A THEORETICAL FRAMEWORK AND PRINCIPLES FOR THE ESTABLISHMENT AND MANAGEMENT OF CIVIL SOCIETY ORGANIZATIONS IN VIETNAM

Author: Dr. Nguyễn Mạnh Cường
Rector of ISS

Hanoi, 2008
A THEORETICAL FRAMEWORK AND PRINCIPLES FOR THE ESTABLISHMENT AND MANAGEMENT OF CIVIL SOCIETY ORGANIZATIONS IN VIETNAM

Author: Dr. Nguyên Mạnh Cường
Rector of ISS

Hanoi 2008
# TABLE OF CONTENTS

**FOREWORD** ................................................................................................................................. 7  
**CHAPTER I: INTRODUCTION** ........................................................................................................ 9  
1. Background ................................................................................................................................. 9  
2. Objectives ................................................................................................................................. 11  
3. Target Audience ....................................................................................................................... 11  
4. Research Methodologies .......................................................................................................... 11  
5. Contents ................................................................................................................................... 12  

**CHAPTER II: BASIC THEORETICAL BACKGROUND ...14 OF CIVIL SOCIETY IN VIETNAM**  
1. Introduction ............................................................................................................................... 14  
2. The Definition of Civil Society and Civil Society Organizations ........................................... 15  
3. Model to define the position and Role of Civil Society Organizations ................................... 17  
4. Fundamental Theories on Civil Society .................................................................................... 22  
4.1. The Liberal School of Civil Society ....................................................................................... 22  
4.2. Left-wing Perceptions of Civil Society ................................................................................ 24  
4.3. Common International Perceptions of Civil Society ......................................................... 26  
5. Civil Society in Vietnam: Past and Present ............................................................................ 29  
6. Conclusions ............................................................................................................................... 41  

**CHAPTER III: ESTABLISHING A CIVIL SOCIETY ORGANIZATION**  
1. Introduction ............................................................................................................................... 42  
2. Legal Issues in Establishing a CSO in Vietnam ....................................................................... 42  
2.1. Organizations under Decree 81/TTg-2002 ......................................................................... 42  
2.2. Organizations under Decree 88/2002/ND-CP ................................................................. 45  
2.3. How to Establish a Non-governmental Fund ..................................................................... 52  
3. Requirements on Structure, Mission and Vision .................................................................... 57  
3.1 Defining the organizational mission and vision .................................................................... 57  
4. Conclusions ............................................................................................................................... 62  

**CHAPTER IV: AN OPERATIONAL GUIDE** .................................................................................. 63  
1. Introduction ............................................................................................................................... 63  
2. Basic principles of sound financial management .................................................................... 64  
2.1. The definition of financial management: ............................................................................ 64  
2.2 Basic components of financial management: ................................................................. 65  
2.3 The Golden Rules of Accounting and Finance ................................................................... 67  
3. Fundraising skills ..................................................................................................................... 68  
3.1 Fundraising procedures ....................................................................................................... 68  
3.2. Fundraising skills ............................................................................................................... 74  
4. Key issues in human resource management .......................................................................... 75  
4.1 Improving staff competence................................................................................................. 75  
4.2. Selection and recruitment of staff .................................................................................... 76
4.3. How to ensure efficiency in human resource management .................................................. 80
4.4. Solving conflicts among individuals ................................................................. 82
5. Conclusions ...................................................................................................... 83

CHAPTER V. CONCLUSIONS AND RECOMMENDATIONS.......................... 84
1. Conclusions ....................................................................................................... 84
2. Recommendations ......................................................................................... 86

APPENDICES ......................................................................................... 87
Appendix 1: Research Centre for Child Support (CENFORCHIL) ................. 87
Appendix 2: Center for Community Health and Development (COHED) ........ 90
Appendix 3: Sustainable Rural Development (SRD) .................................. 93
Appendix 4: The Centre for Marinelife Conservation and Community Development (MCD) - A successful model of national management with its precursor INGO 98
Appendix 5: The Vietnam Standard and Consumers Association (VINASTAS) - A Successful Association for Social Consultancy, Assessment and Evaluation 105

LIST OF REFERENCES .............................................................................. 108

LIST OF ACRONYMS

CENFORCHIL Research Centre for Child Support
COHED Center for Community Health and Development
CEO Chief Executive Officer
CSI-SAT Civil Society Index – Shortened Assessment Tool
CSO Civil Society Organization
CIDSE Coopération Internationale pour le Développement et la Solidarité
DOHA Department of Home Affairs
GDP Gross Domestic Product
ISS Institute for Social Studies
IPM Integrated Pest Management
IMA International Marinelife Alliance
LUA Livelihoods and Upland Agriculture
MCD Centre for Marinelife Conservation and Community Development
MOHA Ministry of Home Affairs
MOLISA Ministry of Labor, Invalids and Social Affairs
MOSTE Ministry of Science, Technology and Environment
NGO Non-Governmental Organization
ODA Official Development Assistance
FOREWORD

This guidebook was prepared to respond to the needs of civil society development in Vietnam. Along with the economic renovation process, democratic governance and social harmonization in Vietnam have motivated the active participation of civil society organizations in the development of public services and the participation in the consultation to assess the development policies.

Tens of thousands of civil society organizations exist in various forms in Vietnam, and they are making great contributions to poverty alleviation, environmental protection, conservation of local cultures, and democratic practices from grass-root to central levels. However, the activities of many of these organizations are rather spontaneous and not quite professional, not yet reflecting the effectiveness and social responsibility of a market environment. In addition, the lack of comprehensive understanding of functions, roles, and organizational governance methods is hindering the development and contribution of civil society in Vietnam. This guidebook, therefore, is formulated with the desire to address some aspects of that need.

First, the author is grateful to The Asia Foundation for its technical assistance in completing this guide. More specifically, I would like to thank Dr. Kim N. B. Ninh, Ms. Lê Thu Hiền, and Ms. Tô Kim Liên who have supported and provided advices so that the guide could meet the readers’ need, as well as the editorial assistance of Ms. Pamella Odner and Ms. Nguyễn Thu Hằng in finalizing the English version.

The guidebook also benefited from consultations with leaders of civil society organizations inside and outside the Vietnam Union of Science and Technology Associations (VUSTA). Dr. Hồ Uy Liêm, Acting Chairman of VUSTA, Dr. Phạm Bình San,
Deputy Secretary General of VUSTA cum Director of the Office for Social Evaluation and Consultancy, and Mr. Nguyễn Ngọc Lâm, former Director of NGOs Department of Ministry of Home Affairs who have provided advices and support in the preparation of the guidebook. I would also like to thank the Centre for Marinelife Conservation and Community Development (MCD), the Centre for Sustainable Rural Development (SRD), the Centre for Community Health and Development (COHED), the Research Centre for Child Support (CENFORCHIL), the Vietnam Standard and Consumers Association (VINASTAS), and other non-VUSTA organizations/individuals for providing me with more concrete experiences to better illustrate the content of the guidebook.

The participation of staff of the Institute for Social Studies and other member organizations of VUSTA grounded the guidebook further. Finally, the guidebook is the result of the author’s independent research and does not reflect the views of The Asia Foundation or any other related organizations. If there are any mistakes in the compilation process, I welcome all feedbacks in order to improve the guidebook further.

CHAPTER I: INTRODUCTION

1. Background

Together with socio-economic renovations, Vietnam’s social service sector experienced the development of thousands of civil society organizations (CSOs). These CSOs, both membership and non-membership, focus on a wide range of areas such as poverty alleviation, environmental protection, community development, preserving cultural and indigenous values, and promoting small and medium-sized enterprises, among others. These organizations are making a remarkable contribution to the overall development of the socio-economic sector in areas that the state and the market have not chosen to emphasize or have not been able to implement effectively. CSOs are recognized as advantageous for their non-profit and pro-public interest properties, as compared to private enterprises, which are largely for-profit. Moreover, CSOs are not encumbered with administrative procedures; they have a certain degree of independence from the state and have proven to be more effective than state institutions.

The development needs of CSOs are enormous. Most have not yet established their own transparent financial and personnel management mechanisms, often lack fund raising skills, and are unable to maintain programmes that are sustainable. In addition, many individuals find themselves in difficult situations when trying to establish CSOs due to limited information in this regard. Thus, a guideline for the establishment and management of CSOs should be a great help in this sector. The following guidebook, “A Theoretical Framework and Principles for the Establishment and Management of CSOs in Vietnam” (the Guidebook) is meant to address such needs.

---

1 The definition of CSOs will be further explained in Chapter II of the Guidebook.
Many CSOs do not have a clear idea of the related regulations of the state in terms of organizational performance, and particularly the management of foreign funded projects. This can lead to inadvertent violations against state laws and regulations, such as 2002’s Decision No. 64/TTg on regulations for the control and use of aid from foreign NGOs. This Guidebook will provide comprehensive, user-friendly direction and legal advice to help CSOs manage these risks and work within the existing legal framework.

Currently, there are no non-state issued written procedures for the establishment and management of CSOs. There are also no organizations providing written, easy-to-understand, comprehensive guidance on the institutional environment of Vietnam.

The Vietnam Union of Science and Technology Associations (VUSTA) is the biggest umbrella organization for CSOs nationwide, with over 130 central discipline associations, 450 NGOs (one-third of the total number of CSOs in the country), local Unions in 55 provinces, and 150 magazines and newspapers. VUSTA collaborates with CSOs working in the science and technology sphere to provide critical consultation and advice on large projects such as the Draft Law on Associations and the Draft Project Document of the Youth Employment Project (valued at USD 1 billion). VUSTA assisted the Ministry of Home Affairs (MOHA) in amending important legal documents, such as the Decree 88 which provides a legal framework for the operation of CSOs. VUSTA also networks with international organizations, the party, congress, and government agencies to boost the development of civil society and administrative reform in Vietnam.

VUSTA’s work will be enhanced if it supports the development of CSOs. As such, with support from The Asia Foundation, the Institute for Social Studies (ISS) under VUSTA prepared this Guidebook with a view to promote the establishment and development of CSOs.

2. Objectives

The Guidebook lays the foundation and provides direction for the establishment and development of CSOs in general, and Vietnam’s civil society in particular, within the context of the country’s socio-economic and institutional environment. The Guidebook has been created based on modern theories of CSO development in Vietnam.

3. Target Audience

Target audiences of this Guidebook include:

- Civil society practitioners who work for associations, funds, universities, CSOs, etc., especially the leaders of these organizations. The Guidebook will help them understand the fundamentals of the establishment and management of CSOs and will provide a practical manual for the organization and operation of CSOs. Individuals and organizations who wish to set up such organizations will find the basic requirements for operating a CSO efficiently.
- State agencies, particularly those working within the realm of the legal framework for CSOs, will find this book an initial guide for developing policy and legal documents to facilitate the development of CSOs.
- Enterprises that hold social responsibility as a result of their financing of CSOs for sustainable development purposes.

4. Research Methodologies

The author primarily applied a case-study methodology to understand the nature of and the interaction between CSOs, the state, and the market, as well as the inner operations within each organization. In-depth interviews with different stakeholders such as MOHA, VUSTA, and other political associations were
implemented. National and international workshops were organized to facilitate an open debate to identify the current situation in the CSO community, and the needs and issues that the Guidebook should address.

The author has completed various research programs to explore the circumstances of CSOs in different service sectors, such as community health care and environmental protection, to get a comprehensive picture of CSOs nationwide.

The Guidebook also looked at best practices applicable in Vietnam and interviewed CSOs who operated on a standard model basis. Results from such interviews provide readers with examples of how to set up and operate a “standard model” CSO, and suggest the fundamental principles and conditions for these activities.

Most of the secondary data on theoretical and international best practices were reviewed using comparative analysis to draw upon lessons learned to apply in the Vietnam context. All CSO-related theories were mentioned in the Guidebook.

5. Contents
The Guidebook is comprised of five chapters:

• Chapter 1: Overview of the Guidebook’s objectives and methodologies

• Chapter 2: Introduction to CSOs: definitions, roles, review of international best practices, and common characteristics of CSOs in Vietnam

• Chapter 3: Basic requirements for the establishment and organization of a CSO in Vietnam, as well as development of strategy, mission statement, and rights in the set up process.

• Chapter 4: Manual on the operation of a CSO, including the basic principles of financial and personnel management, and fund raising skills

• Chapter 5: Conclusions and recommendations for further research and civil society support in Vietnam
CHAPTER II: BASIC THEORETICAL BACKGROUND OF CIVIL SOCIETY IN VIETNAM

1. Introduction

Today in Vietnam there are different concepts of civil society and its role among state agencies, scholars and CSOs. These concepts are sometimes contradictory, leading to problems in the operations of CSOs and the need for the creation of a legal framework for these organizations. Some CSOs’ leaders are confused about the differences between their organizations and enterprises, so they apply the business model in their organizational operations, thus, losing the basic values of civil society. Therefore, it is important to establish a clear theoretical background on civil society as a foundation for its development in Vietnam.

The objective of this chapter is to provide an overview of basic definitions and to review the common theories and roles of CSOs, which can be seen easily in the protection and development of the country. In other words, the chapter helps readers develop a more objective and clearer understanding of the role of CSOs in the development process of Vietnam.

This chapter is divided into six parts. Part 2 touches upon the basic definition of civil society and CSOs; Part 3 defines the positions and roles of civil society in relation to the market and the state; Part 4 reviews the basic theories and common, widely accepted perceptions of civil society; and Part 6 are the conclusions.

2. The Definition of Civil Society and Civil Society Organizations

Civil society can be defined as an arena in which people take common actions to pursue common objectives without reward of profit or political power. These organizations are ranging from associations, unions, and mass organizations, networks, social organizations, and social movements. Civil society possesses the following unique features:

• Voluntary: Members have the freedom to join or not to join a movement. In this process, there are no administrative obligations enforced, such as state laws and regulations. This characteristic distinguishes civil society organizations from state/governmental agencies. Voluntary organizations are non-governmental in the sense that they exist due to the willingness of the people involved and their independence from the state, rather than administrative and coercive measures as applied by the state.

• Self-managed: CSOs operate within a legal framework, are independent from the state, and are under no interference from other organizations, including the state (whether or not they receive money from them).

• Not-for-profit or non-profit: Although not-for-profits may generate revenue, such proceeds do not benefit individuals, but are rather given back to the organization to further serve its social causes and society. Non-profit organizations are not involved in profit-generation activities at all. Although not-for-profit organizations can engage in business operations, which benefit society rather than individual. This feature differentiates CSOs from businesses, as the objective of the business sector is to serve the interest of the individual.
• **Diversity of resources:** The financial resources of a CSO can be comprised of funding from the state, from membership fees, from business activities, or from individual contributions. Such diversity demonstrates that, although independent from the state, a CSO may still receive state subsidies. In fact, in many countries state subsidies account for from 40% to 100% of a CSO’s total budget. However, the fundamental principles of a CSO are still maintained.2

**There are three primary types of Civil Society Organizations:**

• **Associations:** Associations are membership-based CSOs. These member organizations have a Board of Directors that serve as the highest decision-making body in the association. An association is established to serve society or to serve the interests of its members. Normally, there is a requirement for a minimum number of members to establish an association.

• **Funds:** Funds are non-membership CSOs that are governed by a Board of Directors appointed by its founders. A fund operates according to its charter, its strategies and its prescribed objectives.

• **Non-governmental organizations (NGOs):** NGOs are a form of civil society organization which primarily focuses on public service delivery, fundraising and some income-generating activities. These are non-membership based organizations, established by one individual or a group of people with shared social objectives.

3. **Model to define the position and Role of Civil Society Organizations**

In order to properly define the position of civil society within the context of a social system, we must first differentiate it from other organizations and structures within the system, including political society and economic society:

• **Political society:** This system includes political parties, political leaders, and the state. Political parties derive their power from competition. While the state is an administrative institution that enforces and maintains law and order, using force to ensure such order when necessary. Civil society, on the other hand, operates on the basis of volunteerism and encouragement to involve people in common activities and shared goals. Although civil society can influence political interests, at the core of its mission political competition is not one of the targets.

• **Economic society:** This sector is comprised of enterprises and financial institutions. The primary motivating factor for the activities of an enterprise is to make a profit. Comparatively, civil society organizations are non-profit in nature and operate on the basis of social objectives. Although there are some civil society organizations that operate as public interest enterprises with a profit objective, these are constrained by the state and most are state-owned.

• **The institution of the Family:** There are also fundamental differences between civil society and the institution of the family. In families, voluntary principles do not apply in the sense that children have no rights in choosing their parents and must be under their supervision until they become adults. Comparatively, members of CSOs are fully free to decide to participate or not in such organizations.

---

2 Morris, 2000, *Definition of the non-profit sector*

The boundaries between the state, the market, the family, and civil society can often become blurred due to the interactions and mutual influences among the four sectors. Many enterprises register themselves as members of an Association, a philanthropic fund, an NGO, or a CSO. These organizations work to serve the community and protect their business-members’ direct and indirect rights and interests. Families can also form associations, such as parent associations, to protect their children’s interests. As another example, in many countries the state provides financial support to civil society organizations, but does not interfere in their operations.

Adding to the potential for overlap is the juxtaposition of civil society between the state and market sectors. Because of this, civil society can link institutions, business organizations, families and individuals together so that they can interact and support each other to create cultural and ethical values, and belief systems for the development of society. Without civil society, the markets would risk malfunction and government policy would not represent the interests of the people.

When the boundaries between the state, the market, and civil society overlap, the resulting new sub-sectors are generally comprised of the following types of organizations:

- First, in the intersection between civil society and political society are NGOs and interest groups who, utilizing their power base of broad participation by the people in the policy making process, can influence the power structure towards political change.
- Second, in the overlap between economic society and civil society are Labor Unions, business associations, interest groups, and NGOs who have clear incentives and direct economic influence, even though they are, on principle, operating within the voluntary fundamentals of civil society.
- Lastly, in the cross-over area between political society and economic society are NGOs representing economic and political interest groups who have real economic and political influence.

Civil society and CSOs also have three main roles:

- **A Social Role:** A key function of civil society is to accumulate and preserve cooperative attitudes, cultural values and creative knowledge. It equips people with the necessary skills to become good citizens within the
community, thereby creating an environment to encourage cooperative attitudes and shared beliefs in the common interest, rather than for individual interests.

CSOs are the instruments that can help individuals develop trust in each other, and support and take care of each other, especially in vulnerable situations. In this way, society can be mobilized to contribute to the overall development of the country.

Building trust and cooperation creates “social capital”. Unlike physical capital, such as finances, land, materials or labor, social capital aids in the development of productive relations and superstructures that guarantee a more harmonious development of society.

Civil society facilitates the various classes of citizens assert their right to gather and to set up associations/unions, thus boosting the active participation of people in addressing social issues.

• An Economic Role: A market economy cannot operate efficiently without civil society for two reasons. The first is because market transactions in any economic system require the participation of good citizens and a degree of mutual trust among those citizens. Civil society’s involvement creates an environment that builds and strengthens trust, which in turn helps to smooth market operations and, at the same time, ensure that individuals and enterprises will not pursue short-term, personal interests that might harm society.

Second, civil society provides critical public services in areas such as poverty alleviation, environmental protection, health care, and care for children and the disabled. Such services do not offer a viable profitability to the business sector, and, due to limited resources, are not always fully covered by the government.

• A Political Role: Civil society helps channel the voices of poor and marginalized people in society into the process of developing, implementing and examining the enforcement of state policies. A country that strives towards good governance is one in which people are able to participate in decision-making processes. CSOs conduct research and obtain broad public consultation on state laws and policies, especially among marginalized or excluded groups. Such input helps to ensure that laws and regulations are more practical, applicable and responsive to the interests of the common people. In this way, social consensus is achieved and potential social conflicts in the development process are resolved.

It is important to note that CSOs are generally independent and unbiased from a political standpoint. They represent society and, as a result, they play an important role in criticizing and monitoring policies in particular, and the entire political system in general.

However, CSOs and political parties should not be confused because CSOs, from the outset of their establishment, do not pursue political power as a goal. In many countries, this particular principle is actually stated in a non-profit’s or NGO’s by-laws.

Civil society may also function as a “watchdog” in monitoring the performance of the government. Serving as a crosscheck, civil society can monitor elections and implement citizens’ fundamental rights to guarantee that the government remains in the service of its citizens. Civil society supports and facilitates the development of democratic institutions in which the government maintains regular dialogue with citizens, and the state operates under a system of law that is owned by the people and for the people.

Civil society can also monitor the market and its operations. For example, it may detect whether the business sector is generating environmental pollution that is harming consumer health, or whether businesses and political parties are colluding to form

---

5 Edwards, 2005, Chapter 1.
political-economic relationships that do not serve the public good, otherwise known as “crony capitalism”.

Civil society is also an important channel for foreign affairs missions in the globalization process, boosting cooperation and scientific, technological, and cultural exchanges, and attracting support from people around the world for the development of the country.

4. Fundamental Theories on Civil Society

4.1. The Liberal School of Civil Society

Since the days of the ancient Greeks, political philosophers have touched upon the concept of civil society through their opinions on state and social institutions. According to Aristotle, the state should be a regime in which a middle class serves as a balance between the rich and the poor, thus ensuring that decisions in society are more just.

Further, Aristotle suggested that a democratic regime was always better than a dictatorial one. A democratic regime gives the people the opportunity to participate in a country’s governance, and its laws and regulations are the product of discussions among the people, not a small number of experts. These processes best utilize the knowledge and intelligence of society and the community, and optimize the citizenry’s rights. Second, if people obey state laws, they have the right to live without the intervention of the state and to be treated equally by law. 7

2000 years ago Socrates argued that only when conflicts are resolved through public debate, and all opponents’ differing opinions are represented, would it lead to the revelation of truth, to civility in society, and to a “good life” for the people. He claimed that, as long as an idea is supported with rational arguments, it can be used as the basis to resolve conflict and to maintain and balance the development of society. 8

Famous philosophers of the Enlightenment Era, such as Thomas Hobbes, John Locke, Jean Jacques Rousseau, and Immanuel Kant, viewed the concept of civil society in the context of natural law in which each individual has his own natural rights, primary among them the right to live in freedom and to own and protect one’s property.

From 1750 to 1950, the perception of civil society shifted due to new trends in response to the formation of free capitalist systems, the consequences of new federal regimes, and the emergence of interest groups and liberalized markets. Thinkers of this period argued that civil society should protect the rights and freedoms of individuals from outmoded state mechanisms through the creation of voluntary associations. The principle features of this ideology are the opposition to the centralization of state power, and the protection of individual diversity, beliefs and cooperative values, both of which lay the foundation for the development of a democratic society.

Another opinion suggests that civil society provides a “public sphere” in which open debate and criticism are the fundamental components of a democracy. This view evolves from Socrates’ and Jurgen Habernas’ views contending that a strong civil society offers a platform where citizens can engage in discussing common interests on freedom, equality and non-violence through the mass media. Citizens will, by means of rational argument, come to consensus on significant issues. The most rational argument, not the most boasting, will prevail. Such debate helps to provide balance to extreme viewpoints, like the flow of water smoothing coarse rock into fine gravel.

Civil society plays a dual role in this process. First, public debate can not be facilitated by the state or the market; only civil society, with its independence from these other sectors, can take on this role. Second, the notion of civil society as a “good society”

---

supports the standard concepts of tolerance for opposing ideas, readiness and willingness to argue and to listen to all sides, and a commitment to tell the truth.

Furthermore, the civil society method differs from political methods in the sense that it is a continuous social process, while political debate only exists within the terms of an election. This feature of civil society helps to correct the failures and weaknesses of the opportunistic and temporary nature of current democratic political systems, including Western democracies. 9

Politics will not bring about equality if it fails to create an open milieu for debate to express and represent different interests and viewpoints as a mechanism for achieving consensus. Through such a process will the representation and decisions of the majority be made and a dictatorship of the minority avoided.

4.2. Left-wing Perceptions of Civil Society

In the nineteenth century, Georg Wilhelm Friedrich Hegel claimed that civil society was in a sphere separate from the state, one where all walks of life interacted, focused on individual interests, and competed for limited resources. The state was needed to balance the influence of interest groups and to ensure that civil society developed for the public good. 10

Building on Hegel’s ideas, Karl Marx believed that under a capitalist regime, individual interests would become the core focus of society, and that, in a market society, too much emphasis on the individual would lead to the neglect of the public interest. Excess emphasis on production and consumption would prevent civilized citizens from developing to their full capacities. People would then become merely instruments, rather than the core force behind society’s development.

Marx further believed that individual achievement should be valued according to one’s profession, income and assets, and that little weight should be placed on traditional values. Under capitalism, owners of production would treat his/her employees as goods or tools to expand their production capacity, to generate surplus, to increase their property, and to enhance their businesses.

In this type of system, the state protected the rights of the capitalist class and did not protect the interests of the proletarian class. This oppression was unavoidable and would have persisted if the proletarian revolution had not taken place. The revolution brought about a classless society and state, which created favorable conditions for the development of a true civil society. 11

Antonio Gramsci argued that civil society constituted an area outside the state and market, one in which ideology struggled to maintain or change temporary social orders that arose. Gramci’s ideology had a very strong influence from 1970-1980 in Latin America and Eastern Europe during the oppositions to totalitarian regimes. His ideas for a capitalist state include 2 parts: 1) political organizations (political institutions and capital constitutions) that use violence where necessary to protect their institutions; and 2) civil society in the non-state sector, including the economy, whose operations are maintained on the basis of the voluntary negotiations of its stakeholders. He added that civil society’s separation from the state was in theory only, and in practice these two sectors experienced a certain degree of overlap.

Gramci also believed that, under a modern capitalist system, the capitalist class maintained economic control by allowing labor unions and political parties, as well as the public, to operate to a certain degree. Civil society was the means for the capitalist class to express their ideological monopoly and appease their opponent’s interests. Thus, the objective of the proletariat class 11 See details in Marx (1845) on Feuerbach’s theory.
was peaceful revolution, not necessarily violence, to establish a state regime of the proletariat. In this way, the role of the state would gradually decrease until civil society could assume full responsibility for regulating the regime. 12

Contrary to Marx, Gramsci emphasized cultural and ideological relations. His philosophy proposed that power was the capacity to generate ideas, not purely physical production, and that ideas could then create property. There are two other main features that make Gramsci’s viewpoints different from Marx’s. First, Gramsci considered civil society part of a system of ideological values and interests from a political and social perspective. Second, the dominant role of ideology would lead to a relative independence in thought and values.

4.3. Common International Perceptions of Civil Society

According to a survey of 26 countries conducted by John Hopkins University (2002), civil society is an important socio-economic and political force, with a total annual budget of 1.2 trillion USD, which is equal to the Gross Domestic Products (GDPs) of both the United Kingdom and Italy, and greater than the GDPs of Russia, Canada and Brazil. Further, civil society utilizes 31 million permanent employees and 219 million voluntary workers. CSOs mainly work in the areas of education, health, and social services.

The more developed the country is, the more advanced is its civil society and the more voluntary its labor force becomes. Voluntary labor accounts for 36.4 % of the total national labor force in the Netherlands. This number for Sweden, Norway and Poland is over 50%. Furthermore, employment growth in the civil society sector, at 24%, is triple that of employment growth in the above listed countries, which is 8.1%. From this we can see that civil society has played an increasingly important role in the economy.

Scholars of civil society often raise the following points:

First, as Tocqueville explained, civil society is part of a wider realm (the “associational life”). This model commonly suggests a definition of civil society that is separate from economic and political society. The basis of this model proposes that civil society operates in a sphere in which social capital is brought into play. Further, civil society differs from the state in that it provides a forum where individuals can participate, are involved and have equal rights. Such voluntary participation of the citizenry builds trust and cooperative spirit in the development process. Additionally, civil society facilitates a check-and-balance of power and promotes democratization. From this it can be concluded that a democracy will not exist without civil society. 13

Second, civil society emphasizes its own positive qualities and values that it advocates. These qualities include an emphasis on specific guaranteed rights such as the freedom of expression, freedom of association, freedom of the people, and economic and political freedoms. Civil society also practices such values as tolerance, non-discrimination, non-violence, trust, and cooperation, with freedom and democracy the core to these values. According to this theory, any institution or social mechanism (whether in western society or not) that respects and supports these values, will become a “good society”.

Third, civil society is a “public sphere”, meaning it is an entire system that cares for the common interests. In this model, individuals are free to raise their voices and participate in resolving shared issues, and individual views are not suppressed, provided they serve the common good. Debate is the weapon used to protest against violence and dictatorship, but such debate should be objective and ensure wide participation. This theory assigns civil society an important role in changing society. In this sense, it becomes the means for individuals to balance their

personal interests with the interests of the community, and it allows for multiple viewpoints to blossom. While secret votes often reveal individual interests, public debate is more efficient for determining solutions to common objectives, and it counteracts the weaknesses of private voting. 14

Fourth, the state is considered a bureaucratic mechanism that serves the interests of small groups who are easily controlled by interest groups. Because of this, it is often difficult for the state to resolve problems like the environment, health, and education on a national and international scale. Additionally, in this theory the market seeks private benefit, often neglecting public interest, and as a result, civil society becomes necessary to compensate for the shortcomings of the state and the market.

Fifth, the international treaty on civil and political rights of 1966 required participating countries (135 countries) to ensure rights to set up unions/associations and to gather in peace. These rights are restricted/limited only in the protection of legal interests related to national security, social welfare, ethics, or another’s freedom. There needs to be an official legal foundation to ensure the effective existence of these freedoms.

Sixth, civil society is on an uptrend globally. Globalization has facilitated capital flows, privatization, free trade, foreign investment, tax reform, protection of private ownership, and cultural, scientific, technological, and educational exchanges. In this process, the market economy model is becoming more vital in various economies.

The biggest challenges for civil society are inequity, environmental pollution, international child trafficking, human rights, and community health that the international community does not have mechanism to deal with. Meanwhile, some governments are facing problems such as corruption and ineffective administrative systems, making it difficult to deal with global and inter-regional issues. Because of this, the trend has been the establishment of international CSOs like CARE International, OXFAM, and ICCO, etc. which concentrate on various fields such as HIV/AIDS, global environmental protection, anti-trafficking of children between countries, hunger eradication, and poverty alleviation.

5. Civil Society in Vietnam: Past and Present

Civil society is familiar to countries around the world, including Vietnam. Thousands of years ago, people lived together in close solidarity within their communities to protect each other. This resulted in the development of unique cultural values emphasizing fate, beliefs, and shared responsibility for the common good. Those core civil society values of thousand years ago existed then, as they do today, in Vietnam.

During the first years of the twentieth century, Vietnam was remarkable with its people movements and civil society organizations struggling for the nation’s independence. For example, in April 1904, the Modernist Association, or the Association of Vietnam Restoration, was established to “Restore Vietnam and to set up an independent government. Nothing more was specified...no particular doctrine was put into place”15. The short-term objectives of the Association were to develop the financial and human resources of the association in preparation for an uprising, and to send student members to study abroad in Japan to secure assistance. At the same time, the Association for the Encouragement of Study was founded to help members study French language and culture. This movement created a foundation for the introduction of new reforms in terms of culture and education to promote the national liberation in Vietnam.

The Communist Party of Vietnam succeeded these civil society movements. During the national revolution, when the 8-point

---

claim was sent to the Versailles Conference on June 19th, 1919, Nguyen Ai Quoc mentioned such values as equality, human rights, non-discrimination, freedom of the press, freedom of association, and rule of law - all the values found at the core of civil society.16

Excerpt of Nguyen Ai Quoc’s 8-point claim at the Versailles Conference - 1919. 17

Article 3: Freedom of the press
Article 4: Freedom of association
Article 5: Freedom of exit/entry to a country, freedom of residence
Article 6: Freedom of education and freedom to establish vocational and technical schools in the provinces for local people
Article 8: Replacement of rule by decree with rule of law
Article 9: Permanent representation of native Vietnamese people in the French Parliament

The Communist Party of Vietnam creatively applied the principles and values of civil society in national liberation. During the period from 1936-1939, the Party was very flexible and skillful in organizing people. It was flexible in the sense that it recognized that not all associations were necessarily a single shade of color. Rather, associations could assume names that best represented the true identity of their organizations so that they could mobilize a wide range of people.

For instance, the Communist Youth Union was changed to the Anti-imperialist Youth Union; the People’s Relief Association instead of Red Relief Association, the Labor Union for the Red Trade Union and the Farmer’s Union for the Red Farmer’s Union, etc. These organizations were linked closely with the daily lives of the people and with similar groups such as the rice growing group, the harvesting group, the roof builder’s group, the funeral and wedding group, the hunting group, the drama group, etc. 18

The first Constitution of 1946 and the revised versions of 1959, 1980, and 1992 all recognized that: “Citizens of Vietnam have the freedom of speech, freedom of press, the right to information, the right to gather, the right to set up associations, and the right to demonstrate as regulated by the law.” The State issued a decree on the right to set up associations on May 27th 1957 (No. 102SL/004).

Decree 8B-NQ/Conference of the 6th Central Party clearly stated, “In the new period, there is a demand for associations in support of the legitimate needs of professions and people’s lives, which directly enhance national, individual, and mutual affection. These associations are established according to the following principles: voluntariness, self-management, and self-financing within the legal framework.”

From 1975 to 1986, most of CSOs were funded by and under the strict supervision of the state. Under such jurisdiction, most of CSOs lost their active role in mobilizing resources for society and representing the interests of different classes of people. Furthermore, as one might expect, families also lacked self-determination and the economic and individual freedoms that provide the foundations for the development of CSOs.

In 1986, the Vietnamese Government launched the comprehensive renovations that shifted the country from a centrally managed economy to a market economy. Vietnam has become one of the most dynamic economies in Southeast Asia and Asia. Economic renovation is in fact the liberalization of the economic activities of the state and non-state sectors. This was implemented in parallel

17 Nguyễn Ái Quốc, 1919, from: http://vi.wikipedia.org/wiki/Y%C3%AAn_s%C3%A1n_d%C3%A2n_An_Nam#N.E1.BB.99i_dung
with the reform process of state management, which reduced the state intervention and increased economic and civilian freedoms.

The socio-economic development strategy of Vietnam for 2001 to 2010 aims to encourage people’s participation in every aspect of political and social life. Its slogan: “People know, people discuss, people do, and people monitor” gradually gained influence in the political and socio-economic system at different levels. Opportunities for people to participate in civil society to deliver public services and to critique policy have emerged. Some illustrations are as follows:

A grassroots democracy decree in 2003 allowed people’s feedback on the performance of local authorities, which helped increase their responsibilities. The Law on Cooperatives recognized cooperatives as independent and voluntary organizations that did not pursue economic benefit, but served the interests of their members. Decree 177 and, recently, Decree 148 created the initial legal conditions for the establishment of social and humanitarian funds. Decree 88 created the legal framework for the establishment of associations, recognizing the roles, functions, responsibilities and rights of associations.

The Government initially provided financial support to associations whose missions were related to national tasks (Decision 21/2003/QD-TTg dated January 29th 2003 on the state budget for professional social-political organizations, social organizations, and professional social organizations for activities related to national tasks).

The Government promulgated a mechanism allowing associations to provide social consultation, feedback, and supervision (Decision 22/2002/QD-TTg dated January 30th 2002 on VUSTA’s activities on social consultation, feedback, and supervision).

The Government created favorable conditions for associations to receive aid from international NGOs (Decision 64/2001/QD-TTg dated April 26th 2001 on the management and use of aid form INGOs).

The Government also issued Decree 53/2006/ND-CP on encouraging the development of non-public service providers. This is a very important legal document, creating a legal framework for civil society organizations to operate. Some of the operational principles applied to these non-public organizations as stipulated in the decree include: a) service products of public and non-public organizations are treated equal; b) the government issues policies on tax exemption; and c) the government has policies to support beneficiaries of social welfare in using non-public-provided services.

These non-public service providers can provide public services funded by the Government and they can order and bid for contracts/projects funded by domestic and foreign sources. Non-public healthcare clinics found to be capable enough as charged by the government’s healthcare management regulations are allowed to provide diagnostic and treatment services for citizens holding health insurance cards. These non-public service providers are also eligible to form joint-ventures or collaborations with other domestic and foreign organizations to attract capital, human resources, and new technologies so as to improve service quality. 19

Political and social organizations such as the Vietnam Fatherland Front, the Farmer’s Union, and Vietnam Union of Science and Technology Associations and their member organizations working in the science and technology sphere, have actively participated in poverty alleviation, community development, and health care and education programs.

As contained in Resolution 05/CP-TTg, issued in 2005, the government sought to socialize public service delivery in health, education, culture, and science and technology, granting civil society organizations access to financial resources for providing

---

such services. By 2010, the goal is to transfer 80% of public service provision from the state to the non-state sector.

Currently, people’s participation in CSOs is increasing with around 65 to 70 million people becoming members of at least 1 CSO (accounting for over 75% of the population). In reality, it is difficult to distinguish state and civil society organizations as Vietnam is now in a transitional period where many associations operate like state institutions, but refer to themselves as associations. However, on a different level these organizations function like CSOs by nature. Keeping this in mind, we can categorize CSOs in Vietnam into the following seven main types (also outlined in Table 1):

- Mass organizations: Vietnam Fatherland Front, Vietnam Women’s Union, Ho Chi Minh Communist Youth Union, Labor Union, Farmer’s Union, and Veteran’s Union.
- Membership-based umbrella organizations under the Fatherland Front: VUSTA, Vietnam Union of Literature and Art (VULA), and Vietnam Union of Friendship Organizations (VUFO).
- Professional associations: Vietnam Lawyer’s Association, economic associations, and small and medium-size enterprise associations.
- Organizations established and operating according to Decree 81/2002: Science and technology and non-governmental organizations.
- Community-based organizations: Associations of our fellow countrymen, sports associations, music clubs, etc.
- Religious organizations.
- International non-governmental organizations in Vietnam.

### TABLE 1. TYPES OF CSOS IN VIETNAM.

<table>
<thead>
<tr>
<th>Organization/Group</th>
<th>CSO Category / Supervised by</th>
<th>Central/Local</th>
<th>Membership Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Mass Organizations</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vietnam Fatherland Front</td>
<td>Socio-political</td>
<td>All</td>
<td>Umbrella group of 29 organizations</td>
</tr>
<tr>
<td>Vietnam Women’s Union</td>
<td>Socio-political / Vietnam Fatherland Front</td>
<td>All</td>
<td>12 million $^a$</td>
</tr>
<tr>
<td>Farmer’s Union</td>
<td>Socio-political /</td>
<td>All</td>
<td>8 million $^b$</td>
</tr>
<tr>
<td>Vietnam General Federation of Labor</td>
<td>Vietnam Fatherland Front</td>
<td>All</td>
<td>4.2 million $^c$</td>
</tr>
<tr>
<td>Ho Chi Minh Communist Youth Union</td>
<td>Socio-political</td>
<td>All</td>
<td>5.1 million $^d$</td>
</tr>
<tr>
<td>Veteran’s Association</td>
<td>Socio-political /</td>
<td>All</td>
<td>1.92 million $^e$</td>
</tr>
<tr>
<td><strong>2. Umbrella Organizations</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Red Cross</td>
<td>Vietnam Fatherland Front</td>
<td>All</td>
<td>4.85 million members; 3.5 million young pioneers; 14,800 commune level Red Cross associations; 12,700 Red Cross schools; 1,900 Red Cross institutions and businesses $^g$</td>
</tr>
<tr>
<td>Organization/Group</td>
<td>CSO Category / Supervised by</td>
<td>Central/Local</td>
<td>Membership Numbers</td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>------------------------------------------------------------------</td>
<td>---------------------------------------------------</td>
<td>-----------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>VUSTA</td>
<td>Vietnam Fatherland Front</td>
<td>Mainly in cities; some in rural areas</td>
<td>56 central discipline associations; 37 provincial unions of science and technology associations with 540 local member organizations and 350,000 members. In total 1.15 million members nationwide.</td>
</tr>
<tr>
<td>Business Associations</td>
<td>Vietnam Chamber of Commerce under Vietnam Fatherland Front</td>
<td>Mainly in cities</td>
<td>200 associations; 6,700 members</td>
</tr>
<tr>
<td>VULA</td>
<td>Vietnam Fatherland Front</td>
<td>Mainly in cities</td>
<td>10 central associations and 30 provincial associations</td>
</tr>
<tr>
<td>Associations for the Elderly</td>
<td>Vietnam Fatherland Front</td>
<td>Provincial-level nationwide</td>
<td>6.4 million</td>
</tr>
<tr>
<td>VUFO</td>
<td>Vietnam Fatherland Front</td>
<td>Cities</td>
<td>47 member association</td>
</tr>
<tr>
<td>Vietnam Cooperative Alliance</td>
<td>Vietnam Fatherland Front</td>
<td>All levels, mainly in big cities</td>
<td>300,000 cooperative groups; 17,000 cooperatives; a total of 10.5 million members</td>
</tr>
</tbody>
</table>

3. Professional Associations/Vietnamese NGOs

<table>
<thead>
<tr>
<th>Organization/Group</th>
<th>CSO Category / Supervised by</th>
<th>Central/Local</th>
<th>Membership Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional Associations, business and professional organizations (can be duplicated in other categories)</td>
<td>Ministries, VUSTA and Provincial People’s Unions</td>
<td>Different levels</td>
<td>32 organizations work on a national scale and 2,150</td>
</tr>
<tr>
<td>Student Associations</td>
<td></td>
<td>All cities</td>
<td>Around 400,000 volunteers every year working in rural areas during summer vacation</td>
</tr>
</tbody>
</table>

4. Vietnamese NGOs

<table>
<thead>
<tr>
<th>Organization/Group</th>
<th>CSO Category / Supervised by</th>
<th>Central/Local</th>
<th>Membership Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vietnamese NGOs or thematic groups; assistance funds for the poor, the disabled, and the ill (can be duplicated in other categories)</td>
<td>VUSTA, Ministries, Provincial People’s Committees</td>
<td>Mainly in cities, sometimes in rural areas.</td>
<td>322 organizations were identified in a 2000 survey in Hanoi and Ho Chi Minh City; 200 social funds; p 800 science and technology organizations</td>
</tr>
<tr>
<td>Organization/Group</td>
<td>CSO Category / Supervised by</td>
<td>Central/Local</td>
<td>Membership Numbers</td>
</tr>
<tr>
<td>--------------------</td>
<td>-------------------------------</td>
<td>--------------</td>
<td>--------------------</td>
</tr>
<tr>
<td>5. Unofficial Groups</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Microcredit groups; credit cooperatives; credit and savings groups</td>
<td>Many different organizations; Women’s Union and Farmer’s Union; contributions from foreign sources; banks</td>
<td>Rural areas</td>
<td>About 100,000 in credit cooperatives; r 11.6 million borrowers of all credit funds 8</td>
</tr>
<tr>
<td>Unofficial groups (focused on agricultural activities, neighborhoods, dancing, sports, festivals, etc.)</td>
<td>Unregistered, but still managed by local authorities</td>
<td>All provinces nationwide</td>
<td>Millions – data not available</td>
</tr>
<tr>
<td>6. Religious groups</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Religious groups</td>
<td>Vietnam Fatherland Front (some do not register)</td>
<td>Nationwide, mainly in provinces and rural areas</td>
<td>Buddhist: 9 million Catholic: 5.7 million Hoa Hao: 1.5 million Cao Dai: 1.1 million Protestant: 600,000q</td>
</tr>
<tr>
<td>7. International NGOs</td>
<td>People’s Aid Coordinating Committee (PACCOM); Funding from foreign sources; supports local NGOs and the government</td>
<td>All provinces nationwide</td>
<td>530 International NGOs operate in Vietnam with 150 representative offices 4</td>
</tr>
</tbody>
</table>

Notes:

a. Women’s Union
b. Farmer Union
c. VGCL 2003
d. Ho Chi Minh Communist Youth Union
e. People’s Army Magazine 17/3/2005
f. Vietnam News 10/7/2005
g. Chu Dũng 2005
h. VUSTA
i. Stromseth 2003
j. Charity 2001
k. BT Cường 2005 (2)
l. Charity in Vietnam 2001
m. T. Thế Cường 2005
n. N. Ngọc Lâm, MOHA 2005
o. Wischermann, NQ Vinh, BT Cường
p. Charity 2001
q. Population data 2005
r. Vietnam News 8/7/2005-09-19
s. Danida 2005
t. International NGO directory 2003-05, Payne 2004
Some basic features of CSOs in Vietnam today are:

- Mass organizations often work under stricter supervision of the State in comparison to other CSOs, and receive greater funding from the government.

Unofficial CSOs, institutes founded under Decree 81 (Unit 81), professional associations, and religious organizations are more independent in terms of organization and finance.

- According to a survey by Wischermann (2003), among 322 CSOs reviewed, state subsidies only accounted for 10-15% of total spending. For example, 75-80% of VUSTA’s total budget came from external sources, such as international support, service delivery fees and membership fees.

- Generally speaking, the registration and operation of CSOs in Vietnam remains a difficult procedure, particularly when CSO directors lack personal experience with and knowledge of the current legal framework. Many laws limit the participation of CSOs in delivering public services and in providing policy critiques.

- Often, the organizational structure in many CSOs is not transparent, is family-based, and lacks the confidence of and responsibility for society. Family funding in the initial developing phase of such CSOs is reasonably crucial given the lack of financial and human resources. But later, such dependency results in lack of transparency and inefficiencies compared to modern CSOs. Furthermore, some CSOs are donor-dependent and thus lose sight of their vision and mission.

- Donors lack a long-term commitment that guarantees the sustainable development of CSOs. Donors even compete with each other to find partners, rather than coordinate in a systematic way to support the development of CSOs in Vietnam. 20

6. Conclusions

In this chapter, we have clarified the definition of civil society and differentiated it from the state and the market by means of its voluntary and non-profit qualities. Civil society is an indispensable part of good governance, a sound market economy, and a democratic state.

Civil society has three key roles: economic, social and political. However, it differs from political parties in the sense that it does not attempt to compete for power. It is also clear that left wing doctrines have a different concept of civil society than liberal doctrines do. While the liberal school protects democracy and individual freedoms, and minimizes the role of the state in public service delivery, the left wing emphasizes civil society as a tool for the struggle of thought and class.

Nevertheless, no matter what school is in place, civil society’s roles and core attributes of independence, self-responsibility, and a voluntary nature, are recognized by the United Nations.

In Vietnam, civil society is still a vague concept in terminology and definition. However, when the historical functions of civil society are taken into consideration, the role of civil society in Vietnam is obvious. Vietnam is now moving towards a trend that is acknowledged by most democratic countries worldwide.
CHAPTER III: ESTABLISHING A CIVIL SOCIETY ORGANIZATION

1. Introduction

Previous chapters provided an overall picture of CSOs and their role in the development process. However, when functioning within the practical context of Vietnam, those wishing to set up a CSO often do not have basic knowledge and experience with the legal requirements and necessary operational steps to do so. CSOs frequently lack a clear vision, mission, permanent objectives, or professional operations.

Thus, Chapter III mainly focuses on explaining the issues related to the legal framework, organization, vision, mission and the fundamental conditions for developing an effective and sustainable CSO in Vietnam. This chapter also helps readers identify the specific steps necessary for setting up a CSO, and which issues should be given special attention.

Apart from the Introduction and Conclusion, Chapter III includes Part 2, which discusses legal requirements, and Part 3 which offers readers an overview of the basic requirements for establishing and operating a CSO in terms of its organization, vision, and mission.

2. Legal Issues in Establishing a CSO in Vietnam

2.1. Organizations under Decree 81/TTg-2002

Organizations qualifying under this Decree:

The CSOs in Vietnam that are established and operate according to Decree 81/2002/ND-CP are non-governmental and are not membership-based. However, as most work in the field of technology and science, to which the government gives a priority, they enjoy many favorable conditions. Yet in fact, there have been no specific regulations for non-governmental organizations or non-member CSOs.

An Organization’s rights under Decree 81/ 2002/ND-CP:

Because of the objectives of society and community, CSOs are entitled to the following favorable conditions from the State:

- Exemption from value added tax (VAT) and corporate income tax for income earned from signing and implementing contracts for scientific and technological work.
- Exemption from import tax for equipment and materials which cannot be manufactured in Vietnam.
- Entitlement to preferential loans from the Development Assistance Fund for scientific and technological investments.
- Favorable access to and use of Official Development Assistance (ODA) resources.
- Entitlement to preferential land rentals and the lowest land use tax available under legal stipulations.
- The right to access non-governmental aid resources and take part in international exchanges, as well as international networks.
- For organizations belonging to Lawyers’ Associations, VUSTA, or the Mathematicians’ and Physicians’ Associations, the right to assess and evaluate the State’s social policies and development projects according to Decision 22 TTG/2002. Because VUSTA completed such an assessment and social survey on the State’s policies and projects, VUSTA members are also given this right.

In fact, CSOs of this type are able to access international aid resources on a larger scale. Additionally, for non-profit activities they do not have to pay tax and they can enjoy many other preferential conditions, as compared to businesses.
Registration Requirements for Organizations under Decree 81/2002/ND-CP:

CSOs operating under this Decree must be set up as science and technology organizations. Here are some requirements:

- The CSOs’ objectives and operations comply with legal regulations.
- They have organizational and operational charters.
- They have enough qualified science and technology personnel within their core structure, including part-time personnel.
- They have a head office and the material and technical capacity to deploy scientific and technological activities in line with their respective charters.

Steps for establishing a CSO under this Decree:

There are 4 required steps to set up an organization under VUSTA, member associations, or similar associations:

**Step 1** - After carefully studying the organization’s rights and obligations, the state provides the organization with some sample forms from the registration dossiers of similar organizations:

When the application is made, it is advisable to consult with existing organizations or umbrella groups, such as VUSTA, to receive advice and sample documentation. Administrative papers and registration dossiers should then be completed.

**Step 2** - Identify an authority with which to register your operation:

- With the Provincial People’s Committees for those organizations operating in the provinces;
- With a governing ministry for those organizations operating in the field of work that the ministry is responsible for;
- With a state political/social organization, such as VUSTA.

Normally, new organizations select prestigious VUSTA associations, which are able to provide advice on legal issues, solve conflicts when necessary, and provide training services to support the establishment of the new organization, no matter the type. It is more convenient and beneficial to register an operation under the auspices of a good authority like VUSTA, who are not inclined towards bureaucratic process.

**Step 3** - Successfully present the CSO’s program plan to the governing authority and secure registration approval:

The most important task is to prove the organization’s feasibility and financial sustainability, and to exhibit a clear charter and objectives. It is critical to clearly demonstrate the CSO’s anticipated contributions to the development of the country. Additionally, heavy weight is placed on the scientific and collaborative contributions of personnel to the organization.

**Step 4**: Complete the organization’s registration with the Ministry of Science and Technology if the operation’s scope is nationwide, or with the Department of Science and Technology, if it operates provincially.

2.2. Organizations under Decree 88/2002/ND-CP

Associations qualifying under this Decree:


Pursuant to this Decree and other legal documents, Associations must be comprised of voluntary citizens and Vietnamese organizations
from the same professions, interest groups, or gender (a reference to the Vietnam Women’s Union). They must also be established for the common purpose of gathering and uniting their members through regular, non-profit activities focused on protecting and supporting members’ legitimate rights and interests to ensure an efficient contribution to the socio-economic development of the country.

Associations may be referred to by different titles, such as Unions, Confederations, Federations, Societies, Clubs, or other names regulated by law.

An Association’s rights under Decree 88/2002/ND-CP:

Protection of the Association’s legal rights and interests, as well as those of their members’.

- To organize and cooperate with member associations for the common interest; reconciliation of disputes and conflicts between associations.
- To disseminate and train the association’s members and to provide the necessary information to members according to legal provisions.
- To consult and assess problems on matters within the scope of operations of the association, as requested by its members. Associations can also cooperate with other associations and, with VUSTA’s support, may conduct research and multi-disciplinary social assessments.
- To contribute opinions on legal documents relating to the operation of associations. To make proposals to State agencies on issues related to the development of associations in the domain in which the association has experience.
- To raise funds on the basis of membership fees and income from business activities, following legal provisions, to ensure the self-sustainability of its activities.
- To receive funds from local and foreign individuals and organizations under the provisions of the law.

Associations with a national or provincial scope of operations are allowed to join international and regional associations as outlined in Government Decree 20/2002/NĐ-CP, dated 20/02/2002, pertaining to the implementation and assumptions of international agreements in the provinces or centrally managed cities, socio-political organizations, social organizations, and socio-professional organizations of Vietnam.

Registration Requirements for Associations under Decree 88/2002/ND-CP:

- Establish an operating purpose that does not contradict the law;
- Ensure the name and primary operational domain is not the same as another association that has been established in the same field;
- Provide a charter that includes the association’s name, guidelines, purpose, mission, authority, and operating principles;
- Maintain a head office;
- Provide an adequate number of registered members for participation. For associations operating nationwide or provincially, there must be at least 100 signatures of registered citizens or organizations from different provinces who are qualified and volunteer to participate in the establishment of the association. For associations operating within a single province, at least 50 signatures with the same above specifications are required. For associations operating within the districts, at least 20 signatures with the same specifications are required. For associations operating within the communes, at least 10 signatures with the same specifications are required.
• MOHA will stipulate the number of members who must join the association. This regulation may make it more difficult to establish an association if the Boards canvassing for new, prestigious members fail to mobilize the specified membership numbers.

• Application dossiers for the establishment of an association must include: 1) The application for a permit to establish an association; 2) a draft charter; 3) a projected plan of operations; 4) a list of the association’s members as recognized by a competent State agency; 5) the curriculum vitae of the head of the association (certified by a competent authority); and 6) documents certifying both the legality of the head office and the assets of the association.

In fact, the requirement for securing the recognition of the association’s canvassing board by a governing authority often creates great difficulty for an association in establishing itself. These canvassing boards must be convincing and develop strong relationships with the governing ministries in order to set up an association.

Steps for establishing an Association under this Decree:

Step 1 - Form the association’s membership canvassing board:

It is best to mobilize prestigious individuals for the board who work in the domain(s) that the association plans to operate in, and those who have good relationships with the governing ministries. For example, if a training related association is to be established, recognition from the Ministry of Labor, Invalids and Social Affairs (MOLISA) is needed. It is therefore necessary for the association to establish a good relationship with MOLISA. This is why, when establishing an association, the members should establish a well-connected canvassing board.

The recommended number of board members is as follows: For associations operating nationwide or within provinces, there must be at least 10 members; for associations operating in a single province, there must be at least 5 members; and for associations operating within districts and communes, there must be at least 3 members. For unions of economic associations operating nationwide, there must be at least 5 members, and for unions of economic associations operating in the provinces, there must be at least 3 members.

Step 2 - Request recognition from a governing ministry or state agency that is competent in the field in which the association wishes to work:

The Association’s canvassing board must prepare the application dossier for registration and send it to the relevant governing agency. A dossier must include:

- The application for recognition of the Association’s canvassing board with a clear statement of the Association’s name, guiding principles, main purpose, primary operating domain(s), scope of operations, expected timeframe for establishment of the association, and temporary meeting venue.
- The curriculum vitae of the head of the Association’s canvassing board.
- A list and the curriculum vitae of those individuals, who are expected to join the canvassing board, including each person’s full name, date of birth, place of residence, educational history, and professional qualifications.

The following state agencies will recognize an Association canvassing board according to its particular designation:

- For Association canvassing boards operating nationwide or provincially: recognition by ministries or ministerial level agencies who are responsible for the state management of the branches or operational domains in which the Association expects to work;
- For Association canvassing boards operating within a particular province: recognition by a department or agency under the Provincial People’s Committee that is responsible for the state management of the branches or operational domains in which the Association expects to work.

- For Association canvassing boards operating within districts or communes: recognition by the People’s Committee of the district.

In order to be effectively recognized, it is critical not only to ensure that the board maintains a good personal relationship with the governing ministry, but also that the Association clearly states its functions, mission, and charter. This is required in order to reflect the strategic tasks of the ministry and to demonstrate how the Association might contribute to the field of work which the ministry is responsible for.

**Step 3** - Complete the dossier in 15 days for submission to the State agency to secure a permit:

After being recognized by a governing State agency, the Association’s canvassing board must:

- Canvass for individuals and organizations to join the Association.

- Complete dossier according to Decree 88/2003/ND0CP (see Step 2 instructions). This dossier includes: An application for a permit to establish an association, a draft charter, a projected plan of operations, a list of the members of the Association’s canvassing board, the curriculum vitae of those members, and documents certifying the existence of a head office and the assets of the Association.

- The following agencies have the authority to issue an Association’s operating permit, as outlined in Decree 88/2003/ND-CP: MOHA for associations operating nationwide and in numerous provinces, and the Provincial People’s Committees for associations operating within a particular province, or in the districts or communes.

- After sending the dossier to the governing authority, the board must follow-up on the process by supplementing or correcting any parts of it upon the request of the authorities.

- Within 60 days of receipt of a legal and valid dossier, the governing authority will issue the association’s permit.

In order to minimize the risk of not being issued a permit, and to ensure that the application process is smooth and convenient, from the very beginning an Association should seek advice from other established associations, non-government organizations, and MOHA. This should be done before sending the dossier in order to meet the ministries’ requirements.

**Step 4** - Hold a membership congress to establish the Association:

After obtaining the permit, within 90 days from the date of its issuance the board is responsible for holding a membership congress to elect the leadership board. If within 90 days, the Association fails to hold the congress, the canvassing board must send a written request to the governing authorities who issued the decision to request an extension. The duration of any extension must not exceed 30 days. After the extension timeframe, the Association’s permit becomes invalid.

- The task of an Association’s congress is to:
  • Announce the issuance of the Association’s permit;
  • Discuss and vote on the charter;
  • Elect the leadership and control board as stipulated in the Association’s charter;
  • Approve the Association’s activity programs; and
  • Approve the resolutions.
- The Association’s canvassing board must be dissolved once the leadership is elected.

Within 30 days after the Congress, the Association’s leadership must send a report to the governing authorities who issued the permit. This report must include: the Association’s charter and the records on the adoption of the charter; the records on the election of the leadership; a list of the members of the control board, including the curriculum vitae of the Association’s head; and the program plan and congress’s resolutions. The charter shall be approved within 60 days from the day that the legal, valid dossier is received.

In fact, when the charter is approved by MOHA, any unofficial discussion and suggestions regarding its composition should be reflected within the charter in order to meet the legal requirements and the demands of the members. Lastly, the Association must ensure that democracy and self-responsibility are respected during the election of the Association’s leadership.

2.3. How to Establish a Non-governmental Fund

Organizations qualified under the following definitions:

A fund is a non-governmental organization with legal status established by one or many individuals or organizations that voluntarily designate a certain amount of assets for charitable purposes via contracts, aid, or testament. Such organizations usually target their funding for programs related to culture, education, health, sports, science, or support of community non-profits. Funds are given operational permits by governing State agencies that recognize the Fund’s charter.

For definition purposes, “not-for-profit” means not seeking profit and indicates that any profits gained during a Fund’s operation are designated for activities prescribed in the charter. Likewise, by the term, “asset contribution” is meant the legal transfering of an individual’s or organization’s assets in the form of contracts or donations or a last will and testament to the Fund. Individuals and organizations who contribute assets to a Fund lose their future rights to such assets.

A Fund’s rights under Decree 148/ND-CP/2007:

- To raise contributions and support for the Fund; to receive assets donated by domestic and foreign individuals and organizations according to the Fund’s guidelines, purpose and legal provisions.
- To use the funding with the power of attorney of individuals or organizations, according to the Fund’s guidelines and purpose.
- To provide services and other activities under the legal stipulations for preserving and improving the Fund’s assets.
- Enterprises sponsoring the fund are free from paying corporate income taxes, which, according to the State, encourages the promotion of charitable giving and social and non-profit activities within the market.

Registration Requirements for Funds under Decree 148/ND-CP/2007:

- A fund can be established when the following requirements are met:
  - It must be non-profit and its purpose must focus on encouraging the development of culture, healthcare, education, sports, science, charity, humanitarian aid, or community development;
  - Its founding members must possess a commitment towards asset contributions;
• It must possess a charter and an organizational structure compliant with regulations prescribed in this Decree and in other relevant documents;

**It must have a business office:**

• The Ministry of Home Affairs prescribes specific conditions for establishing funds. In fact, this regulation gives MOHA the power regarding fund establishment, and therefore, the entire process depends on the inclinations of MOHA. Because of this, before establishing a fund it is essential to consult MOHA on their opinions.

• The application dossier for the fund must include: an application for the fund’s establishment, a draft charter, the fund’s establishment plans and projected operations, a commitment to secure a headquarters, and a commitment for asset contributions to establish the fund.

**Steps for establishing a Fund under this Decree:**

**Step 1:** Study the legal documents for establishing a fund: It is advisable to consult with established funds and MOHA for their opinions first. Suggested documents for review include Decree 148/2007/ND-CP and the guideline documents of MOHA and MOF. It is important to identify the fund’s objectives and review its capacity for financial contributions as well. In order to establish a fund, there must be at least 2 founding members on the Board, according to legal stipulations.

**Step 2:** Prepare the documents specified in Article 10 of ND 148/2007/ND-CP. The regulations require that:

- The application clearly states:
  i. The reason for the Fund’s establishment;
  ii. The Fund’s objectives;
  iii. The scope of operations;

  iv. A commitment to contribute assets.

- The Fund’s draft charter includes the basic components stipulated in Article 11 ND 148/2007/ND-CP.

- The application contains the following basic explanations as to:
  i. The need for the Fund;
  ii. The Fund’s objectives according to law;
  iii. The financial capacity and assets of the Fund’s founding members (if there are two or more founding members, the Board must provide explanation);
  iv. The projected organizational structure, including the Management Board and the Board of Directors.

- The Fund demonstrates assurances regarding:
  v. The Fund’s headquarters: If the head office is rented or leased, a leasing contract is required. If it is a gift, there must be a written gift commitment and the necessary supporting documents compliant with legal provisions.

  vi. The Fund’s asset contributions: Assets slated for establishing the Fund must meet the requirements prescribed by MOHA.

  vii. The status of the Fund’s establishment and adherence to the regulations certifying its asset contributions, as stipulated in Point 6 of Article 10, Decree 148/2003/ND-CP.

**Step 3:** Submit the dossier and wait for the operating license from MOHA. After preparing the complete dossier, the founding Board members must submit it to the relevant State agency:

- For funds operating nationwide or within multiple provinces or for funds financed by foreign individuals and organizations, the dossier must be sent to MOHA.
- For funds operating within a single province or in centrally run cities, the dossier must be sent to the provincial Department of Home Affairs (DOHA), and then to provincial People’s Committee.

- For funds operating within districts or communes, the dossier must be sent to the local level Office of Home Affairs, and then to the district People’s Committee.

When submitting the dossier to the relevant State agency, it is essential to obtain a receipt. Within 60 days after the dossier is filed, the outcome will be released. If a permit is not issued, a request to question the reasons for the denial can be made. For those who are granted the permit, the operating license serves as the Fund’s charter certification.

**Step 4:** Initiate the Fund’s operations after the license is issued and the charter is recognized by MOHA.

After the operating license is issued and the Fund’s charter is recognized by the relevant State agency, the founding Board members must complete the following tasks to commence the Fund’s operations:

- Transfer the committed funds donated by individuals and organizations into the Fund’s account at a chosen bank or the State Treasury and obtain certification of deposit.

- A certification as to the assets from the individuals and organizations who contributed to the Fund must be provided by the Fund Management Board. For assets worth more than 100 million dong, the money must be certified by a relevant State agency established according to legal stipulations.

- An official announcement of the Fund’s establishment must be made in the provincial written and electronic newspapers. Announcements must include: the Fund’s name; the name of the Fund’s president; the Fund’s bank name and address; its originally registered assets; and the Fund’s operations, operational address, telephone number, and email (if any).

**3. Requirements on Structure, Mission and Vision**

**3.1 Defining the organizational mission and vision statements**

*What is the organization’s vision?*

An organization’s vision statement outlines what the organization wants to be and concentrates on the future. It is a source of inspiration and provides clear decision-making criteria. The details of an organization’s mission are derived from its overall vision. The organization’s vision statement must be:

- Forward-looking: In the future, what will your organization look like if it is successful?
- Practical and highly feasible: How do you plan to effectively achieve your vision?
- Inspiring and unique: What are the organization’s underlying values and aspirations, and why it is different from other organizations?

*What is the organization’s mission?*

The organization’s mission statement clearly states the fundamental purpose of the organization and concentrates on the present. It defines the target population, the objectives, and the critical processes. The organization’s mission is very important in the way it orients both the organization’s activities and those of the Board of Management. The organization’s mission should clarify the following issues:

- First, what resources and opportunities are required to achieve the organization’s objectives?

---

Second, what specific strategies have been developed to achieve the organization’s goals?

Third, what are the values and principles that the organization will pursue? (i.e. equality, democracy, integrity, etc.)

How should an organization develop a mission statement?

To develop your organization’s mission statement, you will need to do the following:

**Step 1:** Hold an extended meeting with an experienced expert and the senior members of your organization to brainstorm on the organization’s mission.

**Step 2:** During the meeting, ask the following questions:
- What kind of organization is it?
- Who are beneficiaries?
- What need to be done? Where? When?

**Step 3:** Reach an agreement.

**Step 4:** Convert the agreement into one or two clear sentences.

**Step 5:** Examine the agreement in discussions with your external counterparts. Once all parties have agreed, it can become the organization’s mission.

It is important to note that CSOs with a clear vision and mission often work more efficiently, and their ability to attract outside sources is much more compelling. (An example of this is provided by the Center for Community Health and Development - see Appendix 2).

**What is a well-governed organization?**

Good governance implies governing by means of transparent decision-making processes, effective leadership, and assuming responsibility and using resources on the basis of shared values.

Accountability to the community, including the State, the public, association members, beneficiaries, and other concerned parties, must be assumed by the CSO and its governing members. Because CSOs receive direct or indirect support from the community and society, they must then be responsible to society.

A good governance system is one that has internal controls to ensure common objectives in serving the community. Within this system, it is important that the management structure should be divided such that the Board of Directors and the Board of Governance each function as a checks and balance to the other during decision-making processes.

In this internal control system, the organizational charter and operating regulations must clarify the following functions and tasks:

- **The Board of Governance and the Board of Directors:**
  The Board of Governance is the most powerful, key component in the decision-making process for a non-membership CSO. For membership associations, decision-making is done by the members of its Congress. The Board of Directors works on the basis of consensus or voting for each decision. The Board of Directors consists of a Director or General Secretary, and senior members of the Management who are responsible for the daily administration of CSO activities in keeping with the strategies and values prescribed by the Board of Governance.

- **Functions of the Management and Governance Boards:** The Board of Governance performs oversight functions, while the Board of Directors performs daily management functions. Governance functions ensure that the organization’s vision and mission are realized, they define the underlying values and standards that the organization pursues, they mobilize resources for the
organization’s continued operation, and they perform external outreach to the community, society and donors. The Board of Governance assigns the CEO the power to manage human resources, finances, and daily program and administrative operations.

However, if members of the Board of Management are also influential on the Board of Governance, they can easily control the Board of Governance and the power will then be in the CEO’s hands. They will find and distribute resources, income and other conditions favorable to them, thus, doing harm to the organization’s direction.

• **The Board of Supervisors:** This Board is responsible for overseeing compliance with regulations, financial spending, and daily management of the Board of Directors. It reports directly to the Board of Governance. The President of the Board of Governance must ensure that the Board of Supervisors is well equipped with information and is able to perform their supervision duties.

Some notable governance principles include:

• **The Board of Founding Members:** This Board is only relevant when campaigning for the establishment of a CSO. However, even after a CSO is established, this Board can play an important role and meddles a lot in the management affairs of the organization. To ensure efficiency, members of the Board holding key positions are permitted to work within their assigned scope, with responsibilities prescribed in the charter. Many CSOs in Vietnam do not have a Board of Founding Members because it is seen as an indication of an organizational structure that gives the Chief Executive Officer (CEO) too much power without a counterbalancing set of controls.

• **Salaries for Board Members:** Members of the Board of Governance do not receive salaries in order to guarantee the organization’s emphasis on transparency, independence, and the objective of working for the good of society. This is why it is critical, right from initial Board formation, to prevent individuals with purely economic motives from joining the Board. In many CSOs in Vietnam, the Board of Governance is involved in the organization’s operational activities and Board members benefit from its initiatives. This type of structure reduces objectivity and the ability to control the organization.

CSOs often find it disastrous when their CEO finds another job or takes medical leave, which can halt all the organization’s operational activities. In such cases, the Board of Governance should seek a potential replacement candidate from both inside and outside the organization to supplant the current CEO, even if the Board of Governance has much trust in him or her.

It is critical for a CSO to have its mission at the heart of all the organization’s activities. The mission should provide the guiding principle for the Board of Governance’s oversight functions and how it orients all the organization’s activities. Unlike a business, a CSO’s mission should support and develop the community and society, through initiatives such as poverty reduction, hunger alleviation, environmental protection, community health care, etc. The mission is also the foundation for uniting the whole organization within the system.

The following policies and mechanisms should be in place to resolve conflicts of interest:

• What is a conflict of interest? A conflict of interest emerges when an individual on the Board or with a certain level of power in the organization has a personal, vested interest in the outcome of a particular decision and attempts to exert
influence to benefit him or herself, rather than the common interests of the organization as a whole. Some examples follow:

- Directors of the donors are also the leaders of a CSO funded by that donor. This results in an unfair advantage for other organizations who also receive aid from the donors.

- Your spouse’s company provides contractual goods or services to an organization where you sit on the Governing Board.

- Members of the Board of Governance have close relationships with and patronize members of the organization.

  • In such cases, the organization must establish conflict resolution mechanisms to ensure good governance. Such mechanisms should clearly address the following issues:

    - What is the conflict of interest? How could it affect the organization?

    - Solving disputes must be accomplished on an open, objective and independent basis. Who is responsible for solving conflicts and how will it proceed? 22

4. Conclusions

This chapter equips readers with some simple guidelines for establishing three different types of CSOs: 1) NGOs under Decree 81/2002, 2) Non-government Funds under Decree 148/2007, and 3) Associations under Decree 88/2002. Each type of organization offers different benefits to society and serves different groups of people. Nevertheless, in whatever form they all must clarify their mission and, vision and identify their beneficiaries. Moreover, organizations must advance their efficiencies and responsibilities to society, settle any conflicts of interest, and establish key principles for good governance.


CHAPTER IV: AN OPERATIONAL GUIDE

1. Introduction

Previous chapters have dealt with the definitions of CSOs, the theories behind civil society, how to establish a CSO and related regulations in Vietnam, and specifics regarding the development of a structure, mission and vision for a CSO. This chapter aims at providing readers with a basic knowledge of the operating principles of a CSO regarding finance and human resource management. It will include an overview of financial management, accounting, human resources and fundraising. This chapter attempts to enhance CSO sustainability and efficiency.

For the first three to five years after CSOs in Vietnam were initially granted permission to operate, there were many challenges with relation to human resources and financial management. Such difficulties created a vicious cycle of weak human resource management, inefficiencies, low productivity, and inability to recruit high quality employees. Therefore, it is essential that CSOs today have to overcome such obstacles (See Appendix 1: Difficulties and Challenges Faced by a VUSTA CSO).

This chapter also presents key findings compiled from the successes of many CSOs around the world. It reviews Vietnam’s regulatory environment with regard to financial management and human resources in order to offer CSOs the basic principles for operating a CSO.

Apart from the introduction and conclusion, Chapter IV includes 3 other sections. Section 2 discusses the basic principles of financial management in a CSO, and Section 3 presents fundraising skills through which sustainable financial resources can be maintained. Lastly, Section 4 reviews the principles and key factors for human resource management in a CSO.
2. Basic principles of sound financial management

2.1. The definition of financial management:

Financial management refers to the procedures through which financial planning, implementation, control and reporting are undertaken in order to achieve the financial objectives of the organization.

- Finance is not only used in administrative and financial departments, but also for developing the organization’s common strategic goals. Because of this it is important that finance play a role in the organization’s management activities and that it is reflected in its project goals.

- In practical terms, the above points are very important in Viet Nam because often a CSO’s finance staff and accounting departments do not understand the strategic goals of their organization and are therefore unsupportive of its common objectives.

- Good financial management is important in an organization because it:
  - Helps the Board of Management determine the best use of its resources in keeping with the objectives and commitments made by the organization to its partners, the community, and society;
  - Makes the organization more responsible to its donors and society, therefore enhancing their faith in the organization;
  - Improves the organization’s competitiveness and competence in bidding for projects and donor resources;
  - Increases faith in the organization’s long term financial sustainability.

2.2 Basic components of financial management:23

There are four primary components in financial management: A) financial planning, B) book keeping, C) financial controls, and D) financial reporting.

A) Financial Planning:

Based on the organization’s strategic plans and operations, the financial director determines its potential income and necessary expenses and, from this, develops an annual budget plan for the organization. Budgeting is the most important financial work to be completed and monitored.

A budget serves as the foundation for comparison between expected expenditures and actual expenditures. It is also the basis for evaluation of completed work.

Normally, donors are concerned that administrative expenses are kept as low as possible and so a budget helps demonstrate compliance with donors’ wishes, which is a good way for a CSO to raise funds.

In the non-profit sector, donors normally want to see a budget for an organization’s administrative activities capped at no more than 15%, but it is often preferable that it is below 10%. This expenditure rate is the foundation on which accountability for the organization’s administrative activities is defined.

B) Bookkeeping:

Every employee of the organization is required to carefully record all ongoing activities, including work performed, venue, time spent, income, and expenditures, and to ensure that all accounting information is reported in a concise and timely manner. Additionally, the records, invoices, and receipts must be maintained in an orderly and secure fashion.

An organization’s accounting structure must be developed around the major activities of the organization’s projects and must be based on sound financial regulations to properly monitor and record its financial activities.

Often, many organizations have disorderly bookkeeping methods, resulting in auditing problems and disruption to efficient organizational operations.

C) Financial Controls:

Internal control is at the heart of financial management. It helps financial controllers assess critical issues, such as:

- The risks and effectiveness of how an organization’s assets are used;
- The degree to which organizational funds meet project objectives and donor’s expectations;
- The managers’ competence and ethics. In the case of any inadequacies or misconduct, sound financial controls may help with early detection and resolution. Strong financial controls can enhance organizational competence and survival.
- Inaccurate information in accounting procedures can lead to misconduct and erroneous management decisions. If poorly handled, it can further lead to legal violations or corruption in the organization.

Maintaining sound internal financial controls requires that the organization:

- Secure cash assets in a safe or, preferably, in a bank account;
- Ensure that all expenses are pre-approved and strictly follow financial regulations;
- Comply with planned budgets;
- Verify monthly expenses;
- Utilize competent financial employees to control organizational finances;
- Perform annual audits;
- Cross-check the consistency of actual cash on-hand with recorded figures.

D) Financial Reporting:

Financial reporting is the analysis and summarization of organizational income and expenditures based on annual projections as compared to actual expenses and income. If these financial statements reveal discrepancies between the projected budget and actual expenditures or income, a detailed explanation must be provided.

It is necessary for an organization’s financial statements to comply with both State law and donor regulations. Financial statements are often made by independent auditing companies to ensure objectivity and transparency in management. For CSOs in Vietnam, financial statements must conform to Vietnamese Law and donor requirements. 24

2.3 The Golden Rules of Accounting and Finance

- Record all ongoing activities. Managers should track the organization’s project activities.
- Be organized. All documents must be filed properly and activities should strictly follow the organizational regulations.
- Be consistent. All work should be utterly consistent. Timing for activities should not be altered without good cause.
- Always keep the accounting books updated.

• Do not allow long time delays before accurately recording project activities. If records are not regularly updated and organized, maintaining accurate project information will become problematic when reporting is required by the organization.

• If faced with difficulties, promptly inform and discuss the issues with the organization’s leadership to identify effective solutions. Do not attempt to solve the problems alone.

3. Fundraising skills

3.1 Fundraising procedures

Fundraising is a long-term process with different procedures that require fundraisers to know their organization’s strengths and weaknesses well. Fundraisers must also understand donor requirements precisely. The following measures may assist a CSO in accessing funding resources:

Step 1: Clarify your organization’s professional orientation

Each professional organization possesses important attributes that require particular consideration right from the CSO’s initial establishment. The organization must meet certain conditions to successfully attract donor funds. These include:

• **Condition 1**: Precisely clarify your unique organizational attributes:
  - First, what makes your organization’s mission and vision different from others?
  - Second, who are your organization’s beneficiaries and what are your objectives?
  - Third, how do you plan to meet your objectives and how will you achieve your goals?

Such questions should be provided in written documentation introducing your organization. By answering these questions, the organization’s special attributes will be revealed, drawing the attention of society and prospective donors.

• **Condition 2**: Prepare organizational documentation properly:

CSOs should make information regarding the organization clear and specific so that donors and the public understand their objectives and particular characteristics. Towards this end, documentation should include:

- The operating license registration approved by the government;
- An audited activities report;
- Financial statements;
- The mission statement;
- An overview of the organization’s structure and a list of the Board’s founding members;
- Introduction letters from former and current donors.

• **Condition 3**: Make the expected outcomes of the organization’s activities and its operations public. This can be accomplished by:

- Writing documents so that they illustrate the organization’s objectives, recent achievements, difficulties, challenges, and failures;
- Drawing the attention of donors by sending staff to meetings and workshops to present the organization’s outcomes;
- Launching a website to introduce your organization.

In reality, when applying for funds many organizations do not fully understand the purpose of a CSO and make the mistake of confusing the concept of “non-profit” and “community benefit.” Because of this, they often fail to clarify their objectives in their documentation, resulting in rejections of their proposals.
• **Condition 4:** Establish long-term mechanisms to attract funding resources.

Such mechanisms might include projecting the amount of money needed in 2-3 years time for organizational operations or developing policies for identifying funding resources with the Board of Management. To attract donors, your organization may want to try the following approaches:

- Appeal to small donors. In doing this the organization may gain greater influence at the local level and the public may become more closely involved.
- Focus on 1-2 big donors. Dependence on those donors will be greater.
- Approach foreign donors. Conflict with local authorities might arise in these cases. In Viet Nam, we must refer to the governing authorities, or the People’s Aid Coordinating Committee (PACCOM), or bodies under the Ministry of Development and Planning. Normally, international NGOs have operating licenses issued by PACCOM, pursuant to Decision 340/1996-QĐ-TTg. To appeal for such foreign donor funds, your organization must secure the approval of its licensing authority based on Decision 64/2001/QD-TTg.
- Establish a fundraising council: Clearly define the functions and duties of the council. Council members could include some of the Board of Management who are prestigious and respected, with easy access to good funding resources. This suggests that, if a CSO does establish a fundraising council there is a greater likelihood of securing more sustainable funding resources in the future.
- Regularly monitor and evaluate the organization’s performance.

**Step 2: Create a fundraising proposal**

• **First,** convert good ideas into a project proposal outline
- Discuss prospective ideas with experts, partners, and concerned parties to develop the outline.
- Form a project development group within the organization.
- Identify individuals or groups who have implemented similar projects to seek their experience and knowledge on the best way to construct and implement the project. (Google might be helpful in searching for information).
- Determine the project implementing location and quickly assess local needs.
- Have the project development group develop the project ideas into an outline and garner input from the Board of Management.
- Develop a fundraising plan once the fundraising council has been formed.

• **Second,** amend project proposal to address donor expectations

CSO leaders need to continuously adjust and review the project proposal upon donor requests:
- Collect and organize information, and assess needs scientifically and effectively;
- Clearly answer questions like Who? What? Where? When? How? and others related to your objectives, activities, and beneficiaries when developing proposals;
- Directly state how the project will be evaluated internally and externally;
- Provide a detailed budget with projected expenses and an explanation as to how the project will achieve its goals;
- Secure Board of Management’s approval prior to sending project proposal to the donors.

**Step 3: Identify prospective project funds**

In order to secure donor funds, it is critical to first properly identify suitable donors. Some things to keep in mind when doing so:

- Accept the fact that there is no specific framework for securing donor funds and, if you do attract a particular donor, there is no certainty that funds will be awarded. The key to drawing in funding lies in the unique and specific features of each organization and whether or not those features are suitable to the donor’s interests.
- Do not target funds from all donors. Concentration on and selection of a few donors is critical. Begin by listing 10-15 donor organizations who share your general mission. Then, identify 3-4 of them who will most likely appeal the most to your organization and from whom funds might be raised.
- Raise funds at the local level first before seeking aid from outside sources. Local funding sources have the advantage of offering simple procedures and readily providing helpful information. International donors often look to fund organizations who have already received local aid.
- Make use of your existing individual relationships with similar NGOs to gain their support.
- Target international NGOs and embassies, and use the Internet to identify donor attributes and interests.

**Step 4: After securing aid, comply with project approval procedures pursuant to Vietnam Government regulations**

These Government regulations, including Decision 64/2001-QD-TTg and Circular 109/2007/TT-BTC of the Ministry of Finance, provide guidance on the State’s regulations related to financial management of foreign non-governmental aid. All non-governmental aid grants must undergo the following approval process:

- **First:** Submit the project file, including the project documents, aid commitment, donor operating license (if any), and agreement issued by the local authority where the project will take place.
- **Second:** Submit the file to the relevant authorities for assessment and approval. Project files must be submitted if they fall within the following categories:
  - When a project’s value is below $500,000 USD, or any non-project aid is below $200,000 USD, or for any emergency aid funds, the project files must be submitted to the Association or the Union of Associations that have the authority to approve such projects.
  - When the project’s value is more than $500,000 USD or any non-project aid is more than $200,000 USD, or when it comes to military and defense-related projects, cultural programs, or projects targeting ethnic groups, projects must be submitted to the Foreign Economic Relations Department, the Ministry of Development and Planning, and then to the Prime Minister’s Office for approval.
- **Third:** Follow the procedures for securing aid confirmation with the Department of International Cooperation, the Ministry of Finance or the Department of Finance. This procedure is very important because the outcome may result in a non-governmental project exemption or partial deduction from import tax, or in eligibility for favorable financial regulations.
3.2. Fundraising skills

Create a systematic list of the potential donors, contact points, and related required procedures:

- Write a brief proposal for the project that you seek funding for. If it is accepted, a detailed outline must then be developed. In the summary, clearly state the project’s objectives, anticipated outputs, financial status, and targeted beneficiaries, as well as a clear project implementation plan.
- Remember that, even if your organization has completed the guidelines carefully, your proposal might still be rejected because donors receive hundreds of competitive proposals at any given time. If the proposal is rejected, you should write and ask the reasons why so that you can learn from the experience and enhance your future proposals.
- It is very important to keep in contact with your prospective donor. Pay close attention to the following issues that need to be completed to maintain your relationship with your donor:
  - After receiving funds, write a letter of acknowledgement and thanks.
  - Send regular reports upon the donor’s request.
  - Keep expenses as low as possible.
  - If two or more donors are supporting your project, budgets and expenses should be clearly differentiated as requested by each donor to make sure that financial reporting for all donors is transparent.
  - Remain faithful to your organization’s project objectives and goals.
  - Welcome visitors from your donor agencies.
  - Always be ready to explain any information that your donor requests.
  - Inform your donor of any changes.
- Promptly reply your donor’s emails and letters.
- Establish a trustworthy relationship with your donor.  

4. Key issues in human resource management  

4.1 Improving staff competence

In order to facilitate the efficient operations of a CSO, all staff should have clearly defined job descriptions regarding their work responsibilities, who they manage, and who they report to. Good working conditions that encourage the staff to work efficiently in a CSO are as follows:

- Reasonable and competitive salaries for adequate family support;
- Holidays to keep staff fit and healthy, both physically and mentally;
- A certain degree of job security;
- Advancement. Even enthusiastic staff may leave the job if they feel their efforts and interests are not recognized or they have not progressed over time.
- Encouragement. A good manager should verbally and financially encourage his/her staff, and help them understand their strengths and weaknesses. S/he should also support them to use their skills to the best of their ability.
- Equal opportunities and diversification. If an organization is committed to working as a CSO, it should provide equal opportunities and acceptable working conditions to all staff, irrespective of gender, age, ethnic group or religion. The organization must support the diverse and varied points of view, ensuring democracy. This should be stated clearly in the organization’s charter and in their operating principles.

The structure of an organization’s human resource management should be regularly assessed and amended where necessary. The issue of representing ethnic groups, gender or age will need clear classification so that the objective of, for example, increasing the number of female employees or perhaps young employees, can be targeted in future human resource initiatives.

It is necessary to make sure that job announcements are circulated in the public among those least represented in the organization. When recruiting, clear prerequisites should reflect the desire to enhance diversity within the organization. Training and promotion opportunities should also be provided for staff who are least represented. This principle marks the difference between CSOs and normal companies which often give priority to profits and efficiency.

In Vietnam, many CSOs do not have human resource evaluation procedures in place, which results in the inability to properly evaluate staff contributions, and therefore to sufficiently provide encouragement and well-earned financial compensation. This problem negatively impacts the organization’s productivity and efficiency.

Current experience indicates that CSOs have difficulties paying high salaries, and likewise have trouble attracting highly qualified staff. Often, CSO staffs accept lower salaries than their counterparts in the for-profit sector, but they are dedicated employees who work with great passion.

4.2. Selection and recruitment of staff

A CSO’s recruitment procedures should consist of the following steps:

**Step 1:** Analyzing the organization’s staff needs
- Identify vacancies and determine the selection criteria and required qualifications for new staff to achieve the organization’s strategic goals.

- Assess the gap between current human resource competencies and the ongoing needs for staff in the future to realize your strategic goals.

- Balance the necessary resources to ensure that your financial assets are sufficient for maintaining an effective human resource structure and therefore accomplishing the organization’s strategic goals.

**Step 2:** Developing a job description

After the Board of Management approves your proposed recruitment needs, a job description must be developed. Such a description should include:

- Organizational background: What is the organization’s mission and vision and what role does the position play in realizing those aims?

- Work details, including:
  i) Desired skills, experience, and professional qualifications
  ii) Duration of the contract and planned performance assessment methods.
  iii) To ensure efficiency, work performance should be assessed periodically during the contract duration and the relevant job description changes made accordingly.

**Step 3:** Advertising for staff recruitment

Recruitment notices must be transparent, open, and reach those who you would like to recruit:

- Competent and experienced staff should be given access to internal advertisements.

- Information is provided to partner organizations to identify suitable candidates.

- Advertisements are posted in the press and online.
- Assistance from the Board, colleagues, professional contacts, or other experts can be solicited for locating the right candidates. Such contacts may connect you to the right candidate or may help to disseminate recruitment information to interested parties.

**Step 4: The human resources selection process**

Some human resource selection issues might include:

- The Board of Directors may have the right to select the Executive Director.
- High and medium ranking managers may be permitted to invite members of the Board of Directors to join the selection process.
- At least one staff member may participate in the selection process. This opportunity should be equally shared and rotated among the staff to enhance their skills.
- Representatives from project partners might be invited to join the selection process.
- The selection process should adhere to the principles of diversity, equality and transparency.

**Step 5: The selection criteria and short-listing**

Based on pre-selected criteria, the Recruitment Council will issue an evaluation score to determine each candidate’s standing. From these scores, the selection process is narrowed down to 4-8 final candidates. Any opposing opinions are discussed until agreement is reached. The Human Resources Manager or the Head of the Recruitment Council makes the final decision.

**Step 6: Interviewing staff candidates**

When interviewing prospective candidates, each may be given a written individual or group test. Such tests may be administered to examine such skills as a candidate’s teamwork competence.

Interviews with questions pre-selected by the Recruitment Council are administered or a 10-15 minute presentation might be required to examine a candidate’s presentation skills.

Group discussions might also be held to examine intellectual competence or creative problem-solving skills. It might help if records of the candidates’ scores are maintained until the final candidate is selected.

**Step 7: Final Selection**

By comparing the overall scores, the final decision can be made on the right candidate. If the Council does not see eye-to-eye on the decision, the Chief of the Council should make the final selection.

**Step 8: Informing the candidates**

It is necessary to inform all the participating candidates of the results, whether they are selected or not to ensure that the process is transparent and equal. If no candidate is selected, the process begins again.

**Step 9: Finalizing the contract**

A discussion must be held with new staff to clearly outline all terms and conditions for employment that have been agreed to by his or her direct manager and by the Human Resources Manager. Some conditions for employment might include:

Remuneration and payment methods

ii. Income tax responsibilities

iii. Bonus

iv. Training and promotions

v. Contract duration

vi. Leave

vii. Overtime work
viii. Performance assessment

ix. Probation period

x. Contract termination and next steps

New staff must be required to read the contract carefully before signing.

4.3. How to ensure efficiency in human resource management

The following principles can improve efficiency in human resources management:

- Each worker’s contribution and the human resources evaluation process should be regularly assessed. This assessment is essential in the way it helps the organization encourage workers to work efficiently.

- Human resource management procedures should be consistent, equal, and accountable. For example, who will be responsible for assessing the executive director’s performance? (Usually, the President of the Board of Directors.) Will the executive director designate work responsibilities and manage staff work results? Will the executive director reply to staff feedback? All responsibilities should be clearly defined.

- Clear timing for annual and bi-annual results assessments of human resource management should be identified. Evaluation results need to be filed consistently and accurately.

- Do those participating in the evaluation process have evaluation skills? What sort of training courses in evaluation skills will be undertaken?

- What should be done with underperforming staff? In most cases, staffs are efficient, only few fall below expectations. The problem will be how to deal with them.

- Professional managers should assume responsibility for their assigned staff and should: a) understand staff competence levels, b) know when to intervene and how to improve a staff member’s competence, c) know how to assess staff improvement, and d) know when to call for support. Professional managers should be clear and straightforward about staff competence, their skills, and their contributions.

- During staff evaluations, it is necessary to clearly identify the areas where a staff member needs the improvement via written and oral tests. Periodic evaluation is necessary for identifying ongoing staff improvement.

- Constructive policies should be implemented for cases of staff incompetence or for violation of regulations, to ensure efficiency so that managers and staff are more responsible to the organization. Some disciplinary methods might include: a) verbal warnings, b) 1st written warning, c) 2nd written warning, d) salary decrease, e) staff transfer, or f) termination of the contract without notice. It would be within a staff’s rights in the case of termination to appeal against the decision to either the Board of Directors or to an Appeals Council, if necessary.

- Improving human resource capabilities is necessary for ensuring that effective staff remains with the organization, and for encouraging staff to do their best. Improving competence requires developing staff skills, knowledge, and team work expertise to work efficiently. This comes not only through training, but also through workshops, meetings, conferences, hands-on experience, self-training, and by making mistakes.

It is important to develop a working culture and environment in which staffs are democratic and responsible, where they learn from
each other, do not blame others, and work collectively. In such an environment, managers should listen to staff complaints and concerns. Staff should be allowed to speak out against anyone’s wrongdoings, mistakes or misdeeds against the organization’s regulations, such as opposition to common policies, breaking the law, misusing funds, or corruption. The informant should abide by certain rules to avoid conflicts which cannot be resolved through negotiations.

4.4. Solving conflicts among individuals

In Vietnam, many CSOs do not have regulations or procedures in place for solving personal conflicts, which can cause inefficiencies within an organization. In extreme cases, organizations have had to close. One good way to resolve conflict is, from the beginning, an organization should be established on the basis of democracy and open dialogue between managers and staff. Managers will certainly be responsible for making final decisions, but their listening skills should be developed and different points of view need to be respected and accepted.

If all parties socialize together, with the Chair and the other managers involved, a sense of camaraderie can be developed and conflicts potentially mitigated. By building camaraderie there can be a start towards better feelings and constructive behavior towards each other straight away.

Suggested steps for conflict resolution:

**Step 1:** Find a Chairperson whom all involved staff can respect and trust.

**Step 2:** The Chairperson must have a clear understanding of the specific situation and of the following broader tenets associated with conflict: (1) Conflict arises from different personalities and conflicting interests of both parties; (2) Both parties believe they are right; (3) An objective and thorough investigation is needed before making an official decision.

**Step 3:** The Chair must speak with each party separately to list their problems and concerns.

**Step 4:** The Chair arranges a meeting between both parties involved, defines the rule of “no attack and no dishonor”, and then conveys the problem objectively. 27

Successful CSOs often have good human resource management policies that are appropriate to the organization’s realities and encourage the active participation of all staff. At the same time, they also ensure staff of their rights and interests, and provide the best working conditions. One example of this can be found with The Center for Rural Development (See Appendix 1).

5. Conclusions

In order to have an efficient and socially responsible CSO, it is necessary for organizations to: a) establish a transparent and scientifically sound financial system, b) develop democratic processes, c) create a non-discriminatory human resource management system to avoid conflicts, and d) to fully deploy the organization’s fundraising skills. There should be clear consistency in particular processes, and when addressing key issues, to facilitate efficiency. These principles differentiate the specific characteristics of CSOs from those of state organizations and from enterprises within the market.

Particularly due to the fact that CSOs often lack sustainable financial resources, they need to continuously maintain a highly responsible organization with a clear standard of ethics so that they are able to convince donors to maintain regular funding of their operations. Such financial problems are rarely experienced by the State or the market.

---

27 Wyatt (2004), a Handbook of NGO Governance (Sổ tay quản trị NGO), Budapest: The Central and Eastern European Working Group of Non-profit Governance.
CHAPTER V. CONCLUSIONS AND RECOMMENDATIONS

1. Conclusions

In Chapter II, the Guidebook provided an overview of basic civil society concepts and definitions, and analyzed the differences between civil society, political society and economic society. This comparison provided an overview of civil society in Vietnam in relation to civil society in other parts of the world.

The Guidebook demonstrated that civil society’s economic, political and social roles are fundamental for the market economy, for modern democratic society, and for the delivery of critical public services where people can provide feedback on ideas and policies to promote social interactions.

Civil society helps to build and enhance social trust for the community and for society. Civil society also plays a crucial role in that it implements programs that political organizations, the State, and the market don’t want to do or can’t do effectively. For example, entrepreneurs who look to make a profit are not necessarily interested in poverty alleviation or environmental protection. At the same time, the government lacks the resources to entirely solve many issues so it is crucial that we promote civil society organizations to take part in the process.

The Guidebook rejuvenates society’s attitude towards civil society organizations as political entities. In principle, civil society does not participate in power struggles, although it can have a significant impact on power and the political structure.

Different theoretical frameworks for civil society have been developed, but the key characteristics recognized by the United Nations and the world are that CSOs are voluntary, self-governing and responsible for their actions. In Vietnam the concept of civil society is often confusing, but the role of civil society in the historical framework is clear, and because of this Vietnam is implementing the changes necessary to lead the way for the development of a healthy civil society as recognized by most democratic countries.

In Chapter III, the Guidebook examines three types of civil society organizations, including NGOs (under Decree 81/2002), charitable funds (under Decree 148/2007), and associations (under Decree 88/2002). Each type has different characteristics and activities, and thus brings about different benefits.

A CSO must develop a mission and vision statement, they must target specific beneficiaries, and they need to fulfill other unique requirements to qualify as a CSO. The Guidebook explains these requirements and offers its audience the necessary information in a step-by-step format for setting up a CSO in Vietnam.

In Chapter IV, the Guidebook refers to the principles for effective and socially responsible civil society organizations. The basic principles include transparent processes, a scientific financial management system, democratic and non-discriminatory procedures in human resource management, avoidance of conflicts and effective fundraising skills.

These principles have been implemented and reflect differences between CSOs and government agencies and entrepreneurs. CSOs that operate as entrepreneurs normally disregard values such as volunteerism, democracy and non-profit. At the same time, transparent organizational structures, effective mutual supervision, skilled fundraising approaches, and adherence to civil society ethics ensures greater sustainability and social awareness of CSOs.
2. Recommendations

The Guidebook provides a first step for developing a CSO, which contributes to Vietnam’s overall national development. However, organizations should also consider:

- Increasing awareness among government agencies, research units, and society in general about the roles of CSOs in order to ensure a supportive environment and advantageous conditions for the organization’s development.
- Addressing the confusion between CSOs and political organizations, which leads to unnecessary bureaucracy and ineffective policies. Innovative programs need to be developed in the areas of financial-self governance, volunteerism, democratic procedure, and non-profit management.
- Promoting research on the appropriate mechanisms, policies and legal documents that can promote favorable conditions for CSO development.
- Building professional organizations that provide consultation and training services to enhance the development of CSOs.

APPENDICES

Appendix 1: Research Centre for Child Support (CENFORCHIL)

The Research Centre for Child Support (CENFORCHIL, also referred to as The Centre) was established in accordance with Decision 1763/QD-LHH on 22 December, 2006 and certified by the Ministry of Science and Technology (Decision No A584) on 28 December, 2006.

CENFORCHIL’s philosophy is “Children today, The world tomorrow” and their vision stipulates:

- Development of the “whole” child;
- Equality for disabled and poor children;
- Prosperity for children tomorrow;
- The improvement of society.

The objectives of CENFORCHIL include:

- Using science and technology to research and improve child support, foster care, education and free play for poor and disabled children; to study the conditions and safety of toys, games and play spaces in order to develop recommendations and a collection of relevant game models for improving children’s intellectual development.
- To perform consultancies, technology transfers, workshops, provide information, material support, and training for service providers in support of poor children.
- To cooperate with other organizations and individuals, both domestically and internationally, in fulfilling the centre’s tasks within the legal framework.
The Centre has 15 staff and 7 collaborators. Their financial resources amount to 700 million VND and their debt is 70 million VND. The Centre has borrowed 500 million VND interest-free and its activities portfolio is diversified.

**Activity Plan for 2006 to 2011:**

1. Implement the following program: “Research to improve child support, foster care, education and free play for rural poor children” in Hoa Binh and Ha Tay Provinces. To build pilot models for the Centre’s objectives in Kim Son Commune, Son Tay Town; Phu Cuong Commune, Ba Vi District in Ha Tay Province; and Qui My Commune, Tan Lac District, in Hoa Binh Province. The program was implemented in January 2007 with the Hoa Binh Union of Science and Technology and local authorities. The first phase was completed and the second phase will begin soon.

2. Implement the following program: “Research and promote the value of toy collection, including traditional and modern games”. Maintain about 60 collections with 4,000 toys at the Centre; establish a traditional toy manufacturing village club; Organize 2 expositions for poor children in Ba Vi, Ha Tay and Tan Lac, Hoa Binh; Organize 3 kite flying festivals for the youth in Ba Duong Noi, Hong Ha Commune, Dan Phuong District, in Ha Tay.

3. Carry out communication activities related to children and promote childcare; Build the Centre’s website (www.cenforchil.org.vn); Edit the book entitled “Green Sky,” which provides models for working with disabled and poor children.


**Difficulties and Challenges:**

Similar to other CSOs, CENFORCHIL was set up in such a way that it was prepared with financial resources to implement its programs within the initial timeframe. However, CENFORCHIL has faced many challenges in the fundraising process.

Although International NGO financial resources are abundant, the limitations due to accountability issues for Vietnam NGOs means that they have trouble accessing and securing such funding. The reasons for this are diverse, but the critical factor preventing success is the issue of operation time. During the first 3-5 years, fundraising is hard. If fundraising is unsuccessful, the programs and projects can be stopped or delayed.

In many cases, entrepreneurs have provided contributions for international charitable funds, but haven’t considered looking at local programs under VUSTA. Some entrepreneurs want to support their offices in Ha Noi for advertising and communication purposes.

The mechanisms required by banks and credit organizations make it difficult for local CSOs to borrow, especially free-interest loans. Bank policies do not provide financial support for CSOs. The funding for research through VUSTA is limited so the question remains as to where local CSOs can find sustainable financial resources.

**Difficulties in Policy and Mechanisms:**

The government has issued many policies on house renting, tax favors, service bidding mechanisms, financial management, etc. that favor research and technological institutes/units. However, these policies are not easy to implement.
Difficulties in Human Resources:
CENFORCHIL has young and active staff, but they must spend years to re-train students recruited from universities given the shortcomings of the current educational system. Furthermore, awareness of CSOs is still limited so the numbers of scientists recruited into the field is currently not sustainable. Many had to overcome social barriers to work in this field.

Appendix 2: Center for Community Health and Development (COHED)
COHED is a Vietnamese organization established in December 2002 to work for charitable and non-profit purposes. It is part of the Vietnam Union of Science and Technology Associations.

Vision
COHED believes in creating a peaceful, safe world in which people live within their families and their communities, in healthy, egalitarian, friendly and cohesive environments. COHED views independence and economic development, as well as the creation of a society in which people benefit from improved healthcare and the recognition of the worth of disabled people, as critical for the future of Vietnam.

Mission
COHED is a Vietnamese organization established to work for charitable and non-profit purposes, aimed at improving people’s lives through capacity building such as training, healthcare, and other similar programs. COHED programs focus on economic development initiatives targeting vulnerable and disabled people.

Principles
COHED’s core values suggest that:
- Activities must primarily target the needs of vulnerable and disabled people in the communities and society.
- The development of the Nation and cohesion within society is built upon knowledge of appropriate program approaches for addressing the needs of the people, of families and the community.
- A stable working environment requires cooperation and analysis by partners and donors to ensure the successful development of its healthcare programs.
- Friendliness, honesty, and regular communication among workers, partners, beneficiaries, and/or donors are necessary to increase respect, trust, and mutual understanding.
- Support and development activities in healthcare require a united approach to deal with the diverse, complicated issues associated with social and economic programs.
- COHED must be responsible for its work and they must endeavor to be an active member of the community.

Functions and Activities
COHED is currently implementing the following objectives and activities:
- Determining community health and development concerns on issues such as initial healthcare, reproductive health, HIV/AIDS prevention and poverty alleviation.
- Developing intervention programs using survey results and actual data, aimed at community healthcare and development.
• Providing employment training, healthcare and consultancy courses.

• A community HIV/AIDS model in Thai Binh Province. The project includes capacity building for people living with HIV/AIDS (PLWHA) and providing information about discrimination. Such activities hopefully will improve the spirits of people who live with HIV/AIDS and encourage them to be optimistic.

• With support from The World Bank in Vietnam, COHED developed a film: “We Bring Our Voices to You: Overcoming Fear and Discrimination”. The film is for PLWHA, and it provides an outlet for their voices and ideas in addressing HIV/AIDS discrimination.

Fundraising
COHED has demonstrated a strong capacity for international fundraising, securing millions of US dollars. The Centre has only 22 staff, but they maintain many collaborators in numerous provinces and cities, and enjoy support from the Ford Foundation and USAID through PACT programs in Vietnam. The Centre has also expanded their program activities properly within the context of their vision and mission.

COHED is accountable and transparent in its financial activities and they have undertaken public inspections and independent audits. They use the positive outcomes of their programmes to lobby their donors. In addition, the Centre has participated in national and international workshops to share their experiences in HIV/AIDS programming, especially in HIV care and community integration.

Appendix 3: Sustainable Rural Development (SRD)
Sustainable Rural Development (SRD) is a Vietnamese non-profit, non-governmental organization. It is dedicated to working with disadvantaged communities in mountainous areas, assisting them to improve their quality of life and to manage their sustainable resources.

SRD is part of what was formerly CIDSE Vietnam - ‘Coopération Internationale pour le Développement et la Solidarité’ (International Cooperation for Development and Solidarity). CIDSE Vietnam was an international NGO, which carried out numerous development projects throughout the country between 1978 - 2005. With the formation of SRD, CIDSE has realized its ultimate goal of nationalizing its local development activities.

Throughout 2005, SRD operated as an independent department, called Livelihoods and Upland Agriculture (LUA), with its own structure and functioning units, although still within the CIDSE Vietnam umbrella. At the end of March 2006 SRD was granted its own establishment license from the Vietnam Union of Science and Technology Associations, under decision number 281/QD-LHH dated 21 March 2006, and an operating permit from the Ministry of Science, Technology and Environment (MOSTE) dated March 30, 2006.

SRD supports poor farmers in remote mountainous areas to develop sustainable agriculture. The program helps farmers acquire skills for effective farming management to increase crop yields, livestock quality and productivity. Farmers are trained to practice integrated pest management (IPM), community based rice seed production, systems of rice intensification (SRI), animal husbandry, crop diversification and efficient integrated upland land cultivation. The appropriate agricultural techniques are introduced to farmers through inclusive practical activities. Farmers take
the lead in designing, implementing, monitoring, recording and analyzing household farming activities to master these new technologies and skills. These activities are developed from the knowledge and experience of local people, with modifications for more appropriate adaptation to the specific conditions of the community. SRD’s current and future work is guided by a vision of sustainable development that includes four elements: market-oriented, farmer-led trials, environmental protection, and long-term sustainability.

SRD’s focus is on rural areas. They currently work in the northern uplands and the central provinces of: Yen Bai, Bac Kan, Thai Nguyen, Phu Tho, Thua Thien and Hue.

**Vision**

People in rural communities are empowered to sustainably manage their own livelihood systems in an equal and compassionate society.

**Mission**

SRD is a Vietnamese development agency supporting poor rural communities to sustainably manage their own livelihoods through capacity building and supporting pro-poor policy advocacy.

**Core Values**

- Ownership: People should have ownership of their own development. Sustainability: A development effort is sustainable if the community can maintain and extend the results of development interventions.
- Equity: All members of a community should be assured of equal opportunities, equal access to resources and benefits, responsibilities, and protection.
- Accountability/transparency: The organization, its partners and its beneficiaries professionally and openly operate in transparent ways.
- Efficiency: Achieving the best results with the least amount of resources.

There are 15 staffs at SRD. They are dynamic and possess reliable experience working with international NGOs, and are experts in agriculture, economics, social services, gender issues, the environment, communications and health. Of 10 program staff, 6 have studied abroad.

SRD would like to set up a Board of Directors, but within the Vietnam context SRD instead has an Advisory Board with 3 members: the Head of the Board, a financial consultant and a member. They possess expertise in community development, agriculture, finance and economic-social development in Vietnam.

The roles and responsibilities of the Advisory Board are to provide consultation for the Director and Management Board as to strategy, vision, mission, capacity training, fundraising and networking. An Advisory Board meeting is organized 2 times per year with the participation of at least two thirds of the board members, including the Director and the Management Board, selected staff or all staff, if required. Members of the board do not receive salaries for their service in the board but are paid allowances, transportation fees, and meals and accommodation for SRD-related activities.

**Human Resources**

There are 2 divisions of personnel. First is the Program staff, which includes project officers with the responsibility for building and implementing project activities and for participating in professional networks. Second is the Finance and Administration
Department which is tasked with aiding the Program Department and with legal and internal management.

The Management Board includes 4 members: the Director, the Vice-Director/Project Manager, the Finance and Administration Manager and a staff member.

**Human Resources Recruitment**

SRD recognizes that a critical resource for the Centre is its staff, and in order to implement its vision and mission, SRD must have an effective and experienced staff.

The recruitment mechanisms at SRD ensure an open and democratic process through mass media and internal announcements to all staff. The recruitment process includes 2-3 steps, including: the interview, a writing test and visiting the project for proper positions. The Director is the head of the recruitment department. The most capable candidate will be chosen based on test results. Probation and official contracts must comply with the Labor Laws.

**Human Resource Management Policies**

In its development strategy, SRD pays special attention to human resource management policies so as to help its staff best utilize their capacity and focus on their work given the current lack of a skillful labor force.

- **Salaries:** This policy is based on previous CIDSE policies. SRD has salary grades for each position with a specific job description. Raises are based on performance results and on the funds designated for that salary.
- **Labor Rights:** All staff have the following rights:
  - 13th month salary
  - Life and vehicle insurance
  - Social insurance, health insurance according to Vietnam’s labor laws
  - Public holidays
  - 20 vacation days per year (more than in Vietnam’s labor laws)
  - Trade union considerations
- **Training:** SRD provides opportunities for all staff to participate in training programs and workshops to improve their capacity and skills.
- **Principles Regarding Conflict:** The basic principle of conflict resolution is dialogue between opposing parties to change inappropriate behaviors. Common issues are addressed through discussion and there is a staff representative to solve more personal/specific conflicts. This representative can talk to the Management Board to work out solutions.

**Principles Regarding Human Resources Management**

All staff have job descriptions and proper and competitive remuneration. All staffs have the opportunity for self-improvement and vote for their manager. They are provided proper equipment and an open work environment.

SRD uses handbooks for administration, including program handbooks, human resources handbooks, and finance handbooks. The handbooks outline the principles for SRD staff to implement their responsibilities and ensure their benefits in accordance with Vietnamese regulations.

**Experiences, difficulties and solving human resource management problems**

- SRD has some recommendations for human resources management such as:
• Make sure the Staff Handbook is clear and detailed to improve understanding.
• Use participatory approaches in decision-making
• Ensure that you are always learning as an organization, updating your understanding of development and encouraging staffs that have new approaches.
• Guarantee that the organization has a stable, transparent environment and all members have accountability.
• Always ensure the reasonable balance of law and sentiment

Appendix 4: The Centre for Marinelife Conservation and Community Development (MCD) - A successful model of national management with its precursor INGO

About MCD
The Centre for Marinelife Conservation and Community Development (MCD) is a non-government organization devoted to coastal community livelihoods, marine conservation and sustainable coastal development in Vietnam. Originally part of the International Marinelife Alliance (IMA), MCD became a local NGO in 2003 (Decision No. 126/QD-HBVN dated May 9, 2003).

MCD recognizes the living interdependency of coastal communities and marine ecosystems. Because of this interdependency the coastal and marine environment must be protected to ensure that the livelihoods of local people are sustained. As degraded marine ecosystems reduce present and future opportunities for coastal communities, MCD’s goal is to harmonize conservation with socio-economic development.

Vision
MCD envisions a nation where diverse and healthy coastal and marine ecosystems are sustained by empowered communities who live and work in harmony with their natural surroundings.

Mission
MCD works to balance the needs of coastal communities with the needs of the marine environment to ensure a sustainable future for all. MCD believes this can be achieved by educating, empowering and supporting coastal communities to participate in the protection of their environment and the sustainable management and use of marine resources.

Project Sites
MCD’s project sites include coastal wetland areas in the Red River Delta (Nam Dinh, Thai Binh Provinces, etc) and coral reef ecosystems in Central Vietnam (Khanh Hoa, Quang Nam, Ninh Thuan, etc).

Core Activities
MCD seeks to improve the quality of life in coastal communities and marine ecosystems through:

Coastal Resources Management
• Promote and support marine ecosystem conservation and restoration. MCD enhances coastal resources management effectively through (i) marine reserve models managed by local provinces and enlarging the model’s impact area; and (ii) reinforcing interdisciplinary and interprovincial coordination mechanisms in managing reserves with national and international importance.
• Promote co-management methods for the application of aquatic activities to intensify management and reduce the effects of marine and coastal aquatic resource exploitation.
• Reinforce awareness and knowledge about integrated coastal management approaches for managers and specialists now and in the future; promote integrated coastal management applications to ensure sustainable management and best use of coastal resources.

Community Development
• Engage with coastal communities to assess their challenges and needs, and empower them by providing information, training and advice.
• Strengthen the community’s knowledge, skills and proactive sense of sustainable local aquatic resources management and use of fishing and aquaculture through pilot models managed by the community with experts’ technological support.
• Support the community to develop alternative livelihoods by relying upon the natural resources and local culture (community-based ecotourism); set up pilot models and duplicate them.
• Help people have stable and long-term incomes by associating community livelihood activities with efficient business methodologies; support micro-finance and community-based business skills.

Research and Development
• Employ modern methodologies and research and support the study of marine conservation, coastal resource management, community development and sustainable livelihoods.
• Identify and disseminate reliable information and propose scientific solutions such as a basis for sustainable livelihoods development in coastal communities.
• MCD collaborates with research agencies, scientists, experts in building and implementing science application programs and projects for sustainable coastal management and for economic development of coastal societies.

Communications
• Raise awareness of the value of marine ecosystems and their biodiversity, and the importance of their conservation and rehabilitation, as well as the necessity for sustainable coastal resources management and exploitation.
• Facilitate information-sharing across MCD’s networks and assist decision makers to shape policies that benefit coastal communities and the ecosystems on which they depend.
• Provide a voice for local people to help to resolve community problems.

Coping with climate change
As an organization working directly with coastal communities, or those who will suffer the most from the impact of climate change, MCD sees the need to integrate strategies to cope with climate change, and is active in this effort. MCD co-initiated the establishment of the civil society network for climate change in Vietnam.

Activity Outcomes
Building a locally managed marine reserve
The Trao Reef marine reserve has been locally managed from the early days when it was established in 2000 in Van Hung Commune, in Van Ninh District of Khanh Hoa Province. Trao
Reef is a composition of coral ranges under depths of 2-3 meters and 6-7 meters, located in the two villages of Xuan Tu 1 and Xuan Tu 2 of Van Ninh District, which is about 60 km from north Nha Trang City.

A participatory rural appraisal carried out by IMA (International Marinelife Alliance – the preceding agency of MCD) in late 2000 indicated that the marine resources in the region had diminished by 10 times in comparison to the 1980s. By the time of the assessment, an interest group for raising lobsters was strongly initiated among local people, who were ill-informed and unorganized.

Looking at the coral beds, results (carried out by IMA together with Nha Trang Institute of Oceanography) showed that by March 2001, the coral coverage as compared with the bottom layer was getting thinner, around 20-30 percent. In Trao Reef, good coral coverage accounted for just 40-60 percent. Targeted fish were virtually unseen, proving that the sea’s resources had been seriously affected.

Based on survey results, a working group proposed the establishment of a protected site managed by local people. Various local consultations were made accordingly, which included advocacy, awareness raising and partnership building between stakeholders. Under the authorization of Khanh Hoa provincial People’s Committee, the decision of Van Ninh district People’s Committee was issued for the official establishment of a locally managed Trao Reef Marine Reserve, the eventual outcome a result of the efforts of MCD project staff.

Community-based ecotourism development

A community-based ecotourism model was developed by and intentioned for the community itself, in keeping with the natural resources and the local culture for the purpose of environmental protection. Developing ecotourism not only contributes to diversifying tourism services, but also to creating job opportunities, improving income and livelihoods of the coastal communities, and at the same time, reduces the risks of over-extracting resources and unsustainable development practices.

Ecotourism has been implemented by MCD in Trao Reef Marine Reserve and Xuan Thuy National Park (in Giao Thuy District, Nam Dinh Province) to create a supplementary income source to replace fishing and aqua-culture in one of the highly biodiverse areas.

A local Ecotourism Fund was created to ensure that interests were distributed equally among local communities, targeting environmental protection activities and proving that eco-tourism is not only contributing to sustainability, but also to properly managing marine resources.

Coping with climate change

The civil society network for climate change in Vietnam was co-initiated by MCD and received high attention and support from various organizations. The national workshop on September 11, 2008 made an important statement about the crucial role of civil society in this issue.

Advantages and Disadvantages

The Trao Reef Marine Reserve Project

Although initial positive outcomes were achieved, some obstacles were revealed that pose challenges to both MCD and Trao Reef Management Board. The two major challenges are:

- A sustainable financial mechanism must be in place to ensure the mutual interests of all stakeholders. The mechanism must be built on the benefits generated by the marine reserve itself. That is, the marine reserve must be able to create a financial source which would be reinvested into its preserving activities.
• Ensuring the active participation of local people and core groups, together with local authorities, is the second challenge to the Trao Reef Marine Reserve. The essence of this issue is focused on raising awareness, and advocating for people’s understanding about the direct benefits they will enjoy once the Trao Reef “reservoir” is properly protected.

Community-based ecotourism development

While the model in Xuan Thuy National Park has been carried out with success, there are significant challenges and difficulties in the Trao Reef project site. Most challenging of all has been attracting tourists. The Reef faces strong competition from nearby tourist attractions such as Nha Trang Bay Marine Protected Area and Doc Let Resort. The opportunity for the Trao Reef lies in its own local characteristics, especially in the co-management between local authorities and local communities, integrated with the protection targets of coastal resources.

Recommendations

From MCD’s practical experiences, it is essential that government agencies establish mechanisms in which NGOs can participate and contribute ideas to the policy formation process based on practical lessons learned.

Although most NGO programs operate on a small scale and their experience levels are limited, they closely interact with the community. Therefore, these community models need to be designed in close relation with national key programs from the beginning. This will help in monitoring, with duplicating the models in other areas targeted by the State, and will ensure the sustainability of the models.

It is essential that government agency officers actively learn from NGOs to share their experiences, and learn ways for approaching

the community. Conversely, NGO officers should determine official information from government agencies about related issues.

It is necessary that a single National Marine Coordinating Office be established. Such an office should be creative enough to mobilize resources and NGO participation in contributing to resource management and to marine and coastal environmental protection.

Appendix 5: The Vietnam Standard and Consumers Association (VINASTAS) - A Successful Association for Social Consultancy, Assessment and Evaluation

The Vietnam Standard and Consumers Association (VINASTAS) is an NGO, founded in 1988. The main task of VINASTAS is to promote standardization and quality in consumer protection issues.

VINASTAS is a self-financed voluntary organization, with no subsidiaries from the government. Consumer protection is a problem of top interest to VINASTAS. VINASTAS is working to ensure equity and transparency in the market for the interests of consumers. Consumer health and a healthy environment are problems of concern of VINASTAS.

VINASTAS is also a member of VUSTA. Activities cover the whole country, and its organizational structure is comprised of local associations in provinces and cities, professional organizations, research institutes and testing laboratories (about 27 provincial associations in their respective provinces are involved to protect consumers’ rights).

VINASTAS participated in drafting various legal documents such as laws on protecting the consumers’ rights, the quality of commodities, and the draft law on associations. At present,
VINASTAS is a member of the Drafting Committee for the Competition Bill of Vietnam. Besides consumer protection issues, VINASTAS is also in charge of 'standardization' issues, so they have a close relationship with the business community, including State and private sectors, in both manufacturing and services.

Being a project advocacy partner in Vietnam, VINASTAS’s contribution to the project helps to ensure that the development of consumer protection laws and policies contribute to improving the economic well-being of society as a whole. Special emphasis is placed on low- and middle-income consumers, who are most susceptible to Risk-based Pricing (RBPs) and other abuses by firms.

VINASTAS provides services to protect the legal rights of consumers, as compared to the Ministry of Industry and Commerce, which is not able to protect consumer rights. Every year, VINASTAS helps resolve petitions and conflicts between consumers and producers - about 500-600 cases thus far to ensure that producers respect consumer rights.

For example, VINASTAS is carrying out activities to fight the epidemic caused by tobacco. At its very beginning, VINASTAS conducted a survey on tobacco smoking among consumers, organized seminars and workshops, issued articles in its magazine, THE CONSUMER, to provide information, made consumers aware of the harm of tobacco, and involved various local forces (including other Government Organizations and NGOs) in the battle to deal effectively with tobacco control. VINASTAS is continually pursuing this effort to reach its goal of reducing and eventually eliminating tobacco smoking in Vietnam and in the world.

In fact, the protection of consumers’ rights has also affected the government at both the local and central levels. For instance, in 2005 the State electricity enterprises provided incorrect electricity meters to households and thus increased the costs to consumers in Ho Chi Minh City. VINATAS worked with the media to disclose this case openly. As a result, the local and central government became involved to discover the corruption within the case. The Ministry of Industry and Commerce highly appreciated the contribution of VINASTAS.

It is argued that VINASTAS plays an important role in protecting consumers. However, it is a very sensitive issue in society when it is related to the bad behavior of enterprises and interests of corruption cases. It can cause trouble related to conflicts with enterprises and local governments on the one hand. On the other hand, VINATAS faces limited human and financial capacities in accomplishing its duties, as well as the uncooperative attitudes of several government agencies and enterprises.
LIST OF REFERENCES


Nguyễn, Á.Q. (1919). *Requirements for An Nam people*. From website: http://vi.wikipedia.org/wiki/Y%C3%A1u_s%C3%A1ch_c%E1%BB%A7a_nh%C3%A2n_d%C3%A2n_An_Nam#N.E1.BB.99i_dung.


**LEGAL DOCUMENTS:**


Prime Minister’s Office. January 30th 2002. *Decision 22/2002-TTg: Regarding the activities of consulting, criticizing and appraising by the Vietnam Union*


