

MANAGING CHANGE: CIDSE's TRANSFORMATION TO 2 VIETNAMESE DEVELOPMENT ORGANISATIONS

Thursday 16 June 2005, 9.00 – 11.00 a.m.
La Thanh hotel, 218 Doi Can, Hanoi

Presenters:

Mr. Frank de Caires, Country Representative, CIDSE
Ms. Tran Thi Chung, CIDSE / Community Development Cooperation (CDC)
Ms. Vu Thi Bich Hop, CIDSE / Livelihoods Upland Agriculture (LUA)¹
Mr. David Purnell, Country Director, World Vision

Facilitator:

Mr. David Payne, Co-Director, VUFO-NGO Resource Centre

1. Background:

CIDSE is a consortium of 16 Catholic and Christian development agencies that has been working in Vietnam for 27 years. CIDSE Vietnam is currently going through a transformation process to develop as two new Vietnamese organisations: Community Development Cooperation (CDC) and Livelihoods Upland Agriculture (LUA). These two organisations have been piloting since January 2005 and will register legally over the next coming months. They will launch formally in November 2005 and CIDSE Vietnam will close on 31 December 2005. From 1st January 2006 CDC and LUA will be legally independent Vietnamese development organisations.

Frank de Caires was appointed two years ago as Country Representative from July 2003, with the responsibility of managing this transformation process. He will complete his work with CIDSE in June 2005. Together with his colleagues: Hop (LUA) and Chung (CDC), Frank talked about the process they have worked together on during the last two years.

David Purnell, World Vision Country Director since 2000, also leaves Vietnam during June 2005. He briefly shared his experience with nationalisation of management positions within World Vision in Vietnam over the past five years and reflected on key priorities and challenges for International NGOs in Vietnam now and in the coming years.

2. Meeting Notes on Managing Change:

Participant Questions:

Frank opened the meeting by asking participants to brainstorm questions that they would like answered. Participants raised the following points:

- what was the perception of CIDSE's Vietnamese staff?
- what was the perception of CIDSE's project partners in Vietnam and how involved were they?
- what are the legal issues of nationalising?

¹ Formerly Mountainous Agriculture Sustainability (MAS).

- what was the motivation for the change?
- what are the crucial steps for such are change?
- normally, an NGO is an initiative of a group of people responding to a particular situation or need by forming a movement or association – does this apply in this case?
- previously, localisation of foreign NGOs has been considered a sensitive topic by some people - what has CIDSE's experience been in this regard?
- why did it take CIDSE so long to nationalise?
- what changes are taking place in the environment in Vietnam to make this possible, and what are the implications for the future?
- what are the advantages and challenges of this change?
- what will be the link between the two new organisations and CIDSE?
- why divide into two organisations?
- one organisation that previously attempted nationalisation was not successful – what is CIDSE's view?
- do you see this as a trend for other organisations as well?

CIDSE's Organisational Structure

CIDSE was established in 1977, when 16 Catholic and Christian development agencies formed a consortium to support development activities in Cambodia, Laos and Vietnam. Right from the start, there was the clear concept of empowerment of both local communities and country office staff. It was always intended that the country offices would become autonomous civil society actors.



Critical Steps in the Transformation Process

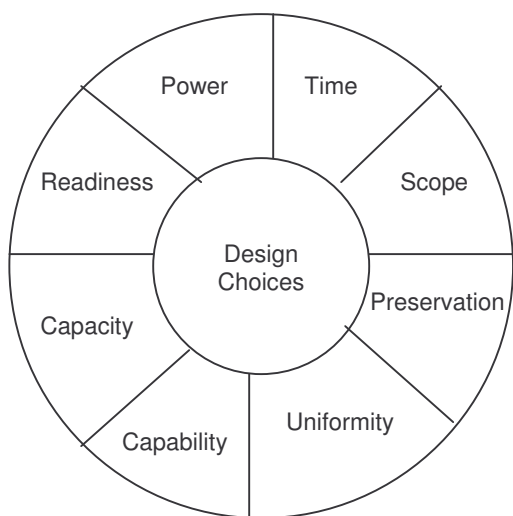
- 1996 - INFORMING
 - decision by Board of Directors that CIDSE field offices should nationalise.
 - informing this decision within the member organisations and field offices

- 1999/2000 - CONSULTING
 - consultant review.
 - visit by Board of Directors delegation to Cambodia, Laos and Vietnam.
- 2002/2003 - NEGOTIATING PARTNERSHIP
 - meeting in Hoi An with Member Organisations and Country Offices.
 - exploratory study for future options (9) - decided to establish independent national organisations.
 - decision by CIDSE Vietnam staff to form two independent organisations, CDC and LUA (December 2003).
- 2004/2005 - SEMI-AUTONOMOUS WORK GROUPS
 - strategic plans of CDC and LUA developed and approved by Member Organisations (Nov. 2004).
 - piloting two organisations, legally under CIDSE but with full decision making by the two informal organisations, developing and implementing projects. From this point, Frank's role has been advising rather than decision-making (January 2005).
- 2006 - EMPOWERMENT
 - two organisations take fully responsibility and are legally independent (CIDSE closes at the end of 2005).

In Cambodia, the CIDSE field office is becoming a Cambodian organisation: Development and Partnership in Action (DPA). In Laos, there will be a longer process due to the less clear legal framework. The Laos field office will report directly to member organisations in future, as there will no longer be a consortium or lead agency after December 2005.

The 'Kaleidoscope Framework' as a model of a change process:

Frank presented this model as one way to explore dimensions of the change process.



Change Kaleidoscope
 (based on Balogun et al., 1998)
 The Open University, 2004
 (OU: 3-4-8)

Organisational change context

SCOPE:

3 key actors: Member Organisations, Lead Agency and CIDSE Vietnam. Initially, there was not much clear direction beyond the objective of 'nationalising.' The process has been described as a "transition" but is really a "transformation" as profound changes are involved.

TIME: 1996 - 2005

Initially, no one person was assigned to lead the process. Within Vietnam the legal framework was not clear and the Vietnamese staff were apprehensive. CIDSE Vietnam gathered experience from existing Vietnamese organisations, and also looked at experiences in other countries in the region. By the end of 2003, CIDSE Vietnam staff decided to establish two Vietnamese organisations: LUA and CDC.

POWER:

The original decision was from above, the Board of Directors. Through the process, power moved to the national organisations when they developed their strategic plans and at the start of piloting in 2005.

READINESS:

It was not clear whether there was readiness (between all stakeholders) and there were many studies and discussions. Concrete actions began after the meeting in Hoi An in 2002 and with the decision to form two organisations at the end of 2003.

CAPACITY:

Considerable financial resources were invested in studies by external consultants, meetings and staff time. However, this has not yet been costed.

CAPABILITY:

It was not clear who had the expertise or responsibility in change management to manage the whole transformation process.

DESIGN CHOICES:

CIDSE chose an incremental approach to change. Perhaps a more radical approach would have produced more radical results and within a shorter timeframe.

UNIFORMITY (DIVERSITY):

A lot of diverse interests involved:

- People from 16 member organisations and lead agency in different countries.
- Diverse groups and interests within CIDSE Vietnam (Representative office in Hanoi and Project Office in Ho Chi Minh City) leading to the creation of two organisations.

PRESERVATION:

How much do people want to preserve the existing organisational structure rather than change? CIDSE has a complex organisational structure and this remains today. However, changes were made in CIDSE Vietnam with the two new organisations becoming sub-departments.

3. About the Two New Organisations: CDC and LUA

Ms. Vu Thi Bich Hop, Livelihoods Upland Agriculture (LUA):

The Vietnamese staff agreed from the beginning that the ultimate goal was to be genuine civil society actors. However, back in 1998, staff were not ready and were afraid of losing status by becoming a

Vietnamese organisation. Following this, there was capacity building for Vietnamese staff, including a twice-annual forum between the CIDSE programs in the three countries.

From the perspective of the CIDSE staff who are forming LUA, agriculture is a key issue for Vietnam, with 80% of the population in this sector. CIDSE also has a niche in this sector, so LUA is focusing on agriculture and livelihoods. In the next two months, LUA is planning to register. LUA will be launched in November 2005, and operate legally from January 2006.

In considering their future legal status, LUA met with the Ministry of Home Affairs, VUSTA and the Hanoi People's Committee. Based on their analysis, they decided to register with the Hanoi PC as this will give them the greatest freedom in terms of by-laws, with no set format provided by Hanoi PC, and LUA will have the right to decide their own director and chief financial officer.

Ms. Tran Thi Chung, Community Development Cooperation (CDC)

CDC plans to register under VUSTA. Their analysis is that VUSTA offers a good network for Vietnamese non-governmental organisations, because it is involved in development and plays a good advising role for members. They have talked with other existing VUSTA members, and also notice that other organisations are moving to VUSTA.

CDC have already prepared a draft constitution following the VUSTA format, but including CDC's own philosophy and values, relations between the governance board and CDC, etc. They have recruited 5 board members already, and are seeking their input on the draft constitution.

As far as the actual registration process, VUSTA will provide support, and the Ministry of Science and Technology will actually issue the operating license.

Some Lessons/Reflections (with the benefit of hindsight!)

It has been an intense period, with a very open approach from staff and rich learning. The first half of the process seems to have been slow and the second half rapid. A more balanced schedule would have been better.

In Vietnam, CIDSE's project partners were not involved in the transformation process. This could have been improved to draw on their experiences and inputs. There are opportunities for CDC and LUA to involve project partners in their work as they develop their organisations and work with marginalized communities.

The process could perhaps have moved more quickly if clear responsibility had been given to someone earlier on to manage the transformation - e.g. through appointing a manager or assigning one member of the Board of Directors to oversee the process. The process brought up questions not just about whether the Vietnamese staff were ready to take full responsibility, but also whether the Member Organisations and Lead Agency were ready to hand over the process.

Performance standards are an issue both for localising organisations and localising management positions within international NGOs. It is important to establish clear standards and expectations for national staff/organisations in future as part of handing over responsibility.

4. Questions and Answers:

Q. I understand your 16 Member Organisations all have a common Catholic/Christian philosophical basis for their development activities. Is there any influence from this on CIDSE's approach or the two local organisations that have formed?

The church-base of CIDSE is low profile. It is reflected in the Vision/Mission Statement as a value, but has not really been prominent. The two new organisations have no church affiliation.

Q. What follow-up steps will you take to ensure success

As of now, there is not yet a clear plan for follow-up. The Member Organisations will continue to act as donors supporting projects. In many ways, the transformation is only just beginning. It is up to the two new organisations to define their support needs over the coming years from 2006.

Q. Will the new organisations have boards?

Both organisations are currently forming Boards. This is still new in Vietnam, so the plan is to keep a mix of Vietnamese and expatriate members for the first few years.

Q. In the case of one other organisation that tried to nationalise, when it didn't go well, the international NGO took over again. Is there any 'safety net' like this in CIDSE's case?

CIDSE needs to be careful not to provide excessive security and undermine sustainability. The two organisations are very capable. They have secure funding from Member Organisations for the first 2-3 years, but are also encouraged to work with other donors. They have 27 years of experience as CIDSE Vietnam to draw on and staff in the new organisations have between 5 to 15 years experience with CIDSE in development.

Q. How do the new Vietnamese NGOs plan to situate themselves with other Vietnamese NGOs, Government, INGOs, and donors, etc.?

The two new organisations plan to work with all others, to become stronger and no longer a 'child' of CIDSE. They appreciate the energy and experience of Vietnamese NGOs and will join local networks.

Q. Normally, local NGOs emerge in response to local needs or burning issues. As Vietnamese citizens, do the staff of CIDSE see any particular burning issues leading them to form these two organisations?

Actually, some staff of CIDSE had long term plans to set up their own organisations in order to contribute to development in Vietnam based on the needs of local communities. CIDSE's plan to nationalise has supported this vision.

5. Reflections from David Purnell, outgoing Country Director of World Vision International

David Purnell was in Vietnam from 1993-1997 with World Vision, and then returned as National Director from 2000 until now. From July 2005, he will be based in Nepal as the National Director of World Vision's program there.

David introduced Mr. Danny Selvanayagam as the incoming World Vision Country Director for Vietnam. Danny previously worked as the Finance and Administration Director for World Vision in Vietnam from 1993 - 2000. For the past 5 years, he has been the National Director for World Vision in Bangladesh.

David reflected on his experience in nationalising key positions within Vietnam. Originally, WVI had around 15 expatriates in Vietnam directly managing programs, with Vietnamese staff in support roles as translators, assistants and drivers. As of now, the program has trebled in size, and at the same time reduced to 5 expatriates in mentoring/advisory roles, with Vietnamese staff in direct management, including senior Vietnamese staff managing budgets up to around \$3 million annually.

Internationally, the usual process within World Vision is to begin nationalising positions, then appoint an advisory council, and then develop this council as a board of a national organisation linked to the World Vision international partnership.

As a Steering Committee member, David also suggested that it would be great if there were some way to amend the VUFO-NGO Resource Centre membership criteria so that we don't need to say goodbye to organisations like MAS and CDC that have had a long term membership/relationship with the Resource Centre.

10 Key Issues for NGOs moving forward in Vietnam

David shared the following points based on his reflection at the end of a total of around 10 years in Vietnam as the most important issues facing local and international NGOs in Vietnam:

1. (the same as in 1993) moving away from community participation to community ownership, not necessarily focused on government but rather on the people impacted by the project
2. Local NGO formation, partnerships and the role of INGOs in supporting institutional capacity building
3. Where are we working, who are we working with? Vietnam is growing at around 7% per year economically. In the early 1990s, we could work anywhere and be addressing poverty; now we need to be more intentional in our targeting. Urbanisation is a challenge for the future.
4. Learning from and with the poor. This includes cross-cultural skills - in the case of World Vision, more than 50% of their work is with non-Kinh groups. What does it mean to learn from these groups, how can it impact all areas of programs?
5. Child nutrition - coming down but still very high in comparison to Vietnam's economic growth
6. Child safety
7. Child participation essential in addressing children's issues
8. Gender issues - project committees and training facilitators still tend to be male-dominated
9. We need to reflect on the underlying assumptions for our development work and challenge these assumptions. There is always a danger of being trapped in our history...
10. Making sure we link organisational learning and advocacy to our program experience - both what we learn from local communities, and involving them in learning and advocacy processes

Virtually all of these 10 points are best done by national staff, especially including ethnic minority staff.