

*Public Administration Reform and Anti-Corruption:*

## **Government Structure, Organisation and Striving for Excellence in Public Services: Viet Nam's case and some recommendations for change**

The ultimate purpose of public administration reform is to enhance the performance of a government. As such, designers of such reform processes have to ask themselves whether the results of their reforms would provide satisfactory answers to at least the following two questions: **what is good government for, and how does one measure good governance?** The job of a government has always been to procure common or public welfare for its people, and excellence in governance is measured by achievements of that objective. Governments of all ideological persuasions claim their systems are better in this pursuit than others. What separate the pretenders from the achievers is measurable and apparent economic and social development, as well as the standard of living that the people enjoy. This is also the reason why the UNDP's Human Development Index (HDI) has become an important measure of how well governments around the world perform.

**If public services to a large extent determine a population's standard of living, then excellence in public services is a signpost of good government.**

Public services impact significantly on daily livelihoods and the definition of such services can be both broad and narrow - almost anything done by the government in the service of the people could be considered public services. Hence, in some countries the singular term "public service" also means the government bureaucracy. The narrow definition refers to the goods and services that the government is obliged to provide or whose provision it must oversee at a satisfactory level. **There is no debate regarding whether the government has a role; the debate is rather what the government should or should not do.** In an era when privatisation for efficiency and effectiveness are the dominant norms, the inclination is for designers of public administration reform to urge governments to use market solutions where possible, and find ways to effectively perform the portfolios they choose to retain.

**The major challenges being posed in the provision of public services in Viet Nam are manifold.** There is, first of all, the problem of low quality or low satisfaction, especially in the areas of key public services such as water, electricity, urban and inter-provincial transport, primary and secondary education, housing, and major administrative tasks that residents have to fulfil for the state. Overarching many of these low-quality public

services is the issue of whether they are based on an appropriate model of provision.

During the last decade, Viet Nam has been moving towards the socialisation of many public services. This has involved taking public services out of government departments and allowing new corporate entities to charge higher prices for public services than when they were provided by the government. There is good reason for such a shift, primarily the need to move from a purely state-funded model to a partly user-pay principle because the state could no longer afford to bear the enormous financial burden involved. But this move, or the lack of it in some sectors, has not been without its attendant problems. **The issue of equality** constantly informs the debate over the degree of public services socialisation, as privatised companies tend to raise prices to reflect costs and profits. This has increased the burden on all families and is hitting the poor especially hard. Then comes **the issue of quality**, where price increases have not necessarily led to better quality services. To exacerbate the issue, sometimes there have been interruptions or non-supply of services such as frequent power cuts.

A third problem is the **corruption and incompetence** in the bureaucracy, part of which still provides some services. When public services remain in state hands, there has public suspicion and great dissatisfaction, rather than confidence, in the decisions of the bureaucracy. For example, one major area is land requisition for investment, redevelopment and resettlement. Complaints regarding this area have delivered, for many years, the most denunciations and petitions to the National Assembly, with authors complaining about the opaqueness, unfairness, and corruption of bureaucrats.

Considering the experiences of other countries, it would be fair to say that meeting the challenges of public service provision requires some degree of privatisation. **If privatisation is a sufficient measure, however, the net effect should only be the transfer of ownership from the public (the government) to the private. However, ownership transfer cannot be implemented in isolation from other measures.** Given that the private sector seeks to maximise profits, massive market failures can result from such a trend. The missing element here is the continuing hand of the government in guiding and monitoring the private sector in its provision of public services. In particular, **the government should and must set standards of service that will see a sustainable**

**balance between profits and public welfare. A strong government role in setting and keeping standards, therefore, requires an appropriate restructuring of the government and a reorientation of its goals where the provision of public service is concerned.**

Since 1986, the government in Viet Nam has repeatedly reformed its structure, chiefly through economization and rationalisation measures. The number of ministries has been reduced significantly from over 30 ministries to the mid-20s. This has also involved rearranging and reallocating portfolios, moving towards larger ministries that – in principle – would facilitate coordination. Many public services have been farmed out to the private sector, or at least given to state companies that have been corporatised and are no longer run as government departments.

Viet Nam has obviously rationalised its government structure, as well as adopted the mantra of public services privatisation to improve the efficiency of their provision. **The low levels of public satisfaction, however, indicate that these are necessary but not sufficient measures. The middle ground between social obligation and the profit maximisation motive of the private sector may not have been reached.** It may be that rationalisation could have reached a quantitative end, and it is time to reach for qualitative changes that could be supported by a different sort of structure. Furthermore, it is logical to demand that the model of management by the government must be conducive to the better provision of better public services, which would require the government to look inwards to how it is structured and run. This introspection and reform could involve erecting a model for public services management that promotes such a process through two elements: competition in the private sector; and constant and close government supervision of the quality of public services delivered.

Viet Nam has been moving towards corporatising public services that were in the hands of the ministries. While market competition is not a panacea for all issues, some degree of competition could be healthy for promoting the efficient use of resources by service providers. At present, competition in public services provision is on the margin in Viet Nam. The necessity and benefits of competition, however, should be separately assessed for every sector to ensure the viability of the firms involved.

**Perhaps the more important element is the constant and close government supervision of the quality of public services delivered.** In the past, ministries delivered public services and naturally it was difficult for them to be objective in their control and assessment of the providers. The current model of corporatisation detaches service providers from ministries, but apron strings remain as the ministries and party chapters retain control over top personnel appointments. While control is not undesirable, **control without correct and objective performance assessments creates the grounds for nepotism, especially if negative public feedback leads neither to personnel changes nor changes in the quality of public services.**

**As part of any sweeping changes in public services management, it is recommended that the government establish specialised agencies to oversee standards and implement government development strategies.** The government should only appoint a governing board for each sector and allow this board to have independent powers. The agency should have the power to dictate standards to corporations providing public services, and to mete out punitive measures to corporations when standards deteriorate. This is a useful model that can be applied to public services, with or without the element of competition among corporations, because standards are needed regardless of whether the market has or lacks competition. These agencies should also have the power to ensure that the masterplans for each sector are implemented and followed through.

A remaining question is how does one know if such a model of management has achieved its purposes? What would be the criteria for assessment? In establishing the agencies and boards, the ministries concerned **should make the mission of the agencies clear in Terms of References** that the board must oversee. The boards and ministries should then rely on periodic, regular, and **frequent assessments of the public services provided**, as well as examine if the goals articulated in the agency's mission are met. **These assessments can be achieved by hiring respectable institutions to conduct independent and covert surveys of users.**

**For further details, please see:**

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