



Ministry of Home Affairs
of the Socialist Republic of Viet Nam

United Nations
Development Programme



PAR Master Programme:

Results & Learning: 2001-2002

From Step by Step To A Leap Forward

*Ministry of Home Affairs and UNDP Joint Paper
for the Viet Nam Consultative Group Meeting*

December 2002

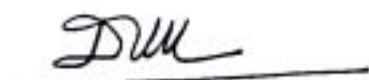
Foreword

The approval by the Prime Minister of the Public Administration Reform Master Programme in September, 2001, marked a turning point in efforts to reform Viet Nam's administrative system. Over the course of the past year a number of initial but essential reforms were undertaken. Although it is still early in the process a number of the first results can be seen, giving rise to the need for continued, even accelerated work in this critical area.

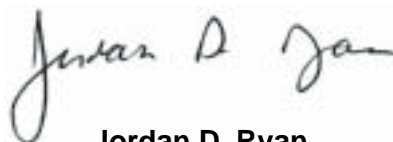
Viet Nam's renamed Ministry of Home Affairs and UNDP undertook a joint initiative to capture and collate information on the progress achieved since the approval of the Master Programme. This Report provides readers with a review and assessment of reforms implemented in the four key areas of the Master Programme. It also highlights the Government's directions to deepen the Master Programme's implementation process during the coming years.

While much remains to be done, this Report is designed to provide the participants of the December 2002 Consultative Group Meeting with current information concerning the actual status of implementation of the PAR Master Programme.

To be competitive on the global scene and to achieve its ambitious development targets, the Government of Viet Nam recognises the requirement to hasten the pace and depth of reforms in its institutions and systems of public administration. Viet Nam and its development partners have a unique opportunity to collaborate in meeting this challenge.



Nguyen Trong Dieu
Vice-Minister
Ministry of Home Affairs



Jordan D. Ryan
UN Resident Coordinator,
UNDP Resident Representative

CONTENT

1	INTRODUCTION	1
1.1	Major Steps in 2002	1
2	PROGRESS AND RESULTS, 2001 - 2002	3
2.1	The PAR Master Programme	3
2.2	Assessment of PAR Activities	5
	<i>2.2.1 Institutional Reform</i>	<i>5</i>
	<i>2.2.2 Reform of Organizational Structures of Public Administration</i>	<i>6</i>
	<i>2.2.3 Renovation of the Civil Service</i>	<i>8</i>
	<i>2.2.4 Public Finance Reform</i>	<i>9</i>
2.3.	Managing and Oversight of the PAR Master Programme	9
	<i>2.3.1 The National Implementation Mechanism</i>	<i>9</i>
	<i>2.3.2 Progress on the above</i>	<i>12</i>
3.	Looking forward	13
3.1	National Context for Further Reform	13
3.2	A Focus for 2003	13
3.3	A Government - Donor Partnership	14

1. INTRODUCTION

1.1 Major Steps in 2002

Slightly more than a year has elapsed since the promulgation of the Government's Public Administration Reform (PAR) Master Programme for 2001-2010 in Decision No 136/2001/QĐ-TTg on 17 September 2001. During this period of 15 months, the Government has undertaken a number of concrete measures to create an enabling legal framework for further and deeper public administration reform. In addition, the Government has taken a series of significant steps aimed at both organizational restructuring and decentralisation.

The concerted but phased approach to the devolving of key powers to the provincial level has been a key result of a decade-long process of what is commonly referred to as 'PAR pilots'. Central level Decrees and Laws, combined with 'best practice' from local level projects, that have enabled the creative experimentation of efficient and effective service delivery, civil service reform, enterprise development and institutional restructuring, have resulted today in a process of decentralisation and capacity development of both local and central government to pursue the deeper reforms, as needed, for the country's development. These efforts will be instrumental in enhancing the quality of people's life and reducing poverty further.

10 major measures and steps taken since the promulgation of the PAR Master Programme

1. The Constitution and the Law on Organization of the Government has been amended to pave the way for reorganizing the structure of Government.
2. The Government created a new basis for the functions, tasks and organization of ministries and ministries equivalents through Decree 86/2002/ND-CP, that replaces Decree 15/CP. Ministries are currently reviewing their functions, tasks and structures.
3. The Government has reduced the number of affiliated agencies from 23 to 13 while increasing the number of ministries by 3 to a total of 26.
4. Through Decree 12/CP, provinces can now make decisions as to the organizational structures at district level.
5. The article in the State Budget Law giving the provincial People's Councils powers to apportion their allocated budgets is expected to be strengthened in the November 2002 session of the National Assembly.
6. The Government issued Decree 10/CP to create more autonomous financial mechanisms for income generating public service agencies.
7. The Government issued Decree 59, that furthers the on-going effort to reduce unnecessary licences and speed up registrations.
8. Downsizing has to date achieved about one-fifth of the set target of 15%. Downsizing will continue over the next 3 years.
9. A master training plan (Decision 74/2001) for cadres and civil servants from 2001-2005 was produced.
10. Work to amend the Law on People's Councils and People's Committees and Ordinance on Public Employees is underway.

In 2002, the Government targeted their research efforts and conducted very specific pilots that are expected to lead to the next round of reforms to be implemented over the course of the next 3 years. Examples of these current research and pilot activities include:

- Research to develop proposals for decentralization in 3 major sectors ñ (i) management of cultural and social services, education and health, (ii) local economic development planning and budgeting (iii) organization and personnel management.
- Decree 93/CP which delegates the authority to Ho Chi Minh City in development planning, management of land and infrastructure, city budgeting and administration including organization and personnel.
- Decision 55-TTg to pilot rationalizing of administrative procedures in Ho Chi Minh City's port, to modernise shipping and port transit facilities.
- Decision 192 TTg to expand the pilot block budgeting and staffing mechanism to introduce result-oriented management modality in administrative agencies has so far been implemented in some 170 units, involving 19 provinces and 3 central agencies.
- Expansion of one-stop shops to 28 provinces.

The Government is also currently preparing or consulting on the following to be further developed in 2003:

- Two decrees on the decentralisation of personnel management and staffing size for provincial level.
- Two decrees on new operating mechanisms for public universities and hospitals, to allow greater functional autonomy to their institutions.
- A draft master plan for management and skill training of grassroots managers and officials at the commune level to enhance communal service delivery and administrative efficiency.
- Changes to personnel management to encourage enhanced performance and increase accountability of mid-level managers at both central and local levels.

The next chapter presents a more detailed assessment of the Government's progress towards achieving the 4 focus areas and 9 specific objectives contained in the PAR Master Programme.

2. PROGRESS AND RESULTS, 2001-2002

2.1 The PAR Master Programme

The PAR Master Programme represents a significant step in the Government approach towards PAR. It brings together, for the first time, in one document all of the Government's intentions, targets and the modality it would adopt for reforming the administrative system.

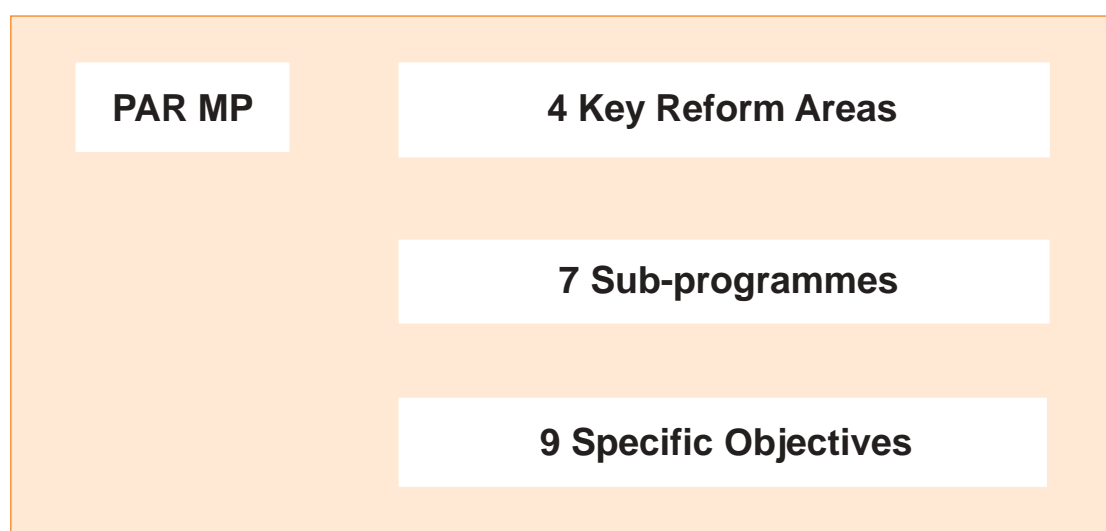
The overall goal of the PAR Master Programme is to successfully build

“a democratic, clean, strong, professional, modern, effective and efficient public administration system which operates in line with the principle of the socialist State, ruled-by-law and under the leadership of the Party”

and to ensure that

“public cadres and civil servants will have the appropriate capacities and ethical qualities that are able to respond to the requirements of the cause of nation building and development.”

To achieve the overall goal the PAR Master Programme identifies 4 key reform areas: institutional, organizational, cadres & civil servants, and public finance.



The PAR Master Programme identifies the 7 sub-programmes – (i) *development and issuance of normative legal documents*; (ii) *revising tasks, functions and organizational structures*; (iii) *staff downsizing*; (iv) *quality improvement of cadres and civil servants*, (v) *salary reform*; (vi) *improvement of financial management mechanisms for administrative and public service delivery agencies*; and (vii) *modernizing administrative systems*. One of the aims of formulating the 7 sub-programmes is to help target resources and coordination of activities.

To ensure effective reform in these areas, it also identifies the following principles to underpin all efforts at PAR implementation:

- The commitment of leaders to guide and implement PAR.
- PAR to be implemented in line with the renovation of the political system.
- PAR should be carried out simultaneously at both central and local levels.
- The sufficient allocation of financial and human resources.
- A strengthened information dissemination and communication activities for public awareness and involvement.

The nine specific objectives in the PAR Master Programme are:

1. Strengthening administrative legal institutions, enhancing accountability and reforming the processes for developing and issuing normative legal documents.
2. Reforming administrative procedures so that they are transparent, simple and convenient for people.
3. Restructuring of state machinery to focus on macro-management and regulatory roles.
4. Socialization of public service delivery functions which are not necessarily to be handled by government agencies
5. Decentralization to and reorganization of local government, including defining clearer urban and rural administrations
6. By 2010, the contingent of cadres and civil servants will be of reasonable size, professional and capable of discharging their public duties.
7. By 2005, the salaries of cadres and civil servants will be adequate to maintain their life and the life of their families.
8. By 2005, the financial mechanism will have been reformed to be suitable for administrative agencies and public service delivery agencies.
9. Administrative system substantially modernized.

Today, the emphasis is clearly on active implementation. However, the Government is constrained in this respect as it has limited experience with managing a market economy and a modern public administration system. It has, therefore, been necessary for the Government to study and clarify fundamental issues about the content and modalities of reforming the state machinery and renovating the political system.

Up until the late 1990s the Government's approach to PAR has often been described as 'step by step', characteristic of much of the reform efforts since the launch of *doi moi* (renovation) in 1986. However, with the promulgation of the PAR Master Programme, the Government had shifted its approach to a method of 'learning by doing'. This methodology, which is at the heart of a process of experiment action underway since 1995, should not suggest that the approach to PAR is casual or haphazard. It is, to put it simply, a systematic process of experimenting, studying, reviewing and replicating new management models and ideas. In addition, 'learning by doing' involves a series of process steps to test a reform idea, culminating in a significant leap in its practice, when the reform is replicated and adopted nationwide, through a new law or the amendment of an existing law.

2.2 Assessment of PAR Activities

The following sections analyse recent progress the Government has made towards the 4 major reform areas and 9 specific objectives identified in the PAR Master Programme. *(Please note that the specific objectives stated below are summaries. Please refer to the PAR Master Programme for the full text.)*

2.2.1 Institutional Reform

Specific Objective 1	Strengthening administrative legal institutions, enhancing accountability and reforming the processes for developing and issuing normative legal documents.
Specific Objective 2	Reforming administrative procedures so that they are transparent, simple and convenient for people.

On Law Making and Legal institutions

Significant changes have been made in the institutional framework that underpins the state apparatus. In December 2001, the National Assembly amended the 1992 Constitution. Of particular importance for PAR was the decision of the **National Assembly** to change authority to issue normative legal documents. This right, which previously extended both to ministries as well as central agencies attached to Government, is now an exclusive right of ministries and their equivalents. This change makes the ministerial level the sole level of responsibility and condition for the preparation of legal frameworks. The reform will also promote the policy making and macro management role of Government.

The amendments to the Constitution was followed by revision to the **Law on Organization of Government**. This formed the basis for the re-organization of Government in August 2002, following the general elections of May 2002. The new Law on Organization of Government defines the main functions of ministries and their related agencies. These include areas of: (i) state management, (ii) management of public services and (iii) representing the state as shareholder of enterprises. The Law has also created the current framework for decentralisation of authority to Local Governments in personnel and organisational matters. The proposed strengthening of the provincial People's Councils authority to determine budgetary allocations is another significant step to be implemented in this phase of the reform process.

Based on the Law on Organization of Government, the Government, in November 2001, issued **Decree 86** providing general regulations on the functions, tasks and organization of ministries. This decree is now under implementation.

During the current session of the National Assembly the **Law on Promulgation of Legal Documents** will be introduced for approval, which will reform the process of law making in the country, including strengthening the consultative processes involved, to ensure greater public participation and awareness of law-making efforts and legal institutions.

On Administrative Procedures

The Government has continued to pursue its objective of simplifying and abolishing unnecessary or duplicative administrative procedures. During the last two years of implementation of the Enterprise

Law, 160 procedures requiring permits/licenses, out of some 400 identified have been abolished or changed from discretionary procedures to simple registration.

The **One Stop Shop** organisational model for handling administrative services has continued to attract interest from provinces as a means to improve services. A recent evaluation made by MoHA in cooperation with the Swiss Development Agency, SDC, reported that the One Stop Shop concept has now been introduced by 28 provinces in 64 districts, of which 41 are urban and 23 are rural. The evaluation arrived at the conclusion that, with streamlined procedures and increased transparency the reformed areas had improved substantially.

The Government also plans to expand two other pilots. A One Stop Shop model, dealing with land use right certificates, in Quang Tri is being considered for replication in 4 other provinces. Also, 4 other ports want to replicate the pilot project undertaken by the Port in Ho Chi Minh City to streamline administrative procedures.

2.2.2 Reform of Organizational Structures of Public Administration

Specific Objective 3	Restructuring of state machinery to focus on macro-management and regulatory roles.
Specific Objective 4	Socialization of public service delivery functions which are not necessarily to be handled by government agencies
Specific Objective 5	Decentralization to and reorganization of local government, including defining urban and rural administrations
Specific Objective 9	Administrative system substantially modernized.

Central Government Reorganization

The Government has proceeded with the informal structural changes necessitated by the PAR Master Plan and related Laws and Decrees. In August 2002, the number of Government affiliated agencies was reduced to 13 from 23 and the number of ministries increased by 3 to 26. The two newly established ministries and one affiliated agency are: Ministry of Natural Resource and Environment, Ministry of Post & Telecommunication and Family, Population and Children Committee. Government Committee on Organization and Personnel (GCOP) was renamed as Ministry of Home Affairs (MOHA). The decrees on functions, tasks, jurisdiction and organisational structure of these new entities have been issued.

Decree 86/2002/ND-CP, which replaced Decree 15/CP on functions, tasks and jurisdiction of ministries and equivalent organizations, has created a new basis for the organization of government ministries and equivalents. Currently all ministries and agencies affiliated to Government are reviewing their functions, tasks and structures to bring their organizations in line with the principles laid down in Decree 86. The Decree provides for clear definition of the functions of ministries and responsibilities of ministers and heads of departments. It also provides a framework for the structure of ministries. It is expected that further decrees on specific functions, tasks and organization will be issued shortly for the majority of ministries and affiliated agencies.

The actions taken to restructure the central apparatus represent a major step in reorienting the Government towards its aims of focusing on policy formulation and regulatory roles.

Implementation of the Resolution of the Government No16/2000/NQ-CP has continued during 2002. By October 2002 **downsizing proposals** of 43 provinces and 20 ministries had been reviewed by MOHA. The target of reducing administrative staff by 15% has not yet been achieved. The reduction recorded so far, represents about one-fifth of the target set to be achieved by 2002. A proposal to continue implementation of the resolution is now being considered by Government.

Local Government and Decentralization

In recognition of the need to further the reach of public services to the people, making officials accountable and encouraging greater participation at the local levels, the Government has taken clear steps towards strengthening local government and decentralization in several ways:

- Revised ministerial decrees on involving of functions and responsibility, with each ministry are required to review how decentralization could be best carried out.
- Studies are currently underway, initiated by the Government Steering Committee on decentralising state management power from central to local levels on: (i) management of cultural and social services, education and health, (ii) economic development planning and budgeting (iii) organization and personnel management.
- **Decree 93/CP** to pilot decentralization of some state management functions from central level to Ho Chi Minh City.
- In 2001 the Government issued **Decree 12/CP** giving powers to provinces to rationalize organizational structures at district level.

The amendment of the **Sate Budget Law** to delegate fiscal allocation authority to the Provincial Peopleís Council is a very significant move towards creating an enabling environment for decentralization. It is also expected that the research on decentralization from ministries and lessons learned from the pilot in Ho Chi Minh City will lead to proposals for amending the Law on Peopleís Councils and Peopleís Committees towards the end of next year. These amendments would represent a significant step in creating the political space and legal environment to support a broader decentralization.

Modernization of Public Institutions and Systems

The Government recognises that a process of modernization needs to go beyond the introduction of new technologies. Equally important are the measures and actions to review and streamline work procedures and processes so that efforts at introducing e-government applications computerization and related upgrading of database Monitoring and Evaluation systems and tracking systems can bring about more focused and effective results in terms of organizational and individual performance.

In this context, to support the implementation of Action Programme 7, the Government is negotiating a programme loan with the Asian Development Bank to modernize and enhance productivity and work efficiency of the administrative system at all levels. This would help to implement the appropriate legal frameworks, modernize management practices, provide the needed technology required as a foundation for e-government, strengthen capacity in ICT and progressively build up more effective service access and delivery to citizens, business, and local government.

2.2.3 Renovation of the civil service

Specific Objective 6	By 2010, the contingent of cadres and civil servants will be of reasonable size, professional and capable of discharging their public duties.
Specific Objective 7	By 2005, the salaries of cadres and civil servants will be adequate to maintain their life and the life of their families.

The efforts to attain these objectives are pursued through continuous reform of the personnel management system, reform of the salary system, upgrading training of staff and modernizing performance monitoring and skills development.

On Personnel Management

Proposals have been submitted by MOHA to the Prime Minister on **decentralization** of specific personnel management functions. Of major importance is the decentralization of decisions on staffing numbers and capacities of public service agencies. This reform is linked to the ongoing reforms of financial management regime of public service agencies.

For examples, provinces will be given the authority to determine **recruitment procedures** in the education sector and authority to appoint directors of provincial departments, without needing to consult the respective line ministries. As the personnel management system is closely linked to the salary system, it is expected that, as salary reform is implemented further adjustments will be made to the personnel management regime.

Major efforts are currently being planned to address the human resource issues at the commune level. The **Ordinance on Public Employees** will be amended to clarify the employment status and conditions for officials working at the commune level. The regulations on grassroots employment conditions will be revised to provide employment to a certain number of grassroots officials on terms equivalent to civil servants.

The introduction of **computerized personnel information systems** in ministries and provinces is proceeding and will, when completed, facilitate a macro management approach to personnel management. Currently 8 ministries and central agencies and 53 provinces have installed and operate computerized systems for this purpose.

The Adjustment of the Salary System

A proposal to reform the salary system has recently been submitted to Government by the Salary Reform Steering Committee. The reform proposal, based on the objective and main principles contained in the PAR Master Programme, focuses on adjusting the minimum salary, salary scales and salary schemes. Implementation of these salary reform will be phased over the 2003-2005 period.

Training and Upgrading of the Civil Service

A strategic and legal framework for training and retraining of civil servants in period from 2001 to 2005 is defined in the Prime Minister's Decision 74/2001/QĐ-TTg of 7-5-2001. Specific objectives are set for training and upgrading of grassroots cadres, administrative civil servants and public officials working in SOEs. For example, the Ministry of Trade, Ministry of Justice and Ministry of Planning and Investment are working together to develop training plans to prepare relevant civil servants for economic integration.

The vision of training and coaching for civil servants defined by the Government is to enhance the quality and effectiveness of training and the skills upgrading activity and to strengthen the efficiency, effectiveness of the training system. The Government has stressed the importance of more skill-focused training and substantial efforts are being made to improve the training management system, modernise curricula and introduce interactive teaching methods. The Government is currently negotiating a programme loan that should help deliver its training vision.

2.2.4 Public Finance Reform

Specific Objective 8	By 2005, the financial mechanism will have been reformed to be suitable for administrative agencies and public service delivery agencies.
----------------------	---

Important steps have been taken towards greater fiscal decentralization in 2002. The 1998 specification on the use of the state budget funds was abolished in the second Session of the XI National Assembly, 2002. Through an amendment of the Budget Law, the provincial People's Councils will, from 2003, have stronger authority to allocate the budget for different purposes.

Important initial steps have also been taken to develop the financial management mechanism for administrative and public service agencies. Through regulations issued early in 2002, a new foundation has been laid for financial management by income-generating public service agencies. The purpose is to enhance efficiency and effectiveness of public service delivery by providing these agencies greater autonomy in managing their funds. The regulation applies to agencies fully financing their recurrent expenditure as well as agencies being partly self-financed and partly financed by the state budget. Work is also currently on-going to further develop decentralized financial management mechanisms for public hospitals and universities.

The reform of financial management of administrative agencies is proceeding through the **expansion of the system of block budgeting and block staffing** to more agencies. The reform was initially piloted in Ho Chi Minh City. During the last year 19 provinces and 3 central agencies, a total of around 170 units, have joined the pilot scheme. The reform aims at providing incentives, including increasing salaries, for the administrative agencies to improve efficiency by rationalizing organization and mode of operation. The pilot scheme represents an initial measure to introduce greater results-oriented financial management and oversight in state organizations.

2.3 Managing Implementation of the Master Programme

2.3.1. Implementation Mechanism

The PAR Master Programme, promulgated in September, 2001, signalled a significant policy change from a piecemeal approach to an integrated programmatic approach, with a strong emphasis on implementation and actions.

The Government has adopted the following modalities for directing implementation of the PAR Master Programme:

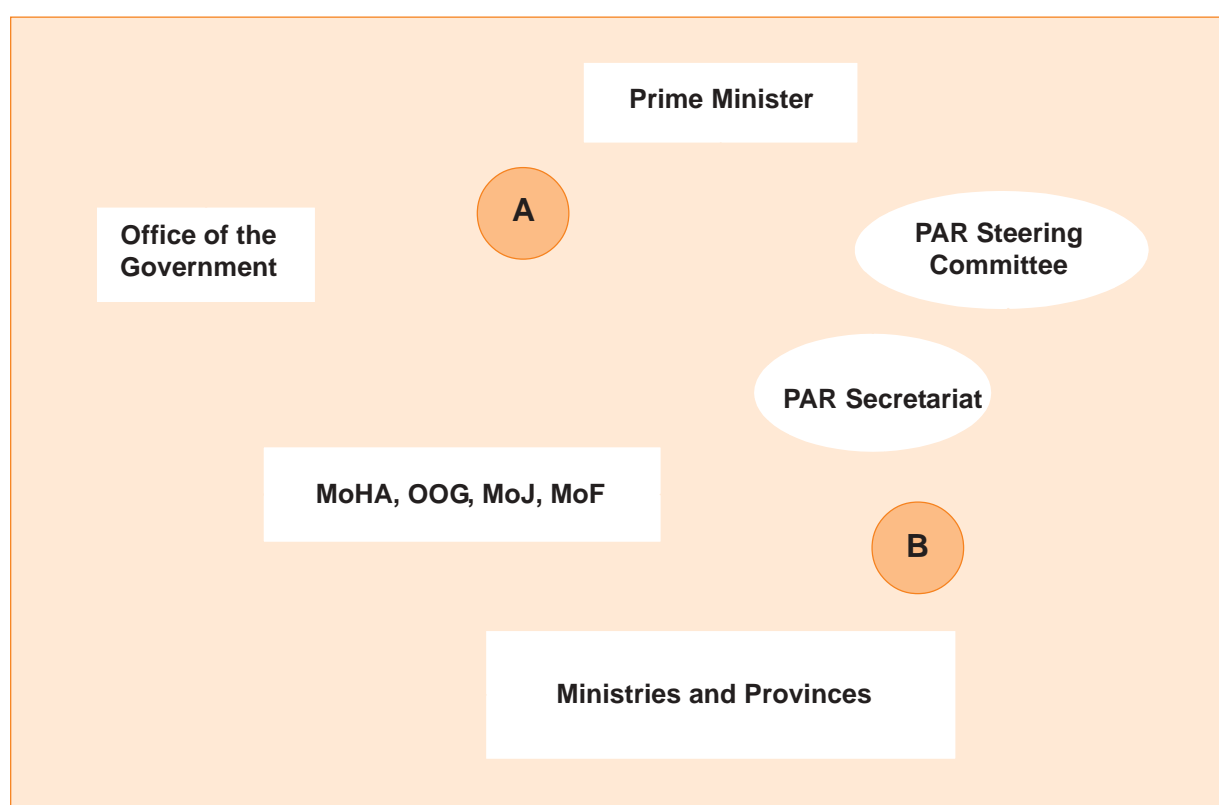
- A coordinating mechanism to advise and guide PAR efforts at national level.
- Implementation is carried out by the all relevant central and local government apparatus at all levels.

- Action programmes to focus PAR efforts, through all line ministries.
- Feedback on learning by doing, between local and central levels.

Horizontal and vertical implementation:

- a) The first element of the implementation mechanism relates directly the state apparatus in central and local government. Each ministry and province is responsible for planning and putting into action their own PAR efforts in accordance to the framework set out in the PAR Master Programme. They are required to formulate annual and 5 year PAR plans and to submit annual reports on implementation progress to the Prime Minister and PAR Steering Committee.

These annual reports, together with the PAR plans, are the main means by which the Government monitors, assesses and directs the progress of PAR. The diagram below attempts to illustrate this existing *vertical* implementation structure and mechanism.



Part A shows the *lines of execution* from the Prime Minister to the implementing agencies (that is, the Ministries and Provinces), who have to formulate and carry out their own annual and 5 year PAR plans. There also exists a line of execution from the Prime Minister to the four Lead Agencies, who are charged with formulating Action Plans for their respective sub-programmes.

The line of reporting from the implementation agencies back to the Prime Minister is defined via the Office of the Government. The Action Plans produced by the Lead Agencies have to be approved by the Prime Minister, and annual reports on implementation status are required from the Provinces and Ministries. In addition, PAR initiatives requiring special dispensation (such as the decentralization decree for Ho Chi Minh City) also require approval from the Prime Minister.

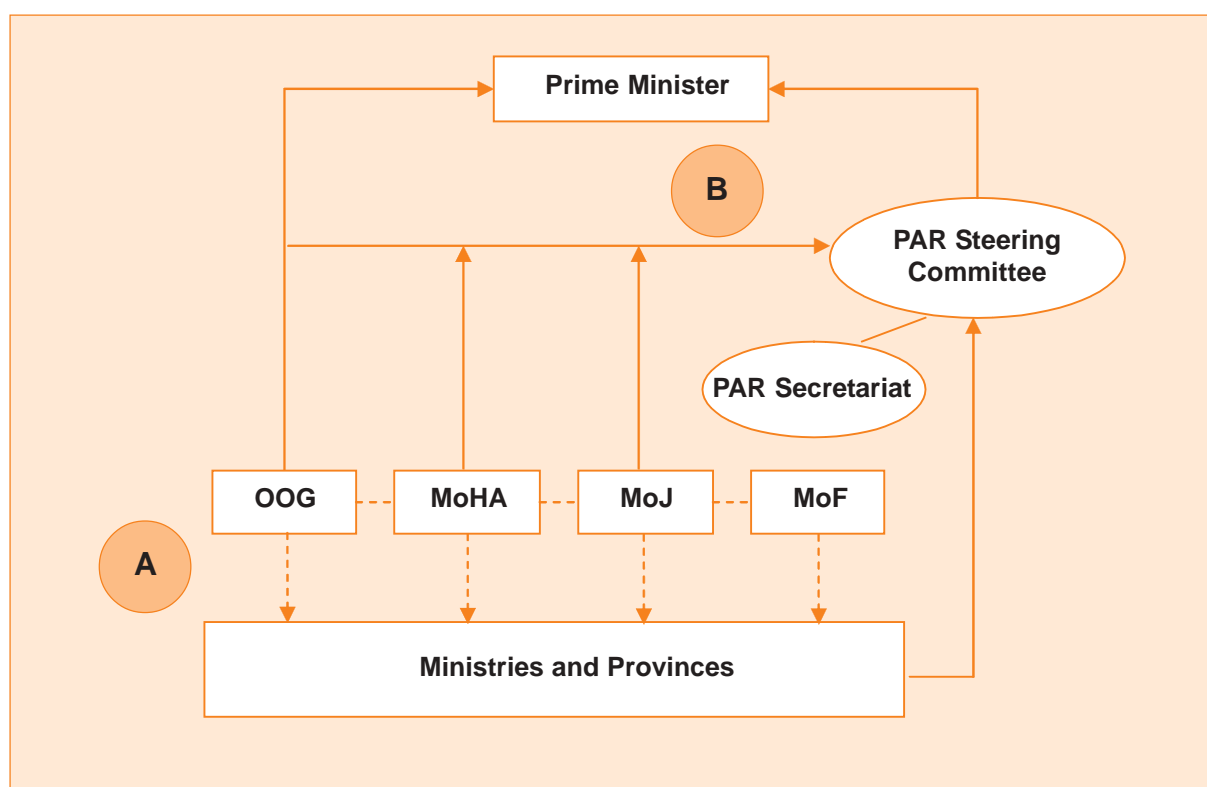
Part B shows the vertical steering mechanism via the PAR Steering Committee and the Action Plans produced by the 4 Lead Agencies.

b) The second part of the implementation mechanism relates to oversight and coordination. The need to ensure *horizontal* key elements of such is as follows:

- each ministry and province has a PAR Steering Committees to assist with coordination, advice on implementation matters and oversee any research or pilot experiments.
- lead central agencies to formulate and act as focal points to coordinate related agencies to implement the approved action plans.
- the monitoring of progress and results, which is jointly undertaken by the Ministry of Home Affairs (MoHA) and the Office of the Government (OOG).
- the mobilization of domestic and external resources by MoHA in coordination with the Ministry of Planning and Investment (MPI), Ministry of Finance (MOF) and OOG.

At the central level, a PAR Steering Committee chaired by the Prime Minister and supported by a PAR Secretariat, fulfils a similar role of coordination, advice and oversight.

The diagram below attempts to illustrate this *horizontal* implementation mechanism.



Part A focuses on *operational coordination*. The 4 Lead Agencies are expected to act as focal points to coordinate the implementation of the Action Plans. There are Government plans to set up Programme Management Boards, but the details are not yet available as they will be established only after the Action Plans have been approved.

Part B refers to a mechanism for *steering and oversight*. It consists of a PAR Steering Committee, which is chaired by the Prime Minister, and supported by a Secretariat. Neither the PAR Steering Committee

nor the Secretariat has an executive role. It is, however, an active mechanism through which members can be co-opted into the Secretariat to research or report on specific issues as required. Ministries and Provinces are required to copy their annual reports on implementation status, which they send to the Prime Minister, and to the PAR Steering Committee.

2.3.2. *Progress on the above*

The Government has taken a number of steps to strengthen and support the management of PAR implementation. The PAR Steering Committee was expanded in February 2002 by two additional members. A PAR Department was established in MoHA to support its Minister and led by the Vice Minister who also acts as the Secretary-General to the PAR Steering Committee.

A guideline on how to prepare PAR plans was issued by the PAR Steering Committee in October 2001 to Ministries and Provinces. To date 16 ministries and 40 provinces/cities have adopted PAR plans for 2002 and 2002-2005.

Although the details of the 7 action programmes are not yet formalised, the Government has pushed ahead with a range of priority PAR activities (as discussed in section 2.2 above) within their draft frameworks.

The Government, on 22 November 2002, signed a multi-donor project coordinated by UNDP to assist with the implementation of the PAR Master Programme. Canada, the Netherlands, Norway, Sweden and Switzerland have committed to join in this innovative project which aims to foster the Government's effort to implement the PAR Master Programme. The project VIE/01/024, which is located in MoHA, will assist with:

- further developing the 7 action programmes.
- developing the monitoring and evaluation system.
- establishing a funding facility to support PAR initiatives.
- strengthening the implementation capacity of MoHA and other involved agencies.
- enhancing information sharing on PR implementation and results.

3. LOOKING FORWARD

3.1 The National Context for Further Reform

In the last 15 months, the Government has made significant strides to introduce necessary changes in the enabling environment for deeper reforms in public administration. Recent amendments to both the Constitution and the Law on Organization of Government provide the legislative framework to promote better defined policy making, regulatory and oversight roles of Government.

The strengthening of the National Assembly, by raising the total number of parliamentarians, including the number of full time parliamentarians, together with efforts to increase the stature and powers of its committees and enhance its overall oversight functions, are significant steps towards greater accountability and transparency in the decision-making and policy formulation and approval processes. The proposed amendment to the Budget Law scheduled for the current session of the National Assembly will lead to strengthened delegation of fiscal powers to provinces. The planned revisions to the Law on People's Councils and People's Committees in 2003 will also allow for an increased pace of decentralisation. The reform efforts underway in the legal and judicial system promoting greater access and independence, as well as in economic sectors, such as state-owned enterprises and banking, are contributing significantly to the increasing momentum of PAR.

Integration into the regional and international economy has become a strong driving force for economic and social change in Viet Nam. It is now generally recognized that to eradicate poverty and create sustainable livelihoods the Vietnamese economy has to become increasingly competitive in the global market. The causes of poverty are multi-dimensional and poverty eradication requires holistic approaches covering many state management sectors ñ such as improved health outcomes, better education, sustainable energy and the protection of natural resources. The role of the State in creating a stable, sustainable and enabling environment for pro-poor growth is therefore critical.

The Government will continue its efforts to eradicate poverty in Viet Nam through PAR actions that target the most vulnerable, and support them to take advantage of economic and social development opportunities. The reforms that the Government has begun, and will continue to implement, especially at grassroots level, will focus increasingly on developing administrative systems that support poverty eradication.

3.2 A Focus for 2003

All the above changes together with the movement on implementation of legislation such as the Grassroots Democracy Decree and the Enterprise Law, has created a climate conducive for the increasing pace of PAR implementation in the coming year.

The Government is committed to carrying out the PAR Master Programme and related legal and economic reforms.

Specific elements of the Prime Minister for priority focus in 2003 have been identified as follows:

- restructure those remaining central Ministries and their affiliated agencies.
- separate state management from public services delivery.
- move towards greater decentralization to local government.

- progress towards greater diversification to the social and private sector.
- implement the first stage of the salary reform.

3.3 A Government - Donor Partnership

Donors, both bilateral and multilateral, have been actively supporting the Government with its PAR efforts since 1993. Up until now, interactions between donors and the Government were mostly ad hoc and based around specific projects. At present, a bi-annual workshop, brings together stakeholders from PAR projects, to share results and experience. Reports on PAR are also made to the Consultative Group.

More recently, events have been held to share information on the Government's direction and experience on PAR, for example: (i) the Ha Long Bay workshop in September, 2001, where the PAR Master Programme was announced, (ii) the PAR Master Programme Implementation Workshop in April, 2002, jointly supported by ADB and UNDP, (iii) a workshop on the wider replication of One Stop Shop in early June, 2002, with SDC assistance, and (v) a workshop in Hai Phong in October, 2002, on mainstreaming government reforms into the CPRGS with World Bank support.

There is, however, no regular, joint forum for the Government and donors to discuss PAR issues and exchange information and views. Since the PAR Master Programme is comprehensive in nature and given that the Government is stepping up its reform efforts, the Government is exploring possibilities to establish a government-led PAR Partnership Forum. The purpose of Partnership Forum is to enable the Government and the donor community to review together the status of PAR implementation and the contributions made that impact on the goals and objectives of the PAR Master Programme.

A key aspect of the Partnership Forum would be the sharing of information between the Government and donors, and between the donors themselves. The support mechanism for the Partnership Forum would be provided by the Multi-Donor/UNDP project in support of the PAR Master Programme. It is expected that such a support mechanism, to be identified in the implementation process of the Multi-Donor/UNDP project, will have both formal and informal sessions throughout the course of a year, including bi-annual events to review PAR projects.