



United Nations Development Programme



Modernizing Governance



in Viet Nam

Ha Noi
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Foreword

The only constant in the life of public organizations today is change. The same is true for Viet Nam's public sector. It is now 15 years since the Doi Moi was initiated. In that context, we take the opportunity to present this document, Modernizing Governance in Viet Nam, as an update on the status of the three major reform initiatives undertaken by the Government of Viet Nam in the legal sector, financial sector and public administration.

The document has attempted, for the first time in Viet Nam, to collate and summarise existing government strategy documents, available reports and information to provide an overview of the ongoing transition in governance. Since it is being published to coincide with the Consultative Group's meeting in Ha Noi this year, we hope, this will provide an understanding of the reform initiatives for the participants.

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1. Introduction

At the very heart of sound governance operates a set of principles which include **participation, transparency, accountability, effectiveness, efficiency, the rule of law** between the agencies of governance. As Viet Nam opens its economy, incorporation of these principles of governance will be important in facilitating the development process and will be critical to the quality of development.

Recognising this, the Vietnamese government has acknowledged these as central principles guiding the governance transition from a centrally planned economy towards a market oriented economy and an enhanced **socialist democracy**. The government's ongoing and planned reforms of the executive, legislature and judiciary are expected to bring about substantial changes in the institutions of the government and processes of governance. The success of these reforms will be fundamental to speeding up and strengthening the overall renovation process, enhancing growth and supporting further poverty reduction and improvements in Viet Nam's human development index.

The purpose of this document is to take stock of the various major reforms initiated by the government in the area of governance during the last fifteen years of *doi moi* and look forward to the tasks ahead. In this context, the government's reform measures in the legal sector, finance and public administration has been elaborated in section 2 along with the achievements and challenges for each of them. Section 3 identifies some of the key priorities for further enhancing the reform process. Sections 4 and 5 outline the measures taken for partnership building and the overall road-map for implementation of the reform initiatives, respectively.

2. The Reforms

This section will attempt to describe the progress of constitutional, legal, public administration, financial and monetary reforms to date and summarise the challenges to be overcome.

2.1 Background

The Government's political commitment to governance reform has been articulated in the directives and guidelines of the Party (7th Congress and 6th, 7th and 8th plenums of the 8th Congress). These directives and guidelines also identify the relationship between public administration reform, the economic reform, the reform of the state apparatus and the renovation of the political system.

In implementing the guidelines of the resolution of the Seventh Congress, the National Assembly approved the new Constitution in April 1992, replacing the Constitution of 1980. According to the 1992 Constitution, under the overall leadership of the Communist Party, there is a rational and clear distinction between **legislative, executive and judicial** authorities within the structure of the State. The 1992 Constitution clearly identified the position of the Government as an executive organ of the National Assembly and thereby emphasized the **allocation of powers** amongst the legislative, executive and judiciary.

The backdrop against which current governance reforms in the legal, public administration and financial sectors are taking place, is represented by the diagram of the organisation of the state apparatus.

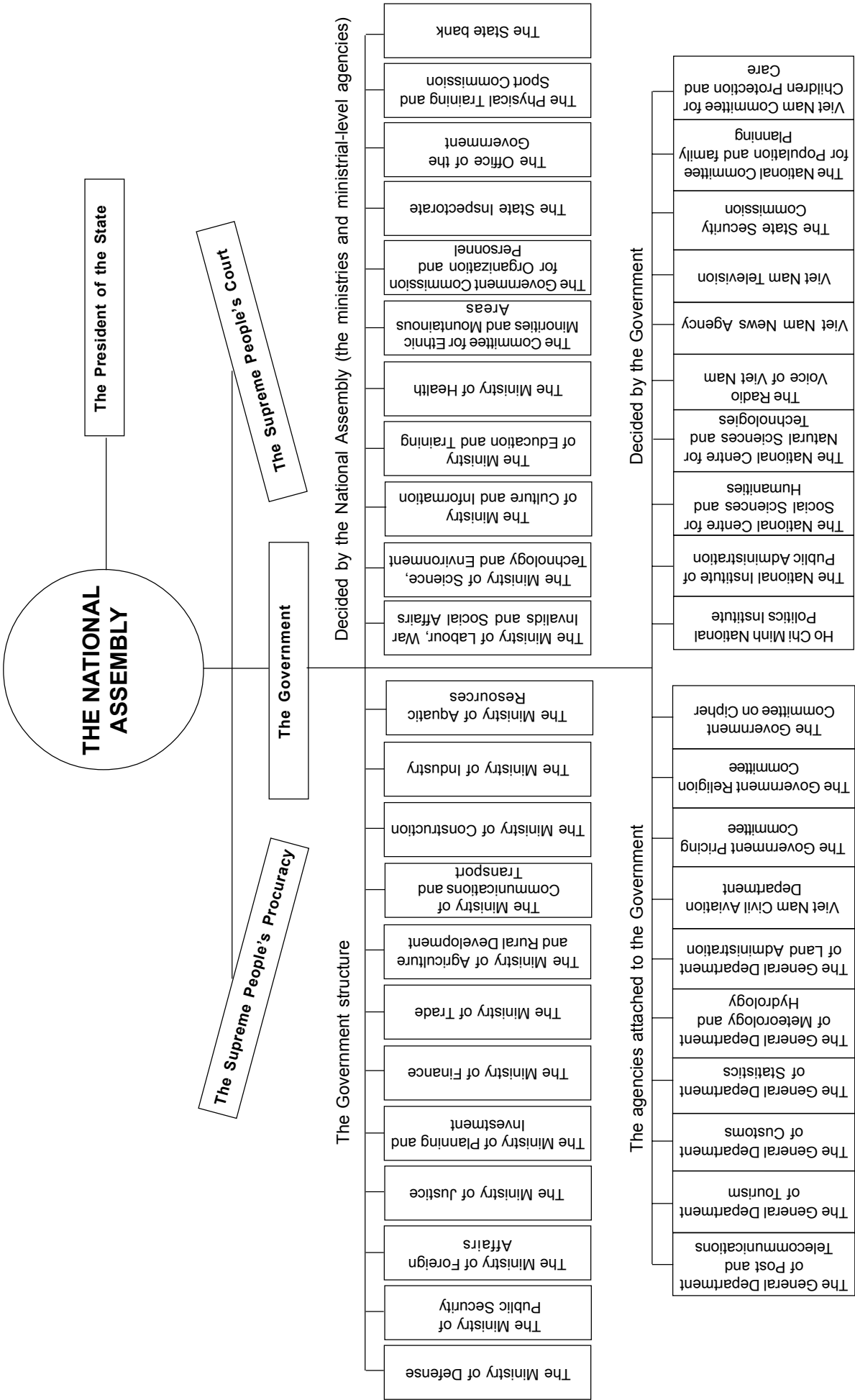
2.2 Legal Sector Reform

The reforms in the legal sector will play a critical role in supporting the attainment of the goals and objectives of the Government's 10 year socio-economic strategy for development and in the process of integration of Viet Nam.

2.2.1 Major Achievements in the last 15 years

In the past, the state mainly managed the society by policy statements, resolutions and administrative orders, but with the advent of *doi moi*, the state determined to govern by law. There has been growing transparency of state agency activities as socialist democracy and the rule of law is enhanced.

ORGANIZATION OR THE STATE APPARATUS
(The 1997-2002 tenure)



There has also been an increased **role of the people** in practical supervision of the activities of state agencies.

The basic components of a working legal system have been established in the short space of 15 years—namely, a legal framework, law and treaty making processes, law making and law implementation institutions, basic and postgraduate legal education and professional training, legal information and dissemination systems.

The National Assembly (NA) and the NA Standing Committee have promulgated more laws and regulations in the last 15 years than during the preceding 40 years. This has created a new legal framework for a multi-sector socialist market economy that has steadily replaced the old centrally planned economy and laid the legal basis for comprehensive renovation of the country.

The law on promulgation of Legal Normative Documents (LND) as a “law on law making” providing a unified process for making, examining and promulgating laws created the possibility for all organizations and citizens to take part in the process. More efficient and streamlined Government administration and **procedures for business** have been introduced by moving away from case-by-case approval of business activities toward registration, and reduced state intervention in business affairs.

The **quality, status, and independence of courts and judges** are being considerably enhanced through:

- a) Changing from election of judges to Presidential appointment upon the recommendation of a high-level Judicial Selection Commission
- b) Establishing specialized economic, labor, and administrative courts within the Supreme and Provincial People’s Courts in addition to Civil and Criminal Courts.
- c) Transferring local court budget support and administration by the Supreme People’s Court to the Government.

Considerably increased knowledge about, and role for, international conventions and treaties in the legal system of Viet Nam.

It is now accepted that citizens may sue state agencies in the Courts.

- d) Increased impartiality and quality of court decisions resulting from better qualified judges, increased participation by lawyers and society paying more attention to court trials resulting from increased coverage of cases by journalists and the media.

There has been significant progress in creating a **legal education** and professional training system in only 20 years as well as developing a system of legal information and its dissemination.

This has been aided by increased application of information technology including five major law databases and CD-ROMs as well as traditional mass media and the provision of the Official Gazette and legal books free of charge at the commune level.

Creating a legal education and professional training system

1. Establishment of Ha Noi Law University, major law faculties at the Ha Noi National University and the Ho Chi Minh City College of Law at the HCMC National University, and smaller law faculties at the Hue and Can Tho Universities, and the law faculty at the Ho Chi Minh National Political Academy;
2. Extraordinarily rapid development of basic and graduate legal education at those institutions;
3. Development of part-time legal education programs offered by Ha Noi Law University and the HCMC College of Law and other law faculties in virtually all provinces throughout Viet Nam allowing officials and others the opportunity to earn the LLB degree while working.
4. Creation of professional training schools for prosecutors at the Procuratorial College, judges at the Judicial Training Centre of the SPC, and judges and other legal professionals at the Legal Professional Training School of the MOJ.

A majority of public servants in legal jobs today hold a LLB degree.

Legal consultation and alternative dispute resolution mechanisms—such as **arbitration and conciliation**—have been established down to the grassroots level.

In addition, the Government has established a **Human Rights** Research Centre at Ho Chi Minh Political Academy to undertake research, standard setting and dissemination of human rights concepts.

2.2.2 Current status

Although there have been a number of efforts made by the legislative, administrative and judicial agencies, Viet Nam's legal system still has many shortcomings, which are:

1. The State has not yet established a comprehensive legal system development strategy to synchronize and coordinate all the law making, law implementation, legal education, legal information and legal dissemination activities.
2. The responsibilities of each agency involved in the law and regulation making process has not been clearly defined.
3. The law has not entered into daily life and there is inadequate awareness of public servants and the people, in general, regarding their duty to respect and obey the law.
4. The publication of laws and regulations in the Official Gazette has not been timely.
5. The MPs (Deputies of the National Assembly) and the various organs of the National Assembly

(Standing Committee, Council on Ethnic Affairs and other Committees), very seldom exercise the right to propose bills or draft ordinances.

6. Implementation of the law has been inadequate.
7. Reform of the organization, structure and operational mechanism of the courts and other law enforcement agencies has been slow.
8. The solution of disputes by arbitration is still overlooked and the legal effect of arbitration awards remains weak in practice.
9. The civil judgment enforcement has many shortcomings. The coordination mechanism between relevant agencies and the qualifications of enforcement officials are still limited. There is a shortage of material infrastructure and working facilities.
10. The working method and attitudes of many public servants are still strongly influenced by a bureaucratic mechanism of the past.
11. Legal dissemination and legal education remains limited.
12. The organizational structure of legal information dissemination is defective and does not provide legal information services effectively.

Thus, in light of the urgent need to ensure that the renovation process proceeds within the framework of the rule of law, the Government of Vietnam approved a Ministry of Justice (MOJ) proposal to conduct a comprehensive legal system development needs

| Review and systematization of legal documents | |
|--|--|
| Issued by | Status on completion of Review |
| Central Government and ministries | out of 7,059 legal documents, 2,014 should be repealed, 1,107 should be amended; |
| Governments of provinces and cities under central authority | out of 54,806 legal documents, 9,985 should be repealed and 1,276 should be amended; |
| To implement the Civil Code (effective since 1/7/1996), | 43 legal documents should be repealed, 49 should be amended and 21 new documents should be enacted or issued |
| Source: The statistics of the Review and Systemization of Legal Documents Directing Board from 1976 to December, 1998. | |

assessment (LNA) in January 2001. This is expected to be completed by March, 2002.

Underway since March 2001, the LNA is supervised by an Interagency Steering Committee (IASC) composed of senior officials of Viet Nam's key state legal agencies - Supreme People's Court, Supreme People's Procuracy, Office of the Government, MOJ, MPI and the Internal Affairs Commission of the Party. In parallel with the LNA, a ten year strategy and action plan for further renovation of the legal system is being formulated and is expected to be approved by the Government by March 2002.

2.3 Financial Reforms

The Ministry of Finance has recently completed a review of its financial and monetary policies over a span of ten years (1991 - 2001). Based on this a draft strategy for 2001- 2010 has been prepared along with a five year Action Plan.

2.3.1 Current status

The Draft Strategy document has specified the major issues and weaknesses in this area as,

- Though the instruments have been improved, **actual mobilized national financial resources have been limited and unsustainable** to meet the socio-economic development, industrialization and modernization targets.
- **Monetary and financial markets and regulatory environment have not yet matured in terms of clarity, simplicity and attractiveness to investors.** Capital market operation is still at the preliminary stages of development and cash-based transactions account for the overwhelming proportion. Overdue debts are at high levels. Financial service markets are underdeveloped and property market operates without a formal framework.
- **Financial resource allocation and utilization has been inappropriate and inefficient.** State budget capital expenditure program has stretched out across too many areas that limit its impact on structural adjustments of the economy. Non-state investment has been limited, unstable with low

The LNA is organized into five teams:

- (1) the legal framework of substantive and procedural laws and treaties, plus the law and treaty making process;
- (2) Institutions of law making and law implementation;
- (3) Legal education and professional training;
- (4) Legal information and dissemination;
- (5) Overall—i.e., Team 5 prepares the overall report synthesizing the work of the other four teams.

efficiency and does not encourage competitiveness; capital accumulation in all three sectors: state, businesses and households have been inadequate while uneconomical use and leakage of resources have been widely observed.

- **Financial and monetary supervision, examination and inspection has not been able to meet requirements in the context of reforms.** Accounting standards compliance has had a low profile indicating untruthful information recording at times. Financial information and disclosure system has irrationalities. Supervision system has not been able to keep pace with the emerging context. Government administration has been incoherent, cumbersome and overlapping with low efficiency. Expertise and professional skills are lacking as new demands have emerged.
 - **Financial and monetary policy making capacity is limited**, and at times outpaced by complex circumstances arising during the course of the transition process.
- Lack of close and coherent coordination between the making and execution of financial and monetary policy and other economic policies is also a problem.**
- Management technology renewal and modernization has not received adequate attention, **and no bold administrative reform measures have been adopted.**

In view of these, the Government is identifying the following as the overall goals for a reform initiative.

Conceptual framework and key goals of the financial and monetary strategy 2001-2010

Overall goals:

Establishing a strong national financial sector with increased reserves to boost high and sustainable economic growth to effectively deal with poverty and to contribute to national defense and construction of a socialist country.

Advancing financial mobilization and allocation policy instruments to ensure equity, stability, proactiveness and dynamism in accordance with socialist market economy features to enable internal strength build-up, more active economic integration, larger inflow of foreign financial resources and more efficient use and management of national resources pool.

Establishing a healthy national financial system featuring transparency and disclosure in which financial activities are audited and supervised so as to become an accurate measuring stick for efficiency of economic activities by different agents in the economy.

Enhancing effectiveness and efficiency of government financial management while proceeding with administrative reforms. Boosting financial management technology renewal to ensure that government officers in regulatory and administrative bodies work in a fair, just and objective manner, thereby, strengthening and improving the financial position of Viet Nam internationally on the basis of maintaining independence and financial security.

The specific goals of this draft strategy are as below,

- **Mobilizing all sources of financing for socio-economic development:**

- Ensuring that domestic capital accumulation of the economy reaches 27% and 30% of GDP by 2005 and 2010, respectively.
- Domestic savings to grow at annual rate of 10%, reaching USD 110 billion or 19-20% of GDP.
- National aggregate investment to total USD150 billion with annualized growth of 10-12% during 2001-2010 to arrive at 30-32% of GDP by 2010. Of which financing from state budget accounts for 7-8% of GDP, public credit 5.5-6% GDP, State-owned enterprises 5.5-6% GDP, households 7-8% GDP, and FDI 5-6% GDP.
- FDI is targeted to range from USD 3-4 billion per annum and ODA inflows are expected to make annual figure of USD 1-2 billion.

- **Improving public finance capacity, resources allocation efficiency and maintaining sovereign debt at sustainable level:**

- Maintaining budget revenues at 20-22% of GDP of which 18-19% of GDP comes from tax and fees.

- Trying to keep budget deficit under 4-6% of GDP and annual inflation rate below 10%.
- Outstanding external debt balance below 50% of GDP.
- Debt services and principal payments below 18-20% of exports; total government financial obligation to incurred debts below 12% of total state budget revenue; current account balance below 5% of GDP during 2001-2005 and fluctuation within a band of $\pm 3\%$ during 2006-2010.

- **Stabilizing purchasing power of the local currency while raising credibility and convertibility of the Vietnamese Dong, reforming fundamental features of the monetary policy implementation mechanisms, improving healthy operation of the banking system:**

- By 2010, total bank credit to reach 40-50% of GDP.
- Maintaining the annual growth rate of aggregate money in the economy at 15-20%. Reducing cash proportion of aggregate money to 20-25% (from the current 40%).
- Raising proportion of medium and long-term credit to 55% (from the current 45%).

- Ensuring overdue debt below 4% of outstanding debts in accordance with international standards.
- **Reforming State-owned enterprises toward enhanced autonomy, accountability and responsibility regarding enterprise performance:**
 - Getting most enterprises out of financial difficulties after 3-5 years.
 - Maintaining dominant role of state-owned economic activities.
 - Improving SOE competitiveness to strengthen the foundation for national financial capacity.
- **Developing coherent financial and monetary markets:**
 - Providing sufficient capital for modernization and industrialization.
 - By 2010, capital market has a volume of 3-5% of GDP.
 - Insurance premiums should rise from the current level of 0.7% to 1.4% of GDP by 2006, and 2.8-3% of GDP by 2010.
- **Implementing active economic integration while ensuring financial security:**
 - Establishing an independent capable financial and monetary system in accordance with international standards and practices.
 - Developing financial supervision system with a wide coverage, and of good quality which is compatible with international standards and practices as well as suitable to Viet Nam's conditions.

2.4 Public Administration Reform

Of the three key reform initiatives of the Government, the Public Administration Reform (PAR) is at a stage where a national strategy to manage the changes to be implemented has been approved. Of course, the process has been lengthy but it has been based on an evolution of understanding of requirements based on the changing socio-economic context, both national and global.

2.4.1 Major achievements

The concepts and basic principles for PAR including the formulation of guidelines and directions for PAR by the Party and the State were developed on a continuous *learning by doing basis*. The conceptualization crystallized step by step since the VI Party Congress as the country gained further knowledge and experience of state management in a market oriented economic environment.

The period between 1992-1995, after the Seventh Congress, was a period of strong development of the Party's thinking, perception and conception of governance transition and PAR. In January 1995 the initiation of PAR was defined as a necessity for further building and perfecting the State. In this, the concept of decentralization, especially in relation to the State Budget preparation and implementation, has gained ground to facilitate people's participation in development activities at the local levels.

Thus during the last decade the administrative institutions were gradually renewed to be responsive and suitable to meet the requirements of State Management and Public Service Delivery.

Main objectives:

- developing a competent, transparent public administration which properly uses its power and gradually moves towards modernization,
- to effectively and efficiently manage the State affairs, promote the healthy development of society in the right direction, better serve the people, and
- develop working habits and lifestyles conforming to the rule-of-law life in the whole society.

These three major components of PAR, institutional reform, organizational structure adjustment and development of cadres and civil servant were, for the first time, presented systematically in the resolution of the 8th plenum of the Central Committee.

Achievements

- New administrative and management institutions were formed in the socio-economic field, commencing with economic management institutions facilitating transition to a market economy.
- Important legal documents were issued, including laws on foreign investment, domestic investment, private enterprises, state-owned enterprises, enterprise bankruptcy, land, state budget, civil code and labour.
- The clarification of relations between administration and enterprise, between state management and business management, enhanced the productive capacity of the society in general. This facilitated impressive economic growth and created more favourable conditions for global integration over the past decade.

Source: ASEAN Conference, 2001- Paper on Public Administration Reform Achievements in Viet Nam

2.4.2 Current Status

However, despite the various achievements, the Government and the citizens of Vietnam felt that the PAR initiatives were not able to fully meet the requirements of renovation, especially economic renovation. Although state administration had been reformed to a certain extent, it was still characterized by features of a state administration designed for a centrally planned and bureaucratic mechanism. The State administration structure remained cumbersome with many layers. Its operational efficiency and effectiveness continued to be low. Its personnel, the cadres and civil servants, did not match the requirements of the reality on the ground.

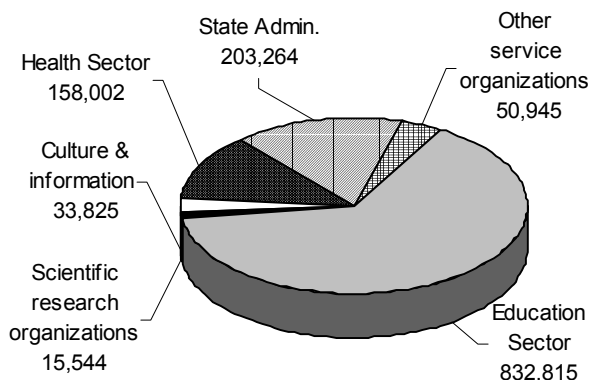
In late 1998, the Prime Minister established a Steering Committee under his own chairmanship with the task to monitor implementation and advice on administrative reform priorities and strategies.

Recognizing the need, the Steering Committee decided to carry out a review of reform activities initiated in the past ten years, especially during the last 5 years of implementation of the Party Resolution no 8 (7th congress) and Resolution no 3 (8th congress). The purpose of the review was to clarify achievements, remaining shortcomings and reasons for the shortcomings, as well as; to define the main directions and tasks to be undertaken in the coming years. The review results were to be used for formulating a PAR strategy for the period 2001-2010.

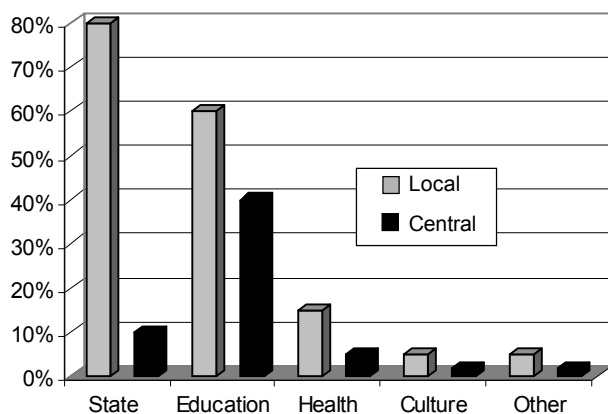
The review was completed by mid 2000, and the lessons learned were,

- PAR is a complex exercise, which relates to many sectors and branches. Therefore, it is essential that PAR is carried out in a uniform manner within the overall renovation of the political system and be linked to the **renovation and of leading modality of the Party and reform of the State machinery** in general.
- PAR must be closely linked to **economic renovation** in each reform step, area and place in order to create synchronization between and stimulus to PAR as well as the renovation of the economic management mechanism.

Number of civil servants in different sectors



Civil Servants at the Central and Local Levels



Source: extract from PAR Review Report of Group 4

- PAR is a sensitive and difficult undertaking that requires the leading agencies to have **consistent view and uniform guiding principles**, realistic and time-bound program of action. The guidance of PAR must be centralized and unified with a strong determination and commitment.
- PAR has to be carried out in a uniform manner, from the top to the bottom, and vice versa. At the same time, due attention and **encouragement must be given to local and grassroots initiatives** and experimental activities. Breakthroughs for each period as well as concrete incentives to promote reform should be identified.
- PAR must be based on realities of Viet Nam, with its own characteristics, traditions, and identity. At the same time, PAR must benefit from appropriate application of **international knowledge and experience** on organization and management operations.

2.4.3 The Government PAR Strategy, 2001-2010

On the completion of the review, the Central Steering Committee decided to embark on the **formulation of the first ever national PAR strategy in January, 2001**. The Government formulated the PAR Master Programme which was formally endorsed by the Prime Minister on 17 September, 2001. The launch of the PAR Master Program provides a clearer vision and strategy for implementation of public administration for the period 2001-2010.

In analyzing the **difficulties** faced by the Public Administration System today, the Government has summarized them (PAR Master Programme, p. 2) as the following,

- The State management functions and responsibilities of the public administration system in a market-oriented economy with socialist orientation remain to be defined clearly and properly. Task assignment between sectors and levels is still ambiguous.
- The system of administrative institutions is unsynchronized, overlapping and inconsistent; administrative procedures are still cumbersome

and complex in many areas of activity; administrative order and discipline are loose.

- The organizational structure of public administration is cumbersome; there are many layers; its operating modalities are both centralized and compartmentalized and are not smooth; there are not yet appropriate financial mechanisms and policies for the operation of public administration and public service delivery agencies.
- Cadres and civil servants still have weaknesses and shortcomings in terms of quality, sense of responsibility, professional capacities, administrative skills; their working styles have been slowly improved; bureaucracy, corruption and harassment for bribes remain rather serious among a section of the cadres and civil servants.
- The administrative machinery at local levels is not really responsive to the people, not well informed of critical problems in their localities, confused and reactive when handling complex situations.

To move towards overcoming these difficulties, the PAR Master Program identifies seven action programs: improving legal documents; organizational reform; downsizing; personnel management and development; salary reform; public financial management; and modernizing the administrative system.

The attention focused on **local governance** is related to the anticipated changes in the organisation and functioning of the state apparatus aimed at supporting the achievement of complex social and economic development tasks. In this context, the current situation and future development of state authorities at the local level, specifically People's Councils and People's Committees, require special consideration.

Organized in a unitary state, Viet Nam is administratively composed of 61 provinces, that include more than 600 districts and more than 10,000 communes.

RIDEF and Decentralization Policies in Quang Nam and Da Nang - An Experience Worth Wider Replication -

Within the framework of the Rural Infrastructure Development Fund (RIDEF) project, the province of Quang Nam is engaged in a far-reaching and ambitious policy of increasing decentralization of responsibilities to lower levels of government. According to statements of the provincial leaders driving the new policy, the RIDEF experiment has, through its operational success to date, had a strong influence on the decentralization policy. Two decisions have been adopted - **Provincial Decision 13/2000 and 13/2001 - which provide an incipient legal framework for decentralization that supports planning and financial decentralization to the commune level.** Changes at the central level and in the legal environment provided an opening for provincial leadership to pursue a decentralization agenda, but the decision to do so was very much due to the openness and reform orientation of the provincial leadership. The framework basically establishes the types and sources of funding which will be decentralized to district and commune levels.

This joint initiative of the Vietnamese Government, the United Nations Capital Development Fund (UNCDF), UNDP and AUSAID, was launched in 1996. It has developed a new approach to management and supervision which empowers local governments and communities: villages identify their own needs for investment projects which are submitted to communes who are the project holders. Communal Development Boards are responsible for transparent project implementation - including financial decentralization to district/commune level - and receive technical backstopping from district and provincial level. 550 schemes have so far been implemented through this participatory process covering 122 communes. The project has also significantly influenced national policy, such as Programme 135 and others as well as various donor-supported poverty alleviation programmes.

Since the start of the public administration reform process by the Government, there have been several initiatives to improve the provision of public services at the local level. Projects had been undertaken with the support of bilateral and multilateral donors focussing mainly on the improvement of the operation and organization of **People's Committees**. In fact, modernisation of People's Committees is a dynamic process in Provinces and Cities like, Ho Chi Minh City, Hai Phong, Dak Lak and Quang Binh.

The **People's Councils**, which exist at provincial, district and commune levels play a key role in political life at the local level in Viet Nam. The approval of the Law on Organization of People's Councils and People's Committees in 1986 (further amended in 1994), led to the start of modernisation of this institution. The implementation of the Budget Law (in force since 1997) and the need to put into practice the principles and norms established in the Decree "Achieving Democracy in Communes", further prompted the

renovation of the organisation and functioning of People's Councils.

The Communist Party, the National assembly, the Government and other state agencies have approved a socio-economic development plan to 2005 and a longer term development strategy to 2010. Undoubtedly People's Councils will play an important role in the implementation of these policy instruments. In that context, significant improvements in the representative, supervisory and financial roles of the People's Councils will be imperative for the improvement in the quality of services provided to the people in the coming years.

The evolving process of renovation will lead to the emergence of new responsibilities requiring new skills and capacities. In addition, it will require the implementation of a carefully planned strategy to strengthen political relationships and balances, between People's Councils and other political institutions in Viet Nam.

Strengthening representative bodies with special focus on the Provincial People's Councils” - UNDP-VIE/98/H01

In parallel with other national initiatives, the Office of the National Assembly (ONA) together with UNDP and the UNDP-Danish Trust Fund (DTF) agreed upon the implementation of a project aimed at the Provincial People's Councils. The project is implemented by the ONA in Ha Noi and has pilots in Provincial People's Councils in Hai Phong, Nghe An and Binh Duong.

This effort of the Government of Viet Nam is currently the only internationally funded project that supports improvements of representative bodies at Provincial level. This project is being conceptualised as the initial stage of a long learning process of change and renovation of representative bodies at the local level in Viet Nam.

The project will facilitate the enhancement of the available knowledge about the functioning and organisation of the Provincial People's Councils, their current difficulties, limitations as well as achievements and strengths. This will be done through a series of policy-oriented research activities. The research outputs will set the baseline that will support national authorities' intention to prepare a development strategy for the People's Councils.

PAR Master Programme 2001-2010: Sketch of the 7 Programme Areas

The reforms proposed under the Master Program involve far-reaching changes affecting laws, institutions,

organizational structures, management and financial systems and all of the people who work in the Public Sector. Renovation will be a long-term process requiring careful sequencing of reform steps and ongoing effective management of the action taken in implementation.

| Programme | Main Contents |
|---|--|
| 1. Programme to renovate the development, issuance, and improvement of quality of legal normative documents | <ul style="list-style-type: none"> a) Reform rules and procedures of preparing and issuing legal documents. Reform modalities for co-operation and task assignment among agencies involved in the process of preparing and issuing legal documents b) Mobilize the participation of legal experts, public as well as major related agencies in the processes of development and issuance of legal documents c) Revise the law and decrees on issuing legal normative documents. d) Strengthen capacity of agencies involved in preparing and issuing legal normative documents |
| 2. Programme on roles, functions, organisational structures of the agencies in the administrative system | <ul style="list-style-type: none"> a) Redefine roles and functions of Government, ministries, ministerial level agencies and agencies under Government in line with the direction of concentrating on implementing macro-level state management over the whole society. b) Review functions and tasks of ministries, central government agencies with a view to avoid overlapping, remove gradually tasks which are not necessarily handled by these agencies. c) Based on new functions, restructure the organisation of the government and ministries d) Streamline and reduce the agencies under the government which carry out state management functions e) Identify streamlined structure within ministries |

(continued on page 12)

(Continued from page 11)

| Programme | Main Contents |
|---|--|
| | <ul style="list-style-type: none"> f) Define and implement appropriate roles, functions and structures of local governments at different levels. Differentiate clearly between urban and rural governments in terms of quality and operation modality. g) Study and implement decentralisation of tasks and authority from central to local levels in different areas and sectors. h) Identify organisational structure appropriate for local administration at all levels. |
| 3. Programme on down-sizing | The implementation of this programme will continue for the period 2001 – 2002 according to the resolution of 16/2000/NQ-CP issued by the Government on 18 October 2000 concerning staff down-sizing in administrative management and public service delivery agencies. |
| 4. Programme on improving quality of the contingent of cadres and civil servants | <ul style="list-style-type: none"> a) Decentralise personnel management b) Reform modalities of training and upgrading cadres and civil servants c) Develop and implement relevant training programmes targeting administrative civil servants and grass-root level officials. d) Develop and implement plans for training and upgrading of civil servants, including an overall plan of the Government and plans for ministries, branches, and local governments e) Reorganise the system of training and upgrading civil servant based on decentralised functions and tasks. f) Develop tools for personnel management using information technology. |
| 5. Programme on salary reform | <ul style="list-style-type: none"> a) Improve minimum salary b) Rationalise the system of salary scales and establish appropriate salary levels suitable to different categories of civil servants (administrative management and public service delivery) c) Rationalise the system of job classification d) Apply different regimes of non-salary incentives e) Apply regimes to reward to civil servants who fulfil their tasks with distinction. |
| 6. Programme on renovation of financial management mechanisms for administrative and public service delivery agencies | <ul style="list-style-type: none"> a) Establish new criteria for formulating and allocating budget for administrative agencies based on their outputs, quality of activities, and level of performance. b) Implement the mechanism of allocating a lump-sum for operation costs of administrative agencies c) Establish financial management mechanisms suitable to public service delivery agencies to ensure their relative independence and autonomy in making decisions for their operations in order to gradually reduce their expenditures from the state budget and make them self-financing. |
| 7. Programme on modernization of the administrative system | <ul style="list-style-type: none"> a) Renovate the management modalities of the administrative system b) Apply information technology in operations of every administrative management agency as well as in public service delivery agencies. c) Develop and put into operation an integrated computerised network from the Government to district administration level. d) Commune governments will be provided adequate premises and working facilities to meet new management requirements. |

Within ten days of formal approval of the PAR Master Programme, the Secretariat of the Steering Committee had organised a two-day workshop in Ha Long Bay to share, review and solicit the opinions of the lead agencies, NGOs and the development partners. After that, two launching conferences with the leaders of all government agencies and 61 People's Committees were organized in the North and the South in October and November respectively.

3. Challenges and Priorities in the Governance Transition Process

Challenges in this Governance Transition road map are many. As indicated earlier, legal, public administration and finance reform initiatives are at three different stages of articulation and the major challenges are,

- Linking and co-ordinating the reforms so that a synergy is created.
- Identifying the appropriate incentives in order to move ahead with the reforms.
- Ensuring oversight of the implementation of the reform measures.

As the challenges are identified, so is there a need to **prioritize**. From that perspective the following points are put forward for consideration,

- **Sequencing the reform measures and linking the initiatives in the areas of PAR, Public Finance and the legal needs** as put forward by the Government continues to deserve priority attention.
- Government has to speed up the process of reform in the context of the globalization effort but at the same time needs to **take cognizance of the vulnerability aspects of the people to translate trade and growth into human development** with scope for incorporating **gender equity** considerations.
- Building **capacity for change management** is a key issue.
- Immediately put in place an **efficient implementation mechanism** for the implementation of the PAR Master Programme. As indicated in the conclusion of the recent PAR workshop in Ha Long, this could be ensured

through the establishment of a full-fledged Office for the Steering Committee for PAR.

- The **legal framework must be in place** to effect organizational restructuring in the administration and in public finance management particularly in the context of decentralization and devolution.
- Evaluation and analysis of the **costs of reforms** is a priority for the implementation process to allow budgeting and initiate resource mobilization both internally and externally; and
- There is a need to develop specific participatory processes to allow the vulnerable sections of the society to input in the reform process. As emphasized during the Halong Workshop, more attention should be given to the **grassroots level governance** as well as to transferring the delivery of public service to the private sector and social organizations through appropriate socialization arrangements without marginalizing the poorest.

4. Partnership Building

Government identified partnership building, between agencies and with the development partners, as a key strategy in these reform initiatives.

LNA:

The LNA has been an unique opportunity for a partnership process to develop. During the course of 2000, there was an intense series of discussions and consultations between the Government of Viet Nam, the donor community, the various State agencies (including the Party). This resulted in a multi-agency LNA exercise, under the chairmanship of the Ministry of Justice.

Eight key donors, five bi-laterals (Australia, Denmark, France, Japan, Sweden) and three multilateral organizations (UNDP, ADB and WB) are supporting the process with resources, financial as well as expertise, experience and networking.

PAR:

The advocacy and dissemination programme initiated

through the national launching of the PAR Master Programme on 24 October, 2001 (in Ha Noi) and on 3 November, 2001 (in Ho Chi Minh City), is the first of the efforts to build awareness, understanding and gather support both within the government and civil society.

The Government has acknowledged the valuable assistance provided by international consultants funded under the aid programs of UNDP, Germany and Sweden in preparation of the PAR Master Program. Denmark, Sweden and ADB also provided financial support. The success of this endeavor was influenced not only by the Government's own priorities and ownership but also by the strong partnership that developed between the Government and the donors.

The Master Program should thus enable improved mobilization and use of donor resources in supporting implementation of PAR. Already, all existing PAR projects that are being supported by donors are being reviewed to ensure their consistency and coherence with the PAR Master Program. In this the Government has requested assistance from UNDP to develop a co-ordination mechanism for pooling and mobilizing resources for PAR initiatives. This should overcome existing fragmentation and improve the targeting of assistance.

5. The Way Ahead

LNA:

The Inter Agency Steering Committee (IASC)- for LNA, organized a one-day workshop on 9 November, 2001, to review the draft overall report on Legal System Development Needs Assessment of Vietnam, to determine the prioritization of actions and to design a framework for international assistance.

The workshop displayed a strong commitment to the legal reforms through the wide participation of government, state agencies, the Party and the donor

partners. There was also a clear endorsement of the draft reports with proposals for further development of the contents of the report. These were,

- Prioritization of the law-making agenda taking into account the workload of the Legislature.
- More emphasis should be placed on law enforcement and implementation.
- Professional training for judges, lawyers and prosecutors should be emphasized.
- Dispute resolution should be reformed in terms of providing an adequate legal framework and implementation mechanism.
- Enhancement of legal aid.
- Human Rights issues, taking into account the specific conditions prevailing in Viet Nam, should be incorporated in the report.

With regard to the process of finalization of the Report, it was decided that,

- An action plan specifying the areas/activities actionable immediately, will be drafted.
- Given the tremendous progress achieved by the various teams in drafting the report, it was agreed that the report should be presented for Government approval at the beginning of 2002.

PAR:

The Ha Long Bay Workshop held in September 2001, enabled more detailed discussion of PAR implementation issues across each of the seven action programs. The discussion at the Workshop also covered the mobilization of donor assistance and funding mechanisms. Donors suggested that there is scope for improving the focus, design, management and overall coordination of specific projects undertaken under the PAR.

In the PAR Master Programme, the Government has adopted a phased programmatic approach to the implementation of the seven action plans. These prioritize actions as below.

| Master Program on PAR | | | |
|---|------------|-----------|-----------|
| | 2001- 2002 | 2003-2005 | 2006-2010 |
| Major measures | | | |
| Effort will be made to improve continuously the regulations on organization of the state machinery through the amendment of the 1992 Constitution and Law on State Organization | X | | |
| Ministries, central agencies, and provincial People's Committees will continue to review their functions and tasks, define organizational structure | X | | |
| Implement staff downsizing according to the Prime Minister's Decision No 207/1999/QĐ – TTg of 25 October 1999 and the Resolution of the Government No 16/2000/NQ-CP 18 October 2000 | X | | |
| Salary reform implementation | | X | |
| Develop and put into implementation new mechanisms on organization and operation of universities, hospitals, and scientific research institutes | X | | |
| A new government structure renovated in line with the PAR directions will be submitted to the new National Assembly (XI legislature) | X | | |
| Program on roles, functions, organizational structures of the agencies from the Government to Ministries and People's Committees at all levels will have been clearly defined. Lead agency: GCOP and OOG. | | X | |
| Program to renovate the development, issuance, and quality improvement of legal normative documents. Lead agency: MOJ and OOG. | | X | |
| Staff downsizing program. Lead agency: GCOP | X | | |
| Program on quality improvement of the contingent of cadres and civil servants. Lead agency: GCOP and NAPA | | X | |
| Program on renovation of financial management mechanisms for administrative and public service delivery agencies. Lead agency: MOF | | X | |
| Program on salary reform: The salary system for cadres and civil servants will be reformed fundamentally according to the Resolution of the IX Congress of the Party. Lead agency: GCOP | | X | |
| Programme on modernization of the administrative system. Lead agency: OOG | | X | |
| The machinery of the Government and the whole system of public administration will be continuously improved and perfected to meet the requirements of social and economic development, to fulfil the overall objective of the 10-year PAR Master Program for the period 2001 - 2010 | | | X |

As discussed in Ha Long and in accordance with the conclusion, the Government has given guidelines to the ministries and provinces to formulate and initiate implementation of strategies and plans for PAR within the following time frame in the Table below.

In addition, UNDP is finalizing a PAR Master Programme support document in collaboration with the

Government. This document will facilitate the coordination, implementation, monitoring and pooling of resources through enhancement of capacity of the Office of the Steering Committee of PAR. It is also expected that this document will provide the basis for both bi-lateral and multi-lateral donors to jointly support the Government initiatives in this area.

| Activity | Time Schedule |
|--|-----------------------|
| Seven programme teams to refine content | September-December |
| First draft of programme ready | October 26 |
| Seminar on each programme organised by the Government Steering Committee for PAR | Beginning of November |
| Comments and further refinement of drafts | November-December |
| Final Draft of each programme submitted to the Prime Minister | December |

Annex 1: Donors' On-going Involvement in 7 PAR programme areas

| Programme Areas / | | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|-------------------|------------------------|---------------------------|------------|-------------------|--------|---------|-------------------|---|
| Donors | Legal | Org | Downsizing | HRM&D | Salary | Finance | Modernization | |
| UNDP | MOJ HCMC | MARD HCMC Hai Phong | GCOP | HCMC GCOP | GCOP | MOF | HCMC Hai Phong | |
| SIDA | MOJ | | | GCOP Quang Tri | | MOF | GCOP | |
| DANIDA | | OOG | NAPA | Daklak NAPA | | | OOG NAPA | |
| ADB | | OOG | | | | | | |
| NORAD | | Ninh Binh | | Ninh Binh | | | | |
| Switzerland | Quang Binh Nam Dinh | | | NAPA | | | | |
| France | MOJ | | | Scholarship | MOF | MOF | | |
| Germany | | MARD GCOP | | NAPA | | MOF | | |
| WB | | | | | | | | |
| DFID | | | | Scholaships | | | | |
| Finnida | Quang Tri | | | | | | | |
| Australia | | | | Scholaships | | MOF | | |
| Japan | | | | Scholaships | | | | |
| Netherlands | | MARD Hai Phong | | | | | Hai Phong | |
| Canada | | | | | | | | |