



## **National Integrity Systems**

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**Vietnam 2006**

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## Currency

The currency in Vietnam is the Vietnamese dong (VND) and the rate of the dong to the US dollar in September 2006 was approximately VND 100,000 to US\$6.5224.

## Abbreviations

|        |   |
|--------|---|
| ABA    | American Bar Association                              |
| ADB    | Asian Development Bank                                |
| ASEAN  | Association of Southeast Asian Nations                |
| BBC    | British Broadcasting Company                          |
| CIEM   | Central Institute for Economic Management             |
| CPV    | Communist Party of Vietnam                            |
| CSO    | Civil Society Organisation                            |
| DANIDA | Danish International Development Agency               |
| DfID   | Department for International Development, UK          |
| DPP    | Department for Public Procurement                     |
| EIU    | Economist Intelligence Unit                           |
| EU     | European Union  |
| GDP    | Gross Domestic Product                                |
| GSO    | General Statistics Office of Vietnam                  |
| GTZ    | German Agency for Technical Cooperation               |
| ILRC   | International Legal Resource Centre                   |
| IMF    | International Monetary Fund                           |
| LDSF   | Legal Development Support Facility                    |
| LMDG   | Like Minded Donor Group                               |
| MoF    | Ministry of Finance                                   |
| MPI    | Ministry of Planning and Investment                   |
| NGO    | Non-Governmental Organisation                         |
| NIS    | National Integrity System                             |
| ODA    | Official Development Assistance                       |
| OECD   | Organisation for Economic Cooperation and Development |
| PAR    | Public Administration Reform                          |
| PCI    | Provincial Competitiveness Index                      |
| PFM    | Public Finance Management                             |
| PMU    | Project Management Unit                               |
| PRSC   | Poverty Reduction Support Credit                      |
| SAV    | State Audit of Vietnam                                |
| SBD    | Standard Bidding Document                             |
| SIDA   | Swedish International Development Cooperation Agency  |
| SOE    | State-Owned Enterprise                                |
| UN     | United Nations  |
| UNDP   | United Nations Development Programme                  |
| VCCI   | Vietnam Chamber of Commerce and Industry              |
| VND    | Vietnam Dong  |
| WTO    | World Trade Organisation                              |

## About the NIS Country Studies

### What Is the NIS?

The National Integrity System encompasses the key institutions, sectors or specific activities (the 'pillars') that contribute to integrity, transparency and accountability in a society. When it functions properly, the NIS combats corruption as part of the larger struggle against abuse of power, malfeasance and misappropriation in all its forms. Strengthening the NIS is about promoting better governance across all aspects of society.

The concept of the NIS has been developed and promoted by Transparency International as part of TI's holistic approach to combating corruption.<sup>1</sup> While there is no blueprint for an effective system to prevent corruption, there is a growing international consensus as to the salient institutional features that work best to prevent corruption and promote integrity. The country studies are based on an assessment of the quality of institutions relevant to the overall anti-corruption system.

### Why Conduct NIS Country Studies?

The purpose of each country study is to assess the National Integrity System, in theory (law and regulatory provisions) and practice (how well it works). The studies provide both benchmarks for measuring further developments and a basis for comparison among a range of countries.

The studies provide a starting point for signalling areas requiring priority action. They also form the basis from which stakeholders may assess existing anti-corruption initiatives. NIS country studies help explain, for example, which pillars have been more successful and why, whether they are mutually supportive and what factors support or inhibit their effectiveness. Country studies also assess where the emphasis should be placed on improving the system and what factors are required to support the overall development of the NIS.

The country studies create a sound empirical basis that adds to our understanding of strong or weak performers. Within a region, in which several countries may function with similar economic, political or social frameworks, the results of the study can create a sense of peer pressure for reform as well as an opportunity for learning from those countries that are in similar stages of development.

For Transparency International, country studies are an important measurement tool. They complement TI's global indices and surveys, such as the Corruption Perceptions Index, Bribe Payers Index and Global Corruption Barometer, as well as national surveys, by exploring the specific practices and constraints within countries and providing qualitative empirical results about the rules and practices that govern integrity systems. More than 55 such country studies have been completed as of August 2006.

TI believes that it is necessary to understand the provision for and capacity of the NIS pillars, as well as their interaction and practices, to be able to diagnose corruption risks and develop strategies to counter those risks. NIS Country Studies are a unique product of Transparency International, as they reflect the systemic approach TI takes to curbing corruption and the independence of analysis that can be offered by the world's leading anti-corruption NGO.

### Methodology of the NIS Country Studies

The NIS country studies offer a qualitative assessment of the integrity system in a country. The studies are based on both objective and subjective sources of data, which differ in quantity in each country evaluated. The studies therefore require both desk research and field research.

At least one focus group is convened as part of the country study. Focus group participants include anti-corruption and governance experts drawn from government (including donors, where relevant), the private sector, the professions (e.g. lawyers, accountants and engineers), media and civil society. The aim of the focus groups is for a broad base of stakeholders to evaluate the NIS and to comment on the draft NIS country study. The results of the meeting then inform further revision of the country study.

Each country study is reviewed by an external expert referee.

## Executive Summary

Vietnam is a one-party Communist state undergoing a process of rapid economic and social change. Market-oriented reforms, known locally as *doi moi* (renovation), which were formally introduced in 1986, have gradually transformed Vietnam's economic fortunes. Despite nearly two decades of reform, bureaucracy and red-tape characterise large parts of social and business life, and having the right connections – and money – are crucial to getting things done.

During the reform era, the Communist Party (CPV) has made it clear that it will not tolerate the emergence of opposition parties. Political reform has instead concentrated on subjecting CPV officials to the rule of law, increasing citizen participation in decisions that affect them and strengthening the oversight role of the National Assembly vis-à-vis the government.

Corruption has been identified by the CPV and the government as a threat to political and economic development. Some politicians are beginning to talk about corruption as being institutionalised in Vietnam, but such perspectives are relatively new in official circles even if they are correct. Systematic studies of corruption in Vietnam are limited. The majority of assessments are based on cross-country surveys. Vietnam consistently ranks poorly, but the extent of corruption is generally comparable to that in other countries at a similar level of development.

The key drivers behind reforms in the anti-corruption field include concern about the damage corruption is causing to CPV legitimacy, a response to international pressure and a desire to attract foreign investment. Resistance to fighting corruption stems from the fact that politicians and bureaucrats are involved in corruption themselves and that conservatism pervades the political establishment, particularly with respect to mobilising civil society and the media in the fight against corruption.

Generally speaking, Vietnam's National Integrity System (NIS) is not working well, with the mechanisms in place to tackle corruption either rudimentary or poorly enforced. There is wide gap between the formal rules governing the NIS and actual practices on the ground. The principal reasons why the NIS is not operating well are: insufficient separation between the CPV, the executive and agencies such as the legislative, supreme audit, the judiciary, civil service, law enforcement, the ombudsman and the anti-corruption agency; an inadequate incentive structure for civil servants; a tendency for politicians and officials to operate outside the law; institutional rivalry; poorly enforced codes of conduct (if they exist); widespread access to off-the-books funds; nepotism in appointments; a tendency toward secrecy in the public sector; narrowly based and formalistic public consultation and inadequate protection for whistleblowers.

The CPV, the executive and the legislative branch deserve credit for paying more attention to the problem of corruption in recent years. However, this has yet to be translated into concrete results beyond publication of a major study on corruption and passage of the country's first Anti-Corruption Law in 2005, which, although important, are just first steps. The media – and to some extent civil society – are beginning to play a more active role in the fight against corruption, but these are relatively new developments, and both civil society and the media remain constrained in terms of what they can do.

Passage of the Anti-Corruption Law provides a solid basis on which to proceed in the fight against corruption. Over the next few years, attention will need to be focused on overseeing its implementation and dealing with any problems that emerge. Considerable work will be needed in terms establishing an effective asset-declaration system.

There is a need to increase institutional coherence in terms of the key organisations tasked with fighting corruption. In this respect, it is important to look at how different organisations interact with each other rather than just examine each organisation individually. It is crucial that the fight against corruption not be viewed in purely technical terms. Clarifying jurisdictions, improving the regulatory framework and strengthening capacity are all important. However, they will fail to have the desired effect unless it is recognised that corruption is fundamentally a political problem.

Special attention needs to be paid to strengthening the watchdog role of civil society and the media in the fight against corruption. In addition, there is a need to target corruption in the private sector through the development of codes of conduct and specific anti-bribery provisions.

There is still a lot we do not understand about corruption in Vietnam. International research suggests that different types of corruption have different effects in developmental terms. Understanding such issues is important if a targeted approach to tackling corruption in Vietnam is to be developed. Research could usefully be conducted in this and many other areas.

## Priorities and Recommendations

Given that the NIS is not operating well, the key question is not so much what to do but what to do first – that is, prioritisation is essential. What it is possible to achieve in a country where there is a single-party monopoly in power is also questionable. The simple answer is a lot, but there are constraints.

The passage of the country's first Anti-Corruption Law in late 2005 forms an important basis on which to proceed in the fight against corruption. The law came into effect on 1 July 2006. Over the next few years, the government, supported by the international donor community, needs to focus attention on overseeing its implementation and dealing with any problems that emerge. Specifically, considerable work is likely to be needed on the part of the government in terms of establishing an effective asset declaration system. There is also a need for the government to clarify the role and responsibility of the National Anti-Corruption Steering Committee, particularly in relation to other organisations tasked with fighting corruption.

International organisations have an important role to play not only in the fight against corruption but also in working with the government to establish a more effective NIS overall. International organisations have played an important role so far in pushing corruption up the political agenda and assisting with the drafting of the Anti-Corruption Law. However, it is important that the momentum be maintained so that the law represents the beginning of the process and not the end. The recent Project Management Unit (PMU) 18 case revealed deficiencies in international organisation monitoring of aid-funded projects, and it is important that steps be taken to remedy this, not least so as to send the right signal to the government.

Beyond these general points, the following areas need attention:

**Research work.** There is still much that is unknown about corruption in Vietnam. International research suggests that different types of corruption have different effects in developmental terms. However, Vietnam scholars are not in a position to produce a detailed typology of the types of corruption in existence in Vietnam. This is a major weakness when it comes to designing policy and, importantly, adopting a targeted approach to tackling corruption. In addition, more research could usefully be done to better understand why anti-corruption campaigns generally have limited effect in Vietnam.

**Institutional coherence.** Much more institutional coherence is necessary in relation to the key organisations tasked with the fight against corruption. In particular, attention needs to be paid to tackling problems of institutional overlap. In this respect, projects need to be developed in which different parties are brought together to agree on what their respective responsibilities are and to make commitments in terms of how they will work together. Appropriate monitoring to ensure that whatever is agreed is implemented is essential. By way of priority, focus should be on Government Inspectorate, State Audit, the People's Procuracy, the Central Inspection Commission of the CPV, the Office of Government and the new National Anti-Corruption Steering Committee. Internationally funded projects already work with some of these organisations. However, it is important to look closely at how the different organisations interact rather than concentrating on each organisation individually. There may be merit in paying special attention to building up the National Anti-Corruption Steering Committee as it clearly is meant to be a higher body that will coordinate the anti-corruption effort and address the lack of institutional coherence.

**Public administration reform.** Public administration reform should continue to be part of the discussion on anti-corruption measures. In particular, the problems of overlapping responsibilities and dual subordination plague the system and lead to lack of accountability and hesitant responses. The government has shown commitment to fighting corruption in the formation of the National Anti-Corruption Steering Committee, but combating corruption will require work on many fronts, including the seemingly laborious but critical public administration reform. It is a good time for both government and donors to discuss more critically the status of public administration reform and where the focus should be in this second phase.

**Civil society and the media.** It is absolutely critical not to view the fight against corruption in purely technical terms. Clarifying jurisdictions, improving the regulatory framework and strengthening capacity through the training of key personnel are all important. However, they will fail to have the desired effect unless it is recognised that corruption is fundamentally a political problem. By this, it must be emphasised that corruption involves people with power abusing their positions; they are often able to bypass reforms intended to clamp down on corruption. Thus, it is incumbent on those tasked with fighting corruption to think through what the loopholes are and

how to close them off. While there are constraints in terms of what can be achieved in making officials accountable given the fact that Vietnam is a one-party state, the Anti-Corruption Law places heavy emphasis on the watchdog role of civil society and the media. Over the short, medium and long term, attention needs to be paid to how to make this a reality. There is considerable government caution in this area – whatever they have signed up to by passing the law – so much of this work needs to focus on building confidence among officials that civil society and media activism are not to be feared and adopting a staged approach to strengthening their oversight role. An important part of this process is strengthening mechanisms to protect citizens and journalists when they make complaints or highlight the existence of corruption. International organisations have a very important role to play in helping this process along.

**Private-sector corruption.** Perhaps for understandable reasons, the Anti-Corruption Law pays more attention to public-sector corruption than private-sector corruption. While this is probably the correct way to start, it is important not to neglect private-sector corruption. Thus, corruption should be targeted in the private sector through the development of codes of conduct and specific anti-bribery provisions. Mobilising the support of domestic and foreign business groups, banks and chambers of commerce is likely to be essential.

In sum, the key recommendations are:

- Focus on implementing the Anti-Corruption Law;
- Prioritise the establishment of a working asset declaration system;
- Strengthen the watchdog role of civil society and the media;
- Build institutional coherence in the fight against corruption;
- Do not neglect private-sector corruption; and
- Carry out policy-oriented research on corruption in Vietnam.

## Country Profile

Vietnam is a one-party Communist state undergoing a process of rapid economic and social change. At the end of the war against the United States in 1975, Vietnam emerged victorious but extremely poor and with political tensions between north and south. A protracted war in Cambodia from 1978 and a brief but devastating border war with China in 1979 combined with some poor economic policy decisions to ensure that Vietnam continued to fall further behind its neighbours. Market-oriented reforms, known locally as *doi moi* (renovation), which were formally introduced in 1986, have gradually transformed Vietnam's economic fortunes. Since the late 1990s there has been real optimism that a genuine economic transformation is in prospect. While political freedoms are restricted, the government has been broadly successful in maintaining political stability against a backdrop of rapid economic growth accompanied by rising living standards.

Since the Asian financial crisis of 1997–98, Vietnam has consistently achieved annual GDP growth of 7 to 8 per cent. Agriculture contributes around 20 per cent of total GDP, with industry and services making up the remaining 80 per cent in more or less equal measures. Since reforms began, Vietnam has emerged on the international stage as a significant exporter of primary products and low-technology manufactured goods, notably textiles and garments, shoes and some assembled electronic goods. Trade liberalisation with fellow ASEAN members and in the context of anticipated membership in the WTO, which Vietnam is expected to join in 2006, has resulted in growing integration with the global economy. Vietnam's main trading partners are Japan, China, Singapore, the United States and the EU. Its main sources of foreign investment come from Taiwan, Singapore, Japan, South Korea and the EU. The leading sources of multilateral and bilateral aid are the World Bank, Japan and the EU.

Despite nearly two decades of reform, the legacy of central planning and Socialist bureaucracy is still extensive. Bureaucracy and red tape characterise large parts of social and business life, and having the right connections – and money – are crucial to getting things done. While recent years have seen the proliferation of private-sector start-up companies, state influence in the economy is still pervasive. The government has been selling assets in smaller state enterprises but is much more cautious about doing the same in areas of the economy it regards as strategic. In this respect, state industrial policy is premised on the development – and overhaul – of leading state holding companies and less on the establishment of new private firms.

During the reform era, the Communist Party of Vietnam (CPV) has made it clear that it will not tolerate the emergence of opposition parties. Overt political opposition has typically been dealt with harshly. Political reform has instead concentrated on subjecting CPV officials to the rule of law, increasing citizen participation in decisions that affect them and strengthening the oversight role of the National Assembly vis-à-vis the government. While changes in these areas are not insignificant, rule of law is still poorly developed, and checks and balances on the politically powerful are weak. The judiciary and media are not independent of political influence. Despite localised outbreaks of unrest, notably in rural areas, the government continues to retain legitimacy in the eyes of the vast majority of the country's citizens. However, without more far-reaching reforms, such legitimacy cannot be guaranteed indefinitely.

## Corruption Profile

Corruption has been identified by the government as an obstacle to development.<sup>2</sup> During the 10th Party Congress in April 2006, the CPV said publicly that corruption posed a threat to the very survival of Communist rule. Moreover, some politicians are beginning to talk about corruption as being a systemic problem in Vietnam, but such perspectives are relatively new in official circles. Systematic studies of corruption in Vietnam are limited. The majority of assessments are based on cross-country surveys in which Vietnam is consistently ranked poorly, although the extent of corruption is generally comparable to that in other countries at a similar level of development.<sup>3</sup>

In late 2005, the Internal Affairs Committee of the Central Committee of the CPV, supported by the Swedish International Development Cooperation Agency (SIDA), produced a draft report on the findings of its study on corruption in Vietnam.<sup>4</sup> This study, known as the Diagnostic Survey, is the first of its kind in Vietnam in terms of both CPV involvement and scope of coverage. It is also the first time the CPV has collaborated with the international donor community to assess corruption and anti-corruption activities.

The objective was to identify the types and causes of corruption and the reasons for the limited impact of anti-corruption efforts to date. The study included quantitative and qualitative surveys in seven provinces and cities (Son La, Dong Thap, Hai Duong, Nghe An, Thua Thien-Hue, Hanoi and Ho Chi Minh City) and three ministries (Industry, Construction and Transport). It collected the opinions of nearly 5,500 public officials and civil servants, managers of enterprises and citizens in the seven localities.

The respondents ranked corruption as the most serious problem facing Vietnam. The study found that nearly one-third of public officials and civil servants were willing to accept bribes. Over 50 per cent of public officials and civil servants responded that intermediate and higher-level offices are involved in corrupt activities.

In terms of the causes of corruption, over 65 per cent of public officials and civil servants, 72 per cent of enterprise managers and 55 per cent of citizens cited the 'ask-give mechanism' as a major cause of corruption.<sup>5</sup> Nearly one-third listed low pay as a cause. Nearly two-thirds responded that lack of monitoring and inspection of people in power contributed to corruption. Over 56 per cent of public officials and civil servants, 62 per cent of enterprise managers and 48 per cent of citizens reported that low detection levels contributed to the incidence of corruption.<sup>6</sup>

In terms of the major consequences of corruption, the study listed loss of state assets, reduction in business opportunities and competitiveness due to increased production costs, reduced foreign investor confidence, underutilisation and loss of competent civil servants and officials, increased social inequality and environmental degradation.

Over 64 per cent of public officials and civil servants, 58 per cent of enterprise managers and 59 per cent of citizens cited the lack of specific government 'action plans' as a key factor limiting the effectiveness of anti-corruption efforts. Formalistic participation by officials in anti-corruption campaigns was also cited as a common problem. Over 71 per cent of public officials and civil servants, 64 per cent of enterprise managers and 62 per cent of citizens cited the absence of a specialised anti-corruption agency as a significant limitation on the impact of anti-corruption activities.<sup>7</sup> Furthermore, over 85 per cent of public officials and civil servants and 78 per cent of enterprise managers said they were unwilling to participate in the fight against corruption for fear of being victimised by their superiors.

The Diagnostic Survey concludes that 'the political will of our Party and State against corruption was not effectively put into practice'<sup>8</sup>, adding that the effectiveness of anti-corruption activities is limited and corruption remains commonplace. Responsible persons are unwilling to fight against corruption, corruption is rarely reported and the current anti-corruption agencies are not effective.

The Diagnostic Survey recommends that anti-corruption efforts focus on prevention rather than cure so that public officials are unable to take corrupt actions and would not dare to do so. The recommendations include salary reform, specific action plans to implement anti-corruption efforts and the creation of a specialised anti-corruption agency to coordinate anti-corruption activities (the establishment of which is enshrined in the 2005 Anti-Corruption Law). The Diagnostic Survey is rightly regarded as an early landmark in the fight against corruption.

Other available surveys on corruption in Vietnam focus on business. The Investment Climate Survey conducted by the World Bank in 2005 is the most recent. Interestingly, it found that corruption is of relatively low importance to businesses – of all ownership types – in Vietnam.<sup>9</sup>

How much this actually tells us about corruption in Vietnam is open to question. The findings could be interpreted to mean that from the perspective of business, corruption is manageable – and hence not very serious in Vietnam. Alternatively, it could be that firms have many more pressing concerns than corruption – or have learned to deal with it – even though corruption is a serious problem.

Both the Investment Climate Survey and the Diagnostic Survey found that bribes and gifts are required in dealing with most government agencies, but not to the same extent in all agencies. The results are presented in Table 1, listed in descending order with the first agency considered the most corrupt.

**Table 1 The Most Corrupt Government Agencies**

| <b>Investment Climate Survey</b>  | <b>Diagnostic Study on Corruption</b> |
|-----------------------------------|---------------------------------------|
| Traffic police                    | Land administration agency            |
| Customs department                | Customs department                    |
| Tax department                    | Traffic police                        |
| Land administration agency        | Tax department                        |
| Market controller                 | Regulators in construction            |
| Construction permit authorities   | Construction permit authorities       |
| Import/export license authorities | Health care                           |
|                                   | Planning and investment agencies      |
|                                   | Regulators in transportation          |
|                                   | Economic police                       |

**Source:** *Vietnam Development Report 2006: Business*, World Bank, Hanoi 2006, p. 51.

The Provincial Competitiveness Index (PCI), conducted by the Vietnam Chamber of Commerce and Industry and The Asia Foundation under the USAID-funded Vietnam Competitiveness Initiative, also provides insights into corruption. The PCI focuses on provincial economic governance and has ranked all 64 provinces of Vietnam on 10 indicators reflecting the experience and views of the domestic private sector, including indicators on informal charges and the legal environment.

There are also a limited number of case studies on corruption. Researcher Martin Gainsborough provides detailed coverage of the Tamexco scandal in Ho Chi Minh City between 1996 and 1997.<sup>10</sup> This was used to explore the dynamics of big corruption cases in Vietnam. During the 1990s, corruption cases – and in particular big corruption cases – became more common. Many of the political and economic reforms instituted by the Party since 1986 have involved a removal of direct control, granting increased autonomy to lower administrative levels. In this context, Gainsborough argues that high-profile corruption cases can be best understood as attempts by the political centre to discipline lower levels of the party-state in a climate of increased decentralisation.

The existing studies agree that corruption is widespread in Vietnam. It exists in both petty and grand forms. Petty corruption is so routine that some would say it is normal.

## Anti-Corruption Activities

Until recently, government anti-corruption activities have focused more on detection and punishment than on prevention. With the drafting and passage of the 2005 Anti-Corruption Law, greater emphasis is now being placed – at least formally – on prevention, notably on the role of civil society and the media in fighting corruption. However, serious doubts remain about the ability and willingness of civil society and the media to perform this watchdog role given the lack of media independence and inadequate protection for those who call attention to corruption. Moreover, in a sense the fight against corruption is pursued selectively, with the politically powerful and wealthy able to escape detection. From time to time, big corruption cases come to light and are prosecuted in the courts, although the reason this happens often has more to do with domestic politics than the fight against corruption per se. The so-called Project Management Unit (PMU) 18 corruption case, which came to light in the approach to the 10th Party Congress in April 2006, is just such an example as it was almost certainly linked to political manoeuvring ahead of the Congress. PMU 18, a project management unit in the Ministry of Transport, is alleged to have embezzled millions of dollars of public funds, notably by awarding public works contracts to private firms owned by family and friends. The Transport Minister resigned over the case, his deputy was arrested and countless other officials have been implicated. A trial is pending.

A range of different factors drive – and constrain – reform in the anti-corruption field. In terms of drivers, the first is the damage corruption is causing to the legitimacy of the CPV. This is particularly understood in the top echelons of the Party. The prevalence of corruption has also sparked social unrest. The Thai Binh disturbances in the late 1990s are the most frequently cited example, but there have been numerous instances of social unrest either directly or indirectly linked to corruption. Local protests against corrupt officials are believed to be one factor that led to the Grassroots Democracy initiative in 1998 in an attempt to increase accountability and citizen participation in local affairs.<sup>11</sup> Anti-corruption activities are also motivated by a desire on the part of the government to reassure foreign investors.

Increased international focus on corruption has also driven reforms in Vietnam. The United Nations (UN), World Bank, Asian Development Bank (ADB) and many bilateral donors have begun stressing the importance of anti-corruption efforts and funding-related reforms. While some of the government's activity in the anti-corruption field is undoubtedly genuine, government agencies have also been quick to realise that agency budgets can be supplemented if agency personnel appear to cooperate with external donors.

Resistance to reform in the area of anti-corruption efforts frequently stems from the fact that politicians and bureaucrats are involved in corruption themselves. In 2005, the former party general secretary, Le Kha Phieu, said publicly that he and the former prime minister, Vo Van Kiet, 'knew of some particular cases but could not unravel them and make them public' because 'corruption is guarded by the perpetrators and even defended by outside sources.'<sup>12</sup> Resistance to reform also persists due to conservatism within the political establishment. For example, it is far from clear that the CPV and the government are ready to afford civil society and the media the watchdog role the anti-corruption law says they should. This is in large part because mobilising society and the media in the fight against corruption carries with it a high degree of unpredictability (i.e. where will it end?), which Vietnam's political elite is not used to.

Significant anti-corruption activities in Vietnam are generally considered to have begun in 1998. These include:

- 1998 Ordinance on Anti-Corruption (revised 2000);
- 1998 Law on Complaints and Denunciations (revised 2004);
- 1998 Ordinance on Public Employees (revised 2003);
- 1998 Ordinance on Practising Thrift and Fighting Waste;
- 1999 Criminal Code, Chapter 20, Part A – Corruption Crimes;
- 2004 Law on Inspection;
- 2005 Law on Practising Thrift and Fighting Waste; and,
- 2005 Law on Anti-Corruption.<sup>13</sup>

The government signed the UN Convention Against Corruption in December 2003, and ratification is expected in 2006. It also joined the ADB/OECD Anti-Corruption Initiative for Asia and the Pacific in June 2004.

Anticipated actions for 2006 include:

- Implementing decree(s) for the Law on Anti-Corruption;
- Decree on asset declaration (June);
- Master plan on functions and powers of the Anti-Corruption Unit under the Government Inspectorate and Ministry of Public Security (June);
- Master plan for the National Anti-Corruption Steering Committee;
- Law on Denunciations (administrative complaints will be dealt with separately); and,
- Law on State Audit.

Government anti-corruption efforts remain predominantly the outcome of internal discussions. Consultation with donors and civil society is increasing but continues to be circumscribed. In February 2006 the prime minister issued an Action Plan for Anti-Corruption Activities. However, the overall strategy is wide ranging and uncoordinated, frequently consisting only of bland statements and slogans.

The major components of anti-corruption activities involve the specific anti-corruption measures indicated above, public administration reform (PAR), the Grassroots Democracy initiative and legal and judicial reform. In addition, regulations on bidding, public procurement and collateral requirements for banks have been issued to address corruption in these areas.

Donor involvement in anti-corruption activities is led by Sweden. SIDA worked with the CPV to produce Vietnam's first diagnostic survey on corruption (see 'Corruption Profile'). It is also funding a project to strengthen capacity in the inspectorate system, which is due to run until 2010. The World Bank coordinates some anti-corruption efforts through the Poverty Reduction Support Credit (PRSC) process. Passage of the 2005 Law on Anti-Corruption was a disbursement trigger for PRSC V. Other international aid donors participate in this mechanism, with Denmark particularly focused on legal and judicial reform. The Danish government is also supporting a project to strengthen State Audit. The United Nations and increasingly the World Bank are involved in supporting and coordinating PAR and legal reform.

Currently there is a lack of clarity on how the various anti-corruption agencies work together. The Government Inspectorate is formally tasked with leading the fight against corruption, but the State Audit, Public Security Forces, People's Procuracy and the new National Anti-Corruption Steering Committee – due to be set up following the passage of the Anti-Corruption Law – are also involved. It remains to be seen how the new Steering Committee will, if at all, solve these coordination problems.

The core issue surrounding anti-corruption activities in Vietnam is implementation. A relatively well-developed set of laws, regulations and oversight bodies already exists. The problem is not a lack of formal structures and guidelines but rather whether there is the political will – and to some extent capacity – to coordinate, implement and enforce them.<sup>14</sup>

# The National Integrity System

## Communist Party

Vietnam is a one-party state; the CPV is the ultimate authority in all domains. No opposition parties exist or are allowed. The CPV does not recognise other political parties, and attempts to establish them are harshly suppressed. Currently, the Party has over 3 million members. While this is low as a percentage of the total population, it has always been this way, reflecting the official view that CPV members should be the country's super elite.

The Party wields considerable influence over the executive branch and the electoral process. At present, 90 per cent of National Assembly deputies are members of the Party. All 21 cabinet ministers are members of the Party Central Committee.<sup>15</sup> The mass organisation arm of the CPV, the Vietnam Fatherland Front, vets all candidates, whether Party members or independents, and senior government appointments require CPV approval.

The constitution tasks the CPV with 'leading the state and society' while stressing that CPV organisations are also subject to the constitution and the rule of law. Formally speaking, the Party leads by setting the parameters within which the government operates. It sets directions and guidelines that the government implements, and the CPV exercises an oversight function on government. In practice, however, the relationship between the CPV and the government is more complicated, with government institutions often complaining that their CPV counterparts 'interfere' or exceed their formal functions.

The CPV has made a formal commitment to anti-corruption activities in a significant way. The current Party general secretary, Nong Duc Manh, has repeatedly made statements about fighting corruption. Since 2001 approximately 40,000 Party members have been disciplined, including 12 members of the Central Committee.<sup>16</sup> In May 2004 the Agriculture and Rural Development minister, Le Huy Ngo, was sacked for allowing corrupt practices in an enterprise within his ministry.<sup>17</sup> In April 2006 the transport minister, Dao Dinh Binh, resigned in connection with the PMU 18 corruption case (see 'Anti-Corruption Activities'). The deputy transport minister, Nguyen Viet Tien, was arrested in connection with the case.<sup>18</sup> Nevertheless, corruption remains a significant problem within the CPV, and it is far from clear that the problem is being addressed systematically.

The National Party Congress, the highest body of the CPV, meets every five years. The last congress was the 10th Party Congress, held in April 2006, attended by 1,176 invited delegates. The Party Congress elects the Central Committee, the Party organisation in which political power is formally vested. The Central Committee meets in plenary sessions at least twice per year. The Central Committee elects the Politburo and the general secretary of the Party. Between plenums the Politburo runs Party affairs. Currently the Politburo has 14 members, all male, and the Central Committee 181 members, of whom 21 do not have voting powers. The general secretary of the CPV, the president, the prime minister and the chairman of the National Assembly are all members of the Politburo.

The Central Committee also elects the Central Inspection Commission, the Central Military Party Commission and the Central Public Security Commission. The Central Inspection Commission is responsible for member compliance with laws and CPV statutes, the Central Military Party Commission supervises Party control of the military and the Central Public Security Commission oversees the Public Security Force. The Politburo is responsible for these central commissions on a daily basis. The Politburo also contains a Secretariat responsible for the daily business of the CPV.

Party committees are elected by members and exist at every level of the bureaucracy, amounting to a parallel administration. In addition, managers of state-owned enterprises (SOEs) often act as Party secretaries responsible for overseeing the activities of the firm. An official CPV presence in private enterprises is less common.<sup>19</sup>

Any Vietnamese citizen over the age of 18 can volunteer for CPV membership. Two references from existing Party members are required, and the candidate is subject to a 12-month probationary period prior to full acceptance.

Funding for the CPV comes from members' dues, state budget allocations and revenues from Party enterprises and organisations. The amounts collected and how they are spent are not publicly available and not subject to public oversight.

Public involvement and consultation on CPV affairs is nominal, although it is increasing. Comments were sought on the Draft Political Report of the 10th Party Congress, and the Party recently concluded a review of 20 years of *doi moi*, the renovation policy instituted in 1986. The review contained comments and analysis from a wide range of sources, including the public. However, consultation remains narrow, and public input is frequently managed.

While the CPV is nominally under the law, it is tasked with monitoring itself, and this leads to some problems. Party committees are required to inspect members and undertake disciplinary measures. Inspection occurs through inspection committees at all levels, which are elected by the Party committee of the same level and approved by the Party committee of the next higher level. Party members are tasked with fighting corruption and waste under CPV statutes, and sanctions exist for financial irregularities.

Inspection committees are responsible for inspecting members of the same and lower levels. However, their primary responsibility is enforcing Party discipline and compliance with CPV policies and orientations rather than anti-corruption activities. The inspection committees are also responsible for handling denunciations and complaints regarding Party organisations and members and inspecting the financial activities of Party committees and members of the same and lower levels.

Party organisations can be reprimanded, warned or dissolved. Party members can be reprimanded, warned or expelled. However, these sanctions are not very effective. For example, the recently resigned Dao Dinh Binh of the Ministry of Transport had been reprimanded four times since 2002 prior to the PMU 18 corruption case.<sup>20</sup>

The PMU 18 case clearly highlights the supremacy of the CPV over the government and the National Assembly. In formal terms, the National Assembly has the power to hold votes of no confidence in those officials it elects, including government ministers. However, as the events of the PMU 18 case unfolded, CPV disciplinary procedures took precedence. The minister first submitted a letter of self-criticism to the prime minister. However, this was considered insufficient, and the case was referred to the Party Civil Affairs Committee for approval of the prime minister's recommendation of suspension.<sup>21</sup> The final result was the resignation of the minister, but the National Assembly only became involved after the event. Part of the problem is that the National Assembly meets so infrequently, but there is not yet a mechanism for calling an emergency session.

## Executive

The ultimate executive authority in Vietnam is the CPV. The details of its involvement are discussed in 'Communist Party'. The focus here is on the government as the executive arm of the National Assembly and nominally the highest administrative body of the state.

The government consists of the prime minister, three deputy prime ministers, ministers and heads of organisations of ministerial rank. This includes provincial People's Committee chairpersons and the inspector general of the Government Inspectorate, which is currently the primary anti-corruption agency. Only the prime minister must be a member of the National Assembly, and the majority of the ranking members of government are members of the CPV. The government has wide-ranging authority including formal responsibility for tackling corruption. It is constitutionally the highest administrative body in the state apparatus.

Key ministries include:

- Agriculture and Rural Development;
- Construction;
- Culture and Information;
- Defence;
- Education and Training;
- Finance;
- Fisheries;
- Foreign Affairs;
- Health;
- Home Affairs;

- Industry;
- Justice;
- Labour, Invalids and Social Affairs;
- Natural Resources and Environment;
- Planning and Investment;
- Post and Telematics;
- Public Security;
- Science, Technology and Environment;
- Trade; and,
- Transport.

The 1992 constitution grants the government authority over management of the activities of the state. However, significant CPV oversight exists in practice. The government is accountable to the National Assembly and reports to both the National Assembly and the president. The prime minister and other government officials can be called to justify and defend their decisions before the National Assembly, although in practice this has a relatively minor influence on how decisions are made.

Formal consultation with the public is not required prior to decisions' being made, although it sometimes occurs in practice. Public input to the 2005 Law on Anti-Corruption is a recent example, although how widespread the consultation process really was is an open question. Government officials are elected for five-year terms coinciding with National Assembly elections and can be re-elected.

Ministers have considerable authority over their specific domains, including decisions on staffing. Vice-ministerial appointments require the approval of the prime minister. Ministers have a high degree of autonomy in awarding contracts and, while rules and standards on conduct, public procurement and bidding exist, nepotism is widespread and the accountability of ministers is limited.

Ministers possess significant extra-budgetary funds, although the legal status of these funds is tenuous. Ministers also control significant resources and allocation opportunities through state-owned enterprises under ministerial authority. The magnitude of these sources of extra-budgetary funds varies by ministry.

The government is constitutionally tasked with fighting corruption – a fact given weight by the decision to place the National Anti-Corruption Steering Committee under the prime minister.<sup>22</sup> The government is also undertaking public administration reforms both unilaterally as part of its PAR Master Plan and with the support of the international donor community, notably UNDP. The World Bank is focused on public finance management. Actual change remains slow.

Codes of conduct for public officials and civil servants exist, in particular regarding corruption and preventing waste of state resources. However, in practice these rules are poorly enforced. Regulations on conflict of interest are beginning to emerge but are also not widely enforced. Directive 48/CT-TTg of 24 December 2004 issued by the prime minister contained specific regulations for government officials on the celebration of Tet (the Lunar new year) and receipt of gifts during the Tet holidays. Rules on gifts are specified in the 2005 Law on Anti-Corruption.

Asset declaration is not currently required, although this will become necessary when the 2005 Law on Anti-Corruption takes effect. Who will be required to declare, who will monitor declarations and who will keep the information are all yet to be decided in detail.

Fiscal transparency is increasing. Until 1998 the state budget was considered secret. Government budget allocations, including ministerial budgets, are now published as part of the general budget by the Ministry of Finance (MoF). However, the level of detail of published information is low and significant delays in publication are common.

Government officials are not immune from prosecution. Nevertheless, while not immune, ministers and other ranking government officials are powerful people. This frequently interferes with prosecution, even when misconduct is known. Corruption is being addressed by the government, but in a piecemeal manner. Corruption in Vietnam is widespread and large scale. However, lifestyle monitoring and corrective action only occur if behaviour is extravagant, and who actually becomes targeted is frequently politically motivated.

## Legislature

The legislature is composed of the unicameral 498-member National Assembly (Quoc Hoi), which is the highest-ranking organisation of the state and the only body with constitutional and legislative powers. It meets twice per year for one-and-a-half-month sessions. Members of the National Assembly are elected through national elections held every five years.

The National Assembly elects individuals to the following positions:

- president;
- vice-president;
- prime minister (nominated by the president);
- president of the Supreme People's Court (nominated by the president);
- procurator-general of the Supreme People's Procuracy (nominated by the president);
- deputy prime ministers (nominated by the prime minister); and,
- ministers (nominated by the prime minister).

The National Assembly can veto appointments, but this rarely occurs in practice as agreement is usually reached prior to nomination. The 2001 amendments to the constitution granted the National Assembly authority to hold votes of no confidence in leaders it elects, including government ministers.

The National Assembly comprises a series of committees and councils, including the:

- Standing Committee of the National Assembly;
- Council on Ethnic Minorities;
- Committee on Law;
- Committee on Foreign Affairs;
- Committee on Economy and Budget;
- Committee on National Defence and Security;
- Committee on Social Affairs;
- Committee on Culture, Education, Youth and Teenagers; and,
- Committee on Science, Technology and Environment.

The National Assembly is formally independent, but considerable overlap exists with the CPV. The National Assembly does not operate contrary to CPV policy on significant issues, but it may reflect internal Party differences where a clear position has yet to emerge. The CPV exerts significant influence over the electoral process, and most members of the National Assembly are CPV members.

The president, the government, the National Assembly committees, the Supreme People's Court, the Supreme People's Procuracy, the Vietnam Fatherland Front and individual National Assembly delegates can all submit draft legislation to the National Assembly. However, draft legislation is not submitted without prior Party guidance and approval.

The Standing Committee of the National Assembly is the permanent body of the legislature. The National Assembly elects members of the Standing Committee, and a member of the Standing Committee cannot also be a member of government. The Standing Committee supervises the activities of the committees of the National Assembly. It also supervises lower-level People's Councils and can annul their decisions if they are contrary to the constitution, laws or resolutions of the National Assembly. However, this oversight function is relatively weak, not least because of the limited resources available for effective monitoring.

Committees of the National Assembly supervise the execution of the budget in their respective domains. In addition, the Committee on Law reviews the legal basis of proposed bills and other legislation and supervises the Supreme People's Court and Supreme People's Procuracy. The Committee on Economy and Budget reviews state budget estimates and allocation. Chairpersons of Committees are approved by the Communist Party. The National Assembly does not have a committee devoted exclusively to anti-corruption activities.

The Office of the National Assembly is the supporting agency of the legislature. It provides research, advice and services for members and committees. It is also responsible for receiving and

forwarding citizen complaints to relevant state agencies, although it is not the only agency with responsibilities in this area.

The 2002 State Budget Law, which took effect in 2004, increased the authority of the National Assembly over the budgetary process. Previously, the National Assembly approved only total revenues and expenditures, and allocations were decided by the Standing Committee of the National Assembly without input from the plenary. The National Assembly now approves total revenue and expenditure and allocations to ministries, central agencies and provinces. It can also amend the budget. The National Assembly is also becoming more involved in financing norms. The Standing Committee of the National Assembly now approves financial norms prior to their issuance by MoF.

The State Audit is responsible for certifying the accuracy and legality of the state budget at all levels of government, including the financial reports of agencies receiving funds from the state budget. In 2004 the State Audit was made an independent organisation established by the National Assembly, instead of being attached to the government.<sup>23</sup> However, inadequate resources and institutional overlap between the State Audit, the Government Inspectorate and the Financial Inspection Directorate of MoF mean that State Audit must often struggle to carry out its functions properly.

The National Assembly approves only the largest infrastructure projects, with the majority approved by ministries and provincial governments. Off-budget expenditure arrears, arising primarily from infrastructure projects in the transport sector, are becoming increasingly worrying.<sup>24</sup> Currently, extra-budgetary funds and lower-level government expenditures of around 5 per cent of GDP are not consolidated in the budget.<sup>25</sup>

The National Assembly derives its mandate from being the highest representative body of the people. No clear oversight mechanisms on the National Assembly exist beyond elections and interactions with the CPV. Citizen participation in the budgetary process occurs only at the commune level, where communal budgets and final accounts must be posted and citizens allowed to comment. However, participation is limited in practice.

Legislators are not required to disclose contact with lobbyists or interest groups. Rules governing conflicts of interest for members of the legislature are generally the same as those for all public servants. These aim at preventing the appointment of family members and contributing capital to enterprises in sectors under an official's authority. These rules are generally ineffective in practice and oriented more toward relations between government officials and businesses than members of the National Assembly specifically. Rules on gifts and restrictions on post-employment similarly are not particularly designed with National Assembly members in mind.

Candidates in the May 2002 National Assembly elections were required to declare their assets. However, these declarations were not made publicly available.<sup>26</sup> No official lifestyle monitoring currently exists, although informal and ad hoc monitoring does occur, usually in cases where officials are clearly living beyond their means.

Members of the National Assembly are tasked with transferring petitions and complaints from their constituents to relevant agencies and organisations, although this is not clearly defined. In addition, members from the same province form delegations within the National Assembly, and these delegations are also partially responsible for monitoring citizen complaints and facilitating their resolution. Complaints against members themselves are extremely rare. This is due to the danger associated with drawing attention to powerful individuals given the possibility of reprisal.

Members of the National Assembly have immunity from detention and prosecution. Their offices and places of residence cannot be searched without the consent of the National Assembly or the Standing Committee. The procurator-general of the Supreme People's Procuracy is responsible for proposing searches, detention and prosecution of National Assembly members.

The National Assembly is not actively pursuing anti-corruption activities within its ranks. However, deputies of the National Assembly did recently expel one of their members for corruption.<sup>27</sup>

The National Assembly is becoming more active and assertive in its role as the highest representative body of the people. The National Assembly has both full and part-time members. The number of full-time National Assembly members has increased, but it is still not adequate. They meet more regularly and deal with a higher volume of legislation than ever before. However, significant constraints remain on the extent to which the National Assembly can call the government to account, and the National Assembly continues to be subordinated to the CPV. The fact that the National Assembly meets only twice a year is also a constraint on its ability to scrutinise draft legislation and other matters in detail.

## Election Commission

National elections take place every five years, with the next election to be due in 2007. Elections are held for all administrative levels, from commune People's Councils to the National Assembly, although national elections do not coincide with lower-level elections. No permanent electoral commission exists. Election councils are formed prior to elections and are composed of leading CPV and government officials of each level. The Vietnam Fatherland Front takes the lead in selecting members of the election councils. Each council has 10 to 15 members. The election commissions are heavily influenced at all levels by the CPV and Vietnam Fatherland Front, and they do not contribute significantly to the NIS.

At the central level the Standing Committee of the National Assembly and a specially formed central election council oversee the election process. At the provincial level the provincial Vietnam Fatherland Front undertakes most of the preparatory work. It is nominally subordinate to a provincial election committee. Each province is divided into between two and four constituencies, and each constituency has an associated election commission. At the local level, election groups are formed and are primarily responsible for running polling stations.

The candidate selection process is the area in which the CPV exerts the most influence and has the widest scope for determining election results. Candidate lists are drawn up in meetings chaired by the Vietnam Fatherland Front, with input from Party and government organisations. Voter opinions are also solicited, at both the place of work and the place of residence of the candidates. However, there is some evidence to suggest that candidate selection meetings are packed with voter representatives, frequently lower-level Party cadres, rather than ordinary voters themselves.<sup>28</sup> In theory, voter input allows the CPV to avoid serious conflict. If a particular candidate is very poorly regarded, then he or she can be removed from the candidate list. However, the selection process is the least transparent component of elections, and it remains unclear exactly how the final list is produced.

After the candidate list has been finalised and approved by central authorities, voter-candidate meetings are held. Candidates, including those standing for the National Assembly, have their CVs published in the press and displayed in public places. Communication between candidates and voters in the meetings is organised by the Vietnam Fatherland Front, and little informal campaigning occurs. Candidates are introduced and present their election programme. Little scope exists for voter cross-examination or to ask candidates where they stand on specific issues.

Nevertheless, the meetings are not simply a charade. Voters do raise questions and serious issues, particularly about local concerns and increasingly about official corruption. This also allows the government to monitor which issues are important to the electorate, and in this way the meetings serve in part as an early warning system. While it appears that voter concerns are being expressed more vocally now than in the past, candidates are still not fully subject to voter scrutiny.

After the candidate list is finalised, authorities have less scope to interfere. However, outcomes are manipulated through the positioning of high-ranking candidates alongside little-known figures. In this context, senior-level politicians are nearly always elected. Standing national politicians and CPV Central Committee members were all successfully elected in 2002, for example.

Election candidates at all levels in the past had to be nominated by a Party or state institution but can now be self-nominated. More non-Party members are being elected to lower levels of government, particularly business persons, but Party membership remains important for election to the National Assembly. Currently, 90 per cent of the members of the National Assembly are members of the CPV.<sup>29</sup>

## Supreme Audit Institution

The State Audit of Vietnam (SAV) is the supreme auditing institution in the country. It was established in 1994; its functions and powers were clarified in Decree 93/ND-CP of 13 August 2003. The SAV certifies the accuracy and legality of financial reports of agencies using funds from the state budget and the settlement of the state budget at all levels.<sup>30</sup>

When the SAV was first established, it was attached to the government, and the state auditor general was appointed and served at the discretion of the prime minister. The auditor general was responsible before government and the prime minister for all audit activities. However, in late 2004 the National Assembly made SAV an independent organisation; the National Assembly will now elect the auditor general. A draft of the new Audit Law was submitted to the National Assembly in 2005 but has yet to be passed, and the status of the SAV remains unclear. The SAV is not and will not be constitutionally independent.

The PAR Master Plan 2001 lists auditing as a key tool in reducing waste and corruption. At present, there is significant institutional overlap – and rivalry – in auditing and inspection of the public sector. The three main agencies involved are the SAV, the Government Inspectorate and the Financial Inspection Directorate of MoF. The division of responsibility is unclear, and inadequate resources and capacity limit the effectiveness of all three institutions.

Currently, SAV has 414 auditors responsible for covering the central government, nearly 100 ministries and government agencies, 64 provinces and nearly 5,000 state-owned enterprises. Inadequate staffing results in the Financial Inspection Directorate's carrying out many auditing activities. MoF is responsible for certifying independent auditing firms.<sup>31</sup>

Up until now, the SAV budget has come from the government. However, the draft Audit Law would make the National Assembly responsible for this task. The state auditor general used to submit annual and long-term plans to the prime minister for approval, but the draft Audit Law gives SAV the authority to plan and implement its own activities.

Previously, SAV submitted reports and audit results to the prime minister or audited agencies depending on existing regulations. The 2002 State Budget Law calls for dissemination of audit results on the budget to the National Assembly, government and People's Councils. The draft Audit Law stipulates that SAV will submit results to 'competent agencies' and that the National Assembly, president, government and prime minister can all request audits. The draft Audit Law also calls for publicising audit results. At the moment, audit findings are not made public and can only be published with government permission.<sup>32</sup>

No public consultation occurs in the auditing process. No additional rules on conflicts of interest, gifts or post-employment apply to SAV other than those for all public officials. Not all public expenditures are declared in the official budget.

SAV is tasked with inspecting and settling complaints and denunciations against employees under its management. However, the actual mechanisms for performing this task are vague, and the general lack of protection for whistleblowers limits its internal monitoring role.

The relation of the State Audit to other pillars is unclear and overlapping. It shares duties and responsibilities with the Government Inspectorate and the Ministry of Finance. The SAV also has weak capacity to enforce auditing recommendations, and there is little evidence that the government is acting on SAV reports. SAV is seeking international experience through projects with the German Agency for Technical Cooperation (GTZ) and the Danish International Development Agency (DANIDA), and the draft Audit Law seeks to clarify the functions of SAV and increase its independence. However, the SAV remains under-funded and poorly staffed.

## Judiciary

The constitution of Vietnam grants the judiciary formal independence. However, in practice the judiciary is relatively weak and not independent of the CPV. The 2002 Law on the Organisation of People's Courts is intended to protect judges from the influence of government bodies, but the ability of judges to arrive at independent verdicts is severely limited. This is particularly true for high-profile corruption cases, which the CPV would not trial unless it had already decided that the accused was guilty. Furthermore, as the appointment of judges is overseen by the CPV, they are largely trusted people who operate within Party-derived parameters. Although appointments are formally based on merit, nepotism is commonplace, and this further reduces independence.

Corruption cases are increasingly handled through the court system, although judges have no specific training to handle such cases. Vietnam has initiated a Legal System Development Strategy and Judicial Reform Strategy with the help of several multilateral and bilateral donors.<sup>33</sup> The core aim of developing institutions for legislation and enforcement of law indicates the existing limitations of the system. These strategies are also providing training to judges and prosecutors and seek to increase the dissemination of legal information to the public. Currently, specific sentences accompany specific crimes as stated in relevant legal documents, but Vietnam does not recognise the doctrine of judicial precedent.

The court system in Vietnam consists of District People's Courts, Provincial People's Courts and the Supreme People's Court. Separate military tribunals also exist. The district court is the court of first instance for criminal cases and civil, economic, labour and administrative disputes. Provincial courts act as appeals courts for decisions of district courts and are also courts of first instance for specific types of cases. Decisions of the provincial courts can be appealed to the Supreme Court. The Supreme Court is the highest judicial body in Vietnam and supervises lower-level courts and

military tribunals. It can overturn decisions and order provincial courts to adopt its decisions. Constitutional issues remain the responsibility of the National Assembly.<sup>34</sup>

The tribunal president of the Supreme Court is elected by the National Assembly at the proposal of Vietnam's president for a period of five years. The vice tribunal president and Supreme Court judges are appointed and dismissed by Vietnam's president at the proposal of the tribunal president. Judges at all levels are appointed.

The National Assembly decides on the budget of the judiciary. Although the Ministry of Finance has begun publishing state budget data, the information remains highly aggregated. The judiciary does not have a formal mechanism for generating revenue, but as with nearly every public office in Vietnam, it has access to off-the-books funds.

The Supreme Court is accountable to the National Assembly through the Committee on Law. District and provincial courts are responsible to district and provincial People's Councils and the Ministry of Justice. The People's Procuracy is tasked with investigating offences committed by members of the judiciary. In practice, the CPV exercises significant oversight.

Courts are constitutionally required to hold hearings in public except when prohibited by law. However, many hearings take place in private. There are no specific rules on gifts, conflicts of interest and post-employment restrictions for members of the judiciary, other than those in force for public servants and CPV members as a whole. The same applies for disclosure of assets and lifestyle monitoring. Court decisions are rarely made publicly available, although the Supreme Court recently started publishing its decisions.

There are no unique provisions on whistleblowing within the judiciary. Complaints and denunciations lodged against judicial officials are handled by the People's Procuracy. Court decisions are rarely enforced if not supported by the People's Committee at the same level, which may act as an informal check on the power of the judiciary.<sup>35</sup> Poor enforcement may also reflect weak capacity on the part of the police and People's Procuracy. Judges are not required to give reasons for their decisions. Insufficient witness protection deters people from making accusations for fear of causing trouble for themselves.

Corruption within the judiciary is not viewed as a major problem. This may be because if a case makes it to the courts then the verdict is clear. Corruption more frequently occurs during the inspection and investigation process prior to trial. A number of cases have recently come to light in which officials in the Government Inspectorate and People's Procuracy allegedly received bribes in order to prevent cases from developing. Extensive bribes to members of these two institutions prevented the recent PMU 18 corruption case from emerging sooner, and several prosecutors on the team investigating the case were themselves removed amid allegations of corruption.<sup>36</sup>

Currently, the judiciary in Vietnam is weak and is not a key pillar of the NIS. The judiciary is not independent of the CPV and does not issue verdicts contrary to Party wishes. While administrative courts were established to review administrative decisions up to the ministerial level, reviews are very uncommon, and oversight of the executive rests with the CPV and National Assembly.

## Civil Service

Bribery is both an administrative and a criminal offence for public employees. The size of the bribe determines whether the act is considered criminal. Bribes under VND 500,000 are classified as administrative and those over VND 500,000 are regarded as criminal. Penalties for criminal bribery range from one year in prison to capital punishment.<sup>37</sup>

Civil service appointments are formally merit based and include exam requirements. Personnel decisions are taken by the next higher level, usually following extensive consultation and opinion-seeking. The majority of senior appointments are political appointments, and for lower-level appointments nepotism and the buying of positions is common. Rules against nepotism prohibit relatives of civil servants from contributing capital to enterprises under the jurisdiction of their relatives. Relatives of heads of agencies cannot hold major positions in the same agency, including positions in charge of personnel affairs, accounting, finance and purchasing. However, these rules are easily and frequently circumvented.

Rules on tenure exist, particularly for high-level positions, but no restrictions exist on reappointment. The 2005 Law on Anti-Corruption includes measures to rotate officials in key positions to prevent corruption. However, this has been announced as policy on many occasions and has never really worked. Specific details need to be promulgated in implementing regulations before it will be clear how it will function.

The government is attempting to improve civil service recruitment and performance as a core element of PAR. This includes a focus on integrity, transparency and good governance. Practical measures, such as increasing civil servant salaries, have been taken in an effort to reduce corruption. However, civil service salaries are still low, and it is doubtful that the increases so far have made any difference in terms of reducing corruption.

The government defines public-sector agencies as those paid from the state budget. This definition includes, in theory, the CPV, SOEs, the Vietnam Fatherland Front, elements of the media and other unions, organisations and agencies. This also includes the more standard list of public employees at the central, provincial, district and commune levels; ministerial employees at all levels; the SAV; People's Procuracy and the Government Inspectorate. The government makes five basic distinctions regarding public employees:

- Elected officials;
- Employees of political and socio-political organisations;
- Administrative and non-business agency staff;
- Judges of People's Courts and prosecutors of the People's Procuracy; and,
- Support personnel in the military and police forces.

The executive determines the payroll of public employees in state administrative and non-business agencies. Off-the-books funds are commonplace, and those civil servants so motivated have access to them. The most important quasi-government agencies involved in public spending are PMUs. These units oversee implementation of major infrastructure projects, often involving official development assistance (ODA) funds. There is a high potential for embezzlement and other aspects of corruption in these units. PMUs were the target of anti-corruption efforts following the PMU 18 case (see 'Anti-Corruption Activities').

Oversight and accountability function according to a system of dual subordination. Ministerial departments and agencies at each level of government report horizontally to the associated People's Council and vertically to the parent agency, depending on the particular sector in which they operate. In turn, each level of government reports to the next higher level.<sup>38</sup> At each level and in each agency a CPV organisation also exists. Below the provincial level, the Party administrative unit is often staffed by the same people who staff the People's Committees.<sup>39</sup> Overlapping responsibilities and multiple reporting lines create – in theory – de facto checks and balances on public-sector decision making, although in practice it is more commonly a recipe for delays, red tape and corruption. This takes place within the public sector itself and does not normally involve recourse to public opinion.

The State Audit and the Financial Inspection Directorate of MoF carry out audit oversight. As these agencies are severely understaffed, auditing occurs irregularly and infrequently.

Civil servant codes of conduct exist for both public employees and CPV members. The 1998 Ordinance on Public Employees, revised in 2003, states that management of public employees follows CPV and state regulations. The effectiveness of these codes of conduct is limited, although the disciplining of civil servants is increasing. While these codes apply nationally, how they are implemented varies significantly across the country.

Only National Assembly members declare assets, and these declarations are not made public. Current rules do not prohibit the acceptance of gifts. The 2005 Law on Anti-Corruption extends declaration of assets requirements to more public-sector employees and prohibits civil servants from accepting gifts. How this will work in practice needs to be clarified in the implementing regulations that will accompany the law. Public employees working in branches and professions related to state secrets cannot work for enterprises or organisations for five years following retirement or dismissal.

Procedures and criteria for administrative decisions are publicly available. The problem is not availability of documents; the sheer volume of publicly available documentation can itself be a barrier to understanding the rules. The issues are compatibility and coherence of documents at all levels of government and the difficulties associated with actually following the 'rules'. Various government websites have recently been created, providing greater access to information, although the overall level of detail remains low.

Complaints against civil servants are occurring more frequently. This can be seen in the 'readers views' pages of newspapers and also in periodic unauthorised demonstrations outside government offices. However, while the volume of complaints has increased they remain predominantly

focused on lower-level officials. Complaints directed at senior state personnel and Party members are still not common.

Provisions on misconduct and whistleblowing within the civil service are problematic either because they are inadequate or because the manner in which misconduct allegations are investigated has a tendency to be rather ad hoc. The head of an agency is initially responsible for handling complaints and denunciations concerning members of the same agency. Other avenues are available, such as contacting a National Assembly member, CPV member or relevant People's Committee. Depending on the scale of the issue and the personnel concerned, this can also involve the Government Inspectorate, Party Inspection Committee and the People's Procuracy. This is particularly true of corruption cases.

A range of sanctions exists for civil servant abuses, from reprimand to dismissal to jail, depending on the type and scale of misconduct. Disciplining public employees is undertaken by disciplinary councils from the same agency, with specific actions proposed to the next higher level for approval. Civil servants can be and are dismissed for misconduct, but this is usually less about misbehaviour and more frequently involves excessive abuse of position and political manoeuvring. Civil servants can appeal disciplinary decisions. Director-level and lower public employees can initiate lawsuits in administrative courts.

The civil service is a core element of the government and relates to all NIS pillars. Most interaction occurs with the executive and judiciary pillars, as the majority of employees in these pillars are civil servants. Public employees also play a key role in the transformation of SOEs. The decision over which SOEs to transform is usually taken by higher-level officials. Until very recently, insider privatisation was the norm, and this often includes public officials associated with particular SOEs.<sup>40</sup>

## Law Enforcement

The People's Procuracy and People's Police Force are the two primary agencies responsible for legal enforcement in Vietnam, including corruption cases. The Government Inspectorate is responsible for investigations, and the State Audit and Ministry of Finance have inspection duties relating to use of public funds. The Central Inspection Commission of the CPV is responsible for investigating Party members. The People's Procuracy initiates public prosecution following investigations and ensures implementation of the law by all levels of government, ministries, economic bodies, social organisations, the army and citizens. Each ministry also plays a role in enforcing laws related to its area of management.

The People's Procuracy is organised into the Supreme People's Procuracy at the national level, with lower-level bodies at the provincial and district levels. There are also corresponding military procuracies. The Supreme People's Procuracy oversees all levels of the procuracy and the Central Military Procuracy.

The prosecutor-general (attorney general) is elected and removed by the National Assembly at the proposal of the president. The term of office is five years. The prosecutor-general reports to and is supervised by the National Assembly. Directors of lower-level units are appointed and removed by the prosecutor-general. Prosecutors at all levels are appointed for five-year terms. Directors of local units are supervised by the People's Council of the same level.

The public security forces are organised into two elements, the Public Security Force and the People's Police Force. The People's Police Force is responsible for preventing and detecting violations of the law. It also includes the traffic police, consistently rated one of the most corrupt element of government in Vietnam.<sup>41</sup>

The police force is structured into national-, provincial-, district- and commune-level units. The police are formally under the leadership of the CPV. The minister of public security manages the security and police forces and is not independent of the Party or government. The National Assembly has a supervisory role over the People's Police Force but is subservient to the CPV. Lower levels are supervised by and report to the next higher level. Each level also reports to and is supervised by the People's Council of the same level. Commune-level police report to the local Party Committee. However, the police operate with little effective oversight, particularly at lower levels.

The police and members of the procuracy are subject to the codes of conduct for public employees. Promotion within the police force is based on rank and time served. Top-level positions are all political appointments. Subordinates can protest commands, but initially only to immediate superiors. If they are forced to follow orders, they can then lodge complaints with higher-level

superiors. Appointment to the procuracy is formally merit based, but in practice nepotism is common. This is also the case for the police force, where the buying of positions is common.

The total agency budget and the number of prosecutors and investigators is decided by the National Assembly at the proposal of the prosecutor-general. The prosecutor-general decides on the budgets of lower-level units, consulting with the minister of defence for military procuracies. Funding for the police forces comes from the state budget. The police in particular have access to off-the-books funds.

The procuracy prosecutes violations of the law. Members of the procuracy can request that case investigators be replaced if concerns arise during investigation or prosecution. It exercises oversight on implementation of judgments and decisions of People's Courts of the same level and can protest these decisions if it deems them contrary to law. The procuracy investigates and prosecutes offences committed by judicial officials. It also handles complaints and denunciations of judicial decisions. The procuracy is tasked with ensuring the rights of citizens in relation to the police. Police forces can settle administrative violations and receive complaints and denunciations regarding crimes. They can also initiate investigations after receiving formal approval.

Disciplining of civil servants and Party members has increased, and more cases are handled through the courts. However, no special units exist for prosecuting corruption. Cases of corruption in prosecuting agencies do occur. The procuracy and investigative agencies are frequent targets of corruption, to prevent cases from going to court. Prosecutions of corrupt public servants are nearly always successful. Issues may exist concerning exact penalties, but guilt is usually already decided and conviction assured.

Law enforcement agencies are an important element of the NIS. They interact with the CPV, judiciary, executive, Government Inspectorate (as Ombudsman and Anti-Corruption Agency) and State Audit. They have a large impact on civil society but less interaction, although this is increasing. Interaction with the media is more complex as the media become more vocal, particularly about corruption and abuses of the law. This can shape public opinion surrounding cases and influence verdicts.

## Public Contracting System

Ministries continue to develop separate procurement standards. The 2004 Construction Law is an example, which stipulates separate procurement procedures in the construction industry. The 2005 Tendering Law, which took effect on 1 April 2006, is intended to be the prevailing law governing procurement.

Open competitive bidding was introduced in 1996 and has been the official primary bidding method since 2003. In practice this only applies to projects over VND 2 billion, and open competition remains limited.<sup>42</sup> It is estimated that in 2002 only 32 per cent of bids operated under open tender.<sup>43</sup> Lack of competition is a common feature of public procurement, particularly in the construction sector. Limited suppliers, preferential treatment of SOEs and restrictions on foreign contractors contribute to the lack of competition. Collusion in bidding is common, particularly in SOEs.<sup>44</sup>

Standard bidding documents (SBDs) became mandatory in 2003. The first documents were issued on procurement of goods in late 2005. Their use remains limited but is likely to increase.

In 2003 public procurement financed through the state budget was 12.5 per cent of GDP.<sup>45</sup> Contracting occurs outside the budget and government plans, with increasing decentralisation resulting in provinces committing more funds than are available. Transportation and infrastructure are the main areas of public investment.

The Department for Public Procurement (DPP) under the Ministry of Planning and Investment (MPI) is the lead procurement agency. The DPP is not independent. While it is responsible for oversight and inspection, the Government Inspectorate, State Audit, MPI Inspectorate and the Financial Inspection Directorate of MoF also have roles in inspection. The State Audit is responsible for auditing and ensuring compliance with the law. These conflicting and overlapping responsibilities reduce the effectiveness of audit and oversight.

DPP is responsible for public procurement law, developing SBDs, issuing implementation guidelines, oversight, maintaining the procurement database, which includes prohibited firms, managing the public procurement bulletin, preparing the annual report and reviewing all bids.<sup>46</sup> DPP is funded from the National Assembly budget allocation to MPI.

E-procurement and online systems have been planned and are included in tendering legislation but are not yet operational. Public procurement favours SOEs, and the effect of privatisation is limited. However, the use of private sub-contractors linked to state businesses is common. Lobbying is generally not regulated, although the use of personal influence to secure contracts is prohibited in the 2005 Tendering Law.

A public procurement bulletin, in use since early 2005, provides information on bid opportunities and the awarding of large contracts.<sup>47</sup> Public hearings are not mandatory, although at the commune level there is formally greater scope for citizens to be involved in decision making affecting commune budgeting.

Inadequate training of procurement officials is a major problem, particularly at the provincial level. The government initiated the Public Procurement Capacity Building Program with MPI and international aid donors to begin addressing this issue. The implementing regulations associated with the 2005 Law on Anti-Corruption are expected to address staff rotation and asset declaration issues. Currently, procurement officials are not required to declare assets. The 2005 Tendering Law prohibits collusion and the acceptance of gifts by procurement officials. It also stipulates that the solicitor of the bid cannot also be a bidder on the same bid and that officials cannot evaluate bids or appraise contractors on bids from their organisations.

Procurement rules are generally available, but the problem is enforcement of the rules not access to them. Inspections are proving ineffective in preventing collusion, and the quality of contract supervision remains weak.<sup>48</sup> This also applies to civil servants violating procurement regulations. No specific laws or regulations exist for complaints in procurement, and no formal mechanism exists for addressing them other than through general administrative complaints. Administrative sanctions are the same for all public employees and do not pose a strong deterrent in this area. Statistics on the incidence of procurement complaints are not available, and no monitoring process exists to ascertain why objections occur or how they are resolved.

Misuse of public funds is a criminal offence (beyond a very low threshold), and cases have been prosecuted. The high-profile corruption scandal involving PMU 18 and the gambling of millions of dollars of public money is a recent example, but grand corruption cases like this happen fairly frequently.<sup>49</sup> Corruption is a major problem in public procurement. The government is addressing this but within the broader anti-corruption framework.

Public procurement is an important component of the NIS as it involves substantial sums of public money. Political controls are weak in Vietnam. Formal monitoring by the National Assembly through the State Audit exists but is ineffective. The underdeveloped legal system inhibits contract enforcement, and disputes are rarely settled in court. No formal arbitration mechanisms exist for contract disputes involving the state, and this forces reliance on administrative and personal relationships.

## Ombudsman

There is no single independent agency in Vietnam to receive citizen complaints. Nominally the Government Inspectorate functions as an ombudsman. The Inspectorate is an executive agency under the authority of the prime minister responsible for, among other things, resolving complaints and denunciations in administrative areas. However, an array of other institutions is also involved. The Inspection Commissions of the CPV; the Vietnam Fatherland Front; the People's Procuracy; the police; People's Committees of provinces, districts and communes; National Assembly deputies and members of People's Councils at all levels are also authorised to receive and settle citizen complaints.

The head of each agency at every level is the first recipient of complaints regarding the institution. The People's Procuracy is responsible for inspecting itself. It also handles complaints regarding the judiciary. The police and armed forces are also responsible for self-inspection. The structure and reporting lines of the Government Inspectorate are detailed in 'Anti-Corruption Agency'.

The National Assembly formally exercises oversight of citizen complaints. People's Councils at each level also have formal supervision of presidents of People's Committees, but in practice they are quite weak. Public consultation is not required in deciding the outcomes of investigations into complaints and denunciations. Settlement decisions are not published, but citizens lodging complaints and those involved are required to be notified in writing of the decisions. The Inspectorate is responsible for ensuring that settlements are implemented.

Any citizen can lodge an administrative complaint or denounce officials for violation of regulations and laws. Civil servants may only file complaints regarding disciplinary decisions. Anonymity is not

a feature of the complaint system in Vietnam. The name, address and signature of the citizen lodging a complaint are required. This is also the case for denunciations. Although formally citizens can request confidentiality following the initial report, in practice there is no guarantee that confidentiality requests will be respected. Consequently, citizens fear retaliation if they make a complaint. Citizens can appeal against decisions that they disagree with to the next higher level. They can also initiate administrative lawsuits, but this is uncommon. Citizens who try to make a complaint often report that they are passed from one office to another without the issue being resolved satisfactorily.

The Inspectorate as ombudsman is not a central pillar of the NIS. Although the Government Inspectorate is the designated lead anti-corruption agency in Vietnam, this institution is at the same time a prime target of corruption, as altering inspection findings can prevent cases from emerging and resulting in disciplinary action.

## Anti-Corruption Agency

Vietnam has multiple anti-corruption agencies. The Government Inspectorate is designated the lead organisation in the fight against corruption. However, the State Audit also has a significant role, particularly regarding use of public funds. The People's Procuracy, the Central Inspection Commission of the CPV and an anti-corruption department in the Office of Government under the prime minister are also involved. As of 2006, a deputy prime minister has been given specific responsibility for fighting corruption as part of his portfolio.

The 2005 Law on Anti-Corruption calls for the creation of a National Anti-Corruption Steering Committee to coordinate anti-corruption efforts. The National Assembly debated whether or not to make this steering committee independent, but as the executive is constitutionally tasked with fighting corruption it was agreed to place it under the authority of the prime minister. The prime minister also recently called for the creation of a special team under his authority to inspect agencies charged with corruption.<sup>50</sup> There is currently a lack of clarity regarding the roles and responsibilities of the existing agencies tasked with fighting corruption, and it remains to be seen how this will be resolved.

The Government Inspectorate is an executive agency with national remit. The inspector general holds the rank of minister and is appointed by the president based on the recommendation of the prime minister and approval of the National Assembly. Chief inspectors of ministries are appointed by the prime minister in consultation with the relevant minister and the inspector general. The inspector general reports to the National Assembly and the prime minister.

The Government Inspectorate is divided into administrative and ministerial branches. Administrative inspectorates exist at the provincial and district levels, reporting to the People's Committee of the same level and the inspectorate office of the next higher level – in effect creating a situation in which people are responsible for inspecting their superiors. Ministerial inspectorates operate within ministries and report both to the minister and the Government Inspectorate. Elected People's Inspectorates at the commune level report to commune People's Committees but are subordinate to the Vietnam Fatherland Front. The functions of the Government Inspectorate include ensuring compliance with the law in executive agencies, resolving legal complaints and assisting in the resolution of complaints and denunciations in administrative areas.<sup>51</sup>

Anti-corruption efforts remain focused on public-sector agencies. The Government Inspectorate is not very proactive. It is required to formulate and submit annual inspection plans for approval by the authority of the same level. Ad hoc inspections can only be undertaken with prime ministerial approval following detection of violations.

The National Assembly allocates state budget funds to the Government Inspectorate. Appointments require specific educational and moral qualifications, and significant scope exists for nepotism. Off-the-books funds are readily available. As inspectors are public employees, the codes of conduct for civil servants apply. Inspectors are also prohibited from falsifying inspection reports. No special provisions for handling internal or external complaints exist (see 'Ombudsman' for more details).

Inspection results are not publicly available. The first corruption report was issued in draft form in late 2005 by the Internal Affairs Board of the Central Committee of the CPV, supported by SIDA. This study is the first of its type in Vietnam in terms of both government involvement and scope of coverage. It is also the first time the government has collaborated with donors to assess corruption and anti-corruption activities.

The Government Inspectorate is an important part of the NIS. Although its ombudsman function is underdeveloped, it plays a key oversight role for the executive. However, this makes the Inspectorate a frequent target for corruption. In 2005–06 a number of officials from the organisation were suspended in connection with corruption allegations. This included a case involving the state oil company, PetroVietnam, where it was alleged that Government Inspectorate officials had accepted bribes in order to scale back the investigation into corruption in the state oil company.

## Media

The media is an increasingly important component of the NIS. The 2005 Anti-Corruption Law particularly emphasises the role of the media in the fight against corruption. However, freedom of speech is constrained in Vietnam. The 1989 Press Law ensures press freedom but defines the press as the 'mouthpiece of various organisations of the Party and State'. The law also prohibits the press from inciting opposition to the state. Weekly meetings occur between editors of central newspapers and representatives of the Ministry of Culture and Ideology and the CPV Central Committee to review articles and discuss media campaigns. Media outlets such as newspapers and websites have been closed due to 'bad attitudes' or 'working against national values'. In this context, editors practice self-censorship.

All media outlets are state owned and controlled. The press is tasked with publicising and popularising the Party line and state laws and guiding public opinion. The press is also a forum of exchange for citizen opinions and has a formal role in fighting crime and corruption. This role is being strengthened, but the press continues to lack independence.

Censorship in Vietnam is not monolithic or unidirectional. There is increasing freedom, particularly for reporting on crime and corruption. The press has more autonomy in reporting on social, economic, cultural and legal affairs. Criticism of the government does occur, and there is increasing acceptance of negative news. However, it is also understood that reporting on political events remains subordinate to Party direction. This is particularly the case regarding coverage of political dissidents and the views of critical overseas Vietnamese and dissatisfied ethnic minorities. More debate and discussion is occurring, notably on the internet, but it does not include all voices.

Debate still operates within the boundaries set by the Party. However, the CPV is itself fragmented, and specific individuals can give approval to particular newspapers to cover events. Moreover, such publicity can generate a momentum that is beyond the ability of the CPV to control.

There is a growing tradition of investigative journalism, in particular for the newspaper *Tuoi Tre* (Youth) since the mid-1990s. *Thanh Nien* (Young People) and several labour newspapers are also becoming more involved. Corruption is widely reported on, but high-level corruption cases are covered only after editors receive approval. Political and corporate scandals are reported on in minute detail.

Around 600 newspapers, a dozen foreign correspondents and 70 national and local radio and television stations exist in Vietnam. There is growing access to the internet, but coverage remains low. However, online journalism is becoming more outspoken. *Tuoi Tre* hosts an online forum that allows for a relatively open exchange of views. Still, the government has worked to prevent the use of the internet for subversion of the state by cyber-dissidents. In October 2005 five online journalists were arrested, and they remain in prison.

Journalists' salaries are comparable to those of other public-sector employees but not to the private sector. No specific journalist code of conduct exists except regulations against generating opposition to the state, revealing state secrets and reporting false information. Advertising is allowed but restricted by the same regulations as those on journalists. Only the Party undertakes political advertising. Media coverage of National Assembly candidates is fairly impartial.<sup>52</sup>

Various state organisations and agencies have their own newspapers. The organisation responsible for a media unit appoints and dismisses the head of the unit under its control after consulting with the Ministry of Culture and Ideology. Press outlets are subordinate to their sponsor organisation and to the People's Committees at all levels. This includes Party oversight. The state push for financial independence of the media has resulted in its increasing commercialisation. This has made the media more accountable to their audience, and reader purchasing power is changing content and coverage.

The media are tasked with receiving citizen complaints and denunciations but must forward these to 'competent agencies' and must obtain approval before publishing stories about such complaints.

Media coverage of high-profile corruption cases tends to prejudice public opinion and prevent fair trials as the press often assumes guilt prior to a trial.

The press can request information from agencies, organisations and enterprises, but no freedom of information laws exist. Requests for information can be denied, for example, on the grounds of national security. The media can withhold sources, although the People's Procuracy can demand sources during investigations and trial. Intimidation of the press is formally prohibited but occurs in practice. Journalists have occasionally been physically assaulted, including in relation to corruption investigations, but they are more likely to be warned off a story to deter coverage.

## Civil Society

Civil society is a politically sensitive area in Vietnam. The CPV has an official monopoly on associational activities, and mass Party organisations are the largest civil society organisations (CSOs). In practice the situation is changing, with a growing space for other civil society activities. Pressure from citizens to expand the scope for participation is increasing, but independent CSOs remain problematic as opposition to the state is a central concern.

The legal framework covering CSOs is fragmented. The Law on Associations is anticipated in 2006 under the guidance of the Department of NGOs in the Ministry of Home Affairs. The law is intended to provide a more unified legal and regulatory framework for civil society organisations, including defining non-governmental organisations (NGOs) and their role and scope of operations.

Currently, the Grassroots Democracy Decree covers community-based organisations at the commune level. The new Law on Cooperatives recognises independent voluntary organisations, and Decree 177 of 1999 recognises charities and social funds. The Law on Science and Technology recognises professional associations. At present, the only option for local NGOs is to register under this law, forcing justification of some link to science and technology.<sup>53</sup>

There are around 140,000 community-based organisations in Vietnam. In addition, there are approximately 3,000 cooperatives, 200 charities and 1,000 local NGOs.<sup>54</sup>

Community-based organisations focus on assisting the poor; they include water-user groups, savings and credit groups and farmers' collectives. Mass organisations of the CPV play an important role in service delivery, including monitoring, but their role in ensuring local government accountability is limited. The Party largely funds these organisations. Charities are mostly funded through domestic donations. International NGOs focus predominantly on development projects at the commune level. Research institutions operate through government agencies and ministries.<sup>55</sup>

Accountability depends on the type of organisation. All organisations are required to have licenses, and this allows selective approval of associational activity. Mass organisations in particular are accountable to the CPV. Research institutes are accountable to their government agency or ministry. The role of mass organisations is changing. They continue to serve as vehicles for popularising Party positions and remain official conduits for citizen complaints. However, new forms of often spontaneous organisations are emerging in response to existing mass organisations – for example, some labour unions that do not meet member demands. Mass organisations are responding to growing citizen demands for greater participation, and this is slowly changing their relation to the state and the Party.

Civil society attention on corruption is increasing. The 2005 Law on Anti-Corruption grants civil society, and the Fatherland Front in particular, a greater role in monitoring the actions of public employees and fighting corruption. The ability of civil society to achieve this remains difficult given current restrictions and lack of enforcement of whistleblower protections. The focus of CSOs remains on service delivery for the poor rather than explicitly to prevent and detect corruption.

Although currently not a central pillar of the NIS, civil society is becoming increasingly important. Civil society interacts with the media, the executive, international institutions and regional and local government pillars. It is being tasked with a more formal role in fighting corruption, although the ability of non-state actors to fully participate remains constrained. Work assisting the poor is encouraged, but political dissent is not. The scope for critical comment remains limited but is increasing, and the media are playing a larger role in expressing the concerns of citizens. Citizens do not submit legislation proposals, but the CPV is more frequently seeking public comment on draft legislation and reports. The Draft Political Report of the 10th Party Congress is a recent example that resulted in extensive comments from the public.

## Business Sector

Separate laws currently exist for SOEs, domestic private firms and foreign-invested firms. The 2005 Enterprise Law came into effect in July 2006 and unifies the legal framework for domestic private and foreign companies. This law does not cover SOEs. However, the goal is for all existing SOEs to be transformed into companies operating under the Enterprise Law by 2010. Prior to transformation the 2003 Law on State Owned Enterprises applies. These laws focus on the organisation of firms. Financial reporting, particularly in SOEs, remains weak.

Corruption in Vietnam is primarily defined in relation to the state and public employees. This includes SOEs but does not cover private companies. No specific provisions exist on private sector corruption except general prohibitions against collusion in bidding and auctions. Banking and anti-money laundering regulations are being developed, and the government is paying increasing attention to these areas. In practice these emerging regulations remain under-enforced, particularly regarding money laundering.

Bribery is illegal but commonplace. However, bribes are not perceived by businesses as major obstacles. The 2004 Law on Competition seeks to reduce SOE monopolies and market power. No large private firms exist in Vietnam. The private sector consists mainly of small and medium-size enterprises with a high degree of autonomy. SOEs are not formally independent but have significant de facto decision-making power. The formal independence of SOEs is increasing, particularly as they are transformed into companies under the Enterprise Law.

In 2004 the state sector accounted for 39.2 per cent of GDP. The non-state sector accounted for 45.6 per cent of GDP, mostly from household businesses. The foreign-invested sector accounted for 15.2 per cent of GDP.<sup>56</sup>

Privatisation is a politically sensitive word in Vietnam. The SOE reform process involves equitisation. The equitisation of smaller SOEs is basically privatisation, although lower-level state officials continue to remain involved to varying degrees following transformation.<sup>57</sup> The government intends to maintain state control over large SOEs even as they equitise, and this is not equivalent to privatisation. The pace of equitisation has increased significantly since 1998 and has recently been expanded to include SOEs of all sizes. However, some SOEs still receive government subsidies, and this is a source of corruption.

Capital markets are emerging and becoming more sophisticated. Currently, two stock exchanges operate, in Ho Chi Minh City (established in 2000) and Hanoi (2004). The number of companies listed is small, and the general public is not significantly involved in stock market transactions. Shareholder activism depends on the company type and whether or not the state is involved. Currently, minority shareholder rights are weak but have been significantly strengthened in the 2005 Enterprise Law.

Large state corporations (general corporations) dominate the economy. These operate in all major sectors, including oil, telecommunications, shipbuilding, chemicals, steel and mining. The banking sector is dominated by four large state-owned commercial banks. The requirement that the state have ownership in designated strategic sectors is defined in legislation. Business leaders and politicians remain close as large companies are all state owned. This is less the case for smaller firms, although relationships with officials remain important.

The Vietnam Chamber of Commerce and Industry (VCCI) operates alongside many industry associations. However, the relationship between these organisations as representatives of business and representatives of the Party is complex. In this way they function like other mass organisations.

SOEs report to their supervising agency, which depends on the agency that established a particular SOE; it may be a provincial People's Committee or a ministry. In practice, most SOEs are only responsible for preventing losses and meeting profit targets. How this is achieved is generally not monitored and leaves scope for multiple business operations and creative accounting. Private-sector and foreign firms are accountable to their majority shareholders and owners. The public is not consulted in relation to business operations.

Corporate social responsibility exists only in foreign firms, although it is beginning to emerge in domestic companies. Attention to corporate governance is increasing in Vietnam, but it remains focused on reforming SOEs rather than private-sector firms. Only foreign firms have specific codes of conduct and specific anti-bribery provisions. No specific sector anti-corruption initiatives exist, although the construction sector in particular is perceived as corrupt. Public procurement reforms have in part attempted to address this.

VCCI maintains a business registry and publishes annually the readily available Vietnam Business Directory, which does not include all firms. The General Statistics Office (GSO) produces the publicly available Enterprise Survey covering a significant portion of firms in operation.

Financial reports are required for listing on the stock exchange. In addition, a small number of Vietnamese firms are beginning to borrow internationally, which requires more stringent financial disclosure. However, actual ownership of businesses can be very complicated, particularly when it involves state officials or their relatives. Oversight of private-sector companies is not very well developed. The quality of information disclosed is often questionable, particularly in the over-the-counter markets. Withholding information and using separate accounting books are common features of businesses of all ownership types in Vietnam, often to avoid predatory behaviour from tax officials, the police and other authorities.

The Ministry of Finance and the State Audit are responsible for oversight of SOEs, and the Securities Commission of MoF regulates the stock market. However, these institutions, and the SAV in particular, are understaffed. Bribery and corruption cases are widely reported by the media but remain focused on SOEs or private sub-contractors attached to state officials or state companies. From time to time, foreign firms become embroiled in corruption allegations – most recently in connection with the PMU 18 case, in which a number of East Asian construction companies were alleged to be involved.

Business groups and trade unions are not primarily concerned with fighting corruption. Surveys report that corruption remains an issue of lesser importance for business. Foreign business groups, such as chambers of commerce, frequently speak out against corruption, but they are not undertaking any coordinating campaign or activities.

The business sector is of central importance to Vietnam but is not a key pillar of the NIS, as firms are generally not active in the fight against corruption. That said, the overall push for a more friendly business environment in the past two decades has led to a series of legal reforms designed to improve transparency in business transactions and lessen the opportunities for bribes even if their impact has so far been small. Business licensing is becoming less of an issue as the government streamlines the process. Customs and tax authorities present obstacles to business, with both agencies ranking high in corruption surveys. The courts are not generally used to resolve disputes. Arbitration options exist, including a specific system for foreign investors and foreign-invested firms. VCCI also plays a role in arbitration. Businesses have the same rights regarding complaints and denunciations as citizens. Law enforcement is not concerned with business-sector transparency.

## Regional and Local Government

Vietnam has a unitary system of government characterised by dual subordination. People's Councils are elected at the provincial, district and commune levels. The last elections were in April 2004. The People's Council is the highest state institution at the regional and local levels, responsible to the electorate at each level and the National Assembly at the national level. The People's Council elects a People's Committee to serve as the executive institution. People's Councils have formal oversight over People's Committees, but in practice this is very weak.

National agencies with a remit to deal with corruption exist at regional and local levels. The only commune-level agency tasked with fighting corruption is the People's Inspectorate. Anti-corruption agencies at the national level have the same responsibilities at the regional and local levels. Institutions dealing with corruption at the regional and local levels are very dependent on the support of regional and local authorities to operate. Significant discretion in all areas of political, economic and social life exists at lower levels of government, and oversight by higher levels is weak. Integrity and transparency vary widely across regional and local levels.

The key corruption-related institutions at the regional and local level are:

- Government Inspectorate at provincial and district levels;
- People's Inspectorate at commune level;
- Party Inspection Committees and Party Committees at all levels;
- People's Police Force at provincial, district and commune levels;
- People's Procuracy at provincial and district levels;
- Vietnam Fatherland Front at provincial, district and commune levels;
- State Audit at provincial level; and,

- Financial Inspection Department of Ministry of Finance for SOEs.

Departments of ministries and other state agencies exist at each administrative level. These are subordinate to the People's Council (in practice, the People's Committee) of each level and also the next higher level in the ministerial or agency hierarchy. Overlapping responsibility is a central feature of the system. Local institutions are not beyond the discipline of central agencies and institutions but a significant degree of de facto (and increasingly de jure, particularly regarding budgets) autonomy exists.

Consultation is less frequent at the provincial and district levels than at the national level, although it is becoming more common at the commune level. The Grassroots Democracy initiative undertaken in 1998 and updated in 2003 seeks to increase citizen participation at the commune level, particularly regarding commune taxes and expenditures. However, outcomes vary. Commune People's Councils feel that they do not have enough power to overturn decisions of People's Committees, and this limits their oversight function. In addition, People's Inspectorates are generally perceived to be too weak to ensure the integrity of commune finances.<sup>58</sup>

The national codes of conduct and rules apply at the regional and local levels but are similarly ineffective in practice. Asset declaration is currently not required, although this could change with the implementation guidelines of the 2005 Law on Anti-Corruption. Budgets at the commune level are posted for citizen review. Public meetings are required and do occur in practice, particularly during elections. However, regional and local officials have a high degree of discretion in deciding which issues will be discussed publicly. No clear rules exist on excluding the press and public from public consultation. Even issues that require public consultation, for example in relation to the Grassroots Democracy process, frequently do not receive it.<sup>59</sup>

The Government Inspectorate is formally responsible for investigating allegations of corruption and handling citizen complaints and denunciations. However, significant institutional overlap exists. Rulings and court decisions are generally not enforced without the approval of the People's Committee, and therefore it remains a central feature of the settlement process.<sup>60</sup>

Whistleblowing is more problematic at the sub-national than national level due to even less protection and anonymity. Lower-level officials are not immune from prosecution, but their position in the political hierarchy does interfere with prosecution. Citizens can appeal settlements and initiate lawsuits in administrative courts, but in practice this rarely occurs. Sanctions against civil servants apply at all levels, with administrative complaints the primary means of redress. Employment appeals exist only for civil servants. Senior local officials have been prosecuted for corruption in recent years. Regional and local governments have not successfully targeted corruption, although the PAR process is attempting to address this.

Regional and local governments are not a key element of the NIS. Lower levels of government have significant discretion, and oversight is weak.

## International Institutions

Vietnam signed the UN Convention Against Corruption in December 2003, but the signature has yet to be ratified. This is expected to happen in 2006. It also joined the ADB/OECD Anti-Corruption Initiative for Asia and the Pacific in June 2004. The position of the government is to actively pursue international integration and international legal commitments in the context of retaining national sovereignty.

International institutions are formally independent but consult with government on all activities. A degree of self-censorship also occurs to avoid political problems. International institutions present in Vietnam are publicly committed to integrity and transparency, as demonstrated by their areas of involvement and the projects they undertake. However, in practice, international institutions do bend to local custom. Gift giving, for example, to thank participants at meetings, is a common practice in Vietnam.

International institutions coordinate efforts through joint planning, programming and funding. The PRSC is an example. Vietnam is a leading country in aid harmonisation, and alignment with government plans and operational systems is beginning to occur. In addition, a Like Minded Donor Group (LMDG) exists along with pooled funding mechanisms such as the Legal Development Support Facility (LDSF) and the PAR Support Facility.

The World Bank and the International Monetary Fund (IMF) are involved in improving fiscal transparency, public procurement, public expenditure and public finance more generally. This includes SOE reform. Vietnam is also seeking to adopt international auditing and accounting standards. UNDP, the World Bank, ADB and several other agencies are involved in PAR, legal and

judicial reform (including SIDA, DANIDA), grassroots democracy and providing assistance in the drafting of legislation. For example, international involvement and comments contributed to the 2005 Law on Anti-Corruption and its passage was a disbursement trigger for PRSC V.

UNDP is also involved in strengthening the capacity of the National Assembly and People's Councils to improve their oversight function. DfID is involved in governance and anti-corruption issues. GTZ and DANIDA are providing technical assistance to the State Audit. SIDA supports anti-corruption efforts through assistance to the Government Inspectorate and recent participation in the CPV diagnostic study on corruption.

International institutions have their own oversight rules and accountability systems. A recent corruption scandal involving several million dollars in ODA intended for infrastructure projects resulted in a World Bank evaluation team from Washington, D.C., being dispatched to investigate. In addition to internal systems, international institutions are also monitored by government, in particular the Ministry of Foreign Affairs and Ministry of Home Affairs.

While public participation is a core message of many international institutions, public consultation on project selection is not common. Headquarters' interests and corporate policies generally drive project selection. Codes of conduct exist internally in each organisation. Transparency is very important for international institutions, and disclosure of information is common. However, locating available information can often be difficult, particularly for Vietnamese citizens. Published work is readily available to the general public, with publications frequently offered in English and Vietnamese.

Whistleblowing provisions exist in most international institutions, the majority of which have their own ombudsman. The degree to which this is used varies by institution. International institutions seek to work with government in addressing corruption, and dealing with corruption is a major issue for most international institutions.

International institutions interact most frequently with the executive, legislative and judiciary pillars. This typically takes the form of technical assistance, capacity building and support to the development of strategies and laws. They are also involved with other pillars such as law enforcement, public procurement, audit and anti-corruption agencies. The government supports international involvement but according to its own agenda. It is difficult for international institutions in Vietnam to force the government to do things against its will. Although projects may exist to address certain issues, this does not necessarily indicate government commitment to implementation.

## Evaluation of the NIS

Generally speaking, Vietnam's NIS does not work well; the mechanisms in place to tackle corruption are either rudimentary or poorly enforced.

The last few years have seen increased focus on corruption by both the government and international organisations. There is now greater recognition than ever before that corruption is a problem, and corruption is much higher up the political agenda. Passage of the country's first anti-corruption law in late 2005 was a major landmark. The law shifts the emphasis in the fight against corruption away from just dealing with the symptoms, which has been the dominant approach hitherto, toward prevention (i.e. changing the incentive structure governing corruption). Heavy emphasis is placed in the law on the watchdog role of civil society and the media in the fight against corruption. While this is almost certainly the right approach, civil society and the media are currently ill placed to perform this role. The Anti-Corruption Law also calls for the establishment of an asset declaration system. The details of how this is going to operate are not fully known yet. However, the experience of other countries suggests that it is likely to be some time before an effective asset declaration system is up and running. Furthermore, the new anti-corruption law places the emphasis mainly on fighting corruption in the state and public sector. It says much less about private sector corruption, although there are general prohibitions against collusion in public procurement in Vietnam.

A number of recurrent problems in the operation of the NIS can be observed across nearly all pillars. These include the following:

1. The government has a generally piecemeal approach to tackling corruption. Where government plans or strategies exist, it is not clear that they are being pursued systematically from one institution to the next. Moreover, few institutions featured in the NIS are adopting a systematic approach to tackling corruption in their own ranks even if they are tasked with fighting corruption elsewhere.
2. Whether corruption is uncovered, investigated or prosecuted – and whether it is not – is often politically motivated. That is, the politically powerful are able to escape investigation and prosecution, while allegations of corruption are often used to fight political battles. The CPV and government have pledged to root out corruption regardless of who is involved, but few believe that this is what happens in practice.
3. Institutional rivalry and jurisdictional disputes are considerable between institutions tasked with the fight against corruption. The 2005 Anti-Corruption Law allows for the creation of a National Anti-Corruption Steering Committee under the prime minister, but it remains to be seen how successful it will be in coordinating the different organisations involved in the fight against corruption.
4. Nepotism is commonplace across all state institutions involved in the NIS despite the formal existence of merit-based appointment systems. Codes of conduct, where they exist, are poorly enforced. This is especially the case where they deal with conflicts of interest. Access to off-the-books funds is the norm.
5. Despite a relatively strong tradition of public consultation through mass organisations, consultation is actually quite formalistic and narrowly based. State institutions are more at home with secrecy than openness.
6. While internal and public complaint mechanisms exist, there is a general reluctance to use them for fear of the potential repercussions for the people who complain. There has been a small increase in formal citizen complaints directed at lower-level public officials, but the increase is marginal. Anonymity or protection for whistleblowers cannot be guaranteed.

Given that Vietnam's NIS is currently not working well, it is hard to identify any pillars that are operating head and shoulders above the rest. The CPV, the executive and the legislature deserve some credit for paying more attention to the problem of corruption, although this attention has yet to be translated into concrete results. That said, passage of the Anti-Corruption Law in 2005 represents a step in the right direction. There is some evidence to suggest that the Government Inspectorate is emerging as a stronger institution, but it is still one among a number of such agencies, and it cannot yet be said to be operating effectively in the fight against corruption. The media are beginning to play a more active role in the fight against corruption, but this is quite a new development and the media remain heavily constrained by their lack of independence.

Pillars that stand out as working less successfully include supreme audit, civil service, law enforcement, public contracting, ombudsman, business sector and regional and local government. There are many reasons for their lack of success. Institutional rivalry, turf wars, questionable political will, endemic corruption and insufficient separation between the CPV, the executive and other pillars such as the legislature, supreme audit, the judiciary, civil service, law enforcement, the ombudsman and the anti-corruption agency limit their ability to operate effectively either individually or collectively. Inadequate staffing, salaries and budget allocations also inhibit the effectiveness of many pillars in the fight against corruption. It is further worth remembering that increased focus on corruption is relatively new; this partly explains why many of the pillars are not operating effectively.

There is a sense in which the media, civil society and international organisations are potentially pushing in the same direction in terms of an increased willingness to focus on corruption and a greater commitment to government transparency. However, there is no clear alliance between them, and the role of civil society – because it is still weak – is relatively piecemeal and uncoordinated in terms of the fight against corruption.

There is a wide gap between the formal rules governing the NIS and actual practices on the ground. This is commonplace across all areas of political, economic and social life in Vietnam. The reasons for the discrepancies in relation to corruption have to do with the fact that political power often operates outside the law, that nepotism is widespread and that officials can be bribed relatively easily. Overlapping jurisdictions, unclear rules and weak state capacity are part of the problem, but there is a sense in which these problems are secondary to the political and attitudinal problems cited above.

The government's existing anti-corruption strategy as reflected in the new Anti-Corruption Law is highly ambitious. Even to make limited progress in implementing the law would be for the state to significantly up its game in the fight against corruption. However, given the way in which the NIS is currently operating, it is likely to be some years before the Anti-Corruption Law is properly enforced. In the meantime, what is actually happening on the ground in terms of anti-corruption activities is much more limited but is what one would expect given the real nature of the NIS.

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## Notes

- <sup>1</sup> Details of the NIS can be found in *The TI Source Book 1997 and 2000* and the *TI Anti-Corruption Handbook* (Berlin: Transparency International [TI], 1997, 2000), [www.transparency.org](http://www.transparency.org).
- <sup>2</sup> 'Anti-Corruption Policies in Vietnam' (Hanoi: Government Inspectorate of Vietnam, 6–7 December 2005).
- <sup>3</sup> *Vietnam Development Report 2005: Governance* (Hanoi: World Bank [WB], 2005).
- <sup>4</sup> 'Report on the Findings of the Diagnostic Study on Corruption in Vietnam' (Hanoi: Communist Party of Vietnam [CPV], Draft, December 2005).
- <sup>5</sup> The ask-give mechanism refers to what is regarded as a hangover from the era of central planning in Vietnam when government agencies or firms were very dependent on the level above in the political or economic hierarchy for resources. Now, it implies a tendency in Vietnamese political culture to give something only in return for something else and hence is very often associated with corruption.
- <sup>6</sup> Percentages reflect respondents answering 'totally agree' to the given statement.
- <sup>7</sup> The 2005 Anti-Corruption Law, passed by the National Assembly on 29 November 2005 and taking effect 1 June 2006, established a National Anti-Corruption Steering Committee headed by the prime minister responsible for coordinating anti-corruption activities. However, the research for the Diagnostic Survey was conducted before the law was passed.
- <sup>8</sup> "Diagnostic Survey," Internal Affairs Committee of the Central Committee, 2005, p. 108.
- <sup>9</sup> For further details see *Vietnam Development Report 2006: Business* (Hanoi: WB, 2006), 42–54.
- <sup>10</sup> Gainsborough includes additional case studies and draws similar conclusions. See Martin Gainsborough, *Changing Political Economy of Vietnam: The Case of Ho Chi Minh City* (London: RoutledgeCurzon, 2003).
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- <sup>12</sup> 'Clearing out the corrupt', *Vietnam Economic Times*, 10–11 June 2005.
- <sup>13</sup> Decrees providing details and implementation guidelines accompany most of this legislation. For details see 'Assessment of the Draft Law Against Corruption for the Socialist Republic of Vietnam' (American Bar Association and United Nations Development Programme International Legal Resource Center [ABA-UNDP ILRC], August 2005), 18, <http://www.abanet.org/intlaw/ilrc>; 'Local Governance, Transparency and Anti-Corruption in Community-Driven Development in Vietnam' (Hanoi: Sea-Change Partners, report prepared for WB, August 2005), 50. In addition, numerous anti-corruption documents and decrees were issued throughout the 1990s. See 'Report on the Findings of the Diagnostic Study on Corruption in Vietnam' (CPV, Draft, December 2005), 51–53, for details.
- <sup>14</sup> 'Report on the Findings' (CPV); Ari Kokko, 'Assessment of proposal for program entitled "Strengthening Comprehensive Capacity of the Inspection System: Up to 2010 with a Vision to 2020"', submitted to the Swedish International Development Agency, Hanoi, by Government Inspectorate, December 2004' (Hanoi, January 2005).
- <sup>15</sup> 'Country Profile 2005: Vietnam' (EIU). This is based on the cabinet that existed prior to the 10th Party Congress held in 2006. At the time of writing, the new cabinet had yet to be announced.
- <sup>16</sup> 'Vietnam Party Congress Discusses Corruption', *Thanh Nien News*, 21 April 2006, <http://www.thanhniennews.com/print.php?catid=1&newsid=14703>.
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- <sup>25</sup> *Vietnam Development Report 2005: Governance* (WB).
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- <sup>31</sup> Ari Kokko, 'Assessment of proposal'.
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- <sup>33</sup> These include the World Bank, ADB, UNDP, Sweden, Denmark, France, Japan, Australia and Canada.
- <sup>34</sup> 'Access to Justice in Viet Nam: Survey From a People's Perspective' (Hanoi: United Nations Development Programme [UNDP], May 2004).
- <sup>35</sup> Ari Kokko, 'Assessment of proposal'.

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- <sup>41</sup> *Vietnam Development Report 2006: Business* (WB), p. 51.
- <sup>42</sup> *Vietnam Development Report 2005: Governance* (WB).
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- <sup>44</sup> *Vietnam Development Report 2006: Business* (WB).
- <sup>45</sup> *Vietnam Public Expenditure Review* (WB).
- <sup>46</sup> Ibid.
- <sup>47</sup> *Vietnam Development Report 2006: Business* (WB).
- <sup>48</sup> *Vietnam Public Expenditure Review* (WB).
- <sup>49</sup> For example, the famous Tamexco and Minh Phung-Epco cases in the late 1990s and the Nam Cam case in 2002.
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- <sup>54</sup> Ibid.
- <sup>55</sup> Ibid.
- <sup>56</sup> General Statistics Office of Vietnam (GSO), 2006, <http://www.gso.gov.vn>. These figures are preliminary 2004 estimates.
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- <sup>58</sup> *Vietnam Development Report 2005: Governance* (WB).
- <sup>59</sup> Ibid.
- <sup>60</sup> Ari Kokko 'Assessment of proposal'.