

# Influence of International Actors on Developmental State Mindset in Vietnam

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**Abstract:** There has long been a controversy in research literature over the traditional model of a developmental state compared with new one in light of globalisation. The traditional developmental state with its key features of a strong influential leadership, effective political-economic institutions, and key developmental policy choices, is normally demonstrated as a strong interventionist state, leading the way in national economic development. Meanwhile, the new developmental state model, within the global context and international actor influences, has been evolving and becoming more neoliberal. In light of these debates, this paper investigates the case of Vietnam to show the influence of international actors on the developmental state mindset in the country. These include foreign economic actors (focusing on foreign direct investment - FDI); international organisations (IOs); and international non-government organisations (INGOs). The paper then explores the perceptions of the influence that these actors have and the ways they actually influence the developmental state mindset in Vietnam and related policy domains.

**Keywords:** Developmental state, developmental state mindset, Vietnamese developmental state mindset.

**Subject classification:** Politics

## 1. Introduction

This paper incorporates Elizabeth Thurbon's idea of the developmental mindset that focuses on ideational aspects rather than institutions and policies that have been the basis for traditional developmental state theorists in order to explore to what extent Vietnam is a developmental state. According to Thurbon, the rootedness of institutional or policy changes is fundamentally influenced by the mindset of the policymaking elite. Therefore, the mindset informs 'the institutions and policies' and thus the ideas need to be returned 'to the centre of developmental state theorising' (Thurbon, 2016, p.17). Thurbon's mindset-strategy framework provides a new, insightful way to analyse the case of Vietnam. One of the key questions about the country's path in contemporary times is the extent to which it

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has been following a developmental state approach (Gainsborough, 2010; Phạm Hưng Hùng, 2012; Masina, 2012) or whether it is now more strongly influenced by a market-oriented (Nguyễn Phú Trọng, 2012; Lê Xuân Tùng, 2013; Vũ Văn Phúc, 2013; Nguyễn Xuân Phúc, 2015) or even neoliberal (Bùi Hải Thiêm, 2015) approach to development. The concept of the developmental mindset offers a new, more dynamic, future-oriented way to investigate this debate, focusing on the perceptions of a range of developmental actors.

In light of these debates, the objective of this paper is to investigate and evaluate the impact three crucial actors in Vietnam have on the developmental mindset in the country. As mentioned in the abstract, they are foreign economic entities in the foreign direct investment-FDI field, international organisations (IOs), and international non-government organisations (INGOs). The paper looks at the way these actors influence, or are perceived to influence, the developmental state mindset and policy domains of Vietnam. In so doing, specific evidence is given from Vietnam on the battle for the developmental mindset of this transition economy and the role foreign economic actors play, notably IOs and NGOs. More generally, it has revealed some of the contemporary and emerging fault lines around developmental states and globalisation. This argument starts with the historical analysis of the impact of *Đổi mới* (renovation).

## 2. Historical and political evolution of Vietnamese State

Vietnam launched a major renovation called *Đổi mới* in 1986 which shifted the principles of state management from bureaucratically centralised mechanisms to market-based ones. The state apparatus before *Đổi mới* was designed as a socialist state like the USSR, Eastern European states during their socialist periods, or the Chinese nation. Two important aspects for socialist models are the role played by the Communist Party in the state and the features of an economic regime. The leadership role of the Communist Party was institutionalised in Vietnam; all state agencies, social organisations, and sectors at all levels were required to legally comply with the party's leadership. The economic regime was based on consolidated socialist ownership of production including two elements: a stated-owned element, which was owned by everyone, and a cooperative one. These principles changed with *Đổi mới*.

The Vietnamese state apparatus was reorganised and this transformation was influenced by market and developmental state ideas. The principles of socialist centralism were reconsidered and applied more appropriately. The state apparatus operation changed from a centralisation principle to a decentralisation one. Regulation of the economic regime also underwent crucial changes. A centrally planned system with extensive state monopolies changed to a multi-component commodity economy and now to what the government calls a "socialist-oriented market economy". However, the exact organisation and meaning of this latter organisational form is still a work in progress.

These major institutional renovations paved the way for Vietnam to begin its international integration, as did the lifting of the US trade embargo in 1994. Vietnam joined ASEAN in 1997 and the World Trade Organisation (WTO) in 2007. Through this, the Vietnamese state's developmental strategies were significantly influenced by newly emerging actors; in particular, the IOs and INGOs. What is not clear, in the wake of the major ongoing reforms, is whether Vietnam has instituted a strong developmentalist approach or whether it has moved towards a more market-based approach in terms of development.

### **3. FDI and its influence on Vietnamese State's developmental mindset**

Foreign economic actors emerged in Vietnam after the implementation of *Đổi mới* in 1986, and expanded rapidly in the 1990s. These actors have contributed greatly to the country's political economic restructuring and development. FDI has spread to a range of economic sectors, including domestic investment fields, which has created competitive pressures and promoted renovation and technology transformation. FDI in Vietnam is perceived as having contributed substantially to enhancing its economic management capacity, improving the business environment, and promoting international integration. Specifically, the contribution made by this sector to the GDP increased from 2% in 1992 to 12.7% in 2000; from 16.98% in 2006 to 18.97% in 2011 (Đào Quang Thu, 2013, p.9); and from 4.93% in 2015 to 4.60% in 2020 (Word Bank, 2020). In addition, foreign direct investment is seen to have promoted structural economic changes stimulating industrialisation in the country. Foreign direct investment has focused mainly on the industrial and construction sectors contributing to an annual 18% increase in their growth rate (while the GDP annual growth rate sits at about 7 to 8%). In fact, foreign direct investment accounts for nearly 45% of total industrial production. It contributed to establishing some major industrial sectors such as telecommunications, natural resource exploitation, oil processing, electronics, information technology, steel, and cement (Đào Quang Thu, 2013, p.10). Foreign direct investment is also an important 'bridge' to technology transformation, helping to enhance the technological level of the national economy. FDI sped up the competitive capacity at national, company, and production levels. Finally, foreign direct investment is perceived as having contributed to enhancing the nation's capacity for economic management, improving the business environment, and promoting international integration.

However, together with some achievements, FDI inflows have also posed major challenges to Vietnamese state managerial capacity in a number of areas; in particular, Vietnam's ability to effectively attract modern technology and develop modern professional management skills and other competencies within the workforce. These aspects are needed not just to attract FDI in mid to high technology sectors, but also more broadly across the economy. FDI operations also pose developmental challenges around the need to reform the legal framework to fit with international regimes and expectations; budget dependence on FDI; increasing the gap between the rich and poor regions of the country; and the need

for effective ways to manage industrial zones. Challenges have also become evident in debates over the need to support local enterprises against foreign competition, in providing employment for farmers who have lost land following the development of industrial zones, and in managing environmental pollution. Responding to these difficulties and problems has, to some extent, contributed to enhancing Vietnamese state capacity on the one hand and to enriching the developmental mindset on the other hand.

In order to develop a more detailed analysis of these issues, Vĩnh Phúc province has been used as a case study. Local leaders have recognised that FDI has significantly benefitted the province's economy in general and the budget in particular. Indeed, 'if Vĩnh Phúc was not the recipient of FDI, the province would not have developed as it has' (Công, interviewee). The main FDI contribution was not just an increase in the province's budget, but it also played an important role in motivating and encouraging the local economic sector to compete on a national level, and beyond. In this sense, FDI has contributed to creating a competitive (developmental) mindset amongst local businesses and provincial government managers to attract further investment.

At the same time, provincial governance has faced challenges in terms of policy-making and implementation in part due to a loose and not sufficiently comprehensive legislative regime for the new political-economic system. This created loopholes that some enterprises took advantage of, leading to a series of problems that remain unsolved, such as transfer pricing, false investment, and tax evasion. In association, the management capacity of provincial cadres is perceived as not yet meeting the requirements of the sector, which has also contributed to the foreign enterprises successfully exploiting loopholes.

In addition, there are pressures on local government to attract and manage the FDI sector, such as managing environmental pollution, planning and establishing industrial zones, and ensuring social-economic security related to foreign investment. These pressures are important not only in relation to the changing mechanisms of local governance policy making, but also in influencing local government developmental strategies and policy implementation. Thus, promulgating effective strategic directions and policies in order to ensure the foreign investment sector is effectively managed is an essential requirement for local government. What is clear here is the provincial officials have a strong grasp of, and concern for such issues. In turn, this demonstrates that provincial governments have a developmental mindset - in this case about maximising FDI benefits to the local economy and mitigating costs.

Linking the analysis of FDI in Vietnam and the case study of Vĩnh Phúc province to some key literature on the effects of FDI on the developmental state highlights a few key points. *First*, developmental state theorists argue that a strategic alliance of multinational corporations (MNCs), especially through investment liberalisation, and the state can, in some cases, assist the state's goals (Chang, 2003; Block and Keller, 2011). For this to be a strategic relationship, nation states need to retain their strategic role in political and economic development, and in building or augmenting state capacity. *Second*, for Weiss

(1998, p.212) this is “the lesson of dynamic integration”. Further, she highlighted that “strategic alliances” of MNCs and national governments, in which the nation state still operates as “a pillar of so-called policy autonomy”, can promote the state, increasing capacity enhancement (Weiss, 1999, p.60). Thus, looking at FDI in Vietnam, it cannot be denied that the country has a number of characteristics of a strong developmental state. At a minimum, the state’s management of FDI has not undermined state power; rather, perceptions of its capacity overall have been enhanced by the attraction and operation of FDI.

#### **4. IOs and their influence on Vietnam’s developmental mindset**

Turning to the expansion of IOs, these actors also increased in Vietnam after *Đổi mới*, particularly during the 1990s. Many are now based in the country, continuing to expand their operations. Besides the benefits they bring, their growth also poses a range of challenges to the Vietnamese state regarding ideological, economic, and political independence, and also in terms of how they have influenced the thinking around what development is and how it should proceed.

In the case of the UN system, Vietnam has taken advantage of its capital, and intellectual and technical assistance to benefit the country’s socio-economic development. The UN can enhance a state’s capacity, as in Vietnam’s case, because it can be a forum for the exercise of its external relations policies. However, the UN’s work on issues such as independence of the judiciary and civil society actors usually involves the inclusion of human rights, which are “sensitive issues” in Vietnam. Not surprisingly this leads to tensions not just relating to political and cultural values but also around developmental matters. A typical example is United Nations Development Programme (UNDP) projects that normally support building a democratic administration and developing a civil society, supporting values such as political-religious freedom, transparency, and accountability. Despite the importance of some of these values, much of the UNDP’s work in Vietnam does take a fairly western approach to the rule of law and governance. This creates two issues for Vietnam; firstly, in regards to the tension between UNDP values and the country’s socialist, one-party system; and secondly, whether this closes the gap for thinking about developmental approaches. Yet, this position has given it a strong influence on a wide spectrum of policy making in Vietnam. This has brought pressure on the state, which can also be seen as a challenge to state autonomy and vision. At the end of the day, the government has to consistently endeavour to implement policy reforms suggested by the UNDP, demonstrating the influence it has over the development trajectory. Regarding the WTO, this organisation is a key IO, which has strong enforcement capacity particularly during the accession process. Furthermore, as shown in literature reviews, since its inception the WTO has been a key proponent of a neoclassical or neoliberal development strategy. Evidence of its influence in Vietnam would suggest that this developmental approach has dominated the development strategy of the country. In the negotiations for

admission, Vietnam was aware of the many challenges and benefits of becoming a WTO member. One of the biggest was that Vietnamese enterprises would be forced into international competition, especially by lowering tariffs and removing allowances which were not WTO compliant. Those supporting the integration argued that such changes would generate a boost in Vietnam's adjustment of its domestic legal system resulting in a more complete one in line with general international rules. They also argued it would create a fair and advantageous business environment for all the economic sectors in the country, public and private.

Meanwhile, some sections of the Vietnamese business community, state governance officers, and other members of the general public were nervous, concerned and even suspicious as to whether the country's economic capacity could effectively deal with the great changes in the business environment. In particular, they questioned the reactive capacity to the varied challenges of international economic integration. Furthermore, many foreign partners did not have real confidence in Vietnam's capacity and determination to completely and seriously fulfil its integration commitments, which were new to Vietnam.

In summary, it can be seen that challenges to the Vietnamese developmental mindset might have arisen after the accession to the WTO in two ways. The first challenge was in how the Vietnamese government adjusted the domestic legal system to be more appropriate to WTO rules and provisions compared with how this would influence domestic well-being, and state capacity to regulate business and shape socio-economic development. Although the government report confirmed many laws had been changed, some sub-law documents are still being altered, and a further issue is whether these changes are being implemented in a timely manner, especially as Vietnam has a history of applying the requirements of IOs at a minimum, and at its own pace. However, given the WTO's strong enforcement capacity and its commitment to abiding by the rules, Vietnam does not have the space to manoeuvre that it has with other IOs. Over time, this is likely to influence the views of legislators and businesses with the normalisation of new free trade rules. The second challenge is apparent in the state's capacity to manage the domestic economy. This was reduced when Vietnam joined the WTO which brought requirements to move to a more market-based system, meaning less room for government engagement and more pressure from international competition. The latter has produced a backlash with calls for renewed support for domestic enterprises, but again the new environment is likely to change thinking about development over the longer term.

In the case of the World Bank, its impact on Vietnam's development can be seen in various fields and at different levels. These include economic structural reform, poverty reduction, enhancing competitive capacity, and environmental investment. Thus, it is necessary to generalise the bank's main remit in order to have a comprehensive understanding of its influences. Therefore, there are three main areas of banking activity that impact on the Vietnamese developmental state mindset: Country Assistance or Partnership Strategies (CAS/CPS), leading donor coordination, and the bank's activities in advice and consultation. Referring to the CAS/CPS's neoliberal developmental ideas and

their attempts to influence Vietnamese governmental policy, the bank certainly has some influence because its policy advice is supported by direct projects/programmes, technical assistance, human resource training, etc. Casting a critical eye over the CASs/CPSs, though the claim is that poverty reduction is their central focus, it seems that policies to increase the role of markets are actually their first port of call. There is an implicit logic here based on the assumption that markets are the only source of development and poverty reduction.

Regarding the World Bank's advice and consulting activities, its association in this regard with the policy process of the Vietnamese government's direct participation as a corresponding member in the Socio-Economic Development Strategy (SEDS) and five year Socio-Economic Development Plan (SEDP); and the publication of the annual Vietnam Development Report (VDR), shows the bank's direct participation in the Vietnamese government's Socio-Economic Development Strategies and programmes, and indirect participation through Vietnam Development Reports (VDRs). While these activities may have some positive aspects, they also reflect the bank's intervention in the developmental mindset. Exploring the bank's programmes in the field of knowledge assistance, including development reports, a useful interview was carried out with Dr Đinh Tuấn Việt, Senior Economist, World Bank Vietnam. Dr Việt provided general information about the knowledge assistance activities of the bank. He perceived that the World Bank's influence over/in Vietnam was not as important as the country's own policy-making processes. However, he emphasised the value and contribution of the annual VDRs for the Vietnamese government. He explained that:

The annual Vietnam Development Reports are our work. They play a part in policy making recommendations. Besides, we also have sector reports. Furthermore, in order to support Consultative Group (CG) meetings, we also provide short reports for donors. Our competitive advantage is that the World Bank is present in a wide range of countries in the world, with qualified, experienced experts and access to a large database of resources. In particular, our research carries a strong advantage, because it is supported by huge projects, and research is based on the results. Notably, our research does not tend to change the policy of the Vietnamese government, we just provide additional information, and experiences. The Vietnamese government has used and believed in these. Looking at what the government says and does, it can be seen how it relies on, and respects, the World Bank: for example, the settlement of bad debt.

Here again Dr Việt plays down the World Bank's influence at the same time as expressing a very high degree of confidence in its research.

What then are the perceptions of the Vietnamese government staff? An in-depth interview with Associate Professor Dr Nguyễn Việt Thông, Secretary General of the Central Theoretical Council, of the Vietnamese Communist Party, highlighted some of these. He affirmed that:

The bank's staff is very professional on the matter of policy advice and policy advocacy. Our government is willing to take their advice. We select what is the essence of humankind. We admit our weakness and we are willing to learn, but they cannot force us. We are willing to learn and absorb, because our guideline is independent autonomy.

Regarding the World Bank's research, Dr Thông explained that:

The World Bank places many pressures on us. They have their own research agencies. They undertake surveillance and draw conclusions. When the Vietnamese government reports higher statistics than theirs, they say we are lying, resulting in pressure for the government.

This is a telling comment about how the bank aims to change the developmental mindset in Vietnam and the importance of data.

Thus, we can see that these activities of the bank, at the very least give the perception, if not the reality, of pressure placed on policy-making, the legal framework, and strategic directions of Vietnam, that is to say on the state's development trajectories.

In brief, the World Bank is perceived to have made significant contributions towards resolving difficulties and motivating institutional reform in Vietnam as it transitions from a centrally planned economy to a market-based one. Each field of the bank's activity, such as country assistance or partnership strategies (CAS/CPS), leading donor coordination, or its role in giving advice and consultation, is seen to influence different aspects of Vietnamese developmental state trajectories and policies. Many researchers have not only shown the bank's influence on Vietnam's transition but also provided perceptions about its impact on the developmental state mindset in the country. Some analysts see that the Vietnamese government, despite the bank's influence, has retained a notable degree of autonomy in policy implementation. The government has been able to incorporate the bank's suggestions in their own way to develop their policy-making capacity and in a way that fits Vietnam's context. This is a lesson noted by the bank itself during arguments that to achieve success, the bank needed to change the Vietnamese government's development mindset to bring it in line with that of the bank, and to promote this at both a national and grassroots levels (Kwakwa, 2013). It cannot be denied that the continuation of Vietnam's "peculiar" goals, such as a socialist-oriented market economy, socialist rule of law, and socialist culture, show that Vietnam is likely to adopt a more developmental state approach rather than a neoliberal one, which is the bank's expectation.

Thus, different IOs have different ways of influencing the state. As international actors, the UN, the WTO, and the World Bank with their trade commitments, lending programmes, support for policy and institutional reform, policy analysis, and advisor activities, have influenced the Vietnamese government, often in market-based directions, challenging a developmental state approach. Yet some of their activities and support has helped to reinforce and augment aspects of the Vietnamese state's capacity such as policy implementation, law making and adjustment, and state competitive capacity. However, in the view of scholars like Stiglitz and Bello, IOs such as the IMF, the WTO, and the World Bank, often promote damaging rules and operations. Their regulations often discriminate against, and create difficulties for, developing countries. They spread the political hegemony of the developed states and this activity has caused a negative spillover in poor and developing countries. Furthermore, their view of good governance and democracy is one that actually limits democracy by defining a whole range of areas as economic, and hence outside of the role of politics. This analysis also resonates with the developmental



path being taken by contemporary Vietnam, as they demand institutional “reform”, require greater transparency, press for the improvement of human rights, and, significantly put a market-centred view development as the focus of their approach. What is interesting here is that generally, these organisations have been relatively well perceived in Vietnam. Such a perception suggests that they may to be able to further push the country’s developmental mindset towards a market-based approach and away from a developmental state one.

## **5. INGOs and their influence on Vietnam’s developmental mindset and policies**

Up to now, there are more than 1,000 INGOs in Vietnam from over 30 countries and territories, operating in almost all provinces and cities. The research on this topic shows that there is a strong perception of these organisations successfully contributing to social development in many ways, including reducing poverty and improving living standards of people in INGO project areas. Their influence in Vietnam and on the country’s developmental state mindset can be illustrated as follows:

*Firstly*, there have been different approaches to policy and decision-making between INGOs and the Vietnamese government. The latter allocates aid to vulnerable and poor people based on set criteria and divided assistance packages. Government policies are often treated as voluntarist and subjective projects based on top-down policy making. This is because government programmes are often carried out by executive order and their range generally has a nationwide reach. They usually do not have enough resources to operate a full body of participatory policies and programmes. In contrast, many INGOs emphasise bottom-up decision making. They focus on communities’ needs and use a participatory approach with direct contribution from the people. In conjunction with giving money and goods or providing services to the vulnerable and poor, they concentrate on capacity building, such as skills training and sharing experiences to facilitate the use of aid by the poor and help with poverty reduction. In brief, they are concerned with the sustainable development of communities as well as effectiveness of their projects and programmes.

*Secondly*, local governments appear to have benefitted from many INGO projects and programmes. INGOs have introduced some new models through pilot schemes, which were replicated by local governments when they were proved to be successful. They have used their own budgets to implement these models. Through involvement and cooperation with INGOs, “some models, approaches, skills, methods, and technologies in development were really helpful for Vietnam. For example, the micro-credit model, community development with the participation of the people and grassroots democracy” (Đôn Tuấn Phong, interviewee). This is a notable point, that the Vietnamese developmental state mindset has been influenced by INGOs’ developmental strategies but in ways to reinforce the importance of social elements in the model.

*Thirdly*, local government staff were trained and enhanced their capacities through INGO projects and programmes. Through involvement and cooperation with INGOs, there

was capacity building for staff through training during project activities as well as by learning from the projects. Indeed, many former partners who collaborated on programmes subsequently became local leaders. It is claimed that many have performed well once becoming local leaders. Thus, it is clear in those specific cases that INGOs made a strong contribution to enhancing the Vietnamese developmental mindset.

*Lastly*, in Vietnam it is perceived that INGOs tend to build strong relationships with the government, from the central to the local levels. In order to take advantage of available channels that could facilitate their effective implementation of their projects, most INGOs involved signed agreements with local authorities and had the participation of local government cadres.

Thus, while some scholars and analysts have raised concerns about the potential of INGOs to undermine the role of the state - which has been the case in a number of developing countries - this has not been apparent in Vietnam. INGOs have introduced several new models, methods, and approaches to development in Vietnam, which have generally been well received. In the perception of government officials, INGOs have had a positive impact, not only on the capacity of cadres and people, but also poverty reduction and social development. Through INGO projects, thousands of grassroots officials and hundreds of thousands of people have been trained to enhance their capabilities.

Care International and World Vision International case studies in Vietnam demonstrate the ways in which local governments and people are perceived to have benefitted from INGO projects and programmes. Many typical programme models developed by these organisations have been replicated in other areas by local governments. Government officials have also benefitted from these projects in other ways, especially through training and resultant enhanced capabilities. Many INGOs in Vietnam have presumed that the right way to change government officials' developmental mindset is by involving them in their projects and demonstrating their effectiveness. In so doing, INGOs have actually brought their resources to the advantage of the Vietnamese state and contributed to enhancing developmental state capacity in social development. In Vietnam, many INGOs are seen to have built strong relationships with government, which has led INGO and Vietnamese government staff seeing this as a key factor and lesson in the success of their activities. Local governments gave direction to field projects, linking them to national programmes, priorities for areas, and local social-economic development plans. Taking advantages of these channels, INGOs enhanced the success of their programmes and seem to have positively contributed to the Vietnamese developmental mindset in terms of local participation and poverty reduction activities in contributing to the overall developmental framework.

Due to these characteristics, some scholars argue that INGOs in Vietnam have lost or compromised their independence (Payne, 2004, p.3; Dang, 2009, p.26). Equally, it could be argued that the Vietnamese state has made concessions, allowing INGOs to operate and become a channel for the Vietnamese state's work. Nevertheless, some local authorities remain afraid of INGOs working on issues such as grassroots democracy, governance, and human rights, because these are considered sensitive issues deemed the responsibility of

the state government rather than of foreign organisations. Such tensions demonstrate the limits the impact of INGOs have on the social and political development paradigm in Vietnam. Thus, this is an important issue in terms of thinking about the relationship between the Vietnamese government and INGOs in the long term. Overall however, the state's views of INGOs fit with the theoretical arguments that INGOs bring participation to 'the advantage of states' and contribute to improving the latter's abilities (Raustiala, 1997, p.720; Duffy, 2006). Furthermore, through the lens of developmental state theorists, it can be said that INGOs have contributed to, reinforced, and augmented the Vietnamese developmental state mindset.

## **6. Conclusion**

Overall, the investigations of the above mentioned three types of international actors have shown the effects they have on the Vietnamese developmental state mindset and policies. They contribute to enhancing the state's capacity and to enriching the developmental mindset in general. Specifically, FDI has had a greater impact on economic management, and in the process challenging developmental state capacity in sustainable economic development and highlighting the need for policy reform as well as cadres' capacities enhancement in FDI management. Thus, FDI has influenced, but not undermined, local government developmental mindset and capacity, and the Vietnamese developmental state mindset. In Vietnam, IOs have concentrated on institutional reform and brought with them international rules and western norms, often requiring adjustments to domestic laws and changes of political ideology as well. Thus, the main contribution of IOs has been at the level of national developmental strategy and institutional capacity enhancement. Overall, this paper shows that IOs challenge the institutionalisation of an activist developmental mindset in Vietnam, through their tendency to define a range of issues such as the remit of markets and thus outside that of states. INGOs mainly focus on the grassroots level, including vulnerable and poor people in undeveloped rural and remote areas, and in so doing, influence local government, particularly through introducing their new models, methods, and approaches to development as well as training people. Thus, INGOs' central contribution has been at the level of grassroots democracy, local governance, and social development, although the support central government provides for their involvement suggests Vietnam retains a developmental mindset with an interest in grassroots development.

To conclude, it is useful to reflect on contemporary issues. The international environment has become even more complex in the past couple of years with the US elections, Brexit in the UK, and China's increasing power and influence. We have seen the re-emergence of populism and extreme nationalism in the midst of a challenge to the hegemony of the existing superpower, the US. Failed states are a growing concern and levels of global immigration and the refugee crisis are at an all-time high. The fourth

industrial revolution linked to information technology is emerging globally as a central concern. Furthermore, global issues such climate change, poverty, and injustice provide existential challenges to humanity. All of these international issues are also influencing the developmental strategies of nation states. Different countries have their own strategies for addressing the influences. But these important issues only highlight the fact it is crucial to think strategically about development and the importance of a developmental mindset, as developing states, such as Vietnam, will need to proactively address these challenges rather than be passive victims.

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