreign academics who acted in a quasi-tutorial capacity. It was underlined by many interviewees that this approach proved extraordinarily fruitful and effective, that IDRC was the first, and for some time the only, donor to follow it, and that it was occasionally criticized for it by other donors. In that way a small and gradually growing cadre of competent researchers took root in a few key research institutions such as the Institute of Economics, CIEM, and the World Economy Institute. The effectiveness of that IDRC formula has since been recognized and several interviewees noted that many donor institutions, including for instance the World Bank and the Ford Foundation, now use it in whole or in part.

The above general observation holds for all three IDRC programs. One has the impression however that it holds particularly for the two major economic components of VEEM (trade liberalization and sectoral competitiveness) and for the modeling component of MIMAP. This was probably due to the fact that one was dealing here with major research undertakings yielding scholarly reports and calling for the deployment of ‘heavy’ methodologies as well as the gathering and analysis of large quantities of hard data, especially in the case of the VEEM projects but also for the CGE model. It was underlined that this entailed serious original and data-based research in the ‘Western’ sense, by opposition to the ‘traditional Vietnamese’ approach of compiling what had been written by others on the topic at hand and presenting the compilation as original scholarly work. By the same token, one can see how VEEM-supported research was in several ways without precedent in Vietnamese academic tradition, how it called for analytical skills and attitudes to research not yet developed or at least far from prevalent in Viet Nam, and how essential the IDRC-sponsored mentoring process was to the development of both the skills and the attitude. The preparation of the computerized Trade Database, which

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66 There were also some visits to Canadian universities by the Vietnamese researchers.
67 See for instance the interview with Dr Doanh, ‘IDRC’s Overall Contribution’.
constituted a key underpinning for much of the VEEM research, offers an excellent instance of a very complex and difficult data compilation exercise hitherto quite unheard of among Vietnamese academic researchers and which therefore required a lot of ‘handholding’, guidance and critical comments by the mentors. At the same time, it is likely that the necessity of strengthening the basic research skills of the Vietnamese scholars did not allow much time for the development and honing of the different set of skills required if one wants to proceed from ‘pure’ research to ‘policy’ research 68.

The observation applies also, but in a different fashion, to the modeling component of MIMAP. The development of a CGE was a first in Viet Nam at the time 69 and called for the development of specialized matrices, the verification and ‘teasing’ of data obtained from the General Statistical Office, etc. Here again the work was done by Vietnamese researchers with the assistance of outside scholars who came to Ha Noi periodically over the life of the project. Similarly when the time came actually to use the model for the analysis of policy proposals or variables such as the VAT or various tariff structures. The issues to be analyzed were selected by the Tax Policy Department of the Ministry of Finance, and such analysis had not really been done before. It now seems, by contrast, to have become almost routine within the Department, which has also itself developed, or supported the development of, specialized sub-routines which are used to extend the model to other sectors or to additional proposed policies. Thus new skills were developed not only for the confection of the CGE but also, and perhaps more importantly from a policy point of view, for its policy-oriented use.

A further crucial innovation brought to Viet Nam particularly through VEEM and MIMAP, was the idea of networks of institutions and researchers working together under the leadership of one of them. That approach was unheard of at the time 70 and is still not widely accepted in Viet Nam, where researchers and officials have a long standing tradition of not sharing anything - or as little as possible - and of not cooperating together on complex undertakings 71. Yet the IDRC components showed that it was possible successfully to carry out large and complicated research endeavours requiring a range of skills beyond those available in

68 It is not certain either that academic mentors are the best ones for the development of those particular skills.
69 There now several other CGEs in place, for instance in the Ministry of Finance proper, CIEM, etc.
70 See for instance the comments of Mr Thach Can.
71 That attitude still permeates the whole bureaucracy and is routinely criticized by the Government itself. As mentioned already, problems of a lack of intra- and interdepartmental coordination and cooperation are severe and rampant.
the ‘lead’ institution. Indeed it became clear that networks were the only feasible way of carrying out such investigations 72.

One can therefore conclude with confidence that the three IDRC components under consideration here successfully broke new substantive as well as methodological grounds in research and in policy, and thus did contribute significantly to the expansion of policy capacities.

The Broadening of Policy Horizons

The Vietnamese context at the time of the launching of VISED as well as of VEEM and of MIMAP was such that the broadening of policy horizons must necessarily go hand in hand with the expansion of policy capacities. That situation still obtains to a very large extent. Indeed, as underlined above, the visible and ultimately accepted bankruptcy of the communist economic doctrine (which led to Doi Moi) meant that the initial challenge to policy and decision makers was less one of broadening existing policy horizons than one of exploring a true ‘terra incognita’ of economic policy and of finding one’s way around there. Rough ‘policy maps’ became available with the passage of time, as debates raged on, as new policies were gradually formulated, and as the economy gathered positive momentum; all this led to the gradual emergence of issues of ‘broadening’, which were not prevalent at the beginning of the reform process. The years 1996 and 1997 were crucial in that respect. Until that time the economy had been growing at a blistering speed, Viet Nam was widely labelled the ‘new tiger’, foreign direct investment was pouring in, and the country was the darling of the donor community. A certain complacency had taken hold, based on the view that sufficient reform had by and large already been implemented, that success was basically in hand, and that one could – should…- now proceed at a considerably more deliberate pace. The so-called Asian Crisis of 1996/97 and the concurrent collapse in foreign direct investment 73 rudely interrupted that self-satisfied reform slumber. The urgent questions then became how to avoid being engulfed by the crisis, how to face the competition of regional countries the value of whose currencies had been abruptly slashed by 50% and more, and how to restore the economic momentum which had been lost. These issues were joined after VISED had ended but were right upfront for the VEEM component.

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72 One of the offshoots of the IDRC projects has been the creation of the still embryonic but growing Vietnam Economic Research Network (‘VERN’.)
73 Foreign Direct Investment (FDI) had in fact started to decline in 1996. The Asian Crisis accelerated the phenomenon and FDI collapsed to almost zero.
The extent of VISED’s contribution to the broadening of policy horizons is not entirely clear. It is true that the projects undertaken by the various organizations supported by VISED in most cases did break new policy grounds and thus could have made significant contribution to the broadening of policy horizons. That VISED projects proposed new concepts and new ideas for policy agendas was underlined by several interviewees and some specific examples were provided 74, for instance VISED’s contribution to the thinking on regional development by the Development Strategy Institute, the results of which were quickly disseminated through several workshops. On the other hand, their impact on senior level advisors remains poorly documented. We note that senior PMRC and GEER members, the top advisors to the Prime Minister, did not know of (or did not remember…) the existence of VISED. That is the more surprising since Dr Luoc and Dr Doanh, who both sat on the VISED ‘Advisory Group’, were members of PMRC and of GEER 75. The Ha Noi-based VISED coordinator, Mr Raymond Gauthier, also worked closely with PMRC on other projects: he thus might have briefed them on VISED and brought its conclusions to their attention. Yet, that did not seem to have been the case. The above judgment has to be qualified by the fact that by January 2003, when the interviews for this Report were conducted, VISED had already been over for more than five years; furthermore it had been a rather dispersed program, not structured around a small number of high visibility or easily remembered ‘major’ projects. Finally, the policy apparatus of the Government, during the days of VISED, was disorganized and embryonic 76, thus providing few as well as unclear avenues to senior policy advisors. Nonetheless, as will be seen in the ‘policy regimes’ section below, certain VISED projects did enjoy policy impacts, which leads one to believe that they did broaden policy horizons.

By contrast, the more focused VEEM helped the Institute of Economics address squarely two critical policy elements or components of the urgent questions brought to the fore by the Asian Crisis and subsequent events: trade policy and competitiveness policy. On trade policy, the research carried out by the Institute showed that the vaunted export orientation policy of the Government was in good part a myth for outside consumption: the ‘true’ policy remained one of import substitution and in essence a legacy of the centrally planned economy 77. It

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74 See the interviews with Dr Doanh and with Dr Ho.
75 Dr Luoc claimed not to have been closely associated with VISED and not to remember much about it. Dr Doanh’s memory was clearer.
76 The precursor of the PMRC, the Prime Minister’s Consultative Group, did not really get of the ground before 1995.
77 With resource allocations controlled by the State, both directly and through SOEs, as mentioned in volume I of the Institute of Economics-VEEM Reports.
showed also that the tariff policy was guided by the unavowed imperative of protecting vested interests of SOEs rather than by any overall coherent economic agenda, and more specifically – again contrary to official pronouncements - that the policy worked in fact to the detriment of the rural areas where the vast majority of the population lived 78. Finally, the research revealed that measures 79 put forward by the Government to improve, or at least maintain, the competitiveness of the key export sector of garments and textiles were based on flawed analyses and thus misguided. It can be readily appreciated that such findings were controversial if not explosive; if correct, they had very important policy implications.

The interviews revealed that the conclusions reached by the Institute of Economics were fully shared by some key policy advisors such as the Prime Minister’s Research Commission and particularly the Prime Minister’s Research Group on External Economic Relations 80. What is equally interesting however is that these two bodies were not specifically aware of the work and conclusions of the Institute; nonetheless these were ‘in the air’, so to speak, and an important part of the supporting evidence for continuing and indeed accelerating the reform agenda. It was not possible to document fully the mechanisms employed for the diffusion of those results to senior policy levels. There were a number of seminars and workshops held at various points during the research process, and particularly at the end of the main elements of the project. The level of attendees at those workshops could not be determined with precision but there is no evidence that many ‘high ranking’ officials were present 81. However, the economic component of VEEM was managed, as mentioned above, by an advisory board comprised of three senior level Government advisors on economic matters, who presumably were in a position to bring those findings to high places. Perhaps more convincingly, it was argued by several interviewees that the President of the Institute of Economics played a key role here in his capacity as member of the Central Committee of the Party and member of the Standing Committee on Economic Affairs of the National Assembly 82.

78 See volume II of those same Reports.
79 Vg. expanding cotton cultivation in order to reduce the industry’s dependency on foreign sources of that raw material. See volumes IV and V of those same Reports.
80 See interview with Messrs Mai et al.
81 Similarly, senior persons at the Prime Minister’s Research Commission could not recall a presentation of its results by the Institute, despite claims that such a presentation took place and was ‘highly successful’.
82 It was noted by some interviewees that the President of the Institute, Dr Nam, was more a ‘politician’ than a strong scientific researcher, in contrast with his predecessor who was the opposite.
The situation of MIMAP was somewhat different. One of its overt purposes was indeed a ‘broadening’ of policy horizons since it put forward both a new, ‘richer’, definition of poverty and a novel methodology to document it. The key ‘target’ institution, if that purpose was to be achieved, was the Ministry of Labour, Invalids, and Social Affairs (MOLISA), and more specifically within it the National Program for Hunger Eradication and Poverty Reduction (PHERP). It is clear that MIMAP has had an important impact on the thinking and methodology of PHERP, which had itself been aware for some time of the severe conceptual inadequacy of the ‘one-indicator’ poverty criterion it has been using. PHERP became interested in MIMAP for that very reason; it now has an agreement with the Institute of Economics and three or four of its staff work with the Institute. They have mounted together several MIMAP-type pilot projects and their findings may ultimately find their way into the official poverty criteria system for the current planning period. It is interesting to note in that respect that PHERP had not heard of MIMAP until two or three years ago, that is to say more or less as the component (since extended) was coming to an end. The Director of MIMAP, Dr Anh, then of the Institute of Economics, had been a senior consultant to MOLISA and to PHERP for a number of years and it is through him that PHERP heard about MIMAP. A further comment of interest is that the Minister and Vice-Ministers of MOLISA do not know of the MIMAP approach as such; that however did not prevent PHERP from working with the MIMAP team.

The modeling component of MIMAP has also had a clear broadening impact on the tax side of the Ministry of Finance. Before MIMAP, the Ministry did not have any econometric models which it could use to simulate the distributional impact of proposed policies or interventions. That was remedied through the development of a CGE model by the Institute of Information Technology with the assistance of IDRC-provided outside experts. The model has already generated interesting counter-intuitive results; whether those results have been communicated to senior policy makers and has influenced their thinking is not clear. On the other hand, it is apparent that the Ministry has developed a strong ‘ownership’ of the model and has been using it for a variety of purposes as well as continuing to expand it. The model remains a static and fairly simple one, however, and whether its existence will lead to more complex endeavours is yet to be seen. A handful of other Government entities (viz. CIEM) have

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83 Please refer to Appendix II for the official Vietnamese definition of poverty.
84 The Government of Viet Nam operates on the basis of 10-year (currently 2001-2010) and 5-year (2001-2005) plans.
85 Quantity-based models used in Soviet style central planning are irrelevant for a market economy. Conversely, the data needed for a CGE model are not routinely generated by a Statistical Office geared to the needs of a central planning system.
acquired CGE models since then. The extent to which those decisions were stimulated by the appearance of the ‘MIMAP model’ could not be ascertained, and there seems to be little cooperation between them, one reason being that contrary to MIMAP’s CGE, those other ones do not reveal their codes.

One can therefore conclude with sufficient confidence that the three IDRC components under consideration did contribute to the broadening of policy horizons. This is likely so for VISED and clearly as well as significantly so in the cases of VEEM and of MIMAP.

**Affecting Policy Regimes**

As was stated earlier in the Report, the evolving delineation and gradual implementation of the economic content of Doi Moi (as an alternative / replacement to the central planning approach) called in a massive fashion for both ‘the fundamental re-design of existing programs and policies’ and ‘the development of new policies and programs’. Given that highly unusual environment, it would certainly not be illegitimate to argue that the various components of VISED and VEEM did inevitably affect the Vietnam policy regimes, if only by virtue of the fact that they expanded the Government’s policy capacities and broadened its policy horizons in a context of strong demand for policy and of very scarce supply thereof. That statement would be more convincing if we could trace with some degree of confidence the bureaucratic and/or political paths followed by the reports under consideration on their way to policy impact. Such tracing, as pointed out earlier, is inherently fraught with immense difficulties even in the most open and transparent of Governments; those difficulties are compounded in the case of Viet Nam, where decision-making processes are unusually involved and purposely kept opaque if not indeed inscrutable. Thus it is not possible to proceed here except in the most indirect fashion.

One can note first of all that many important policy decisions did ultimately conform to the recommendations of some components. For instance, the VISED study ‘*Foundations for Regional Development and Management in Viet Nam*’, carried out by the Development Strategy Institute, addressed some difficult (as judged at the time) issues raised in the 1991-2000 Development Plan and the solutions recommended were adopted more or less forthwith. The Enterprise Law, a centrepiece of the latter phases of Reform, flows in some ways from the
The VISED project ‘Formulation and Organization of Shareholding Companies Management’ 86; furthermore, that project was carried out by CIEM which later was assigned the overall responsibility for the drafting of the law. SOE reform, another centrepiece of that latter phase of Doi Moi (albeit still embryonic in many ways), is adumbrated in the VISED report ‘Competitiveness of SOEs and non-SOEs in Viet Nam’ prepared by the Institute of Economics. The broad agricultural sector has been a pioneering and highly successful source of exports for the country. The VISED report on a ‘Strategy for an Open and Export-oriented Agricultural Sector’ recommended that; it was prepared by the Institute of Agricultural Planning of which the Director at the time later became Director General of Planning for the Ministry of Agriculture and Rural Development and is now a senior Vice-Minister within that ministry 87.

The VEEM component, as noted above, came to very far reaching views and conclusions; perhaps paradoxically however, it has had a much less visible or perceptible direct effect on policy regimes so far. Several factors can explain that situation. In the first instance, the reports were academic in nature (as they were meant to be) and thus not immediately operational in concrete policy terms. Second, the various reports became available in preliminary printed form only in late 2001 and there may not have been enough time yet for their influence on policy regimes to be felt, as such influence is rarely immediate. Thirdly, they did challenge the conventional wisdom on the important policy and program issues they examined, thus necessarily delaying their impact until their views could be sufficiently explained and championed 88. Nonetheless, one interviewee claimed that the report on the competitiveness of the textile and garment industry provided an important input to the Government’s decision to shrink quite drastically the area initially proposed to be devoted to cotton cultivation 89 and was known to the Vice Minister of Agriculture 90. In some ways then, and as indicated in the previous section, the major impact to date of VEEM may have been in

86 “The study of shareholding companies was a precursor of what later became the Enterprise Law and introduced the key concepts of self-regulating and self-adapting companies. These concepts were alien to standard thinking here since the only model available was the SOE one (…) That study also revealed many useless and groundless requirements of the [then] company law, modeled on SOE law…” Interview with Dr Doanh.
87 Dr Phat clearly recalled that piece of research when interviewed and was able to pick it up from the papers in his bookcase.
88 Contrary to some preconceived views, the Government of Viet Nam is in many respects a consensus-driven organization which is not at all prone to sudden decisions or shifts in policy.
89 See the interview with Dr Doanh.
90 Dr Phat was at pain to explain that the cotton ‘decision’ had been carefully considered and was not leading to a massive shift to cotton cultivation, quite to the contrary. See interview with Dr Phat.
the broadening of the policy discourse, which can be expected to lead to policy changes later on\textsuperscript{91}. That is not inconsiderable.

MIMAP, for its part, did not have as an overt objective the replacement of current poverty indicators by MIMAP ones \textsuperscript{92}. It may turn out however that the MIMAP approach will be adopted by MOLISA and the Government of Viet Nam: MIMAP will thus have enjoyed far-reaching policy and program consequences. The modeling element of MIMAP has led to some interesting theoretical conclusions, viz. concerning the lack of trickling down of the effects of trade liberalization \textsuperscript{93}. However the CGE was designed as a sectoral analytical tool rather than as one for the production of alternative policies.

This brings us to the issue of how the policy impact of the various components was achieved. It has been noted already that MOSTE was the official counterpart of IDRC in Viet Nam: as a non-economic and junior Ministry it could not be expected to be much of a policy conduit for VISED and VEEM. Equally, the two successive Chairmen of the VISED and VEEM high-level Steering Committees came from the environment component of MOSTE, precluding their serving as effective spokesmen, much less as ‘policy entrepreneurs’, for the economic conclusions of the components. Thus the officially designated paths for the components to have any ‘regime change’ impact were not very operational. On the other hand, two of the three members of the Advisory Committee to the economic elements of VISED and VEEM had, at least in theory, direct access to the Secretary General of the Communist Party. Whether that access was utilized cannot be ascertained, although it was clearly not seen as providing any guarantee of ‘success’\textsuperscript{94}. It has also been noted that the leadership of neither the Prime Minister’s Research Commission (PMRC) nor of the Prime Minister’s Research Group on External Economic Relations (GEER) \textsuperscript{95} were aware of the general presence and activities of IDRC in Viet Nam; much less did they know of the specific research projects. As mentioned before, that is

\textsuperscript{91} There is considerable and continuing movement on the trade policy front in Viet Nam; for instance, the export monopoly of SOEs has been abolished, rice trading and export has been fully liberalized, e-commerce has become a government priority, etc. The extent to which those important developments have been ‘caused’ by the VEEM studies cannot be measured; nonetheless, all those points (and others) were raised in the VEEM studies.

\textsuperscript{92} “…the goal of MIMAP was not to overthrow that (MOLISA’s) approach.” Interview with Dr Toan, Vice-Director of PHERP

\textsuperscript{93} This led the World Bank (Viet Nam) to change its view on that issue, perhaps a notable achievement…

\textsuperscript{94} “While WEI (World Economy Institute) has the right to send its views and reports directly to the Secretary General, they cannot know ahead of time if he will read them or simply pass them on to an assistant.” Interview with Dr Luoc, President of WEI.

\textsuperscript{95} As noted earlier, those are the two most senior and direct groups of advisors to the Prime Minister on economic matters.
surprising in view of the claim that PMRC was briefed on certain VEEM projects, and given that
Dr Luoc was (and still is) a member of both entities 96. It was mentioned by several persons,
albeit mostly linked to the Institute of Economics and thus suspect of some degree of self-
serving, that the President of that Institute, Dr Nam, was a very effective spokesman for VEEM
and was able to take its findings to the ‘highest’ levels. Dr Nam himself listed several ways in
which research results are brought to the attention of high level policy makers. None of them
look particularly convincing except perhaps for the Institute’s Annual Report to the Government
on the State of the Viet Nam Economy, and then mostly because that document is first discussed
with, and vetted by, PMRC and GEER, who then report to the leadership on its content. As for
MIMAP, the previously established consulting relationship between the leadership of PHERP
and the Institute of Economics proved key to the (potential) impact of the MIMAP approach.

Taking all those into accounts, one does not feel uncomfortable in stating that MIMAP,
and more particularly VEEM, have affected policy regimes, and that additional impacts can be
expected in the future.

Conclusion

It was indicated above that the purpose of this Report was not a comprehensive or even
partial assessment of VISED, VEEM and MIMAP. Rather, it tried to answer the specific question
of the impact of IDRC-supported research in Viet Nam on Government policies in that country.
To that question the answer is ‘yes’. That answer is not without some ambiguity, which
however it is argued is inherent in this kind of investigation. In particular, the ways in which
the research results were transmitted and the impact ‘organized’ remain frustratingly obscure in
most cases. Here again, that is inevitable given the subject of the investigation and more
particularly the nature the policy process in Viet Nam.

END

Montreal, March 2003

96 Dr Doanh is a member of PMRC only.
APPENDIX I
The definition of poverty in Viet Nam

Until recently poverty was measured in Viet Nam by reference to the cost of buying a stated minimum quantity of rice deemed necessary for ‘survival’. The last such exercise, in 1995, defined that quantity as 8kg of rice per person per month. Thus a person or family which did not have sufficient financial resources to buy that quantity of rice was defined as ‘poor’. That minimum quantity had been increased from time to time, leading to sudden ‘leaps’ in the poverty rate.

The definition now in use is a direct financial one which involves setting a ‘minimum’ level of income below which a person is categorised as ‘poor’. For the purposes of that definition the country is divided into 3 regions. Region I is ‘mountainous rural’, with a poverty threshold income of VND 80,000/person/month. Region II is ‘delta rural’ (applying to both the Mekong and Red river deltas), with a threshold income of VND 100,000/person/month. Region III is ‘urban’, with a threshold income of VND 150,000/person/month.

The above method differs from the World Bank one which has a threshold of US$1/person/day, based on a PPP definition of ‘one dollar’. That methodology is seen by Vietnamese authorities as very complex and difficult to use in practice. This is the more so as the VN approach to poverty reduction and hunger eradication focuses on direct targeting of ‘poor’ or ‘hungry’ individuals and families. That in turn calls for a more microscopic approach relying on the confection of lists with specific names and addresses. To that end, each province has its own list of poor households down to the communes; those lists are derived from annual or semi-annual meetings at the commune level which identify ‘poor’ families and individuals in the commune. In case of disagreement at the local level on whether a given family is ‘poor’ or not, the situation of that household will be reviewed more closely and a final decision arrived at. As each commune has only some 1000 - 2000 household, this is not seen as an unduly complicated or time-consuming operation.

At the same time that the above survey is made, and based on the same ‘data’ and methodology, there is a count of ‘poor’ families arrived at by subtracting from the previous list those families which have escaped poverty and adding new ‘arrivals’ into the poverty category. These data are then aggregated at the national level to produce national poverty statistics.

NOTE on PPP
The PPP conversion factor for the non-convertible VN dong is arrived at in a two step process. First, the PPP is calculated for the various currencies in the region with reference to the Hong Kong dollar or the Japanese yen, as the case may be. These PPP values are then adapted by the United Nations in New York to the US dollar as part of a world-wide PPP exercise with the US dollar as a reference point.

January 2003

97 In January 2003 the average retail selling price for 1 kg of rice in rural areas was VND 3,000 (three thousand dongs.)