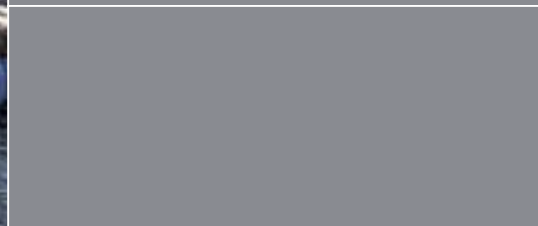
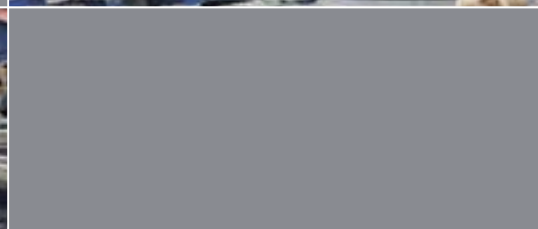




# Joint Evaluation of Support to Anti-Corruption Efforts Viet Nam Country Report

Report 6/2011 – Study



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# **Joint Evaluation of Support to Anti-Corruption Efforts**

**Viet Nam Country Report**

**June 2011**

Submitted by  
ITAD  
in association with  
LDP



## Preface

Donor agencies have increasingly included the fight against corruption in their overall governance agenda. In preparation for this evaluation, a literature review<sup>1</sup> was undertaken which showed that our support for anti-corruption work has sometimes had disappointing results.

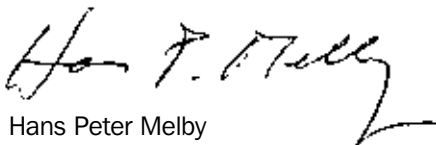
Has the donors' approach to anti-corruption work been adapted to circumstances in the countries? What are the results of support for combating different types of corruption, including forms that affect poor people and women in particular? These were some of the overarching questions that this evaluation sought to answer.

The evaluation provides insights for the debate, drawing on recent evidence from five countries. The main conclusions and recommendations are presented in the synthesis report. In addition, separate reports have been prepared for each of the case countries Bangladesh, Nicaragua, Tanzania, Viet Nam and Zambia.

The evaluation was managed by the Evaluation Department of the Norwegian Agency for Development Cooperation (Norad) and commissioned by this agency together with the Asian Development Bank (ADB), the Danish International Development Assistance (Danida), the Swedish Agency for Development Evaluation (SADEV), the Swedish International Development Co-operation Agency (Sida) and the UK Department for International Development (DFID).

The evaluation was carried out by consultants lead by the consultancy company ITAD. This company is responsible for the content of the reports, including the findings, conclusions and recommendations.

September, 2011



Hans Peter Melby  
Acting Director of Evaluation

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<sup>1</sup> Anti-Corruption Approaches. A Literature Review. Study 2/2008. [www.norad.no/evaluating](http://www.norad.no/evaluating)



## Acknowledgements

The evaluation team would like to thank the many people who contributed their time and insights to this evaluation. They include headquarters and country office staff of the five commissioning donors, government officials, representatives of donor agencies and civil society organisations. Special thanks are due to the Country Director and staff of the ADB Viet Nam Resident Mission for assisting with the arrangements for the evaluation visit. The evaluation represents the combined effort of a team including consultants who participated in the country visits and support staff at ITAD.

Full responsibility for the text of this report rests with the authors. We have attempted to record and interpret the information from various sources up to our best capacity and without any bias within the constraints arising from the arrangements for the country visits. The views contained in this report do not necessarily represent those of the commissioning donors or of the people consulted.





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## List of abbreviations and acronyms

AC	Anti-Corruption
ADB	Asian Development Bank
APEC	Asia-Pacific Economic Cooperation
AusAID	Australian Agency for International Development
CIDA	Canadian International Development Agency
CAP	Country Assistance Plan (DFID)
CAPE	Country Assistance Program Evaluation (ADB)
CPV	Communist Party of Viet Nam
CSO	Civil Society Organisation
CSP	Country Strategy Program (ADB)
Danida	Danish International Development Agency
DFID	UK Department for International Development
DFIDV	DFID Viet Nam
EC	European Commission
EU	European Union
GAPAP	Governance and Poverty Policy Analysis and Advice
GDP	Gross Domestic Product
GI	General Inspectorate
GoV	Government of Viet Nam
JPP	Justice Partnership Program
M&E	Monitoring and Evaluation
NA	National Assembly
NGO	Non-Governmental Organisation
Norad	Norwegian Agency for Development Cooperation
OSCAC	Permanent Office of the Steering Committee for Anti-Corruption
PAR	Public Administration Reform
P135-II	Programme 135 Phase II or Socio-economic Development for Ethnic Minorities and Mountainous Areas Phase II
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
POSCIS	Programme Strengthening the Capacity of the Inspectorate System
RT	Rural Transport (Projects 1, 2, 3)
RWSS	Rural Water Supply and Sanitation
SADEV	Swedish Agency for Development Evaluation
SAV	State Audit of Viet Nam
Sida	Swedish International Development Cooperation Agency
SOE	State-Owned Enterprises
TA	Technical Assistance

TABMIS	Treasury and Budget Management Information System
UK	United Kingdom
UNCAC	UN Convention against Corruption
UNDP	United Nations Development Programme
USAID	US Agency for International Development
VHLSS	Viet Nam Household Living Standards Survey
VNCI	Viet Nam National Competitiveness Index
VND	Vietnamese Dong (currency)
WTO	World Trade Organization

# Executive Summary





## Executive summary

### Introduction

S1 This evaluation is concerned with support to Anti-Corruption (AC)-related programmes over the period 2002-10 by the Asian Development Bank (ADB), Denmark, Norway, Sweden and the United Kingdom (UK). It was produced on the basis of documentation review; interviews with stakeholders at the headquarters of the donors and in Ha Noi, and a field visit to Quang Tri Province. The visit to Viet Nam took place from 14 January to 3 February 2010.

S2 Full details of the methodology for the evaluation are contained in an Inception Report. Table 2.1 summarises the projects. Details specific to the Viet Nam visit are set out in Chapter 2, with supporting material in Annexes.

### The context in Viet Nam

S3 Viet Nam has experienced rapid growth over the last decade averaging annually at roughly 7-8%, however, petty and grand corruption is endemic in public and private sectors. According to the *2006 Global Integrity Report*, corruption accounts for 3-4% of lost Gross Domestic Product (GDP) for Viet Nam each year.<sup>2</sup> Corruption ranges from bribery, theft of state assets, kickbacks, collusion in contracting, to payments for services provided. It is worse in land, police, health, construction, customs and tax.

S4 Political commitment to AC has grown over the evaluation period. The government has been pursuing multiple efforts to contain corruption. A comprehensive set of laws and policies have been developed over the past ten years, as well as institutional changes made, culminating in a new AC Strategy in 2009. However, the space provided for the media and non-state actors to participate in AC has been constrained. Investigative capacity is weak – some arrests and prosecutions for corruption have occurred, but few senior officials have been charged.

### Relevance of donor programmes

S5 Engagement with Viet Nam on AC was at first gradual, guarded and cautious through Sweden's project with the Internal Committee of the Communist Party of Viet Nam (CPV) in 2003 which led in 2005 to the release of a national survey of corruption and Denmark's project with the General Inspectorate (GI) in 2004.<sup>3</sup> In the period 2002-06, most other donors did not focus on AC. ADB was one of the few donors to make some limited and incidental AC interventions. All the other commissioning

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<sup>2</sup> *Global Integrity Report*. Retrieved 28 March 2010 from <http://report.globalintegrity.org/>.

<sup>3</sup> A few other donors such as ADB and Norad also provided limited support to the GI.

donors had some engagement with public administration or financial management reforms or legal sector reform. Linkages of these reforms to AC were not strong.

S6 The 2005 publication of the corruption survey was a catalytic event in terms of building AC interest and concern. Following the survey, a combination of corruption scandals and international events such as the Asia-Pacific Economic Cooperation (APEC) Conference led to a change in political attitude. Donors began to take a more explicit approach to AC. The government's AC Strategy was released in 2009. The ADB made an impressive range of AC commitments in its 2007-10 country strategy but it is unclear what was implemented. Sweden and Denmark, in cooperation with other donors, provided extremely valuable assistance to ratifying the United Nations Convention Against Corruption (UNCAC); in developing AC legislation; in reviewing progress on AC; and in supporting the strengthening of AC activity through a capacity building programme POSCIS, which is centred on the GI. The UK Department for International Development (DFID) has also been active under the GAPAP programme, in association with the World Bank, and also with the United Nations Development Programme (UNDP), to provide research and policy support for corruption issues. These recent donor interventions in direct AC work are assessed as highly relevant to supporting the Government of Viet Nam's (GoV) AC priorities. There is an impressively high level of donor cooperation in recent AC work. Donors have also given particular attention to avoiding corruption in their own programmes. Gaps in AC assistance still remain, including prevention of corrupt behaviour at the sectoral level; AC enforcement at the sub-national level; a lack of focus on AC in the legal sector; and in the limitations of the interventions able to be made in developing AC roles for non-state actors and the media.

### **Donor ways of working**

S7 Effective design is critical to successful implementation. Whilst projects generally have a good situational analysis of sector issues, relatively little attention has been given to the identification of corruption risks or to the drivers of corruption or to political economy issues beyond those fiduciary risks that might affect project delivery.<sup>4</sup> There was little focus in project assessments on corruption implications for people living in poverty and on understanding gender dynamics.

S8 Many older project objectives did not focus on issues of effectiveness, sometimes using language that was not readily capable of measurement.

S9 While there have been some improvements in the way that monitoring and evaluation (M&E) are undertaken by donors, this improvement in programme monitoring has not much related to AC. The evaluation found few indicators that are being used in project monitoring by any of the donors that in any way relate to AC aspects.

S10 Interlocutors praised the Government-Donor Anti-Corruption Dialogue which has evolved into a forum with broad participation from all parties where there are constructive exchanges of views on how to manage AC issues at the sectoral level. More technical support on AC issues would assist the Dialogue's work.

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4 Review of the Rural Transport 3 project in Chapter 7 notes that an AC action plan was developed to address corruption risks at different stages of the value chain.



### **Effectiveness of selected programmes**

S11 The small number of **AC-specific programmes** has been well received by the GoV, but follow-up on programme findings has not always been apparent. Interventions by Sweden and Danida provided evidential material as well as advice on major issues that the GoV wished to pursue. DFID and UNDP have been valuable with work to understanding corruption and the remedial action needed. Support for the GI through POSCIS goes to the heart of enforcement action against corruption, but its complex design poses significant risk to implementation. There is a recognition that corruption is systemic and the incentives and drivers that lead to corruption need to be understood at the sectoral level for effective action to be taken.

S12 A range of small-scale activities have given **support to non-state actors** but opportunities are limited. The Action Plan for the National Strategy does not make specific provision for working with any non-state bodies with the exception of the Viet Nam Chamber of Commerce. In particular, no mention is made of the role of civil society organisations (CSOs) or of non-governmental organisations (NGOs).

S13 The level of impact of **public administration reform (PAR)** on AC levels is questionable. The slowness of intended reforms to the quality, ethics and professionalism of the civil service and accountability mechanisms has not helped. Current planned reforms that will introduce merit and a position based structure in the civil service could be helpful to AC.

S14 **Legal sector reform** is gradually establishing a ‘rule of law’ state, with the many new laws reducing the scope for administrative abuse and corrupt behaviour. However, there has been little focus on possible corruption within the sector. Effective and credible legal processes and administrative complaint procedures that individuals or organisations can access to constrain corrupt behaviour remain under-developed in Viet Nam.

S15 **Public financial management (PFM)** has seen significant progress in creating a sound and transparent financial and budget system, but it still has some vulnerabilities to possible abuse. The audit function has improved but needs strengthening, both through the new internal audit functions and enhancing the capacity of the State Audit of Viet Nam (SAV).

S16 There is clear evidence of corruption at all stages of the investment cycle for **rural infrastructure**. The main response by GoV and donors has been to focus on procurement systems, financial management and auditing. National Programme 135 Phase II (P135-II) provides an example of how a value chain approach could be incorporated into a policy framework. Smaller scale support has demonstrated that management and ownership of investments can be decentralised with practical steps which mitigate corrupt behaviour and embezzlement.

### **Conclusion**

S17 The AC programme and project support provided by donors has been at three levels: i) those directly supporting the development of the AC framework, AC capacity building and the researching of corruption related evidence; ii) those governance

reforms related to PAR, the legal sector and PFM reform; and iii) measures taken by donors to protect against corrupt behaviour in their own programmes and projects.

S18 While there have been comparatively few AC projects, the AC-related work has been highly relevant and particularly useful, although we have expressed some reservations about the ambitions of the POSCIS project. Because there was little AC performance information in other projects that had AC-related aspects, such as PAR and legal sector reform, it is difficult to express conclusions on AC effectiveness. Improvements in approach to project work where there are AC-related aspects are needed to ensure situational and political economy analysis is undertaken; on framing AC-related objectives, outputs and outcomes; in developing effective performance M&E frameworks that take account of AC issues; in recognising and responding to risks of corruption; and in taking into account the poverty and gender implications of corruption.

S19 As the government's Anti-Corruption Strategy of 2009 indicates, there is more work needed on law-making, on improving the quality of public service, on enhancing economic management, in capacity building in inspections and audit and public awareness. More work is also needed on completing the legislative framework, with donor support, as regards an access to information law, strengthening the public complaints processes and a press law. The Strategy also recognises that the media has an AC role but donors need to continue to be active in supporting a clear reporting role for the media that is recognised and protected by law. Donors also need to encourage the GoV to further develop the Strategy to enable non-state actors to play a role in combating corruption.

S20 Viet Nam now has most of the elements of an effective AC framework in place. There is more capacity building work to do, particularly though the POSCIS project. But this is not on its own sufficient to attack corruption effectively. Donor-supported research has now become more focussed on achieving a much better understanding of the incentives that drive corruption at the sectoral level. These incentives are not just institutionally based but reflect the informal networks that drive corrupt behaviour. This reflects an increasing acceptance that corruption issues are systemic in the sense that they are part of the normal way of life in Viet Nam. Thus, donors now need to become more involved in supporting customised preventive reforms at the sectoral level.

## Lessons

S21 Chapter 9 draws together some general lessons that have emerged from the evaluation and then identifies two examples where there is sufficient evidence to provide cautious guidance on successful approaches in the Viet Nam context.

S22 **External interests are a stimulus to change.** A set of reforms up to 2006 reflect Viet Nam's intention to engage in global and regional forums such as the World Trade Organization (WTO) and hosting APEC.

S23 **Timing is essential in reform work in Viet Nam** to act when the political winds are propitious.

S24 The use of a **Dialogue forum** has proved to be an inspired and innovative way of engagement between government and donors.

### **Sequencing of support**

S25 **Donor support, by being responsive to government wishes and opportunities has resulted in a constructive sequence of activities that have been greater in the whole than the individual actions.** The three main strands that reflect this are: a cautious approach to build trust through good governance; efforts to develop the evidence base to inform and build on the Dialogue process; and then direct support to AC activities by building the legal framework and capacity building through POSCIS and directly with the GI.

### **Support at provincial and sector levels**

S26 **Work at sectoral level does not need to wait for central reforms to legal frameworks and administrative procedures.** More radical interventions can be undertaken at provincial level owing to the highly decentralised structure of government. Provinces have the ability to transform national policies through adaptation and thereby provide an important route for innovation and influence.

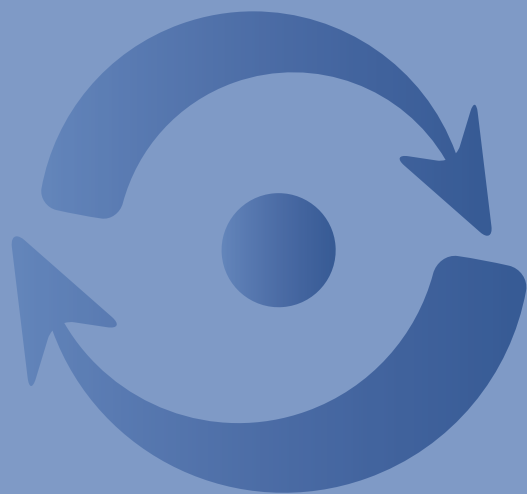
### **Recommendations**

S27 Chapter 10 sets out a number of recommendations that tackle a wide range of potential support by donors to government. Key ones are to:

- Develop and analyse data about the potential value for money from AC interventions, linked to support to government to update the 2005 diagnostic survey.
- For governance programmes with a focus on AC:
  - More attention is needed in programme and project design to identifying AC issues that need to be taken into account, including the gender and poverty impact of corrupt activities with a more structured approach to analysing potential for corruption such as through a value chain analysis.
  - Objectives should always be expressed in well defined outcome terms.
- Work more effectively together with other donors and with multilateral agencies and government to identify areas of gaps in AC support.
- Maintain support to government for new laws dealing with association, the media and access to information.
- Influence the Justice Partnership Program (JPP), for the Supreme Court to give early attention to possible corruption in the sector.
- Efforts should continue to work with government to introduce the Public Expenditure and Financial Accountability (PEFA) assessment at national level.
- Experience from the infrastructure sector shows a number of innovative or pilot initiatives that have merit and should be continued or expanded into other programmes.
- Continue to build, step by step, the excellent engagement through the GoV-Donor Dialogue.
- Build up a database of project/programme materials and studies relevant to AC.
- Seek entry points that build on government policy with regard to regional or international agreements and initiatives.
- Plan for a long-term AC Strategy, within which there is flexibility to take opportunities as they arise.
- Look for opportunities to promote and test innovations at provincial level.



# Main Report





# 1. Introduction

## Background

1.1. Five development partners: the Asian Development Bank, the Danish International Development Assistance (Danida), the Swedish International Development Cooperation Agency (Sida), the UK Department for International Development (DFID), and the Norwegian Agency for Development Cooperation (Norad, lead agency), together with the Swedish Agency for Development Evaluation (SADEV) have commissioned a joint evaluation of anti-corruption (AC) efforts over the period 2002-09.

1.2. The evaluation was being implemented in 2009 and 2010, with case study fieldwork in Bangladesh, Nicaragua, Tanzania, Viet Nam and Zambia.

1.3. The commissioning donors have paid considerable attention to AC in their development cooperation in recent years. Each has emphasised their zero tolerance of corruption in providing development assistance. Levels of corruption remain high in many countries, however, and there is a wish to find out how support in this area can become more effective. The primary audience for the evaluation is the agencies commissioning the work. Secondary audiences include interested parties in the case countries (national authorities, civil society and others), other countries and donor organisations. The purpose and objectives of the evaluation, which were intended to cover both descriptive and analytical information, are presented in Box 1.1.

### **Box 1.1: Purpose and objectives of the evaluation**

#### **Purpose of the evaluation**

The purpose is to obtain knowledge regarding the relevance and effectiveness of support to reduce corruption, both through specific AC efforts and in other programmes – in order to identify lessons learned regarding what kind of donor support may work (for poor people and women in particular), what is less likely to work and what may harm national efforts against corruption.

#### **Objectives**

The objectives are to obtain descriptive and analytic information related to actual results of the support provided by the five commissioning donors, both overall and for each of them in each of the selected countries, regarding:

- corruption diagnostic work (highlighting, where relevant, information disaggregated by gender)
- underlying theory, AC Strategy and expected results of their support to reduce corruption
- the implementation of support to specific AC interventions and achieved results
- other donor interventions or behaviour relevant for corruption and AC efforts, and achieved results in terms of corruption
- the extent of coherence of AC practice between specific AC activities and other programmes, for individual donors
- the extent of coherence of AC practice within the donor group
- the extent that gender and other forms of social exclusion have been taken into account in donor interventions.

### **The report**

1.4. This evaluation is concerned with support to Anti-Corruption (AC)-related programmes over the period 2002-10 by the Asian Development Bank (ADB), Denmark, Norway, Sweden and the United Kingdom (UK). It was produced on the basis of documentation review; interviews with stakeholders at the headquarters of the donors and in Ha Noi, and a field visit to Quang Tri Province. The visit to Viet Nam took place from 14 January to 3 February 2010. The mission consisted of Derek Poate, Edmund Attridge, Tim McGrath, Nguyen Minh Hai and Dang Ngoc Dung.

1.5. **Methodology** Reference to full details of the methodology can be found in the Synthesis Report. The Asian Development Bank facilitated arrangements for the country visit. Details specific to the Viet Nam visit are set out in Chapter 2, with supporting material in annexes. The approach was based on a review of available secondary data including evaluation reports and extensive interviews with a range of stakeholders, including donor country staff (past and present), government officials, non-governmental organisations (NGOs) and consultants. A list of persons consulted is given in Annex 3 and of documents in Annex 4.

1.6. **Limitations** Few preparations at country level were completed before the consultant's team arrived which led to delays in arranging meetings and in access to senior officials. The team did manage to meet most of the stakeholders they wished to but there are significant gaps in the range of interviews with the Ministries of Justice and Home Affairs. There were also difficulties in obtaining some relevant documents. A visit was made to government programmes in one province and the findings have been used to inform the evaluation but are not reported separately.



## 2. Methodology and analytical framework

### Methodology

2.1. The approach is characterised by: the use of an evaluation framework to set out the questions to be answered; a mapping of projects against the categories used by the United Nations Convention against Corruption (UNCAC); an analysis of projects to understand their intervention logic and evidence of effectiveness; and data collection tools for document review and interviews with key informants. Further details can be found by reference to the Synthesis Report for this evaluation.

2.2. The definition of corruption used in this evaluation is “*the abuse of entrusted authority for illicit gain*”. The questions in the terms of reference have been rationalised and simplified into an evaluation framework that is reproduced at Annex 1. This provides a working structure for all analysis of documents and interviews with key respondents. In accordance with the requirements of the terms of reference, the framework deals only with the evaluation criteria of relevance and effectiveness.

2.3. In order to structure the diverse range of projects supported by the five donors, we use the categories in the UNCAC as an organising framework.<sup>5</sup>

2.4. Individual donor projects and programmes are the units of study under the evaluation.<sup>6</sup> In order to investigate their relevance and effectiveness, we have examined the intervention logic of each project and reviewed the statements of objectives and indicators. We have also examined the collective efforts of donors, where they have worked together on a project or otherwise coordinated their activities.

2.5. We have described the way in which we have selected and reviewed projects as a ‘table-top approach’. This means we have made a broad but ‘thin’ or ‘light’ evaluation of all donor programmes in all five countries (the ‘table top’), and then chosen major programmes or sectors to examine at greater depth (the ‘table legs’).<sup>7</sup>

2.6. Progress was made towards the table top prior to the country visit with a comprehensive overview of the contextual and situational analysis in each country (Annex 7), and a review of all donor programmes in each country.<sup>8</sup>

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5 This has enabled the evaluators to understand the scope of coverage of the projects and identify any significant gaps in efforts to tackle corruption.

6 For simplicity, the words project and programme are used interchangeably in this report. Project is used as the default term for donor-supported interventions.

7 In practice, owing to the ‘clustering’ of projects around common themes, few projects were left on the table top.

8 These were updated and extended during the visit itself as more details became available to the team.

2.7. In addition to evaluating some major programmes, in accordance with the terms of reference, one other sector not dealing specifically with AC was included for analysis. After discussion with the commissioning donors, the rural infrastructure sector was chosen for Viet Nam.

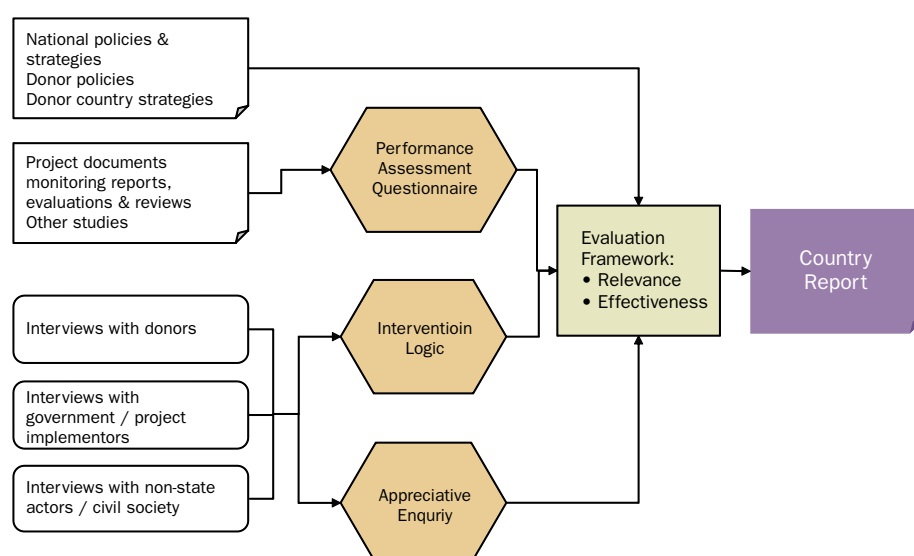
### Data collection tools

2.8. A number of conventional data collection tools were adapted for the specific requirements of this evaluation. First is the programme performance assessment questionnaire. This is a document review questionnaire that examines the logic and consistency of the project design, the nature of indicators and monitoring and evaluation (M&E). Results are cross-checked during interviews before the findings are finalised. An example of a completed form is at Annex 1.

2.9. Next are interview topic lists. These are used to ensure that interviews with respondents follow the issues as set out in the evaluation framework and are structured consistently by all members of the evaluation team (Annex 1).

2.10. In addition, two participatory exercises were developed for use in group meetings: a card-sorting approach to stimulate discussion about how interventions are intended (in the understanding of stakeholders) to bring about change and the nature of that change; and the qualitative discussion tool of ‘Appreciative Enquiry’ to learn from positive experience and develop lessons about what kind of donor support may work and what is less likely to work. Examples of their use are at Annex 7. Figure 2.1 illustrates how these tools combine to support the country report. In fact, neither of the participatory tools were used in Viet Nam as it proved not possible to organise group meetings with stakeholders.

**Figure 2.1: Joint external evaluation of anti-corruption**  
– data collection flowchart



## Application of the approach in Viet Nam

### Donor mapping against UN Convention against Corruption

2.11. Annex 5 contains a full presentation of project mapping. The projects were identified from three sources:

- scrutiny of donor websites and published lists of projects
- review of donor country strategy documents and, where available, progress reports against those strategies
- cross-checking with donor staff in Viet Nam.

2.12. In reviewing the projects, we found that a significant number were supported by more than one donor; that many projects are follow-on support for which titles and specific objectives may change from phase to phase but the central features are unchanged; and that many projects contribute to more than one of the UNCAC categories, especially under the broad area of prevention.

2.13. Table 2.1 lists the final selection of projects and how they were allocated into the table top or legs. Allocation was based on review of the documentation and discussion with donor staff in country. All major projects in the selected 'legs' were reviewed.<sup>9</sup>

**Table 2.1: Selection of projects for study**

Themes	UNCAC	Table Top	Table Legs
1) Establishing preventive AC policy and practices	Articles 5 & 6	<p><b>DFID</b> Governance and Poverty Policy Analysis and Advice 2007-12</p> <p><b>DFID</b> One UN</p> <p><b>DFID</b> Poverty Reduction Support Credit</p> <p><b>ADB</b> State-Owned Enterprise (SOE) Reform: Program Loan VIE 30058, 1999-2004 and associated Technical Assistances (TAs) VIE 3353 and VIE 3354, 2002; TA VIE 39538, 2006</p> <p><b>ADB</b> Legal Sector Development TA VIE 34346, 2002</p> <p><b>Sweden</b> TA support on Corruption survey to the Committee for Internal Affairs of the Communist Party of Viet Nam (CPV) 2003-05</p> <p><b>Sweden/Denmark/Netherlands/CIDA/Norway</b> Programme Strengthening the Capacity of the Inspectorate System (POSCIS)</p> <p><b>Denmark</b> TA to the Office of the Inspector-General to assist the Inspector-General in the conduct of studies and preparing for the ratification of the UNCAC</p> <p><b>ADB</b> Support to the General Inspectorate (GI) – Small scale TA VIE 4467(1), 2005</p>	

<sup>9</sup> Some smaller ones, or ones with little documentation available, or the 'older phases' in multi-phase projects, or where the project was supplementary to a larger project, were generally not reviewed in detail. For jointly-funded or jointly-supported organisations, such as financial management reform, documentation from only one of the donors was used.

Themes	UNCAC	Table Top	Table Legs
2) <b>Dealing with corruption in the public sector</b>	Civil service reforms (Article 7)	<p><b>ADB</b> PAR Program 2003-05, US\$49.496 million and three associated TAs (VIE 4080 supporting the Office of the Government in e-government reform; VIE 4081 supporting the Ministry of Home Affairs on training and service delivery reform; and VIE 4082 supporting the OOG on policy reform)</p> <p><b>ADB</b> SOE Reform and Corporate Governance Program Loan 2000-03, VIE 30058, US\$56.2 million</p> <p><b>ADB</b> SOE Reform and Corporate Governance Facilitation Program Multi-tranche Financing Loan 39538, 2009</p> <p><b>ADB</b> Civil Service Reform TA VIE 41451, 2008 (ongoing)</p> <p><b>Denmark</b> Support to the Administrative Reform Process in Dak Lak Province (Phase 2) 2003-04</p> <p><b>Norway</b> PAR Support, Ninh Binh, 2006-11</p> <p><b>Norway</b> GI</p> <p><b>Norway</b> PAR – Pilot Project</p> <p><b>DFID</b> Support to Ministry of Planning and Investment Inspectorate 2003</p>	<p><b>ADB</b> PAR Program 2003-05, US\$49.496 million</p> <p><b>ADB</b> SOE Reform and Corporate Governance Program Loan 2000-03, US\$56.2 million</p> <p><b>Norway</b> GI</p> <p><b>Norway</b> PAR – Pilot Project</p> <p><b>DFID</b> Support to Ministry of Planning and Investment Inspectorate 2003</p>
	Procurement and PFM (Article 9)	<p><b>ADB</b> TA 4467 on Anti-Money Laundering</p> <p><b>Norway/DFID/Sweden</b> Trust Fund World Bank Public Finance Reform</p> <p><b>DFID</b> National Audit Office/International Organisation of Supreme Audit Institutions</p> <p><b>DFID</b> PFM Reform Project</p>	<p><b>Norway/DFID</b> Trust Fund World Bank Public Finance Reform</p> <p><b>DFID</b> National Audit Office/International Organisation of Supreme Audit Institutions</p> <p><b>Denmark</b> National Audit Office</p>
	Public reporting (Article 10)		
3) <b>Dealing with corruption in political processes</b>	Code of conduct for elected public officials (Article 8)	<p><b>Sweden</b> Cooperation between Viet Nam's National Assembly and the Riksdag (the Swedish Parliament)</p>	
4) <b>Dealing with corruption in the private sector and financial institutions</b>	UNCAC Articles 12 & 14 Asset Recovery	<p><b>ADB</b> Implementation of Money Laundering Decree TA VIE 39102 AML, 2005</p> <p><b>Sweden</b> Support to business community to find solutions for increased transparency and integrity</p>	

Themes	UNCAC	Table Top	Table Legs
5) <b>Participation of society (Demand side)</b>	UNCAC Article 13	<p><b>Norway</b> Increasing proportion of women in National Assembly</p> <p><b>Norway</b> Gender Equality and Exploitation/Human Trafficking</p> <p><b>Norway</b> International Labour Organization Industrial Relations, Srv-2761</p> <p><b>DFID</b> Transparency International Viet Nam Programme – Strengthening Anti-Corruption Demand 2009-13</p>	
6) <b>Dealing with criminalisation and corruption in the judiciary and prosecution sectors</b>	UNCAC Article 11 Criminalisation	<p><b>Denmark/Sweden</b> Thematic programme document Phase III of Support to Legal and Judicial Reforms in Viet Nam 2003</p> <p><b>Norway</b> Legal System Development Strategy to 2010, Srv-05/041</p> <p><b>Denmark/Sweden</b> Assistance for the Implementation of Viet Nam's Legal System Development Strategy to 2010, 2003-09</p> <p><b>Denmark/Sweden</b> Support to the National Legal Aid System in Viet Nam 2005-09</p>	<p><b>Denmark</b> Thematic programme document Phase III of Support to Legal and Judicial Reforms in Viet Nam 2003</p> <p><b>Norway</b> Legal System Development Strategy to 2010, Srv-05/041</p> <p><b>Denmark/Sweden</b> Thematic programme document Phase III of Support to Legal and Judicial Reforms in Viet Nam 2003</p> <p><b>Sweden</b> Assistance for the Implementation of Viet Nam's Legal System Development Strategy to 2010, 2003-09</p> <p><b>Sweden</b> Support to the National Legal Aid System in Viet Nam 2005-09</p>
<b>Non-AC sector: Rural infrastructure</b>		<p><b>ADB</b> 1st, 2nd and 3rd Provincial Towns Water Supply and Sanitation Project, 1997-2008, US\$191.911 million</p> <p><b>Denmark</b> Sector Programme Support (SPS) for the Water Sector in Viet Nam – Buon Ma Thuot Sanitation Sub-Component (BMTSS), 2000</p> <p><b>Denmark</b> Sector Programme Support to Water, Sanitation and Hygiene Promotion Viet Nam 2007</p> <p><b>Sweden</b> Chia Se</p> <p><b>DFID</b> National Programme 135 Phase II (P135 II); Rural Transport (RT) 2 and 3</p>	<p><b>ADB</b> 1st, 2nd and 3rd Provincial Towns Water Supply and Sanitation Project, 1997-2008, US\$191.911 million</p> <p><b>Denmark</b> Sector Programme Support (SPS) for the Water Sector in Viet Nam – Buon Ma Thuot Sanitation Sub-Component (BMTSS), 2000</p> <p><b>Denmark</b> Sector Programme Support to Water, Sanitation and Hygiene Promotion Viet Nam 2007</p> <p><b>Sweden</b> Chia Se</p> <p><b>DFID</b> P135 II; RT2 and 3</p>

Note: Performance Assessment Questionnaires were completed for all projects highlighted in blue.

2.14. In addition to the programmes supported directly by the commissioning donors, Table A1 in Annex 1 sets out a list of relevant AC projects supported by development partners and mapped by Sweden as part of its role as lead donor in the Government-Donor Anti-Corruption Dialogue process. These present a more holistic picture of support across a wider range of sectors.<sup>10</sup>

2.15. UNCAC was only ratified by Viet Nam in 2009, but was taken into account in the design of the 2005 law and in the AC Strategy issued in 2009. The categories of AC activity that are set out in UNCAC are therefore a useful framing tool in reviewing the AC donor support that has been provided. Many of the above interventions relate to more than one Article of UNCAC.

2.16. In addition, donors' support has included a wide range of projects that have AC-related elements. These include the policy triggers included in the various phases of the Poverty Reduction Support Credit led by the World Bank; programme work on poverty reduction at provincial level and in the various sectors such as education and health to improve poverty initiatives, transparency and local participation in decision-making; engagement in policy dialogue with the Government of Viet Nam (GoV) and other donors, as part of donors' normal operations in Viet Nam, in improving development effectiveness such as through procurement reform (Article 9) or by seeking to ensure that the Socio-Economic Development Programme 2006-10 implements an effective results-based framework that includes a focus on AC (Article 5).

### **Conduct of the country visit**

2.17. The structure of meetings during the country visit and a list of people who were consulted appears at Annex 3. The team started with meetings at the offices of commissioning donors and then moved on to interviews with officials in government, in project offices and with other development partners and representatives of civil society organisations (CSOs) and NGOs. Difficulties were experienced in securing meetings with senior officials in the Ministry of Home Affairs and Ministry of Justice. Some meetings were conducted with discussion largely restricted to a formal response to questions submitted in advance. It was not possible to convene a group meeting of Vietnamese involved with donor-supported AC efforts, for participatory discussions. Part of the visit included a field trip to Quang Tri Province in which meetings were held with a wide range of officials at provincial level. The observations during the field visit were a valuable means of validating many issues that had emerged during interviews in Ha Noi. We are grateful for the cooperation of those who we met with. Delays in obtaining some documentation held back understanding on some issues in the early part of the evaluation reference period. A feedback session was held on 2 February 2010.

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<sup>10</sup> Other major partners listed are: Belgium for work with PAR at provincial level; the EC/UNDP for support to the GI in the context of UNCAC reporting; USAID for legal reforms in connection with WTO and the US-Viet Nam bilateral trade agreement, and the Provincial Competitiveness Index; Sweden and the British Embassy for support to integrity and transparency in business; and Australia for training for the Communist Party Inspectorate, OSCAC and GI. Even so, this so-called master list does not include long-running work by the UN and others to support the National Assembly. There is also important ongoing AC support provided by UNDP and the World Bank.

### 3. Country context

#### Summary of key points about country context

- Corruption is endemic – it is increasingly seen as a serious problem, with grand and petty corruption accounting for losses of 3 to 4% of GDP each year.
- Although there has been impressive economic and social growth, many of the intended reforms in good governance have made less progress.
- The GoV's focus on AC strengthened over the evaluation period, as did donors with a comprehensive set of laws and regulations being enacted, new institutional functions created and an AC Strategy launched in 2009.
- Attention is now being placed on AC implementation, including capacity building, public awareness and improved enforcement with investigative capacity particularly weak.

#### Introduction

3.1. Led by the CPV, the government has been implementing a series of far-reaching economic, social, cultural and governance reforms over the evaluation period, including in relation to corruption. Viet Nam's processes for managing change place a premium on decision-making by consensus; on using a step-by-step approach to reform; and on maintaining social stability, with the Party acting as the leading force in society.

3.2. Throughout the Do Moi reform process Viet Nam has attracted huge foreign investment which has become an important driver of economic growth (13% of GDP in 2001) averaging roughly 7-8% per annum over the last decade. As well as making impressive strides in socio-economic development, Viet Nam has strengthened its capability in economic management; successfully maintained political and social stability; and dramatically reduced poverty. However, the pace of governance reforms has been patchy and uneven, with some improvements made through financial management reform, restructuring, reductions in red tape, one stop shops, information technology, devolution of administrative powers to local levels, modest remuneration increases and enhanced law-making. But accountability, transparency levels, standards of service delivery and the quality of the civil servants generally remain as particular areas of concern. The role of non-state actors is changing and there has been a dramatic growth in their numbers, especially at provincial level, and there is some evidence of their ability to monitor government (Annex 6), especially among mass organisations which have a clear mandate in this regard. Economic liberalisation has, however, affected public expectations, with increasing domestic and international pressure to tackle corruption in government institutions and state-owned enterprises (SOEs).

3.3. More decentralisation is bringing greater participation and calls for stronger leadership. That carries an associated tension on the political system to adapt to be stronger and more participatory without ceding control from the CPV. The Party has been positive in supporting a more outward-looking stance for the country as a whole. However, whilst the party wants to see industrialisation, modernisation, an effective state and political stability, there is no plan to move from a one-party state and reforms need to be well prepared and undertaken in a cautious, step-by-step manner. DFID's Drivers of Change analysis characterises change as being fast for economic activity, slower for social change and slowest for political change.<sup>11</sup> This has a direct bearing on the rule of law whereby changes that affect citizens' rights and power through association and access to information have been slow to make progress, compared with wider regulations about tackling corruption.

3.4. Over the evaluation period, corruption increasingly has been recognised as an endemic and negative factor in the public and private sectors. The Transparency International Corruption Perceptions Index shows a steadily improving score between 2002 and 2008. The World Bank Control of Corruption Index worsened significantly between 2004 and 2006 but has subsequently improved in 2007 and 2008. There have been frequent expressions of official determination to deal with corruption. Corruption is seen as a major risk to the legitimacy of the Party, as threatening public trust in the government and as affecting the pace of socio-economic development.<sup>12</sup> According to the *Global Integrity Report* for Viet Nam 2006, corruption accounted for 3-4% of lost GDP each year<sup>13</sup> although corruption seems to have been no worse comparatively than other countries in the region at similar stages of development. A study by the GoV estimated that bureaucrats misappropriated at least 20% of infrastructure spending.<sup>14</sup> Political corruption is difficult to quantify but there have been a number of high-level political corruption scandals in recent years, including the 2006 project management unit scandal involving the embezzlement of aid funds in the Ministry of Transport.

3.5. The 2005 survey of corruption conducted by the CPV, with Sweden's support, showed that both grand and petty corruption is experienced as common at all levels and in all organisations, both at central and local levels. Corruption was seen by respondents as the most serious social problem then facing Viet Nam and in that regard, as outranking inflation and unemployment. Land and housing, customs, traffic police, tax and finance, construction in infrastructure projects and health were said to be the most corrupt sectors and agencies. Both grand and petty corruption was prevalent. The most commonly encountered forms of corruption were soliciting bribes by creating obstacles; accepting bribes for favours; nepotism; and using public assets for personal benefits, such as through misappropriation and kickbacks. Corruption in SOEs was also quite common, such as collusion in tendering, recruiting unqualified people for self-interest, and organising junkets to influence people in authority.

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11 Court, J. and Nguyen, H. 2007. *Drivers of Change in Viet Nam and Implications for DFID Country Assistance Plan 2007-11*.

12 See for example, Resolution No.4 – NQ/TW of the Communist Party Central Executive Board, Legislature X, Session 3, 21 August 2006.

13 *Global Integrity 2006* (in Business Anti-Corruption Portal [www.business-anti-corruption.com/](http://www.business-anti-corruption.com/))

14 *The Economist*. 12 September, 2002.



3.6. The 2005 survey also found that few corrupt acts were being detected and few perpetrators were being meaningfully sanctioned. The causes of corruption were said to be weak and ambiguous policies and laws; the ineffectual management of staff; weak enforcement, inspection and supervision; and social causes such as cultural habits of giving gifts for services and moral depravity. Only a third of those surveyed thought that low pay was a root cause, with greed seen as a more important factor. The reasons for limited effectiveness of AC work were thought to be: that the role of the public in exposing corruption was not fully utilised, that responsible senior officials and managers were not willing to take determined action, and that it was difficult to gain evidence and to break through in systematic corruption cases. Fear of victimisation and lack of incentives discouraged citizens from taking active part in AC.

3.7. In the 2008 Viet Nam Household Living Standards Survey (VHLSS), 65% of respondents answered that corruption was a major problem for their family. The survey found that corruption was serious in the courts, the police, land use and the central and local health service. In the 2008 Provincial Competitiveness Survey, 60% of the firms surveyed said that paying bribes to public officials was a moderate to serious obstacle in doing business in Viet Nam.

### **Tackling corruption in Viet Nam**

3.8. A comprehensive set of policies have been developed over the past ten years, culminating a new Anti-Corruption Strategy in 2009. A 2008 desk review of AC laws in the region indicated that Viet Nam has the most wide-ranging law in terms of thematic scope in Asia.<sup>15</sup> Thus, the adequacy of the legal framework for AC is less the issue in Viet Nam today than is the implementation process where there are multiple continuing difficulties in: implementation capacity; weaknesses in accountability and transparency that make it difficult to expose corruption; the lack of political will to sanction corrupt behaviour; the lack of protection for whistleblowers; the administrative processes for lodging complaints; and taking effective investigative and enforcement action.

3.9. Since the Law on Anti-Corruption became effective in June 2006, institutional and organisational development has focused on the GI and other bodies responsible for following up on corrupt behaviour. The Permanent Office of the Steering Committee for Anti-Corruption (OSCAC) was established in early 2007.<sup>16</sup> Many ministries and provinces have established steering committees for AC. At the local level, provincial steering committees are in the process of preparing implementation guidelines for the National Strategy for Anti-Corruption.

3.10. Containing corruption in Viet Nam is also difficult because the opportunities for public scrutiny of corruption in Viet Nam are limited, with complex rules for the recognition of CSOs and the controls placed on media-reporting in particular posing serious constraints. A number of journalists, bloggers and citizens continue to face the threat of prosecution, with some journalists jailed for corruption reports. Donors have emphasised that more favourable conditions should be given to the media to

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<sup>15</sup> See the 2008 Review (p. 9).

<sup>16</sup> Embassy of Finland 2008. *Anti-corruption in Viet Nam: the Situation after Two Years of Implementation of the Law*. Hanoi.

report corruption cases. Donors have also been active in supporting the GoV in the preparation of a Press law; legislation to give greater access to official information; and laws recognising the role of civil society. Support is also being provided to develop an even more assertive role for the National Assembly and the People's Councils as well as civil society.<sup>17</sup>

3.11. The government institutions that play key roles in enforcing AC standards have restructured to give a special focus to AC activity. The GI, through its Anti-Corruption Bureau, which was created in October 2006, oversees the work of internal inspectorates in each government ministry. The Supreme People's Procuracy's Department of Prosecution and Corruption Investigation was set up in September 2006, and the Ministry of Public Security's Bureau of Corruption Criminal Investigation was established in January 2007. In addition, the State Audit of Viet Nam (SAV) became independent of executive government in 2005 and through audits it conducts, is able to review the adequacy of procedures and controls and areas of high corruption risk. In 2009, Viet Nam ratified the UNCAC.

3.12. Efforts to enforce corruption laws have led to arrests of some officials and a number of prosecutions. However, more effective enforcement action has been weakened by capacity constraints in investigating sometimes complex fraudulent transactions and/or difficulties in obtaining clear evidence. Moreover, there have been few instances where enforcement bodies have investigated top political leaders. Enforcement bodies remain under the influence of the CPV. Mechanisms for addressing corruption either through the courts or complaints procedures also remain underdeveloped and lack independence. Despite promotional campaigns, public awareness of AC mechanisms appears limited. In interviews during the evaluation, GoV representatives acknowledge that enforcement bodies need to build up their capacity and achieve better results. The publishing in 2009 of a comprehensive AC Strategy (see discussion in Chapter 6) sets the scene for a more robust response to AC in the years to come.

3.13. From a value for money perspective, the level of direct effort in tackling corruption would appear to be considerably less than the apparent loss to society. However, data that would enable an assessment to be made are not readily available.

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<sup>17</sup> VGP News. Hanoi, 26 November 2009.

## 4. Relevance of the donor programmes

### Summary of key points about relevance

- Few long-term programmes in Viet Nam have directly focussed on AC but some programmes at sectoral level have, or have had, an incidental focus on AC.
- TA was provided by a few donors from 2003 onwards in supporting the GoV and CPV in researching corruption and developing parts of the AC framework, including through the GI.
- Other donors focussed before 2006 on governance reform in fields such as public administration and financial management, as having an incidental AC impact.
- Gradual deepening of donors' involvement occurred from 2006 in supporting an enhanced AC legal and policy framework and building up the AC evidence base.
- POSCIS is focussing on capacity building in AC enforcement in the GI and some ministry inspectorates.
- There are gaps in relevant donor assistance including in AC prevention at the sectoral level, in AC in the legal sector and in AC implementation at the sub-national level.

4.1. This section examines the relevance of the five donors' programmes. Findings are presented in three parts. Firstly, the overall scope of donor programmes; secondly, the evolution of donor approaches to AC; and thirdly, growing donor support for AC-related activity.

### Scope of donor programmes

4.2. By the Millennium there was growing interest in the donor community internationally in supporting the fight against corruption in countries where they were providing assistance. However, in Viet Nam, corruption remained a sensitive subject that was focussed on mainly inside the CPV and by the GoV rather than through joint dialogue or interaction with the donor community.

4.3. Over much of the evaluation period, this sensitivity seems to have stood in the way of any of the commissioning donors conducting the sort of comprehensive and independent political economy analysis that might have been expected of a problem like corruption, that was said to be endemic and systemic. Viet Nam's policymaking and administrative process, and in particular the CPV, are not particularly transparent. Moreover, in AC research, there appears to have been little focus on issues such as the influence of informal networks, power relationships and political trends. DFID's governance work in 2007 did identify some of the drivers of change and noted the risks posed to development by corruption.<sup>18</sup> The ADB's governance

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<sup>18</sup> Court, J. and Nguyen, H. 2007. *Drivers of Change in Viet Nam and Implications for DFID Country Assistance Plan 2007-11*.

assessment in 2005 describes the nature of corruption quite well but offers few insights on the informal forces, as opposed to the institutional issues, that drive corruption in Viet Nam.

4.4. Early in the evaluation period, Sweden, which had a special trusted rapport with Viet Nam based on a long standing relationship since the 1970s, was able to open up an AC-related dialogue. Over time, the gradually increasing level of engagement that Sweden achieved led on to the GoV requesting Sweden to take the leading donor role in 2004 in dealing with the CPV and the GoV on corruption. While strong criticisms of the serious level of corruption might have been expected, Viet Nam has a relatively closed system of government and strong reactions are unlikely to have helped the building up of engagement. Sweden saw it as more important first to patiently build up trust and greater openness on AC work with the GoV.

4.5. Engagement with Viet Nam on AC was thus at first gradual, guarded and cautious, as indicated by the lack of AC-related projects and programmes at the beginning of the evaluation period. However, Sweden commenced a project with the Internal Committee of the CPV in 2003 which was to lead on in 2005 to the release of a national survey of corruption, and to the assistance in drafting the AC law and establishment of the National Steering Committee on Corruption. Denmark also began to work with the GI in 2004 on possible UNCAC ratification.<sup>19</sup> The first AC Dialogue at the Consultative Group level occurred in 2004.

4.6. Most donor support between 2002 and 2006 was concentrated more on advancing the GoV's main reform priorities rather than on AC directly. By that time, central planning and collectivisation had been abandoned by Viet Nam. The application of the rule of law; the development of the socialist market-based economy; the rapid reduction of poverty levels; and the application of principles such as transparency, good governance, ethical behaviour and accountability, were being promoted.

4.7. One interpretation is that the various governance reforms that were focussed on by donors after 2002 such as in public administration, the legal sector and public financial management (PFM) were, in part, a surrogate way of focussing on AC through the promotion of the principles of good governance. Thus, for example, while the ADB's 1998 AC policy indicated there would be a firm response to corruption, which it defined as the abuse of public or private office for personal gain, in fact the country strategy for Viet Nam that was developed in 2002 did not specifically refer to AC but instead included for the first time a strong focus on good governance.<sup>20</sup>

4.8. ADB was one of the few donors to make some limited and incidental interventions in areas that related to AC between 2002-05. These included some policy conditions included in the PAR Program Loan of 2003 related to the GoV's report on corruption and ethics that was to be lodged in the National Assembly, with the GoV to follow up with appropriate remedial action and policies by December 2004;

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<sup>19</sup> A few other donors such as USAID and Norad also provided limited support to the GI.

<sup>20</sup> ADB. *Country Strategy and Program Update 2002-04* and *Country Program and Strategy Update 2005-06*.

and the introduction of a civil service ethics code.<sup>21</sup> The ADB also provided some small-scale TA in capacity building to the GI in 2005.<sup>22</sup> That year, the ADB also began a small TA to support implementation of anti-money-laundering legislation.<sup>23</sup>

4.9. Sweden rightly saw support for the rule of law institutions as one essential approach to fighting corruption.<sup>24</sup> As with other donors, Danida's Country Strategy 2001-05 similarly supported key reform areas: poverty reduction with a focus on the most vulnerable; and support for good governance, democratisation and respect for human rights, with a focus on the district level. Governance priorities included assistance for decentralisation, PAR<sup>25</sup> and civil service salary reform. These measures were expected to be "*contributing to containing growing corruption*".<sup>26</sup> Danida and Sida were also active in supporting PFM reform as contributors to the Multi-Donor Trust Fund. In the legal sector, Danida and Sida contributed to three phases of project support in legal sector institutions related to the Legal Sector Development Strategy that was led by the United Nations Development Programme (UNDP).<sup>27</sup> The project had some incidental relevance to AC in that it helped strengthen the rule of law such as through publication of court decisions.<sup>28</sup>

4.10. Norway has the smallest programme among the five commissioning donors. Norway and Viet Nam have particularly close ties – around 19,000 Norwegian citizens are of Vietnamese origin. Norway's development cooperation with Viet Nam dates back almost 40 years. The main elements of the bilateral development cooperation with Viet Nam are energy, governance issues, fisheries, the environment and climate change, and women's rights and gender equality. Norway and Viet Nam have also been engaged in a human rights dialogue since 2003. At the start of the period Norway's programme included support for PAR and co-financing arrangements with other donors. Later in the evaluation period, Norway was also involved in supporting the inception phase of the POSCIS project in the GI.

4.11. In the early part of the evaluation period, DFID had only a limited and incidental involvement in supporting the government in AC work. In 2003, DFIDV responded positively to a request by GoV to support a project to build the capacity of the Ministry of Planning and Investment Inspectorate.<sup>29</sup> In 2003 DFIDV joined with the World Bank and other donors in supporting the Public Financial Management Reform Project.<sup>30</sup>

4.12. DFIDV's 2004 Country Assistance Plan (CAP) indicates awareness that the nature of corruption was not yet well understood by donors at that time, at least not

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21 ADB. *Implementation of the Public Administration Reform Master Programme 2003-05*. PAR Master Programme Cluster Loan VIE 35343, RRP, Manila.

22 ADB. *Capacity Building Support for the General Inspectorate*. Small scale TA 4467 (1), Manila, 2005.

23 ADB. 2005. *Support on Implementation of the Anti-Money Laundering Decree*. TA VIE 39102, AML, Manila.

24 See *Country Strategy for Development Cooperation, Viet Nam, January 2004-December 2008*. (p.13). Sida was active in capacity building in the Ministry of Justice; support for legal education at two major universities; capacity building in legal aid; support for law reform; engagement between the Swedish Parliament and the National Assembly; development of the legal profession; as well as in supporting the development and implementation of the PAR Master Programme, through assistance to the Ministry of Home Affairs.

25 Danida supported a long running PAR programme in Dak Lak province from 2003-09. It also supported institutional strengthening in the Office of the Government.

26 Danida. 2000. *Viet Nam: Strategy for Danish Bilateral Development Cooperation with Viet Nam*. (p. 29).

27 Danida. *Support to Legal and Judicial Reforms in Viet Nam (JOPSTO) 2003-09*.

28 Danish support to AC in the rural water supply and sanitation sector is examined in Chapter 7.

29 See the Project Completion Report by Price Waterhouse Coopers, 2006, Ministry of Planning and Investment Inspectorate Project, Project Implementation Evaluation which assessed the project as having had limited impact beyond training.

30 This project has been extended through to 2011. The possible risks of corruption are extensive – they cover the budget formulation process; execution of the Budget; budget accounting and reporting; and the audit process or supervision.

well enough to plan effective interventions. DFIDV addressed governance in the 2004 CAP through the Poverty Reduction Support Credit's commitments and targets; a portfolio of institutional strengthening programmes and projects; and through the Development Partnership Agreement which also covered issues of financial management reform and human rights. The Support Credit for example, addressed economic governance and included commitments from the GoV related to transparency and accountability; public sector reform and AC legislation. In 2006, DFIDV's work helped to broaden the Support Credit through the development of the governance pillar of the policy matrix for the next cycle of the Policy Reduction Strategy Credits (PRSC 6-10).<sup>31</sup>

4.13. Prior to 2006, GoV sensitivities constrained more general dialogue with donors on AC but this did not prevent internal discussions on AC being undertaken within the Like Minded Donor Group and discussion within the Consultative Group. The November 2005 release of the results of the first national corruption survey<sup>32</sup> was a key catalytic event in terms of building interest and concern about corruption in Viet Nam. Publication of the survey results demonstrated both the extensive reach and the seriousness of corruption, as well as providing the GoV with a more informed basis for acting to address corruption.

#### **Assessment against the UN Convention against Corruption Articles**

4.14. The UNCAC Articles provide an organising framework against which the relevance and level of support from the donors can be described:

- Articles 5 & 6, Preventive policies, practices and bodies: a number of relatively small initiatives have supported development of policy and capacity of organisations. The area of work is highly relevant. Donor support has been at a low level except for efforts to improve the evidence base which has been moderate to high.
- Article 7, the Public sector: this relevant area has been supported generally through public administration and SOE reforms and more specifically by projects linked to the GI.
- Article 8, Codes of conduct for elected public officials: this relevant area of work has seen very low levels of support to the National Assembly.
- Article 9, Public procurement and management of public finances: support to PFM is highly relevant and has received high levels of support through PFM and audit.
- Article 11, Judiciary and prosecution service: this is a highly relevant area and has received moderate to high levels of support in connection with legal and judicial reforms.
- Articles 12 & 14, Asset recovery: is a relatively low area of relevance and has received a low level of support through an ADB money-laundering programme.
- Article 13, Participation of society: this highly relevant area of work has received only low levels of support from donors.

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<sup>31</sup> DFIDV had been undertaking fiduciary risk assessments as part of the appraisal work for budget support. These provided a starting point for identifying and tackling any corruption and diversion of public resources.

<sup>32</sup> Sweden hoped this would provide a useful diagnosis and basis for dialogue. DFIDV supported this work but were disappointed with the pace and the limited dialogue leading up to its publication. See Committee for Internal Affairs of the CPV. 2005. *Report of the Survey on Corruption in Viet Nam*. Anti-Corruption Management Unit,

## Evolution of donor approaches to anti-corruption

4.15. The approach to dealing with corruption began to change in Viet Nam in 2006 as political interest and pressure lifted. This changing attitude in the CPV and the GoV grew from political concern stirred by the project management unit scandal in the Ministry of Transport; the Asia-Pacific Economic Cooperation (APEC) Conference that was held in Hanoi which had been briefed by the GoV on its commitment to reducing corruption; the need for regulatory improvements to be made as part of Viet Nam gaining membership of the World Trade Organization (WTO); and the GoV's agreement to start a twice yearly dialogue with donors on AC issues. Moreover, the commencement of the AC law in June 2006, as well as establishing of enhanced institutional arrangements, also provided a more elaborated and better focussed basis for donors to become involved in AC activity.

4.16. While the AC process largely developed from within, donors were active advocates for AC through providing TA. For example, the ADB's Country Strategy Program (CSP) for 2007-10,<sup>33</sup> undertook to support implementation of money laundering laws; the development of new further regulatory and administrative reforms;<sup>34</sup> helping to draft a civil service law; and cooperating to solve governance issues at sectoral and project levels. However, we have not seen clear evidence that the impressive list of commitments that the ADB made in its 2007-10 CSP to implementing specific measures related to AC, including mainstreaming, was followed through.<sup>35</sup> The 2009 Country Assistance Program Evaluation (CAPE) was critical of the small number of direct interventions by the ADB in AC but did note that other AC work was said to be being undertaken as part of normal operations.<sup>36</sup>

4.17. An ADB TA was launched in 2008<sup>37</sup> to assist MOHA in progressing the new law on Cadres and Civil Servants. While the TA document says little about intended AC impacts, the Regulatory Impact Assessment<sup>38</sup> that was later provided to the National Assembly identified a number of benefits the new law would offer in reducing corruption.

4.18. In recently re-occupying the lead donor role in assisting the GoV in accelerating the SOE equitisation process and strengthening the SOE corporate governance framework, the ADB has paid attention to action needed to avoid corruption and related abuses occurring under the SOE Reform and Corporate Governance Facilitation Program itself.<sup>39</sup>

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33 ADB. *Country Strategy Program (CSP), Viet Nam 2007-10*.

34 The Unified Enterprise Law, for example, sought to create a level playing field for enterprises, both private and public. All SOEs were required to be incorporated under the law by 2010.

35 These included increasing transparency and public participation; reducing opportunities for corruption through administrative simplification and e-government; minimising face-to-face interaction between contract bidders and civil servants; developing provincial capacity in private sector development, service delivery and annual planning and budgeting; and mainstreaming AC initiatives in all core operational activities.

36 ADB Independent Evaluation Unit. 2009. *Country Assistance Program Evaluation (CAPE)*. Manila (p.29).

37 ADB. TA VIE TA 41451 of 2008.

38 Ministry of Home Affairs. 2009. *Regulatory Impact Assessment Report on the new Civil Service Law*. Ongoing implementation work being supported by the TA relates to merit-based appointments and selection processes. It provides opportunities for regulatory reform intended to reduce abuses such as nepotism, favouritism and job buying. See also Dr Y.Poon and team members. 2009. *The Reform of the Civil Service System as Viet Nam Moves into the Middle Income Country Category*. PAR and AC, a Series of Policy Discussion Papers, UNDP.

39 The program recognises the importance of reducing corruption. It also includes a loan condition that directors, managers and staff of general corporations and other SOEs follow a code of ethics. There is no explicit discussion of how corruption is to be reduced. See ADB. 2009. *SOE Reform and Corporate Governance Facilitation Program*. Multi-Tranche Loan Facility VIE 39538-2.

4.19. Poverty reduction continued to be the main objective when Danida's Country Strategy 2006-10 was adopted. The move to use direct budget support as the main delivery mechanism reflected significant changes in the key principles in Danida's support for Viet Nam that reflected the evolving law and policy milieu in Viet Nam.<sup>40</sup> The strategy also supported the implementation of economic, administrative and judicial reforms as well as 'the fight against corruption'. Activities to curb corruption and promote good governance were to be implemented as part of all Danish assisted programmes and projects.<sup>41</sup> Donor harmonisation was also a key aim in the strategy.

4.20. Danida has shown flexibility, adaptability and some boldness in the design of assistance, while seeking to mitigate corruption risks. For example, Danida contributed the major part of its US\$66 million support to total water and sanitation to the National Targeted Programme for Rural Water Supply and Sanitation Phase II (RWSS) using targeted budget support.<sup>42</sup> This is the first ever budget support in the sector. AC measures include value for money audits and improved procurement procedures as well as activities to improve local planning and pro-poor targeting for equitable access. In addition to the annual financial audit and audit of adherence to current law and regulations, annual audits by the SAV also include audit of the economy, effectiveness and efficiency of the programme and assessment of the five triggers and seventeen benchmarks in the programme.<sup>43</sup> The audits indicated that TA to improve capacity for the national partners in terms of financial management and procurement had an impact on reducing corrupt behaviour. Provinces were obliged to repay funds if irregularities in the account books were found.<sup>44</sup>

4.21. Danida has continued its strong support for public sector and legal sector reform which are linked to AC reform. In 2007, Danida commenced the Programme for Good Governance and PAR whose objective is to strengthen public administration in five remote provinces, namely Dak Lak (from 2010) and Dak Nong in the Central Highland and Lao Cai, Lai Chau and Dien Bien as well as to foster twinning relationships that strengthen the legislative and supervisory work of the National Assembly. There is only limited focus on AC-related issues.

4.22. The European Union (EU), Denmark and Sweden have recently commenced a Justice Partnership Program (JPP) to support the GoV in implementing the Judicial Reform Strategy which has as its objective building "a capable, ethical, democratic and rights-protecting justice sector". To date, though, no legal sector project has addressed the independence of the judiciary which is seen in other countries as critical to effective AC enforcement. Nor has there been exploration of what are the corruption issues affecting the legal sector, the courts having been identified as a key institution of concern in the 2008 VHLSS.

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40 The strategy required that Danish assistance was (i) where possible to be integrated into GoV institutions and procedures, (ii) to support the implementation of Viet Nam's strategies and policies. See Annex 9 on Infrastructure for details of Danida's budget support to the National Targeted Programme RWSS.

41 Danida. 2005. *Viet Nam-Danida Development Partnership: Strategy for Development Cooperation 2006-10*. (p. 19).

42 2005 Funding Agreement: Regarding Sector Programme Support to water, sanitation and hygiene promotion in Viet Nam.

43 *Annual Technical Supervision, 2008 Joint Donor Support to the National Targeted Programme RWSS Viet Nam*. Hanoi 2008.

44 Other activities to improve planning and targeting involved increasing the accountability of decision-makers at local levels. This was more difficult to accomplish, as political will and a long-term support strategy was required.



4.23. A new Norwegian country strategy (Memorandum of Understanding) in 2007 set the scene for an emphasis on energy, the environment, gender and equality, with a strategic shift into actor-driven cooperation. Staff numbers in the Embassy were reduced. Norway withdrew from a number of co-financing arrangements and is slowly phasing out. Norway relies on Sweden for general leadership on AC. However, AC is a priority area in the strategy and is seen as a 'red thread' running through all activities.<sup>45</sup>

4.24. DFIDV's 2007-11 CAP,<sup>46</sup> undertakes to engage more effectively on governance, corruption, rights and climate change. Pervasive corruption was recognised to pose a serious threat to continued development, with salient features identified. As the CAP notes, *'if corruption and weak accountability are not addressed, the Party's legitimacy and, ultimately, political stability could be at risk.'* The new CAP aimed to increase efforts against corruption and help to set up an effective, new National Anti-Corruption Committee. DFIDV's goal is to reduce Vietnamese reliance on bilateral donors for support on governance, with multilaterals playing a stronger role. The Governance and Poverty Policy Analysis and Advice programme (GAPAP) is one prong of that approach. Support to the UN is the other prong (see Chapter 6). The intention in the CAP period is to refocus DFID's governance work from managing financial management projects, to engaging more deeply on policy dialogue on corruption, accountability and people's participation. These require a strengthening of institutions which promote accountability (National Assembly, State Audit,<sup>47</sup> media, and civil society) and increased people's participation. DFIDV has also been, for example, involved in advising on the GoV's draft laws relating to the media and to access to information. At the end of the evaluation period DFID started implementing a project in support of the Construction Sector Transparency initiative, which is not included in this evaluation.

4.25. While Sweden intends to remain fully engaged as co-chair and lead donor to the GoV-Donor AC Dialogue, the years 2009-13 constitute a period of transition where Sweden and Viet Nam will move away from a donor-recipient relationship towards more equal relations based on increasingly mutual interest. The current cooperation strategy for 2009-13 governs both the phasing out of regular, bilateral development cooperation to Viet Nam as well as the transition towards other forms of relations through a modality known as selective cooperation that includes AC. Sweden continues to provide support in a number of important AC-related areas, such as for the legal sector, judicial sector and the media sector.

### **Growing donor involvement in specific anti-corruption-related support**

4.26. Much of what has been described so far involves development projects and programmes where AC was but an incidental part of donor support for achieving broader national development priorities. By contrast, in recent years, Sweden, DFIDV and Denmark, in cooperation with other donors, have been active in more direct AC interventions. They have done this by assisting in the extensive GoV work

<sup>45</sup> Viet Nam has not participated in the Oslo-based Corruption Hunters Network.

<sup>46</sup> Three pieces of analysis were combined to inform that plan: a country governance assessment in 2006; a Drivers of Change Analysis in March 2007; and the Country Programme Evaluation, published in April 2007. All have been reviewed for this evaluation.

<sup>47</sup> The UK Audit office is working with the SAV on strategic planning issues.

needed in building the AC legal framework; in ratifying UNCAC;<sup>48</sup> in pursuing cross-sectoral and sectoral studies and surveys of AC;<sup>49</sup> and in supporting the strengthening of AC activity through the capacity building programme POSCIS.<sup>50</sup> The EU and UNDP are supporting GI on work relating to AC reporting. DFID has also been active in association with the World Bank,<sup>51</sup> in providing research support for corruption issues, including through the new Governance Module of the VHLSS.<sup>52</sup> Sida and DFID started support to Transparency International and the Viet Nam Innovation Day initiative in 2009. As will be obvious from these examples, donors have demonstrated close cooperation on AC by now often working jointly in providing AC assistance rather than repeating the multiple programmes/projects to be found in other sectors.

4.27. We believe that these recent donor interventions in direct AC work are highly relevant to supporting the GoV's AC priorities. They give effect to important national AC policies and strategies. They have provided important evidence-based feedback on corruption issues as well as recommendations for further action. While there is no general body of work in Viet Nam that might be described as a state of corruption and political economy and analysis, the donor community is assisting in building up the hard evidence on corruption-related issues sector by sector in a systematic and professional way. It is important this work focuses on systemic issues and also draws out the implications for those who live in poverty and for women.

4.28. Many donors have given considerable attention in recent years to protecting their own programmes/projects from corruption through tightening up on programme management and audit arrangements. The ADB, for example, has also established a special unit to oversee its procurement work.<sup>53</sup>

4.29. In assessing the improving relevance of donors' AC interventions, it is important to recognise that in 2002 it was difficult for donors to engage with the GoV on supporting its AC policies. It is only since 2006, as the AC Dialogue has broadened, that there has been a clear but gradual deepening in the AC support being provided by donors, as Viet Nam's AC laws and policies have evolved. This change has been undertaken in accord with the GoV's policy priorities, but without much involvement from non-state actors. It is quite an achievement that, with donor support, UNCAC has become central to the GoV's ongoing work on AC.

4.30. Viet Nam ratified UNCAC in 2009 and started to implement UNCAC with donors' support (One UN and others). Donors are encouraging the government to

48 General Inspectorate. 2007. *Overall Report on Advantages and Difficulties for Viet Nam in Ratifying the United Nations Convention on Corruption*. See also the General Inspectorate. 2007. *Project Completion Report Regarding the Technical Assistance provided by the Royal Danish Embassy to the Consulting Team to Assist the Inspector-General in Conducting Studies, and in preparing for Ratification of the UN Convention against Corruption*.

49 Søren Davidsen, the Ministry of Foreign Affairs Denmark (Team Leader); Nguyen Khac Hung (Consultant); Thaveeporn Vasavakul (Consultant); Matthieu Salomon (Consultant); Nguyen Quang Ngoc (Resource Person); Sida, Sweden. 2008. *Implementation Assessment of the Anti-Corruption Law, How Far Has Viet Nam Come* – which was undertaken, with support from Danida and Sida. See also the 2008 desk study conducted for the Swedish Embassy on the draft Civil Service law.

50 Government Inspectorate. *Program on Strengthening the Comprehensive Capacity of the Inspectorate System (POSCIS)*. Supported by Sida, Danida, Canada and the Netherlands. Norway contributed funding to the earlier inception stage.

51 The World Bank supports AC-related work through financial management reform; through the various phases of the Poverty Reduction Support Credits; and in coordinating the recent *Viet Nam Development Report* which contains considerable material on corruption issues. UNDP also has an active AC interest through its operational work, the publication of a recent book and its GI project.

52 Government Statistics Office. 2009. *Governance Module of the Viet Nam Household Living Standards Survey*.

53 There have also been ongoing discussions between donors, such as the six banks, and the GoV on improvements and protections that are said to be needed in further strengthening country procurement systems.

do a UNCAC gap analysis. In assessing the relevance of AC interventions undertaken in Viet Nam against the UNCAC framework, we note that there are a number of gaps. First the AC prevention work at the sectoral level is relatively underdeveloped. However, the more recent work of the AC Dialogue in building up the evidence base on corruption in key sectors sets the scene for better targeted AC assistance at the sectoral level. Second, linkages between PARs related to accountability and transparency and AC need to be strengthened as the AC Strategy recognises. Third, as identified in the 2007 review of implementation of the AC law, coordination of punitive cases in the legal sector needs attention. Fourth, outside of the POSCIS, specific support for AC at the sub-national level is underdeveloped. Fifth, the level of support for participation of civil society is also underdeveloped, including the role of the media. Sixth, while there has been much donor support to the legal and judicial sectors, there has been no donor support targeted at dealing with criminalisation and corruption in the judiciary and prosecution.

4.31. Moreover, while there is now a high level of donor interest in AC issues as illustrated by the level of discussion at the twice yearly joint GoV-Donor AC Dialogue, POSCIS (Sweden/Denmark/Netherlands/CIDA) and the European Commission (EC)/UNDP programme in the GI represent the first substantive and long-term programme interventions in direct AC work. The recent studies that have been undertaken also identify the need for other direct AC work to be undertaken.<sup>54</sup> If there has been any other gap in terms of the relevance of the AC support, given the focus in AC is now shifting from the AC framework to AC implementation, it is the need for donors now to do more in terms of assisting in AC capacity-building through assistance at the sectoral level.

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<sup>54</sup> See for example, the list of recommendations in the report by Søren Davidsen, Nguyen Viet Ha, Hoang Ngoc Giao, Thaveeporn Vasavakul, Maridel Alcaide Garrido. 2009. *Implementation Assessment of the Anticorruption Law: How far has Viet Nam come at the Sector Level? A Case-Study of the Construction Sector*. Denmark Ministry of Foreign Affairs.

## 5. Donor ways of working

### Summary of key points on donor ways of working

- Situational analysis on AC issues in programmes and projects has been limited and patchy, including as to the gender and poverty implications. The framing of programme objectives and indicators need to take more account of AC issues.
- The use of perception surveys in relation to AC should be encouraged, particularly as a way of highlighting the impact of petty corruption.
- The AC Forum has been a great success and needs to build on the good work to date through follow through on the implementation of AC measures.
- There is project work being undertaken on AC indicators for the GoV that may help donors more generally in improving performance monitoring.
- Harmonisation and alignment should be taken into account as AC interventions increase.
- There are risks such as the lack of institutional capacity that need to be managed in AC work.

5.1. This chapter looks specifically at donors' ways of working with regard to programme design; M&E; coordination, harmonisation and alignment; and risk management. It complements Chapter 6, which focuses on results, by assessing the extent to which donor behaviour (including their commitments to the Paris Declaration and Hanoi Core Statement) has an impact on AC efforts in the country.

### Anti-corruption issues in programme design

5.2. Effective programme design processes are critical to the successful implementation of programmes and projects. In Viet Nam design processes are often quite elaborate, intensive and protracted. However, despite this intensive effort, this evaluation found that little attention had been given at the design stage, and in particular in situational analysis or in using other mapping or assessment techniques, to the identification of corruption risks in a sector beyond fiduciary risks that might affect programme/project delivery.<sup>55</sup> The more recent initiatives noted in paragraphs 4.25 and 4.26 have not influenced the design of the projects and programmes reviewed in this evaluation. The review of AC issues in the construction sector was particularly critical of the abuses that SOEs in that sector are said to be involved in.<sup>56</sup> Similarly, despite extensive development support given in the judicial sector

<sup>55</sup> For example, two of the programmes the evaluation reviewed concerned SOE reform. The programme documents included lengthy situational analysis but beyond the odd sentence mentioning the need for corruption to be reduced and a discussion of corruption risks as regarding implementation the analysis said nothing about the broad range of corruption issues that are suspected to need attention in the operation of the SOEs.

<sup>56</sup> See Søren Davidsen, Nguyen Viet Ha, Hoang Ngoc Giao, Thaveeporn Vasavakul, Maridel Alcaide Garrido. 2009. *op. cit.* (pp. 7-8).

over many years, the evaluation team was unable to locate a situational analysis which covered ethical issues in institutions in the sector.<sup>57</sup>

5.3. People living in poverty and women are often more vulnerable to the impact of corrupt activities. Some of the programmes and projects examined included gender and poverty impact assessments but generally, there was little focus on corruption implications for these groups.<sup>58</sup>

5.4. Clearly, it is difficult to address the AC issues in implementing a programme/project undertaken in a sector unless they have been researched and are understood. For these reasons, more attention is needed in programme and project design to identifying AC issues that need to be taken into account, including the gender and poverty impact of corrupt activities.<sup>59</sup>

5.5. The evaluation also looked at the objectives of programmes/projects that had AC implications in assessing whether there was a well focussed and defined mission that was realistic. Some of the objectives were quite broadly expressed. There was also a tendency to describe the objective only in output or activity based terms such as passing a law or providing capacity building support, regardless of assessing whether the law or capacity building support was effective. Objectives should always be expressed in well defined outcome terms so that it is clear what difference is intended to be made to the particular corruption issue that is being worked on.

### Quality of donor monitoring and evaluation

5.6. Based on our review of programmes and projects there seems to have been some discernable improvements over the evaluation period in the way that M&E are undertaken by donors in Viet Nam.

5.7. For example, provincial level PAR programmes supported by Danida and Norway had AC-related indicators that addressed transparency, local participation, accountability, and some gender-related and poverty based issues. In Ninh Binh the Norway project had a detailed M&E system that was based on programme documentation, studies, surveys and evaluations; budget follow-up; timelines against plans; a monitoring framework; regular progress reports; tracking of evaluation of performance against indicators; with special attention given to results achieved.

5.8. This general improvement in programme monitoring has not much impacted on AC-related activities. In part this is because there have been only a few AC-specific projects to date. The evaluation found few indicators that are being used in programme/project monitoring by any of the donors that in any way relate to AC aspects.

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57 POSCIS contains extensive situational analysis on issues related to corruption in Viet Nam, as well as considerable stakeholder analysis. General Inspectorate. *Strengthening of the Comprehensive Capacity of the Inspectorate System (POSCIS)*. (pp. 13-31).

58 In the performance assessment questionnaire analysis of project documents (see Annex 1), whilst 95% of the project reviewed had a comprehensive situational analysis, only 35% had an adequate account of the gender and poverty dynamics related to corruption.

59 ADB. 2006. *Governance and Anti-Corruption Action Plan (GACAP)*, and Guidelines issued in 2008 require that risks assessments must be undertaken in CSPs, and in sectors that ADB is working in, that cover the combating of corruption.

5.9. AC-specific indicators should be included in the programme monitoring arrangements that are put in place at the programme/project design stage. Indicators might for example cover the number of instances of rent-seeking or other abuse of office detected and acted on; trends in corruption activity over time; results from audits; the extent of transparency of laws, policies, planning, decision-making and budget material; or whether there is a code of ethics in place that is being enforced and what are the outputs of that enforcement.

5.10. There is potentially relevant work on the developing of arrangements for monitoring of corruption issues that is to be undertaken by the two AC interventions in GI, the POSCIS project and the EC/UNDP projects.<sup>60</sup> The POSCIS project is to develop a performance monitoring system for inspectorates working across Viet Nam,<sup>61</sup> whereas the EC/UNDP project is to develop indicators related to UNCAC reporting.<sup>62</sup> One of the objectives of the latter project is to strengthen partnership and public involvement in the M&E of corruption and AC in Viet Nam.<sup>63</sup>

5.11. Surveys are another valuable AC monitoring tool, particularly as a way of highlighting the impact of petty corruption. There are some promising developments in Viet Nam in relation to the use of surveys to understand the perceptions of private citizens and the business community in relation to corruption levels and their impact. The results of the Governance Module of the VHLSS, as outlined in the recent Viet Nam Development Report<sup>64</sup> indicate that most people have a range of responses as to what conduct actually constitutes corruption.<sup>65</sup>

5.12. Transparency can help to provide incentives to change the administrative environment at the local level by shining a light on administrative practices that need to be improved. The annual Provincial Competitiveness Index,<sup>66</sup> which surveys business reaction to relevant issues at provincial level, has engendered competition between provinces to improve their position within the index so as to attract greater business investment. This is an interesting example of building on competitive traits in society. In time, it could help to drive down corrupt administrative activity in particular provinces. Thus, for example, in recent surveys businesses reported they found it easier to get access to administrative documents and there was less need for a personal relationship to obtain the documents.<sup>67</sup>

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60 The indicators for POSCIS are reproduced in Table 2 of Annex 1.

61 General Inspectorate. *Strengthening of the Comprehensive Capacity of the Inspectorate System (POSCIS)*. (pp. 59-68).

62 UNDP. 2009. *Strengthening the Capacity of the Government Inspectorate and the Government of Viet Nam to monitor and to report on corruption and anti-corruption efforts (in compliance with UNCAC)*. Project Outline.

63 There may be some synergy and cooperation between the undertaking of this work and the need for the development of more effective programme/project indicators by individual donors.

64 *Viet Nam Development Report 2010*. (pp. 104-105).

65 For example, bribes or gifts are most likely to be perceived as corrupt while small gifts of money for the provision of administrative duties are less likely to be perceived as corrupt. This suggests the GoV's public information campaigns on corruption have further work to do.

66 Viet Nam National Competitiveness Index, Provincial Competitiveness Index 2009.

67 There are other surveys that have been undertaken at local level that give a sense of citizens' reaction to service delivery such as the Report Cards in Ho Chi Minh City in 2008, or the DaK LaK PAR survey undertaken in 2009.

5.13. UNDP, working in conjunction with the Centre for Community Support Development Studies and the Viet Nam Fatherland Front, is also trialling a Public Administration Performance Index at the local level.<sup>68</sup> While it is broader than just AC, the experience of the pilot suggests that, after refinement, this Index could be valuable in bringing petty corruption to broader attention at the local level.

5.14. The use of diagnostic tools may also assist in future AC monitoring. For example, Public Expenditure Financial Accountability (PEFA) assessment has been used by some bilateral donors (CIDA and Belgium) at sub-national level in their targeted project provinces. Figure A1.1 in Annex 1, for example, analyses the strengths and weaknesses of three provinces under PEFA assessments.

5.15. We were not able to find any evaluation that offered frank and detailed feedback on performance in an AC programme.<sup>69</sup> Programme completion reports prepared by donors do not necessarily offer the level of objectivity and frankness that is needed. However, as the 2009 ADB CAPE has demonstrated, independent evaluations sometimes reach different judgements about the effectiveness of particular governance programmes.<sup>70</sup>

### **Donor coordination, harmonisation and alignment**

5.16. In considering how best to support the GoV's reform strategies, donor partners are expected to coordinate their development activities and to engage in dialogue to ensure there is harmonisation and alignment and in order to avoid overlap. AC seems to be better coordinated than most other areas of development assistance. The GoV's AC policies and also UNCAC have helped to frame interventions.

5.17. Some donors also undertake formal mapping exercises in the course of programme design.<sup>71</sup> Both EU/UNDP and Sweden/Danida/CIDA/the Netherlands liaised on design issues in developing their respective AC programme and project for working with the GI. Moreover, in order to ensure these two development interventions worked cohesively, it was agreed to set up a joint steering committee and a joint project management structure.<sup>72</sup>

5.18. Harmonisation has also been assisted by the trend towards donors working jointly on AC projects, as with GAPAP, the Strategic Partnership Initiative and POSCIS. Cooperative interventions bring scarce expertise to bear in helping to focus on researching strategic governance issues that affect corruption. To offer another example, the 2009 Viet Nam Development Report contains detailed research on governance, including corruption issues, to which a number of donors have contributed, including the multilaterals.

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<sup>68</sup> UNDP 2009. *op. cit.* (pp. 33-36).

<sup>69</sup> For example, DFIDV's GAPAP has the potential to assist greatly in building the evidence base on AC. Only the 2008 review of its work was available, with the next one likely to be more substantive.

<sup>70</sup> ADB. 2009. *Country Assistance Program Evaluation (CAPE)*. (pp. 29-30).

<sup>71</sup> Sweden maintains a list of AC donor programmes and projects for 2009-15.

<sup>72</sup> See UNDP/EU. 2009. *Strengthening the Capacity of the Government Inspectorate and the Government of Viet Nam to Monitor and Report on Corruption and Anti-Corruption Efforts*. (In compliance with UNCAC, Hanoi pp. 12-13).

5.19. Beyond Sweden's efforts to map AC interventions in Viet Nam, there needs to continue to be comprehensive cross-donor consideration given to the complementarity of particular donor interventions in AC or to future interventions that may be required.<sup>73</sup> If AC donor support increases over time, it will be important to ensure that gaps in the system are addressed, as outlined in Chapter 4, and that the interventions continue to be aligned in an overall way and mutually reinforce each other in supporting the GoV's work on AC.

5.20. Sweden's role as lead donor includes participation more widely than just the Dialogue. For example, the Joint Anti-Corruption meetings were created to provide a transparent, inclusive and broad platform for all interested donors and government officials to meet and discuss on-going AC work and issues in Viet Nam, participation in national seminars and events (Poverty Reduction Support Credit, government-led UNCAC seminars, etc.) with the objective to maintain a broad interaction over AC work as well as to mainstream AC into relevant projects and programmes. The success of the jointly-organised and chaired Dialogues on AC which commenced in 2006, owes much to the openness of the GoV to discussing sensitive AC issues, as well as their need for assistance to overcome capacity constraints and interest in learning from others, and the low key and sensitive steering role played by Sweden. The Dialogue is very well attended.<sup>74</sup>

5.21. The Dialogue could have become a forum for polemics but experience in 2009 suggests it provides the opportunity for frank and considered exchange of views on ways to improve AC efforts across government. The practitioner-level discussions have helped to deepen the Dialogue. While the process to be used in the Dialogue took time to evolve to the stage where all parties thought it was worthwhile, the conduct of the Dialogue exhibits much good will. It has received universal praise from all interlocutors during our evaluation. The outcome of Dialogue discussions are reported to the Consultative Group and the Prime Minister.

5.22. Through the Dialogue there are also encouraging indications of the building of a deeper level of engagement step-by-step, with relevant AC institutions. Government officials informed us that it had helped to progress thinking on key AC issues. The two Dialogues that are held each year now focus on areas of sectoral interest that have been agreed in advance. The 2010 Dialogues focussed on education and land issues. Given the technical nature of some of the Dialogue discussions, as well as persons working in a sector that is being examined, it might be worthwhile contracting independent corruption expertise to help to research the issues and present findings to the Dialogue.

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73 For example, USAID has been active in supporting some very useful initiatives related to Viet Nam joining the WTO through the Viet Nam Competitiveness Initiative, including the Provincial Competitiveness Index and the successful administrative procedures reform led within the Office of the Government, and the STAR-Viet Nam project which works on legal sector reform. There are also other AC-related programmes such as the project recently launched by the Viet Nam Chamber of Commerce to enhance transparency and consistency in business.

74 Membership includes government officials from the Office of the National Steering Committee on Anti-Corruption, the GI, the CPV and relevant ministries and agencies; as well as most embassies and development partners and some areas of civil society, such as Transparency International.



5.23. Although this evaluation is not directly concerned with the work of UNDP, it emerges as an influential participant in the AC interaction with government. The GoV has recognised that most if not all bilateral donors will withdraw once the country reaches middle income status, or before. After that, the main development relationships will be with the international financial institutions and UN family of agencies, funds and programmes. The GoV has taken an active role to support the relationship with the UN by volunteering to be a pilot country for the One UN reform initiative and hosting the international review meeting of all the pilot countries in 2010. Donors have recognised the importance of the relationship between the UN and GoV by providing funds to the One UN process and more specifically, funding TA in UNDP to support governance work in the legal sector and AC. The aim of the reforms and TA support is to make the UN more responsive to country needs and improve the quality of services. Whilst the 2010 country-led evaluation of the One UN in Viet Nam did not find evidence to demonstrate sustainable change in the UN agencies, it was clear that the new ways of working were highly regarded by government.

### Managing risks in donor programmes

5.24. It is common for projects and programmes to include risk assessments and then to set out strategies for managing and mitigating the risks that are identified. Some of these are undertaken as matrices in the programme document.<sup>75</sup> However, in reviewing donor programmes/projects, the evaluation found it intriguing to see that sometimes corruption had not been focussed on at all as a risk that needed to be managed in programme delivery.<sup>76</sup>

5.25. The AC-related risks that need to be managed and mitigated range from uncertain levels of political commitment to taking firm action to reduce corruption; the lack of checks on the power of senior Party and government officials; overly complex and ambitious programme design;<sup>77</sup> shortcomings in institutional capacity in AC; traditional issues of weak coordination across ministries and agencies in Viet Nam; shortcomings in programme management or individual capacity in AC; and disincentives to enforcing AC standards.<sup>78</sup> To this could be added institutional resistance to change.

5.26. There have been particular reservations amongst donors about the use of government processes for procurement. There is an ongoing dialogue with GoV about improvements that are believed to be needed, with recent government changes that have been made still seen as not entirely satisfactory. Some multilateral donors like the World Bank and the ADB have insisted on their own special and detailed procurement requirements so as to protect investments made. By contrast, Danida is prepared to work with country systems processes but use procurement and value for money audits as safeguards.

<sup>75</sup> The ADB has undertaken a number of assessments of risk at sectoral level in Viet Nam. See also the ADB. 2006. *Governance and Anti-Corruption Action Plan*, and Guidelines issued in 2008.

<sup>76</sup> For example, in the recently designed JPP, there is discussion in the body of the programme document of a concern that corruption may prevent citizens from benefitting from the rights and opportunities the law provides, as well as undercut the state's ability to implement important reform policies. However, this is not taken up in the risk matrix to the programme.

<sup>77</sup> POSCIS, for example, has 9 objectives and 47 outputs to be delivered.

<sup>78</sup> There are a range of possible disincentives such as loss of any benefits that corruption confers on individuals. Second, if a manager in an agency reports corruption, he may be stood down.

## Aid effectiveness

5.27. This evaluation detected no inconsistency between recent international agreements with regard to aid effectiveness and donor support for the GoV's AC strategies. In fact, Viet Nam has taken steps to improve aid effectiveness, with the GoV and donors having agreed to a series of joint commitments<sup>79</sup> shortly after the Paris Declaration.<sup>80</sup> Thus, AC support by donors is strongly aligned with the GoV's AC agenda and is clearly led and owned by the government. Partnership principles are being employed such as in the EU/Danida/Sweden JPP. Discussions within the Joint AC Dialogue and the Consultative Group have assisted in harmonisation and alignment.<sup>81</sup>

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<sup>79</sup> Hanoi Core Statement. September 2005.

<sup>80</sup> Paris Declaration on Aid Effectiveness. March 2005. See also the Accra Agenda for Action. September 2008.

<sup>81</sup> There are challenges in increasing aid effectiveness that Viet Nam is grappling with – for example, such as suggestions that it move to a programme-based approach and make greater use of country systems. As has been noted in this report, despite the support being provided by the six banks and some improvements made to Viet Nam's country systems, a number of donors do not accept that Viet Nam has yet reached international standards in budget and financial management. However, there is continuing pressure to move to local systems. But there is also a need to continue to improve local capacity, as is the donor focus in AC support. See Independent Monitoring Group. December 2008. *Independent Monitoring of the Hanoi Core Statement at Sectoral and Sub-national Level in Viet Nam*. Final Report, Hanoi. Also the Viet Nam Partnership Group. 2008. *Action Plan*. Hanoi.

## 6. Effectiveness of selected programmes

6.1. This Chapter examines the effectiveness of donor support given to AC efforts in selected programmes. In considering what have been the outcomes, the programmes/projects that have been most directly concerned with giving effect to AC strategies are looked at first. This is followed by a discussion of what has been achieved in support of AC under the three themes of this evaluation, namely PAR, Legal Sector Reform and PFM.

6.2. In assessing the effectiveness of AC activities it is noteworthy that over the evaluation period Viet Nam has maintained a very fast pace of development. While more recently the pace of growth has been affected by the global financial crisis, this steady rate of economic progress will put Viet Nam close to middle income country status in the near future. Moreover, social development has also accelerated, with poverty in rapid decline.<sup>82</sup>

6.3. Regardless of this spectacular economic and social performance, attacking corruption must continue to be a critical priority for Viet Nam. The CPV has regularly emphasised that corruption undermines political legitimacy and social stability, and is inconsistent with social justice objectives.

### Anti-corruption-specific programmes

#### Summary of key findings on support to AC-specific programmes

- The small number of AC-specific programmes have been valuable and well received by the GoV, but follow-up on implementing programme findings has not always been apparent.
- The AC-specific interventions of Sweden, Danida, DFID and UNDP have been particularly valuable to understanding corruption and the remedial action needed.
- Beyond AC-specific support, it is vital that donors support mainstreaming of measures to prevent corruption occurring in the first place through action taken in each sector.

6.4. At the end of the evaluation period, from all accounts, corruption in Viet Nam remained entrenched at all levels of the economy and in the public and private sector.<sup>83</sup> Corruption was regarded as serious, endemic and to be expected, ranging from bribes, kickbacks, patronage appointments, misappropriation of assets

<sup>82</sup> Poverty has fallen from 58.1% in 1993 to 28.9% in 2002 to 16% in 2006 according to the last household survey data. Most social indicators of development have recorded large gains.

<sup>83</sup> The GoV's 2009 AC Strategy states that "corruption has ... eroded public confidence in Party and State leadership".

through to unofficial payments for services provided.<sup>84</sup> Corruption is so extensive, that it extends well beyond formal institutional arrangements into informal networks organised as buyers, sellers and brokers. The 2009 AC Strategy described corruption as ‘threatening the survival of the regime’.

6.5. Whilst the value of donors’ AC activities have not directly been affecting the level of corruption, they have led to the improvements to the AC Framework and the AC evidence base and deepening of understanding of corruption at the sectoral level. Reform has only been gradual and step by step. Nevertheless, the donors have stayed relentlessly consistent in encouraging the GoV to address corruption and in helping to bolster political commitment.

6.6. The AC Strategy now enables a stronger focus on AC implementation, subject to some remaining legislative elements being put in place and building AC capacity. A law on access to information is urgently needed. It is critical that all elements of the state structure are engaged by the donor community and not just the executive. The CPV is clearly the most influential actor when it comes to responding effectively to AC and needs to be drawn more directly into dialogue on possible AC solutions. Without the political will that is backed by firm action to overcome a very entrenched patronage culture that exists in Viet Nam, AC action cannot hope to be effective.

6.7. The evaluators were told that the GoV assesses very favourably the support that it has received from donors in pursuing its AC agenda. Sweden, DFIDV and Danida have been particularly active. Their interventions provided evidential material as well as advice on major issues that the GoV wished to pursue. They also identified practical difficulties with the AC process such as for asset declarations that are made by public officials. However, though something is known of the action taken in response to project findings, it is not completely clear how some of the issues requiring further action are in fact being pursued. For example, the 2008 review that Danida and Sweden supported on progress in implementing the AC law<sup>85</sup> drew attention to the lack of a coherent, yet simple, system to track policy implementation at the input, output and outcome level.

6.8. Similarly, the May 2009 Joint AC Dialogue looked at the construction industry where the study that was presented suggested that while the AC law is a sound instrument, corruption in the construction sector (or any other sector) can only be curbed through a broader set of structural economic and governance reforms, such as increasing competition in the SOE sector to reduce the opportunities for collusion; improving the governance set-up of construction projects; and the redesign of project management units.<sup>86</sup>

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84 Dr M. Gainsborough, Dr Dang Ngoc Dinh, Ms Thang Phu'o'ng. 2009. *Corruption, Public Administration Reform and Development, Challenges and opportunities as Viet Nam Moves towards Middle Income*. PAR and AC, a Series of Policy Discussion Papers for UNDP. As this publication confirms, corruption is the norm, “It is impossible to operate without engaging in some form of corrupt practice”. (p.14).

85 Søren Davidsen, the Ministry of Foreign Affairs Denmark (Team Leader); Nguyen Khac Hung (Consultant); Thaveeporn Vasavakul (Consultant); Matthieu Salomon (Consultant); Nguyen Quang Ngoc (Resource Person); Sida, Sweden. (2008). *Implementation Assessment of the Anti-Corruption Law, How Far Has Viet Nam Come*.

86 Søren Davidsen, Nguyen Viet Ha, Hoang Ngoc Giao, Thaveeporn Vasavakul, Maridel Alcaide Garrido. 2009. *Implementation Assessment of the Anticorruption Law: How far has Viet Nam come at the Sector Level? A Case-Study of the Construction Sector*. Denmark Ministry of Foreign Affairs.

6.9. Donors' support has thereby been influential in broadening the GoV's approach to dealing with corruption. The challenge is in shaping the AC framework to fit the sectoral context. As Khan (2009) recognises,<sup>87</sup> there are many possible and generalised approaches to dealing with corruption, but the types of corruption and the formal and informal forces driving it need to be understood in shaping particular solutions to deal with the most damaging forms of corruption. While in the past corruption tended to be blamed on moral degeneracy of particular individuals, it is striking now to see official acceptance that corruption is systemic; that it must be addressed by reference to particular sectoral contexts in which it has taken hold (including the informal networks); and that the incentives that are causing it must be changed to redress the particular sorts of corruption. As Gainsborough et al. (2009) state, there is a tendency to view public office in Viet Nam as a means of enrichment; to service one's patronage network rather than to work for the common good; and to use lack of clarity in laws and decrees as a means of rule. Reducing corruption thus requires not just better AC implementation but changing the logic of the system that prevails.<sup>88</sup>

6.10. Support to non-state actors in relation to AC is an area where quite a wide range of initiatives have taken place but they are mostly of a small scale. Although the national AC Strategy includes raising public awareness as one of the five basic solutions (see Box A7.1.1 in Annex 7), including provision for a code of conduct, training for reporters and protection for whistleblowers, the Strategy does not make specific provision for working with any non-state bodies with the exception of the Viet Nam Chamber of Commerce for the business sector. In particular, no mention is made of the role of CSOs or NGOs. Given the acknowledged importance of civil society and of the private sector in UNCAC, the approach by donors needs to advocate further action on the governments' commitments under UNCAC. The Viet Nam Fatherland Front is a potential halfway house in seeking to gain greater public involvement in AC but we suggest donors should also continue to encourage the GoV to introduce legislation that provides a basis for broader AC action by CSOs.

6.11. Three projects supported by Norway had a small element of contributing to greater transparency.<sup>89</sup> The only explicit civil society AC project is support by DFID (with Finland, Ireland and Sweden) to Transparency International's Viet Nam Programme – Strengthening Anti-Corruption Demand, 2009-13. The purpose is to contribute to equitable sustainability and economic prosperity in Viet Nam by progressively establishing a Transparency International presence in the country.<sup>90</sup> DFID and Danida have supported the Viet Nam Innovation Day 2009 to strengthen demand for AC. Sweden has now joined the donors supporting this initiative. The donor mapping to some extent under-represents work that will have a bearing on the capacity and potential role of non-state actors. DFIDV in particular, but with some joint funding by other donors, has supported two other capacity-building initiatives that have an indirect link to participation by non-state actors in governance and corruption.

87 Khan, M. 2009. *Pro-Growth Anti-Corruption and Governance Reforms for Viet Nam: Lessons from East Asia*. PAR and AC, a Series of Policy Discussion Papers, UNDP.

88 Gainsborough, M. et al. 2009. *op. cit.* (pp. 11-22).

89 See donor mapping in Table 1

90 The aim is to raise awareness of the impact that corruption and tolerance of corruption have on socio-economic development, and by helping to reduce the risks and occurrences of corrupt practices in government, business and NGOs. There are no results as yet.

6.12. DFIDV's GAPAP project is a partnership with the World Bank. One key objective is to support the development of capabilities of Vietnamese institutions for producing policy-relevant analytical work and policy advice and supporting knowledge and skills transfer through collaboration on specific products.

6.13. GAPAP has supported the successful negotiation of a new governance module for the VHLSS.<sup>91</sup> GAPAP has also supported piloting of report cards on satisfaction with services, and developing a baseline and monitoring framework for the GoV's AC Strategy.<sup>92</sup> In addition, a policy action on the AC Strategy has been included in the annual budget support monitoring framework (Poverty Reduction Support Credit) in recent years.

6.14. DFIDV's partnership with the UN through the Strategic Partnership Initiative was intended to fund deeper UNDP engagement on democratic governance, accountability and voice, with specialist staff to be engaged. The studies commissioned since have been very well received by the GoV and the donor community.<sup>93</sup>

6.15. POSCIS (to 2014) seeks to develop improved capacity in the GI and five Ministry Inspectorates, and across a number of provinces. While the GoV has a high level of commitment to the POSCIS, success in its implementation faces significant risks – it has nine objectives and up to six results to be delivered across each of these objectives, sometimes to multiple agencies and at multiple sites. The GI itself also has significant capacity constraints.

6.16. POSCIS addresses some critical AC enforcement issues. The current inspectorate arrangements do not appear to be very effective in identifying and rectifying the claimed high level of corruption in Viet Nam. This is perplexing in a context where corruption is said to be pervasive. POSCIS will no doubt give it early attention.<sup>94</sup> However, we suggest that the partners to this programme maintain the programme under close review, to ensure that the POSCIS delivery arrangements are reasonably prioritised, realistic, properly sequenced, effective and are sustainable over time.<sup>95</sup>

6.17. Despite its acknowledged capacity limitations, OSCAC is reluctant to accept donor support in its work. While doubtless there are sensitivities in OSCAC's work for its 70 staff, it could prove to be problematic to the GoV over time if the overall strategic focus to drive AC initiatives lags behind other capacity building within the

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91 Some of the results are discussed in Chapter 5 and are more fully reported on in the *Viet Nam Development Report*, 2010. (Chapters 4 and 6).

92 GAPAP's progress on the governance module, and collecting data on migrants, constitutes two major breakthroughs for Viet Nam. The next challenge will be in disseminating the results of the surveys more widely, institutionalising priority indicators into regular household surveys, and catalysing the use of data in government policymaking.

93 While the 2007 Country Programme Evaluation was critical of the results of the Strategic Partnership Initiative, UNDP has since managed to turn around that performance. A team of policy advisers was recruited. Working relationships have been established with the National Academy for Public Administration and the Viet Nam Fatherland Front. New ways of working with Government – with policy advisers building personal relationships with key decision-makers – have been developed in the process.

94 A host of possible explanations have been identified for this state of affairs: from weak capacity in conducting investigations; to public reluctance or a lack of knowledge about how to make a complaint; to difficulties in establishing evidence that particular conduct is corrupt; to conflicts of interest in the over-sighting or conducting of investigation; to possible pressure exerted by senior officials over an investigation; to concerns that whistleblowers will face retribution; through to a tendency to find administrative mistakes have occurred rather than corrupt acts; and an inclination in some senior officials to cover up corruption in their respective organisations lest they lose their own jobs

95 It may be possible to interest particular donors in taking up with the GoV separate complementary interventions to support particular high priority enforcement activities such as, for example, the build up in the capacity of the Department of Home Affairs' Inspectorate role in support of the changes being implemented by the new civil service law.

GoV. It may be possible for a donor to design an acceptable modality that takes account of sensitivities.<sup>96</sup>

6.18. In addition to the good work donors are already doing, this evaluation believes there is significant scope for donor partners to continue to contribute to strengthening the GoV's AC work. Several areas including existing legislative proposals such as the press law, the access to information law, the revision of public complaints processes and the law relating to CSOs are important but opportunities are limited by current government policy. Donors need to adopt a supportive role and be able to react if and when the GoV seeks assistance.

6.19. Some donors also suggested, for example, that it would be timely to support the GoV in undertaking an updated survey of corruption in Viet Nam, particularly given five years has passed since the last one and that the nature of corruption is forever changing. This would also be an opportunity, through drawing on donor specialist support such as under GAPAP, to identify some of the informal factors and networks that underlie corruption and other political economy issues. There are other enforcement agencies such as the Ministry for Public Security where AC capacity building is needed. The Joint AC Dialogue would benefit from discussing a paper that identified the gaps in current AC assistance, with one possibility being to draw on the AC gap analysis to be done by the EC/UNDP project this year.

6.20. More attention is also now needed from donors to provision of assistance that helps to prevent corruption occurring in the first place. Increasingly, corruption is being understood not as aberrant behaviour but as systemic in the sense that in Viet Nam it is *"the normal workings of the system, which has its own logic, which is seen as self perpetuating."*<sup>97</sup>

6.21. AC work thus will be enhanced by donor follow up on support for reforms that are made at sectoral level centred on writing clearly framed laws, policies, rules and procedures; bringing greater transparency in planning, decision-making and financial management processes; reducing the scope for arbitrary decision-making; ensuring there is clear accountability for administrative action; and establishing clear chains of responsibility where corrupt behaviour does occur. In addition, there is a need to address informal incentives that drive patronage arrangements in the sector, with the sectors where the AC Dialogue has been focussing its attention serving as first priority.

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<sup>96</sup> For example, it may be possible for a donor to make a grant to OSCAC of limited funds that it manages, subject to audit, in contracting one or other of the senior and trusted governance consultants who have worked in Viet Nam for a number of years to provide support on key AC coordination issues, with a reporting relationship direct to that Office rather than through a donor.

<sup>97</sup> Gainsborough, M. et al. 2009. *op. cit.* (pp. 21-22). and Mushtaq Khan. 2009. *op. cit.* (p.23).

## Public administration reform

### Summary of key findings on support to PAR

- Some PAR changes such as reducing administrative complexity and introducing the 'one stop shop' have had an impact on reducing corruption opportunities.
- However, in overall terms, the level of impact of PAR and its projects on AC levels has not been substantial.
- The slowness of intended reforms to the quality, ethics and professionalism of the civil service and accountability mechanisms has not helped.
- Current reforms that will introduce merit and a position-based structure in the civil service have the potential over time to reduce favouritism and other abuses in personnel management.

6.22. Some of the PAR changes have indeed had some impact on reducing the opportunities for corruption. They include improvements in service delivery such as the 'one-stop-shop'; the improved administrative procedures that have been supported by the US Agency for International Development's (USAID's) Viet Nam National Competitiveness Index project; changes in the law-making process; improvements in transparency and participation at the local level; and rationalisation of organisational structures.<sup>98</sup> To this extent, working on PAR is part of donors' strategic approach that forms the building blocks of future support to AC.

6.23. However, the extent of impact of the PARs on AC thus far is limited.<sup>99</sup> Corruption is seen as just as pervasive today as it was in 2002. In 2006, at the midpoint in implementation of the GoV's PAR Master Programme, the PAR Steering Committee said:

*The ethical qualities of a big section of the contingent of public officials, civil servants [are] degrade[d]. They even commit corruption and are authoritarian. They lack a sense of responsibilities and service oriented spirit. They are indifferent to the requirements of the people and the society.*<sup>100</sup>

6.24. This position had not changed much by 2009. Then, in launching the GoV's AC Strategy, it was said of the obstacles to confronting corruption:

*The main causes of [corruption] are the fact that the system of policies and laws has not been well synchronised or well aligned; the strengthening of agencies and organisations in the political system still fails to keep up with the development of the socio-economic life; the personnel of public officials and civil servants are still unprofessional, the ethics of a significant portion of public officials and civil servants is downgraded; the implementation of guidelines, policies and solutions for preventing and combating corruption that were put forward during the past few years still fail to meet the requirements and expectations, with poor effectiveness ...*<sup>101</sup>

98 They also include salary and classification reform and the improvements to personnel management that are now underway including merit-based recruitment and appointments; performance appraisal; the strengthening of the orientation towards results-based performance; and the creation of a position-based structure.

99 Gainsborough, M. et al. 2009 *op. cit.* (p. 29). Performance Administration Reform changes such as merit recruitment and salary reform have a marginal impact on corruption because the changes that needed to the public administration system must be more systemic.

100 Report of Performance Administration Reform Steering Committee. 2006. (p. 12).

101 GoV. 2009. *op. cit.* (p. 2).



6.25. While transparency of public administration has improved to some extent and donors have been influential in the inclusion of an access to information law as a priority in the GoV's AC Strategy, the work on that law has yet to come to fruition.<sup>102</sup> Transparency and accountability are perhaps the areas of PAR with the most potential to affect corruption in that the more public administration is open to scrutiny and answerable for its actions the harder it is to hide corruption and to avoid responsibility. But while progress has been made such as through measures such as the Grassroots Democracy Decree, many people still do not understand the Decree. More AC promotional activity is needed as the AC Strategy intends.<sup>103</sup>

6.26. It is difficult to assess precisely or in some cases even at all the AC-related effectiveness of any of the donor PAR-related programmes/projects that were examined by this evaluation. While there is clear evidence of progress and impact against the generally framed PAR objectives, such as with the Danida projects in Dak Lak, the governance and PAR and Swedish and Danish capacity building support to the Ministry of Home Affairs, there is little baseline material that is related to corruption and next to no reporting against relevant indicators that might enable an assessment of AC progress and impact over time to be readily made.

6.27. Neither of the two AC-specific interventions by the ADB (on the GI and on money-laundering) produced reports on outcomes.<sup>104</sup> The evaluation was unable to obtain a progress report that might provide a basis for assessing the progress made so far in supporting AC through civil service reform under ADB TA VIE 41451. Clearly though, the TA does provide the potential for Ministry of Home Affairs to address major abuses in appointment and recruitment processes such as nepotism and favouritism.<sup>105</sup>

6.28. The reporting on governance through the work of the media has also been weakened.<sup>106</sup> The GoV has yet to bring before the National Assembly a promised press law. Donor efforts have been small-scale in such a sensitive climate. Sweden is funding the Media Training Centre in the Ministry of Information. The curriculum for the centre has not been developed but could include AC. In December 2009, Sweden sponsored the establishment of the Media Development Initiative to create a forum so that donors, NGOs and journalists could discuss areas of interest and develop a strategy for developing the role of the media in specific issues, which could include corruption in the future.

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<sup>102</sup> See proceedings of the Workshop on Access to Information, October 2009, Quang Binh.

<sup>103</sup> One survey suggested 52% of respondents did not understand the Decree. Nguyen Ngoc Anh, Nguyen Duc Nhat, Nguyen Thi An, Doan Quang Hung, Tran Thanh Thuy. 2009. *Some Initial Findings from the Survey of Citizen's Information Accessibility Situation and Needs as Conducted by PPWG Members*. People's Participation Working Group and DEPOCEN, Survey of 500 citizens in Ha Noi, Quang Binh, Ninh Thuan and An Giang.

<sup>104</sup> SSTA VIE 4467 of 2005; TA 39102 of 2005.

<sup>105</sup> The project also has the potential to assist AC through the proposed introduction of position descriptions in the civil service which would make clear what are the responsibilities and accountabilities of undertaking a particular job.

<sup>106</sup> After criminal charges were brought against a number of journalists for their reporting, the media seems to have concluded that corruption is too sensitive a subject to report on and has been quite reluctant to report on such allegations.

## The legal sector

### Summary of key findings on support to the legal sector

- Legal sector reform is gradually establishing a 'rule of law' state, with the many new laws reducing the scope for administrative abuse and corrupt behaviour.
- There have been improvements in transparency related to access to laws and to court decisions and the scrutiny role played by the National Assembly.
- Lack of independence of the judiciary remains a key constraint.
- Many limitations in the judicial sector, such as in capacity, are being addressed through donor programmes and projects but little linkage is being made to AC.
- Possible corruption within the legal and judicial sectors itself needs examination.
- Effective and credible legal processes that individuals or organisations can access to complain about corrupt behaviour remain under-developed in Viet Nam and need early reform, particularly so as to combat petty corruption issues.

6.29. While there has been a concentrated and ongoing effort to strengthen the operation of the rule of law in the legal sector throughout the evaluation period, there remains significant scope for further improvement. Pursuant to the GoV's Legal Sector Development Strategy, which was developed in close cooperation with donors, many new laws and decrees have been made for the sector; there have been some limited improvements in transparency; and progress has been made in strengthening the capacity, procedures and operation of particular institutions in the sector.

6.30. Legal sector reform has proved to be a protracted and sometimes painstaking process in part because of the very many priorities to be addressed, as well as weaknesses in capacity and coordination within the sector. There also has been a degree of fragmentation in the donor assistance provided.<sup>107</sup>

6.31. The making of a large range of new laws means that increasingly, Viet Nam is ruled under law. While there are still instances of inconsistent application of laws, the new laws place a novel check on the power of the state, state institutions and the private sector and they strengthen the rights of individuals as compared to the possibilities for corrupt and arbitrary behaviour that existed under less well defined and regulated laws.<sup>108</sup> With support from Sweden, Danida, CIDA and UNDP, the National Assembly is also becoming more active in supervision of law-making, including as to AC issues (see Annex 8).<sup>109</sup>

6.32. The effectiveness of the judicial system in handling corruption cases is unclear but seems to be affected by more general capacity limitations as well as a lack of independence. However, we did note that prosecutions for corruption under the criminal law are now gaining increased publicity although the courts face constraints. As the GoV's Resolution on the Judicial Sector Reform Strategy noted there

<sup>107</sup> For details of assistance see Sidel, M. 2008. *Mapping of International Aid to the Legal/Judicial Area*. Ministry of Justice/UNDP, VIE/02/015.

<sup>108</sup> STAR Viet Nam's 2008 Report on *Supporting Viet Nam's Legal and Governance Transformation* notes the changing attitudes within GoV with much greater awareness of the law.

<sup>109</sup> The National Assembly remains constrained by sitting only twice a year, by the part-time nature of its membership and by their need to build up capacity. However, projects supporting the National Assembly report that improvements are being made. See also Sida. 2007. *Report from the Project Group on Cooperation between Viet Nam's National Assembly and the Riksdag to develop Democracy*.

are issues in the judiciary of 'low personal qualifications, morals, and professional accountability'.<sup>110</sup>

6.33. The existence of effective and credible legal processes that individuals or organisations can access to constrain corrupt behaviour remains under-developed.<sup>111</sup> Legal aid opportunities are available to poor people but the range of assistance is limited. While lawyers are hard to access outside Viet Nam's major cities, donors such as Sweden are active in supporting legal education and Danida is active in the capacity building of lawyer organisations which will in time help to improve the size and effectiveness of the legal profession, thus improving awareness and access to legal rights over time

6.34. The recently-launched JPP, supported by EC/Sweden/Danida, uses partnership principles; focuses on institutional strengthening driven by the institution's own determination of priorities; and is an effort to develop a cross-sectoral approach amongst institutions. It is not clear as yet whether AC will be included in work plans. Implementation is occurring across three agencies with uneven capacity: namely the courts, the procuracy and Ministry of Justice.<sup>112</sup> In a related area, it is essential that there is early follow up, with donor support, on recommended reforms to administrative complaint procedures<sup>113</sup> as this could have a salutary impact on petty local corruption such as rent-seeking in land acquisition or health service delivery.

6.35. The legal sector reform process does not appear to be explicitly linked to supporting the AC reform process but needs to be so.<sup>114</sup> This would be assisted by a better understanding of the legal expectations of citizens. It is notable that the JPP, amongst other matters, emphasises the importance of an ethical legal sector – it would help to enhance public confidence in the courts if the Supreme Court gave early attention in its work plan under the JPP to possible corruption in the sector and to developing a disciplinary code and related processes for the judiciary.

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110 See *Resolution of the Politburo of the CPV on the Strategy for the Development and Improvement of Viet Nam's Legal System to the Year 2010 and Directions for the Period up to 2020*. Issued 24 May, 2005; and *Resolution of the Politburo of the Communist Party of Viet Nam on Judicial Reform Strategy to 2020*. Issued 2 June 2005.

111 There are administrative courts and court petitioning procedures but for most people the courts are not an affordable option.

112 The JPP also supports the enhancement of the recently established Viet Nam Bar Association and provides for the involvement of NGOs, such as Towards Transparency, and the media. The assistance will help develop the networks and forum for organisations and the media to share information and promote AC measures.

113 Asia Foundation. 2009. *op. cit.* This work is now within the remit of POSCIS.

114 We had wanted to explore this view with the Ministry of Justice but, despite many requests, a meeting was not possible.

## Public financial management reform

### Summary of key findings on support to financial management reform

- Significant progress has been made in creating a sound and transparent financial and budget system but it still has some vulnerabilities to possible abuse.
- Two major PFM reform projects provided support for AC.
- PFM reforms such as the Medium Term Expenditure Framework and TABMIS system will enhance transparency and management control, reduce waste and abuse, and allow detection of corruptions by internal auditors or external scrutiny.
- Arrangements for greater public participation and scrutiny in public expenditure remain a weakness.
- Weaknesses in management of the public payroll and reporting by SOEs are the key outstanding areas for reform from the perspective of reduction in scope for corruption.

6.36. Viet Nam has made significant progress towards establishing a sound financial and budget system that is transparent, predictable, participatory and pro-poor. PFM reform projects funded by donors provided effective support to implementing the reforms. These include the PFM Reform Project, which is funded by the World Bank and DFID, and the TA for the reforms that was provided under the Multi-Donor Trust Fund that Danida, Sweden and Norway helped to support. A second phase of the Multi-Donor Trust Fund is to be financed to 2012, again with support from Danida to provide further support on the reform.

6.37. The new Treasury and Budget Management Information System (TABMIS) is being rolled out to the first ten provinces and will be available more widely in 2011.<sup>115</sup> Medium Term Expenditure Frameworks reports have been made for 2009-11 in education, health, transport, agriculture and rural development sectors and in three provinces.<sup>116</sup> The Medium Term Expenditure Framework will be extended more widely under the revised Budget Law which is planned for 2011. A related reform is the passage of the first-ever Public Debt Management Law which consolidates the management of domestic and external debt.

6.38. The improved financial controls and enhanced transparency achieved by the new legislative framework,<sup>117</sup> the financial management regulations, the new centralised treasury system, the definition and rationalisation of roles down to sub-national level, and the related management system reforms have helped to make corrupt activity more difficult and more likely to be subject to exposure. Significant achievements have been made in making budgets more realistic, improving accounting standards, greater budget transparency and reporting of actual expenditure.

6.39. Weaknesses remain though, in particular in areas that would improve public participation. Budget proposals are not disclosed until after the legislation has been

<sup>115</sup> Better information will allow wider public scrutiny and debate about the appropriateness of budget allocation decisions and about the quality of budget execution, with consequent improvements in efficiency and effectiveness of public spending. The transparency and auditability of the TABMIS has the potential to help to reduce waste and corruption as greater transparency will encourage better decision-making and enhanced management control, while allowing detection of any corruption by internal auditors or external scrutiny.

<sup>116</sup> Hanoi, Vinh Long and Binh Duong.

<sup>117</sup> New Budget Law and Procurement Law.

adopted; there is no mechanism for public consultation in budget formulation; and there are long lags in the publication of annual accounts and audit reports. With such delayed data and limited analysis, it is very hard for citizens to engage in scrutinising the budget impact of government policies.

6.40. Seven priorities<sup>118</sup> of further work to be progressed on the financial management reforms are outlined in the GoV's 2008 Single Strategy Document. If successfully applied, they will reduce the opportunities for corruption. For example, clearer management responsibilities are required under the State Budget law at sectoral level and clearer accountabilities are needed at national and sub-national level. In addition, prioritisation and long-term planning in both capital and recurrent, spending needs to be improved through Viet Nam having one fully effective Medium Term Expenditure Framework. Possibilities for abuse in revenue administration such as in Customs also need to be overcome.<sup>119</sup>

6.41. Scrutiny of financial performance will also be strengthened through reforms to provide more intensive audit controls. The standard internal audit function, being developed across ministries, provinces and spending units, will provide regular internal checks on compliance and increase the prospect of any abuses in resource management being identified. Increased internal audit at the sub-national level will help to ensure that decentralisation does not lead to increased or new types of corruption.

6.42. External scrutiny through the National Assembly/People's Councils and the SAV is also increasing but capacity constraints need to be overcome. A range of donor support to SAV has increased its capacity but there is much more to be done in improving the reach of SAV's work across government and enabling the conduct of audits that go to performance and effectiveness issues. SAV needs to build its capacity in both human resources and expertise issues, particularly by moving over time into procurement and performance audits.

6.43. Two key outstanding areas with a direct bearing on corruption are the government payroll, which is still done manually, which limits scope for detection of errors and prevention of fraud, and SOEs which often do not publish audited financial statements and accounts and need to be brought up to international standards.

6.44. One aspect that might help future work in this area would be to establish a systematic baseline. PEFA would provide that. The government has not yet indicated an interest in adopting this approach. Some interesting results have been achieved at provincial level under work funded by bilateral donors (see paragraph 5.14) and efforts should continue to work with government to introduce the assessment at national level.

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<sup>118</sup> Single Strategy Document concentrates on budget management, budget revenue management, debt management, financial market supervision and bond market development, corporate finance management, public assets management and price control.

<sup>119</sup> The GoV's May 2009 Anti-Corruption Strategy states as one priority "improve mechanism and policies for customs, credit operations, import and export and other sectors to ensure the transparency, fairness and competitiveness between enterprises of all economic sectors."

## 7. Tackling corruption in the rural infrastructure sector

### Summary of key points about the rural infrastructure sector

- There is clear evidence of corruption at all stages of the investment cycle.
- The main response by GoV and donors has been to focus on procurement systems, financial management and auditing.
- Donors took a risk with budget support into the National Targeted Programme but it has paid off and set precedence in effective ways of collaborating with GoV partners.
- Donor support for P135-II included a policy matrix which outlined a wide range of measures including, though not specifically highlighting, AC for the new phase. This matrix is an example of how the concepts in a value chain approach can be incorporated into a policy framework.
- On a smaller scale, the Chia Se programme demonstrated that management and ownership of investments could be decentralised to the commune and village levels with practical steps for the project management of planning, implementation, supervision and evaluation, which mitigated corrupt behaviour and embezzlement.
- Improving transparency has been more successful than improving accountability.

7.1. Improved delivery of services in rural areas is a high priority of the GoV, through its commitment to National Targeted Programmes and the poverty reduction agenda in the Millennium Development Goals. Infrastructure, as a whole, represents the main investment in the state budget and donor assistance to the country. This Chapter examines the effectiveness of AC measures carried out by the GoV and donors during the implementation of a sample of rural infrastructure projects and programmes. A more detailed analysis is at Annex 9.

### Corruption in the sector

7.2. Studies in Viet Nam have identified specific areas of waste and corruption in infrastructure. These are set out here following a Value Chain Approach, which identifies corruption vulnerabilities at various stages along the process of translating inputs into outputs. This approach has not been used explicitly by any of the donors in planning their interventions, but it provides a structured organising framework against which the projects reviewed in this Chapter were examined,<sup>120</sup> which helps broaden attention away from purely financial aspects and considers the investment cycle as a whole.<sup>121</sup> Findings on the types of corruption prevalent are listed against stages in the investment cycle in Figure 7.1.

120 Plummer, J. and Cross P. 2007. Tackling Corruption in the Water and Sanitation sector in Africa. In J. E. Campos and S. Pradhan, *The Many Faces of Corruption: Tracking Vulnerabilities at the Sector Level*. Washington, DC: The World Bank.

121 The examples cited here are drawn from: Committee for Internal Affairs of the CPV. 2005. *Report of the Survey on Corruption in Viet Nam*. (More recent findings on specific examples for the different areas have also been presented.); Finland. 2008. *Anti-Corruption in Viet Nam: The Situation after Two Years of Implementation of the Law*; Danida. 2009. *Implementation Assessment of the Anti-Corruption Law: How far has Viet Nam come at the Sector Level- A Case-Study of the Construction Sector?*

**Figure 7.1: Stages in the value chain**

<b>Policy making and regulation</b>	<ul style="list-style-type: none"> <li>Many leaders and civil servants set up projects for the purpose of land allocation: improper allocation of land, illegally sharing or selling for profit, dividing land into lots and selling it, bribing officials to 'legalize' land occupation.</li> </ul>
<b>Budgeting and planning</b>	<ul style="list-style-type: none"> <li>Leaders and civil servants falsify plans, budgets and targets provide preferential treatment to select provinces, districts and groups of people in the community.</li> </ul>
<b>Financing</b>	<ul style="list-style-type: none"> <li>Discretionary powers are used for budget allocations for purposes not initially planned.</li> </ul>
<b>Programme design and management</b>	<ul style="list-style-type: none"> <li>The selection of infrastructure sub-projects is made by leaders, rejecting community priorities decided using demand driven and participatory processes.</li> </ul>
<b>Tendering and procurement</b>	<ul style="list-style-type: none"> <li>Bribe taking in allocation of infrastructure construction contracts, collusion of contractors and secret deals with local authorities.</li> </ul>
<b>Construction</b>	<ul style="list-style-type: none"> <li>Award of contractors to large companies rather than small locally based contractors, which would increase local economic development and poverty reduction.</li> </ul>
<b>Operating &amp; maintenance, and monitoring</b>	<ul style="list-style-type: none"> <li>Privileged people receive access to infrastructure before other people.</li> <li>Often ethnic minorities and other marginalized groups are not empowered to voice their opinions about accessing infrastructure.</li> </ul>

7.3. Often corruption in infrastructure involves the complicity of leaders, civil servants and various institutions in stealing and sharing public money. According to the law, offenders are liable to be treated as criminals but in practice, if discovered, most offenders are not charged but asked to return the money or asset. This low level of enforcement significantly affects AC prevention efforts.

7.4. A comprehensive legal and policy framework exists to tackle corruption, but specific provisions are lacking at the sectoral level. There is no one unified law on construction and conflicting content among the existing laws creates legal loopholes which foster opportunities for waste and corruption by leaders and civil servants.<sup>122</sup>

7.5. The Grassroots Democracy legislation outlines an active role for the people in policing or monitoring local government, and for lodging complaints where the law has been broken or plans for the construction of infrastructure not followed. However, the legislation is based on an incomplete view of what is driving corruption overall in Viet Nam. It targets lower governmental levels, when in fact corruption is systemic. Local officials are not in a position to capture illegal rents associated with major infrastructure projects, as these decisions are made by provincial and ministry

<sup>122</sup> Søren Davidsen, Nguyen Viet Ha, Hoang Ngoc Giao, Thaveeporn Vasavakul, Maridel Alcaide Garrido. 2009. *Implementation Assessment of the Anticorruption Law: How far has Viet Nam come at the Sector Level? A Case-Study of the Construction Sector*. Denmark Ministry of Foreign Affairs (p. 12).

officials.<sup>123</sup> Guidelines for the implementation of Grassroots Democracy assume that villagers will be willing to take up complaints against local officials and to insist upon their 'rights' granted under the decree. This is highly questionable but does provide an entry point for project initiatives that try to empower lower levels with improved access to information and participation.

## Donor support

7.6. Much of the GoV and donor investment on poverty reduction has focused on building infrastructure and associated capacity development, so leaders and civil servants make decisions about type and location of infrastructure more effectively and efficiently and based on a consensus with communities.<sup>124</sup>

7.7. For over a decade, Danida has supported the development of rural water supply and sanitation. ADB has provided loans and TA for rural transport and water supply as well as other infrastructure. Sida sponsored the development of processes for communities to decide infrastructure and other investments. DFID has been a supporter of rural transport in Viet Nam. P135-II is a key GoV policy for poverty reduction in ethnic minority and remote areas through the construction of social and economic infrastructure and was supported by DFID towards the end of Phase I and in the first half of Phase II. These programmes have been selected because they highlight support to key areas of government policy and are a representative set of actions by the commissioning donors to this evaluation.

7.8. The Party<sup>125</sup> and GoV has also identified waste and corruption as the most significant factor holding back poverty reduction programmes with the potential to cause social unrest and instability.<sup>126</sup> The main response by GoV and donors during the evaluation period has been to focus on procurement systems, financial management and auditing. This has helped to mitigate fiduciary risks but has given less attention to important issues such as improving equitable access to infrastructure and the wider areas of corruption described here. In later phases, both rural transport and water supply and sanitation have designs to address equitable access and wider corruption areas, with measures to strengthen transparency (disclosure of budget), participatory planning and accountability (community monitoring), and equitable access to infrastructure.

## Water supply and sanitation

7.9. Danida, the Australian Agency for International Development (AusAID), and the Netherlands supported the National Target Programme RWSS Phase II in the form of a targeted programme budget support (TPBS-National Targeted Programme II) from 2006 to 2010.<sup>127</sup> DFID joined in 2009. The programme's triggers and benchmarks include five AC-related measures: value for money audits; training and inclusion of local contractors in procurement; intensification of financial audits; localisation of cost norms; and improved physical and financial reporting.

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<sup>123</sup> Interview with Viet Nam Fatherland Front adviser.

<sup>124</sup> See for reference the Socio-Economic Development Planning process and national programmes, such as P135-II, which have dedicated components for capacity development.

<sup>125</sup> Committee for Internal Affairs of the CPV. 2005. *Report of the Survey on Corruption in Viet Nam*.

<sup>126</sup> *Recent Progress of Anti-Corruption Work of Viet Nam in 2007*, presented at the 6<sup>th</sup> Anti-Corruption and Transparency Task Force Meeting, Lima, Peru, 28-29 February, 2008.

<sup>127</sup> *Sector Programme Support to Water, Sanitation and Hygiene Promotion, Viet Nam*. Hanoi, 2006. (p. 1).



7.10. The 2009 Joint Annual Review found that most triggers and benchmarks relating to financial and procurement safeguards and adherence to National Targeted Programme II strategies were achieved or partially achieved. In particular, financial accountability has been confirmed by tracking studies and the SAV audits.

7.11. Issues such as social accountability and equitable access to water supply infrastructure were not examined during the annual audits by the SAV. The Ministry of Agriculture and Rural Development conducted a pro-poor targeting study in the RWSS programme and integrated a number of recommendations in this study to its Guidance for RWSS Annual Planning and Budgeting. However, according to Vietnamese law and regulations, it is up to the Provincial People's Committee and Council to decide how and where to use the programme funds. The annual technical reviews did identify problems for top-down planning and lack of participation in deciding RWSS priorities and locations. The reviews also identified that there was a propensity by leaders to construct piped schemes rather than examine ways to utilise low-cost technological options which would improve equitable access to water supply.

### **Rural transport**

7.12. DFID co-financed, with the World Bank, the First and Second Rural Transport Projects (RT1 and RT2), designed to reduce rural poverty from 1996 to 2005. AC-related measures included capacity development of GoV officials on the financial and institutional aspects of rural road maintenance and developing a more competitive, capable and efficient local contracting industry. The final review of RT2 indicated that private sector contracts were awarded in 50% of provinces;<sup>128</sup> 15 provinces were suspected of collusion in contracting, and an uneven playing field in the contracting process still existed.<sup>129</sup> Unfair competition emerged as a major issue in some provinces and projects during procurement activities. Collusion and diversionary tactics affect the fairness, transparency and effectiveness of procurement activities and offenders have been detected in some sub-projects.<sup>130</sup> In response, the design of the follow-on project RT3, developed an action plan to improve fairness and transparency in procurement with six AC-related measures.<sup>131</sup>

7.13. In 2009, the national and provincial management units detected 32 bidders in five provinces as being involved in collusive practices. As a result, 30 bidders were prohibited from conducting any project activities or procurement from the Ministry of Transport and the World Bank from one to three years, and 26 bidders were fined VND 20,000,000 each.<sup>132</sup>

7.14. The ADB's Provincial Rural Roads Improvement Project improved provincial roads in 18 provinces in northern Viet Nam from 2001 to 2009. Social and environmental safeguard plans were prepared including comprehensive plans and frameworks for resettlement, gender, ethnic minorities, disclosure, public consultation, and social and poverty. These plans were intended to ensure affected people

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<sup>128</sup> The number of private sector contracts awarded increased to 90% of provinces under RT3.

<sup>129</sup> DFID. 2005. *Annual Review or Output to Purpose Review*.

<sup>130</sup> *Report on implementation status of Action Plan to improve Fairness and Transparency in Procurement*. SEACAP 30. (p. 1).

<sup>131</sup> *Ibid.*

<sup>132</sup> *Ibid.* (p. 2).

from the projects were aware of their entitlements and strategies were in place to support them.<sup>133</sup> AC measures were included in the procurement plan, which outlines the agency responsibility for different types of contracts. The procurement plan deals with the legal basis and different contracting modalities.<sup>134</sup> However, the plans did not explicitly indicate AC measures to ensure equitable access to infrastructure.

7.15. Regular financial audits were conducted, social and environmental safeguard compliance was monitored, and ADB reviewed all contracts for the project. However, there was a lack of monitoring of the process used by central and provincial levels for the selection of subprojects and transparency on the contracting process.<sup>135</sup> As a result, conditions prevailed for corrupt behaviour such as leaders deciding sub-projects based on self-interest and power relations, and preferential selection of large contractors and lost opportunity for locally-based small contractors to participate in the market.

7.16. In both DFID and ADB RT projects, AC-related measures have focused on the procurement process and less on checking equitable access to roads and the accountability of local authorities. Considerable investment was devoted to developing effective operations and management mechanisms, which have not yet been integrated into government systems and structures.

## **P135-II**

7.17. National Programme 135 (P135), known as the Programme for Socio-economic Development in Communes faced with Extreme Difficulties, was approved in July 1998. The project provides a conditional block grant to selected poor communes for spending on a narrow range of infrastructure. It was expanded to cover 2,362 poor and remote communes with a total investment of more than VND 6,000 billion, from 1998-2005.

7.18. Towards the end of the first phase, DFID provided GBP 10 million assistance to address some identified weaknesses, and strengthen the GoV-Donor AC Dialogue around the design of the new national programme.<sup>136</sup> The DFID innovation encouraged other donors such as AusAID, Sida, Finland, UNDP and the World Bank to cooperate in the implementation of P135-II. A policy matrix was developed, which outlined a wide range of measures including, though not specifically highlighting, AC for the new phase.<sup>137</sup> This matrix is reproduced at Appendix 1 in Annex 9 as an example of how the concepts inherent in a value chain approach can be incorporated into a policy framework.

7.19. Joint Progress Reviews, in November 2007 and April 2008 reported that progress towards the 13 Memorandum of Understanding Milestones was satisfactory in four cases, partially satisfactory in seven cases and unsatisfactory in two cases. Improving procurement was a concern of the World Bank so they could track investments. Four aspects were targeted:

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133 Interview with Deputy Director of the ADB Improving Urban Environment in Central Provinces, Quang Tri.

134 ADB. 2007. *IRDP/CP Procurement Plan*.

135 Interview with ADB staff for the IRDP/CP.

136 Poverty Reduction Sector Budget Support to Programme 135 (PRSBSP-135) Programme Memorandum, DFID, 2005.

137 The World Bank chose to use a Development Policy Loan as the aid modality rather than a Sector Investment Loan.

- Procurement for small-scale infrastructure: A planned Community Contracting Method was developed but the approach was never properly explained to commune and district levels, there was no procurement plan prepared, and reportedly, the method was never 'disclosed' at the commune centre. A change to Decree 85 (the Procurement Law) in 2009 has raised the ceiling for direct procurement five-fold and now makes direct contracting even more likely.
- Public posting of budget and contract information in commune centres and quarterly financial reports and statements of actual fund flow.
- Improved auditing by SAV with a pilot of process audit in November 2008, although more generally examples reveal little follow up or sanctions in response to irregularities.<sup>138</sup>
- Finally, practices of community contributions vary widely among localities, with non-enforcement of accounting rules or verification of pro-poor focus.

7.20. The awareness and understanding of the villagers and the commune officers about the content of P135-II, their rights and obligations is still limited. There has been improvement in the public posting of programme-related information at commune level.<sup>139</sup> Overall, the P135-II policy framework points in the right direction for AC measures, but implementation has left many gaps.

#### **Chia Se<sup>140</sup>**

7.21. Chia Se, sponsored by Sida, is a small scale project based in three provinces with a complementary national component. It has some similarities to P135, but operates as an unconditional block grant. The focus of the planning process is from the village level to district level. Villagers and communities have extensive opportunity for participation through local planning and management for development system. Some 5% of Local Development Funds go to district level, 15% to commune and 80% to the village.

7.22. In terms of impact, the Chia Se programme was highly effective at demonstrating that decentralisation and grassroots democracy could work, and in particular that the management and ownership of investments could be decentralised to the commune and village levels. In contrast, the focus of P135-II is assistance to commune level. Chia Se did not include explicit AC measures but developed practical steps for project management of planning, implementation, supervision and evaluation, which mitigated corrupt behaviour and embezzlement.

7.23. Chia Se demonstrated ways to improve social accountability and empower villages to control decisions concerning small infrastructure. Attention to gender was a strong feature. This social accountability reduced the conditions for corrupt behaviour by district and commune leaders and civil servants for the purposes of the programme. However, Chia Se was not integrated into the government Socio-Economic Development Programme and budgetary processes and this limited influence on the overall behaviour of leaders and civil servants and affected the sustain-

<sup>138</sup> Donor interview and Aide-memoire of Nov 2008 Review Mission.

<sup>139</sup> However, programme activities have not improved social accountability (does include community oversight which would help limit corrupt behaviour), and leaders and officials taking advantage of their position for self-interest. The decentralisation of power to commune level has been very slow.

<sup>140</sup> Chia Se means 'sharing' in Vietnamese.

ability of interventions.<sup>141</sup> There was also only minimal attention to developing the linkages between commune, district and province levels, which were necessary for the replication of Chia Se mechanisms and processes.<sup>142</sup>

## Conclusion and lessons in infrastructure interventions

7.24. The AC measures in donor projects are highly relevant to the GoV's analysis of corruption as the main threat to continued economic development, poverty reduction and government reform. However, there has been no consistent strategy by donors in the infrastructure sector.

7.25. The predominant model adopted by donors has been a focus on procurement, auditing and PFM, with less effective attention to mainstream AC and equitable access into project plans and activities. Other processes have also been adopted, such as the AC action plan under RT3. Good examples can be found of actions to improve procurement, incorporation of AC actions in a policy framework, practical steps for programme management and empowerment of villagers. The use of a structured framework such as the value chain approach could improve coverage and consistency of AC actions.<sup>143</sup>

7.26. Improving transparency has been more successful than improving accountability. Often villagers can view the final budget allocation, contract details and user contributions on commune notice boards although villagers do not always have the means to make use of the information (a point taken up by some CSOs in their community programmes).<sup>144</sup> Slow decentralisation to district level and below has resulted in low accountability. Decisions are often made at district level and above and users do not have access to decision-makers.

7.27. Increasing the role of users in the monitoring and supervision of construction has been effective in improving construction quality and reducing the opportunities for contractors to embezzle. But the focus on supervision of construction has often limited user awareness to building materials and quality of construction. Users are not aware of their rights to hold local leaders and civil servants accountable for their decisions and of ways to complain about corrupt behaviour and waste.

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141 Interview with Vice-director of Chia Se, Quang Tri, 23 January 2010.

142 ITAD. 2009. *Working Beyond the Grassroots: An evaluation of the Chia Se Poverty Alleviation Programme 2003 to 2008*. Hanoi.

143 The AC action plan under RT3 is reported to have used a structured approach like the value chain to set out mitigating measures (Source: comments on the draft report).

144 Interview, Action Aid International.

## 8. Conclusions

8.1. This Chapter develops conclusions from the Viet Nam country study that will be synthesised with those from other studies in the final report.

### Relevance

8.2. Change does not occur in Viet Nam overnight but takes patience, persistence and step-by-step reform. Since 2002, Viet Nam has come some considerable distance in developing its AC approach and the relevant legal and institutional AC framework, with donors providing relevant and valuable TA, advice and encouragement in the work undertaken. Without that guidance, the change process would have been more difficult and probably slower. The reform focus has now moved from development of the framework to its implementation and to related capacity building where continued support from donors will be needed, including in improving the quality of coordination on the many AC issues and the effectiveness of AC enforcement. In the Viet Nam of today, corruption is now viewed as inimical to economic growth; as counterproductive to Viet Nam's interests in helping the most vulnerable and impoverished members of society; and as a threat to political legitimacy and social stability.

8.3. The AC programme and project support provided by donors has been at three levels: those directly supporting the development of the AC framework, AC capacity building and the researching of corruption-related evidence; those governance reforms related to PAR, the legal sector and PFM reform; and measures taken by donors to protect against corrupt behaviour in their own programmes and projects. What is also very striking about Viet Nam is that much of the recent progress in AC reflects the high level of cooperation on AC issues achieved between donors as well as the openness of the GoV to discuss such sensitive issues.

8.4. When reviewed against the UNCAC, there are some gaps in donor assistance, including in AC prevention, in linking PARs related to accountability, transparency, restructuring and improved administrative procedures to AC; in examining possible corruption issues in the legal sector and promoting greater independence and AC capacity building in the judiciary and the procuracy; and in AC implementation work that addresses petty corruption at the local level.

8.5. The AC Strategy of 2009 ensures that, once implemented, Viet Nam in large part will meet its UNCAC commitments but also recognises there is much unfinished business. As the Strategy indicates, there is more work needed on law-making, on improving the quality of public services, on enhancing economic manage-

ment, in capacity building in inspections and audit and public awareness. More work is also needed on completing the legislative framework, where donors can support discussion and formulation, as regards an access to information law, strengthening the public complaints processes and a press law. The Strategy also recognises that the media has an AC role, but donors need to continue to be active in supporting a clear reporting role that is protected by law. Donors also need to encourage the GoV to further develop the Strategy to enable non-state actors to play a role in combating corruption including through a law on associations recognising CSOs. In the meantime, closer liaison with the CPV in particular is needed, particularly in encouraging the perseverance with these difficult reforms. Partnership with the Viet Nam Fatherland Front has the potential to bring public concerns about corruption to official attention.

8.6. Many examples have emerged from sectoral and pilot projects that need to be incorporated more effectively in wider sectoral programmes. The experiences in water supply and sanitation, rural transport and community infrastructure development all contain lessons that can be replicated and scaled up.

8.7. The ADB and the World Bank are undertaking valuable work, in consultation with other donors, to improve procurement controls in Viet Nam. Current ADB interventions in SOEs and Civil Service Reform potentially could be very important to AC effectiveness but the evaluation saw little evidence that these linkages are being made.

#### **Specific questions in the terms of reference**

##### ***How effective have donor interventions been in fostering institutional M&E mechanisms to fight corruption? (parliament, civil society, etc.)?***

8.8. Viet Nam is a country where it is difficult for donors to engage with the political system. Donors are marginal drivers of change and have little influence over policy. In this environment donors have been right to focus on the development of systems to generate evidence about corruption and to monitor change. This has contributed directly to growing demands from citizens for greater accountability.

8.9. Whilst few formal procedures have been established, good progress has been made in improving the evidence base about corruption. Initiatives to generate business and governance data at provincial level appear to be well received and the addition of a governance module to the national household statistical survey augurs well for future treatment of corruption-related information.

8.10. The main weakness has been the difficulty of promoting the role of civil society, which is still held back by a complex and uncondusive regulatory framework. Donors recognise there is potential to work with mass organisations and there is scope for further AC initiatives with them.

***How effective have donor interventions been in fostering a culture of openness and supporting progress in the area of transparency, ethics and public reporting?***

8.11. Donor support for stronger ethics, transparency and public reporting in Viet Nam entails working with the media and research institutions on one hand and on promoting staff integrity within the key government institutions supported on the other. This is an area where there has been little progress to date. Donors are prepared and ready to support GoV legislation concerning the media and rights of association, but the government has not yet signalled a willingness to move forward in these areas.

8.12. Promotion of integrity in the civil service is largely tackled through PAR, a sector which has seen little substantive progress.

***How effective have donor interventions been in dealing with the forms of corruption affecting poor people and women in particular?***

8.13. The commissioning donor projects and programmes that we have examined reveal a need for a more analytical situational and political economy analysis on the formal and informal factors affecting corruption in a sector; on framing AC-related outputs and outcomes; in developing effective performance M&E frameworks that take account of AC issues; in recognising and responding to risks of corruption; and in taking into account the poverty and gender implications of corruption. The work being supported to improve the evidence base will contribute to improved situation analysis and the next generation of interventions has the potential to deal with these aspects more effectively.

8.14. So far, the main successes have been through work such as the examples quoted from rural infrastructure, especially water supply and sanitation, and the P135 and Chia Se community investments. Subsequent phases of these programmes are well placed to give greater emphasis to equality of access and greater empowerment of poor people and women.

***How effective have donor interventions been in using dialogue as a tool for coordinated donor response in monitoring and fighting corruption?***

8.15. While corruption was initially seen as an internal matter that was too sensitive to involve donors, the following have all been highly relevant to the AC approach taken in Viet Nam: the AC dialogue opened up by Sweden with the CPV, followed by its support for a diagnostic survey and the AC framework; the TA provided by Denmark including on implementing UNCAC; and later on the AC research support provided by DFIDV. They have all helped to open up broader interaction, including a twice-yearly and very useful dialogue between the GoV and the donors that has achieved frank discussion about the causes of corruption in particular sectors and how it is best addressed.

8.16. With continuing economic growth Viet Nam will reach middle income status, which will prompt many bilateral donors to reduce their levels of support or withdraw entirely. Viet Nam is seeking a new relationship with development partners, as seen in the country's support for UN reform and participation as a pilot for the UN 'Deliv-

ering as One' initiative. Historically, bilateral donors have been more influential than the multilaterals at governance reform, but bilateral donor support to both the World Bank and UNDP has started to change that relationship. The commissioning donors need to continue to support the multilaterals in this regard and to encourage the ADB to use its resources and influence. However, at the time of the evaluation the ADB does not appear to wish to play a stronger leadership and technical support role in coordinating with other donors in AC work.



## 9. Lessons

9.1. This chapter draws together some general lessons that have emerged from the evaluation and then identifies some examples where there is sufficient evidence to provide cautious guidance on successful approaches in the Viet Nam context.

9.2. External interests are a stimulus to change. The flurry of reforms up to 2006, reflect Viet Nam's intention to engage in global and regional forums such as WTO and hosting APEC. Following on from that, greater progress can be seen in areas which reflect high and current concerns of the government, such as legal reforms to support entry to the WTO and the US-Viet Nam trade agreement, rather than general reform (see paragraph 4.14 onwards).

9.3. Timing is essential in reform work in Viet Nam. The fact that it is not possible to move forward on a reform objective at a particular time, such as the uncertain future now faced by the proposed press law, should not be treated as a reason for ignoring this much-needed reform. Rather it may be better to keep the work on such reforms going on at a low key practitioner level and only seek to elevate it for broader discussion when the political winds are more propitious. The same can be said of the uncertain status of CSOs. There may in the meantime be useful roles particular NGOs can play in implementation or survey work (see various paragraphs – 3.10, 4.23, 4.29, 6.10 and others).

9.4. The use of a dialogue forum has proved to be an inspired and innovative way of engaging more with the government over time but needs to be well supported at a technical level. In addition, the greater level of donor cooperation in joint AC work is particularly welcome and valuable in terms of aid effectiveness (see paragraphs 4.14 and 4.29 onwards).

9.5. Support by donors to protect their own programmes/projects from corruption through tightening up on programme management and audit arrangements can be effective in changing the performance of national systems (see paragraphs 4.28, 5.26 and 7.25).

9.6. Corruption is best targeted by programmes and projects that have specific AC objectives, measures and results, including in particular, gender and poverty related aspects (see paragraphs 5.5 and 6.26).

## What works and why?

9.7. In the absence of any hard data about project outcomes no definitive judgments or good practice examples can be reached about the success of interventions in reducing corruption. But some lessons do emerge that can guide donor practice.

### Sequencing of support

9.8. Donor support, by being responsive to government wishes and opportunities has resulted in a constructive sequence of activities that have been greater in the whole than the individual actions. This lesson comes with the wisdom of hindsight rather than reflecting a deliberate strategy by donors.

9.9. There are three strands to this lesson. At the start of the evaluation period, the GoV was not disposed to discuss issues of corruption with donors and there was little in the way of an evidence base to demonstrate the extent of the problem. To start with, donors took a cautious approach in three ways: firstly engaging to build trust and encourage a greater openness for policy discussion, largely through the relationship with Sweden (paragraph 4.4); secondly by leading interventions through the window of good governance rather than AC (paragraph 4.7); and promoting small scale TA to look at specific issues (paragraph 4.8). These worked because they were non-confrontational and with the luck of timing, started to bring results in line with changing government policy towards reform (noted in paragraph 9.2).

9.10. The second broad strand concerns the evidence base. The first major success was Sweden's support for the corruption survey undertaken by the CPV, which transformed the national debate on corruption. Since then, a variety of initiatives have been supported by Sweden, DFID, Denmark, the World Bank, the EU and UNDP to collect and analyse data or bring governance issues into regular national surveys (see paragraph 4.25 onwards). These have helped inform and also built on the twice yearly Joint AC Dialogue, which has enabled a continuous process of discussion and policy dialogue. However, it is noticeable that less attention has been paid to the gender dimensions of corruption, and to the relative impact it has on poorer people and families. This is a significant shortcoming.

9.11. The third strand has been the start of direct support to AC activities by building the legal framework and capacity building through POSCIS and directly with the GI.

9.12. The outcome has been the adoption of a broader view by government away from the concept of 'individual moral degeneracy' towards recognition that corruption is more widespread in society and needs to be tackled systematically.

### Support at provincial and sector levels

9.13. Work at sectoral level does not need to wait for central reforms to legal frameworks and administrative procedures. More radical interventions can be undertaken at provincial level owing to the highly decentralised structure of government. Provinces have the ability to transform national policies through adaptation and thereby provide an important route for innovation and influence. Lessons learned from the experience with rural infrastructure (Chapter 7) include:

- The use of a policy matrix under P135-II was effective at highlighting the wide range of issues to be tackled to improve transparency and avoid misuse of resources and could have been more systematic if a value chain approach had been used. But the joint reviews proved less effective as a tool to keep implementation on track.
- Effective AC depends on the effective engagement of the four political structures – Party, Executive, National Assembly and mass organisations – at all levels (central, province, district, commune and village).
- More support is needed for an effective feedback mechanism so citizens can inform authorities of irregularities in infrastructure investments and receive feedback on the resolution of problems. This plays to the official role of some Mass Organisations, especially the Fatherland Front.
- AC efforts need to include additional focus at provincial level. Provinces are hesitant to participate in AC activities. The approach should be to consult with provinces and select provinces interested in AC and decide a range of activities that provinces are willing to pilot. Activities should not be decided at central level or by donors.

9.14. The provincial-level examples discussed concerning rural infrastructure are conceptually linked to other work reported in this evaluation such as the development of a Provincial Competitiveness Index (paragraph 6.22) and work to pilot a Public Administration Performance Index (paragraph 5.13) both of which will help to foster dialogue on corruption issues.

## 10. Recommendations for donors

10.1. While impressive and commendable efforts have been made to date, there is a need to extend and to deepen the support provided by donors to the GoV's work on fighting corruption in Viet Nam.

### Key recommendations

10.2. Corruption appears to bear a heavy cost on the nation. Government would benefit from work to develop and analyse data about the potential value for money from AC interventions. This could be linked to support to government to update the 2005 diagnostic survey. In particular, attention to the gender dimensions of corruption and the effect corruption has on poorer people would enhance understanding of the economic and social implications of corruption, of concern to the CPV.

10.3. For governance programmes with a focus on AC:

- More attention is needed in programme and project design to identifying AC issues that need to be taken into account, including the gender and poverty impact of corrupt activities. The experience with the P135-II policy matrix suggests that a structured approach to analysing potential for corruption such as through a value chain analysis would be more systematic than current approaches and could generate a valuable analysis that would enhance monitoring and dialogue during project implementation.
- Objectives should always be expressed in well-defined outcome terms so that it is clear what difference is intended to be made to the particular corruption issue that is being worked on.
- AC-specific indicators with arrangements for gender-sensitive baseline data should be included in the programme monitoring arrangements.

10.4. Donors need to work more effectively together and with multilateral agencies and government to identify areas of gaps in AC support, using UNCAC as an organising framework. This should help to prioritise effective support for demand-side work with CSOs.

10.5. A high priority is to maintain support to government for new laws dealing with association, the media and access to information. Donor efforts have been small-scale in such a sensitive political environment but need to remain consistent and be sustained.

10.6. It is notable that the JPP, amongst other matters, emphasises the importance of an ethical legal sector – it would help to enhance public confidence in the

courts if the Supreme Court gave early attention in its work plan under the JPP to possible corruption in the sector and to developing a disciplinary code and related processes for the judiciary.

10.7. Efforts should continue to work with government to introduce the PEFA assessment at national level.

10.8. Experience from the infrastructure sector shows a number of innovative or pilot initiatives that have merit and should be continued or expanded into other programmes. Examples include: value for money audits; training and inclusion of local contractors in procurement; bid collusion reduction; intensification of financial audits; ex-post project performance audit; localisation of cost norms; improved physical and financial reporting; practical arrangements for local level management of planning, implementation, supervision and evaluation; improved social accountability and empowerment of villagers to control decisions concerning small infrastructure.

10.9. Donors should develop links with and support to influential mass organisations such as the Fatherland Front, which has a role in feedback and monitoring of corruption.

10.10. Given the importance of ensuring that donor support for the GoV's fight against corruption is being delivered effectively, independent evaluations should be conducted on all future AC programmes at timely intervals with specific provision to examine gender and poverty-related impact.

#### **Anti-corruption donor coordination**

10.11. Continue to build, step by step, the excellent engagement through the GoV-Donor AC Dialogue, as perhaps the most visible and successful innovation in donor support to help tackle corruption, but with greater attention to the provision of necessary technical support, the inclusion of relevant CSOs at the Dialogue, and follow up on Dialogue outcomes.

10.12. Build up a database of project/programme materials and studies relevant to AC.

#### **Recommendations arising from the lessons**

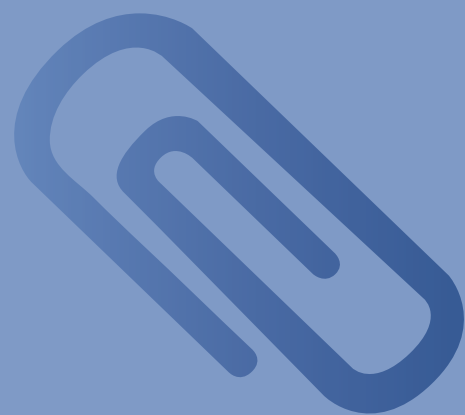
10.13. Three recommendations arise from the lessons about what has worked in Viet Nam. Firstly, in view of the apparent importance of external interests, donors should seek entry points that build on government policy with regard to regional or international agreements and initiatives.

10.14. Secondly, that the experience of successful sequencing, by donors being flexible and able to respond to government policy, suggests that donors need to plan for a long-term strategy, within which there is the flexibility to take opportunities as they arise.

10.15. Thirdly, there is scope to promote and test innovations at provincial level, where government staff may be more able to be adaptive in their response and implementation than would be the case working at national level.



# Annexes







## ANNEX 1:

### Definitions, data & survey instruments

#### Definitions

Working definitions used in this evaluation:

- **Corruption** – *“the abuse of entrusted authority for illicit gain”*.
- Our understanding of corruption versus governance is that an act of corruption is intrinsically linked to a specific transaction between two (or more) parties.
- By contrast, **governance** can be defined as *“The traditions and institutions by which authority in a country is exercised”*.
- It is recognized that donors are increasingly working on a programme basis, but for simplicity Project and Programme are used interchangeably with Project being the default term to describe donor-funded activities.

## Joint External Anti-Corruption Evaluation Framework

**a) Relevance: Are the approaches employed by the five donors to address corruption (including its negative effects on poor people and women in particular) appropriate to country circumstances, and how could they be made more relevant?**

Revised questions	ToR questions	Evidence/ indicators	Sources of data	Data collection tools
1. Are approaches responsive to country circumstances?				
a) Was a state of corruption and political economy mapping and analysis done prior to AC interventions, and if so, what was the quality of this work? Were entry points and major obstacles clearly identified? Were gender and poverty taken into account?	2	Clear references to analysis in programme design documents	Donor programme and project documents	Performance assessment questions 1.2; 1.3
b) How far did donors use national strategies as well as analytical work carried out by non-state actors to support their choice of AC specific interventions? Were their AC-specific interventions designed in discussion with the government and non-state actors?	3	Clear references to analysis in programme design documents	Donor programme and project documents	Performance assessment questions 1.4; 1.5
c) Did donor approach to address corruption in the country change over the evaluation period? And did this match changes in the country context?	1	Changes in approach identified from timeline analysis	Donor policy documents Interviews with donor policy-makers and planners	Country context and donor policy timelines
d) Was the UN Convention Against Corruption used and promoted as a binding legal and political international commitment to further good governance?	5	Reference to UNCAC and structuring of interventions in line with UNCAC articles	Donor policy documents Interviews with donor policy-makers and planners	Donor interview questions
2. How coherent are donor approaches?				
a) Have donors been coherent and complementary in their choice of AC interventions? Are there any gaps in terms of funding? Was sufficient attention given to platforms for donor coordination and dialogue with government and non-state actors?	4	Gaps/overlaps between context analysis and areas of donor support	Donor programme and project documents Interviews with donor planners Interviews with state and non-state actors	Donor mapping Interview questions
b) How far do donors assess the risk of misuse of donor money across their entire programme? How far did they follow a zero-tolerance policy to corruption?	2	Documented analysis	Donor programme and project documents Interviews with donor policy-makers and planners	Performance assessment question 1.8

Revised questions	ToR questions	Evidence/ indicators	Sources of data	Data collection tools
3. Are approaches responsive to implementation experience?				
a) To what extent did donors monitor and evaluate the performance in their AC interventions? What was the quality of the indicators used? Were they in line with national indicators? Were gender and poverty taken into account?	7	Existence of review, monitoring and evaluation documents with appropriate indicator quality and coverage	Donor programme and project documents Interviews with donor policy-makers and planners	Performance assessment questions 2.1-2.5
b) Have there been changes in the donors' AC agenda, implementation, and result monitoring as a result of observed problems (or success) in the implementation of existing activities?	8	Changes to donor programme composition and content	Donor programme and project documents Interviews with donor policy-makers and planners	Performance assessment question 2.6 Donor interview questions

**b) Effectiveness: How effective have donor interventions been in addressing different types of corruption, including forms of corruption affecting poor people and women in particular?**

Revised questions	ToR questions	Evidence/ indicators	Sources of data	Data collection tools
4. How effective have donor interventions been?				
a) ... in fostering institutional monitoring and evaluation mechanisms to fight corruption? (parliament, civil society, etc)?	11	Demonstrably functioning institutional systems that are being utilised	Donor programme and project monitoring and evaluation documents Interviews with donor advisors Interviews with state and non-state actors	Performance assessment questions 3.1-3.7 Interview questions Focus group discussions Intervention logic analysis
b) ... in fostering a culture of openness and supporting progress in the area of transparency, ethics, and public reporting?	9, 10	Examples of increasing open, transparent processes and information	Donor programme and project monitoring and evaluation documents Interviews with donor advisors Interviews with state and non-state actors	Performance assessment questions 3.1-3.7 Interview questions Focus group discussions Intervention logic analysis

Revised questions	ToR questions	Evidence/ indicators	Sources of data	Data collection tools
c) ... in dealing with the forms of corruption affecting poor people and women in particular?	-	Findings from evaluations Perceptions of stakeholders	Donor programme and project monitoring and evaluation documents Interviews with donor advisors Interviews with state and non-state actors	Performance assessment questions 3.1-3.7 Interview questions Focus group discussions
5. Within donor organizations, how extensive and effective are preventive measures, such as financial management and control of programmes? What is the burden on country systems?	13	Internal audit findings Perceptions of state actors	Donor audit reports Interviews with state actors	Document review Interview questions Focus group discussions
6. How effective is dialogue as a tool for coordinated donor response in monitoring and fighting corruption? Have stated intentions with regard to anti-corruption been matched by follow through on implementation, and have intended results achieved?	9, 14, 15	Findings from evaluations Perceptions of stakeholders	Donor programme and project monitoring and evaluation documents Interviews with donor advisors Interviews with state and non-state actors	Interview questions
7. To what extent are donor actions in line with the current international agreements with regard to harmonisation of aid and the OECD/ DAC Principles for donor action on anti-corruption?	17	Degree of alignment	Donor programme documents	Document review
<b>Lessons Learned</b>				
8. What do the donors see as the main lessons learned after years of anti-corruption support?	Lessons Learned 1		Interviews with donors	Interview questionnaire
9. What do the national authorities see as the main lessons learned after years of receiving donor support to reduce corruption?	Lessons Learned 2		Interviews with national authorities	Interview questionnaire
10. What do non-state actors including groups representing the poor and women, consider as main lessons for future work to address corruption?	Lessons Learned 3		Interviews with non-state actors	Interview questionnaire
11. What are the main lessons for future work in corruption?	Lessons Learned 4-7		Analysis by evaluation team	Focus group discussions

	<b>Revised questions</b>	<b>ToR questions</b>	<b>Evidence/ indicators</b>	<b>Sources of data</b>	<b>Data collection tools</b>
12	What are the main areas of, and reasons for, success?	Lessons Learned 4-7		Analysis by evaluation team	Focus group discussions Appreciative enquiry
13	What are the main areas of, and reasons for, failure?	Lessons Learned 4-7		Analysis by evaluation team	Focus group discussions Appreciative enquiry

### Interview Topic Lists

<b>Donor</b>	<b>Implementor</b>	<b>Non-state actor</b>
1d. Was the UN Convention Against Corruption used and promoted as a binding legal and political international commitment to further good governance?		
2a. Have donors been coherent and complementary in their choice of AC interventions? Are there any gaps in terms of funding? Was sufficient attention given to platforms for donor coordination and dialogue with government and non-state actors?		2a. Have donors been coherent and complementary in their choice of AC interventions? Are there any gaps in terms of funding? Was sufficient attention given to platforms for donor coordination and dialogue with government and non-state actors?
3a. To what extent did donors monitor and evaluate the performance in their AC interventions? What was the quality of the indicators used? Were they in line with national indicators? Were gender and poverty taken into account?		
<i>Does the donor promote systematic studies (such as drivers of change, power analyses), information collection, dissemination, discussion on corruption issues?</i>		
3b. Have there been changes in the donors' AC agenda, implementation, and result monitoring as a result of observed problems (or success) in the implementation of existing activities?	3b. Have there been changes in the donors' AC agenda, implementation, and result monitoring as a result of observed problems (or success) in the implementation of existing activities?	

Donor	Implementor	Non-state actor
4. How effective have donor interventions been?	4. How effective have donor interventions been?	4. How effective have donor interventions been?
... in fostering institutional monitoring and evaluation mechanisms to fight corruption? (parliament, civil society, etc)?	... in fostering institutional monitoring and evaluation mechanisms to fight corruption? (parliament, civil society, etc)?	... in fostering institutional monitoring and evaluation mechanisms to fight corruption? (parliament, civil society, etc)?
... in fostering a culture of openness and supporting progress in the area of transparency, ethics, and public reporting?	... in fostering a culture of openness and supporting progress in the area of transparency, ethics, and public reporting?	... in fostering a culture of openness and supporting progress in the area of transparency, ethics, and public reporting?
... in dealing with the forms of corruption affecting poor people and women in particular?	... in dealing with the forms of corruption affecting poor people and women in particular?	... in dealing with the forms of corruption affecting poor people and women in particular?
5. Within donor organizations, how extensive and effective are preventive measures, such as financial management and control of programmes? What is the burden on country systems?	5. Within donor organizations, how extensive and effective are preventive measures, such as financial management and control of programmes? What is the burden on country systems?	
6. How effective is dialogue as a tool for coordinated donor response in monitoring and fighting corruption? Have stated intentions with regard to anti-corruption been matched by follow through on implementation, and have intended results achieved?		6. How effective is dialogue as a tool for coordinated donor response in monitoring and fighting corruption? Have stated intentions with regard to anti-corruption been matched by follow through on implementation, and have intended results achieved?
8. What do the donors see as the main lessons learned after years of anti-corruption support?	9. What do the national authorities see as the main lessons learned after years of receiving donor support to reduce corruption?	10. What do non-state actors including groups representing the poor and women, consider as main lessons for future work to address corruption?

## Programme Performance Assessment (PAQ)<sup>1</sup>

The purpose of this document review form is to analyse the programmes (or major projects) of the commissioning donors in such a way that will enable comparison between donors and across countries.

This approach responds specifically to questions 1, 2, 3 and 7 as set out in the Objectives in the TOR and is linked to the Evaluation Framework matrix:

### Objectives

The objectives are to obtain descriptive and analytic information related to actual results of the support provided by the five commissioning donors, both overall and for each of them in each of the selected countries, regarding:

- 1. corruption diagnostic work (highlighting, where relevant, information disaggregated by gender)**
- 2. underlying theory, AC strategy and expected results of their support to reduce corruption**
- 3. implementation of support to specific AC interventions and achieved results**
4. other donor interventions or behaviour relevant for corruption and AC efforts, and achieved results in terms of corruption
5. extent of coherence of AC practice between specific AC activities and other programs, for individual donors
6. extent of coherence of AC practice within the donor group
- 7. the extent that gender and other forms of social exclusion have been taken into account in donor interventions**

### Programme purpose & design

1.1: Is the programme purpose clear and realistic for the resources available?	Yes	No
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#### Statement of evidence and document reference to support the finding:

The programme has three components, each with a development objective that is clear if a little vague and describes improved performance (1 and 2) and behaviour change (3);

1 Access to Justice: "People have improved access to formal and informal institutions entrusted with the delivery of justice"

2 Transparency and Accountability: "Citizens live in an environment of improved democratic practices and better performing public institutions."

3 Promotion of Human Rights: "Duty bearers respond to the demand for respect, protection and fulfilment of Human Rights"

<sup>1</sup> Example of the report for the Danida Good Governance & Human Rights Programme

1.2: Does the programme address a specific and existing problem developed from situational analysis?	Yes	No
1.3 Does the situational analysis take adequate account of gender and poverty dynamics related to corruption?	Yes	No
1.4 Were national strategies taken into account in the analysis?	Yes	No
1.5 Was analysis by and interaction with non-state actors taken into account?	Yes	No
<p>Statement of evidence and document reference to support the findings:</p> <p>1.3 The programme rationale contains an extensive consideration of the impact of lack of access to justice on the poor, on women and on disadvantaged groups. In relation to corruption it states “The consequences for individuals seeking justice are no less negative. The unofficial costs of entry into and consideration by the justice system inevitably out-prices the poor in general, as well as groups disadvantaged by social and legal discrimination, such as women, indigenous peoples and children.”</p> <p>1.4 The PRSP is extensively relied on in the programme rationale eg. “The PRSP has identified the promotion of ADR as a key policy priority” “The PRSP has highlighted the consolidation of jail reform, community policing and the development of a comprehensive police reform agenda as important policy priorities related to the improvement of criminal justice.” “The PRSP has also called for a multi-sectoral approach for the elimination of gender disparity and to children’s rights. “</p> <p>1.5 project partners were consulted in the preparation of the concept paper and the design but no consultation with non state actors outside the programme or analysis by non state actors is referred to.</p>		

1.6: Which UNCAC headings (and sub-headings) does the programme seek to address?	Tick
<b>Prevention</b>	
a. Preventive AC policies and practices	✓
b. Preventive AC body or bodies	✓
c. Public sector	✓
d. Code of conduct for public officials	
e. Public procurement and PFM	
f. Public reporting	✓
g. Measures relating to the judiciary and prosecution services	✓
h. Private sector	
i. Participation of society	✓
Measures to prevent money-laundering	
<b>Criminalisation and law enforcement</b>	✓



1.7: Does the programme clearly identify links with broader governance reforms and whole-of-government approach (i.e supply side of governance)?	Yes	No
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Statement of evidence and document reference to support the finding:  
The Programme Document contains extensive analysis of current governance reforms, coordination and fit of the Human Rights and Good Governance Programme within the context of those reforms. (Programme Document pp17-20)

1.8: Does the programme identify the risk of misuse of donor money across the value-chain? (If 'Yes' What preventive measures – internal and complementary programmes – are identified)	Yes	No
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Statement of evidence and document reference to support the finding:  
Although the programme document contains a section on accounting and internal control (pp 57-58 ), the misuse of donor funds is not identified as a risk and a full risk analysis across the value chain has not been conducted

## Monitoring and management

2.1: Does the programme have a limited number of specific long-term performance indicators that focus on outcomes and reflect the purpose of the programme?	Yes	No
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Statement of evidence and document reference to support the finding:  
What the programme document calls Immediate Objectives are long term measures of performance that focus on outcomes and reflect PRSP measures eg. Under component 1 the immediate objectives are;  
(i)The formal justice system is efficient in terms of case management and ensures fair treatment for all peoples,  
(ii) The informal justice system (Alternative Dispute Resolution – ADR ) is strengthened and expanded and ensures fair treatment for all peoples.  
(iii) Disadvantaged people, especially women, adivasi/ethnic minority groups and children have adequate assistance to utilize the justice system and claim redress.

2.2: Does the programme have a limited number of specific shorter (annual) performance indicators that can demonstrate progress toward achieving the programme's long-term goals?	Yes	No
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Statement of evidence and document reference to support the finding:  
Yes, eg. "Number of cases efficiently disposed of by lower judiciary per year increased by 8 % per year." (Component 1 log frame, Programme Document). This is clearly linked to the long term goal "People have improved access to formal and informal institutions entrusted with the delivery of justice" through the sub objective "The formal justice system is efficient in terms of case management and contributes to fair treatment for all peoples."

2.3 Do the indicators include citizens' perceptions of changing corruption?	Yes	No
2.4 Are the performance indicators in line with national indicators	Yes	No
2.5: Do the indicators take gender and poverty adequately into account	Yes	No

Statement of evidence and document reference to support the findings:

2.3 One of the long term indicators for Component 2 is "Sustained improvement of scores in Corruption Index of Transparency International."

2.4 The programme document contains a PRSP Indicator and Policy Matrix at Annex 2 to illustrate the alignment of indicators

2.5 There is stratification of some indicators on gender eg. "Number of female representatives trained in gender and human rights." And "Number of initiatives taken by female representatives" (log frame component 2) "Number of people (disadvantaged, women and men and media professionals subjected to persecution and harassment) receiving legal assistance increased from 30% to 60%." (log frame component 1). The intention to analyse poverty dimensions is clear from the indicators although no precise stratification is proposed eg. "Improved service delivery especially for the poor and vulnerable. (Increased attendance of doctors at UP/Upazila level healthcare centres, of teachers at primary school, increased visit by agro-based government employers.)" ( Log frame component 2);

2.6: Does the donor regularly collect timely and credible performance information, including information from key programme partners, and use it to manage the programme and improve performance?	Yes	No
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Statement of evidence and document reference to support the finding:

Comprehensive annual progress reports are submitted by the PSU. Action appears to have been taken on the basis of a previous programme review "A plan for follow up actions based on the recommendations of the programme review held in May 2008, was developed, and several initiatives have been carried out during this reporting period. Among these, the interchange and lessons learned seminar among 4 partners working with local governance, and another workshop among indigenous peoples partner organizations and legal aid providers, deserves to be mentioned. Besides, a concept note as well as a brain-storming seminar with NGO partners regarding improved institutional governance has been made. The recommended updating and improvements of the monitoring system and the initiation of Tracer Studies has initiated and one impact study has been carried out and the final report is under preparation." (p5 Annual Progress Report 2008-09)

## Results & accountability

3.1: Is there a results-chain that is being monitored?	Yes	No
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Statement of evidence and document reference to support the finding:

Eg Component 1 includes assistance to the formal justice system;

Output is The ability of the lower judiciary to handle cases effectively increased  
Output indicators for this output are; Number of cases efficiently disposed of by lower judiciary per year increased by 8 % per year and The average duration of cases disposed reduced by x hours per year.

Related outcome indicator is Backlog of cases reduced from x to y  
(Programme Document. Log frame p80)

3.2: Has the programme demonstrated progress in achieving its long-term performance goals?	Yes	No
<p><u>Statement of evidence and document reference to support the finding:</u>  It hasn't been possible to evaluate progress towards at least one of the long term goals; (i)The formal justice system is efficient in terms of case management and ensures fair treatment for all peoples,  "The number of trained judges has been in line with the pre-established yearly target, but it is not possible at this stage to evaluate the national level impact of this training in relation to the objective. (Annual Progress Report 2008-09)"</p>		

Have donor interventions been effective?		
3.3 ... in fostering institutional monitoring and evaluation mechanisms to fight corruption? (parliament, civil society, etc)?	Yes	No
3.4 ... in fostering a culture of openness and supporting progress in the area of transparency, ethics, and public reporting?	Yes	No
3.5 ... in dealing with the forms of corruption affecting poor people and women in particular?	Yes	No
<p><u>Statement of evidence and document reference to support the finding:</u>  3.3 and 3.4 The following extract from the Annual Progress Report 2008-09 is one example;  "Under the framework of the Good Governance Program implemented by the GoB with technical and financial support from ADB, which include TA funded by Danida, the following achievements from this reporting period deserves to be mentioned as they clearly contribute to the fulfilment of the objectives of the component:  – TA-funded consultants are currently supporting the Cabinet Division and office of the registrar (Supreme Court) to enable better management of good governance projects throughout the public sector.  – Amendments to Code of Criminal Procedure to make judiciary independent has been made, and all judicial sector appointments and personnel matters have been unbundled from the Public Service Commission.  – Financial accountability mechanisms and audit requirements in place in all departments,  – Practical and realistic monitoring and reporting protocols at the Supreme Court Basic monitoring protocols in place -A separate prosecution service has been established with adequate budget.  – Strategic plan for reforms of Chittagong Port Authority has been made  – Complaint-handling mechanisms established in the central line ministries.  – Transparent and merit-based examination and quota system"</p> <p>3.5 Under Component 2, the programme is supporting the Local Government Support Programme. One of the activities is to audit local governments and provide block grants to those that receive a clear bill of health. This encourages transparency and reduced corruption in local government the main provider of services for poor people and women. "The LGRD has with support from LGSP audited 2257 UPs in 2008, and those receiving clean audits will get nearly \$50 million expanded block grants. Within the next three years, it is expected that LGSP will cover all the 4498 UP<sup>2</sup>" (Annual Progress Report 2008-09)</p>		

2 Source: Official web site of Anti- Corruption Commission [www. acc.org.bd/verdicts](http://www.acc.org.bd/verdicts) and information collected from Legal and Prosecution wings of ACC.

3.6: Do independent evaluations indicate that the programme is effective and achieving results?

Yes

No

Statement of evidence and document reference to support the finding:

No independent evaluation made available

3.7: What have been the results on the level or trends of corruption?

Statement of evidence and document reference to support the finding:

Danida funds TA to the ADB Good Governance Programme under its Human Rights and Good Governance Programme. The impact of the ACC on corruption is therefore partly attributable to this programme. Eg "ACC filed 262 corruption cases against politicians and businessmen during 2007, among which 74 cases have been disposed during the period and 188 cases are pending. At least 46 ex-ministers, members of parliament, politicians and their family members have been sentenced to different terms of rigorous imprisonment and fine. ACC initiated investigation against 197 listed corrupt ministers and politicians among which only 80 were arrested during the drive. Some of the listed people managed to leave the country and some were not arrested. 50 % of the arrested politicians have been convicted by now. 1" (p12 Annual Progress Report 2007 -2008)

## Summary of questions scores from Programme Assessment Questionnaires

	Yes	No	Don't Know <sup>3</sup>	Total	Yes% of Yes+No
<b>Project/ programme purpose &amp; design</b>					
1.1: Is the project/programme purpose clear and realistic for the resources available?	15	4	4	23	79%
1.2: Does the programme address a specific and existing problem developed from situational analysis?	18	1	4	23	95%
1.3 Does the situational analysis take adequate account of gender and poverty dynamics related to corruption?	6	11	6	23	35%
1.4 Were national strategies taken into account in the analysis?	17	2	4	23	89%
1.5 Was analysis by and interaction with non-state actors taken into account?	8	10	5	23	44%
<b>1.6: Which UNCAC headings (and sub-headings) does the programme seek to address?</b>					
1.7: Does the programme clearly identify links with broader governance reforms and whole-of-government approach (i.e supply side of governance)?	11	7	5	23	61%
1.8: Does the programme identify the risk of misuse of donor money? (If 'Yes' What preventive measures are identified)	3	17	3	23	15%
<b>Monitoring and management</b>					
2.1: Does the programme have a limited number of specific performance indicators that focus on outcomes and reflect the purpose of the programme?	11	7	5	23	61%
2.2: Does the programme have a limited number of specific shorter (annual) performance indicators that can demonstrate progress toward achieving the programme's long-term goals?	10	6	7	23	63%
2.3 Do the indicators include citizens' perceptions of changing corruption?	4	15	4	23	21%
2.4 Are the performance indicators in line with national indicators	11	8	4	23	58%
2.5: Do the indicators take gender and poverty adequately into account	8	10	5	23	44%

<sup>3</sup> Recorded when no information available or when it is too early in the life of the project for an assessment.

	Yes	No	Don't Know <sup>3</sup>	Total	Yes% of Yes+No
2.6: Does the donor regularly collect timely and credible performance information, including information from key programme partners, and use it to manage the programme and improve performance?	8	4	11	23	67%

<b>Results &amp; accountability</b>					
3.1: Is there a results-chain that is being monitored?	7	8	8	23	47%
3.2: Has the programme demonstrated progress in achieving its outcomes?	11	4	8	23	73%
3.3 ... in fostering institutional monitoring and evaluation mechanisms to fight corruption? (parliament, civil society, etc)?	6	9	8	23	40%
3.4 ... in fostering a culture of openness and supporting progress in the area of transparency, ethics, and public reporting?	6	9	8	23	40%
3.5 ... in dealing with the forms of corruption affecting poor people and women in particular?	3	12	8	23	20%
3.6: Do independent evaluations indicate that the programme is effective and achieving results?	2	6	15	23	25%
<b>3.7: What have been the results on the level or trends of corruption?</b>					

**Annex 1 Table 1 Donor mapping for support to anti-corruption**  
**List of anti-corruption programmes/projects in Vietnam 2009–2015<sup>4</sup>**

No	Program/Project Name	Short description	Status	Vietnamese Partners Contact	Donors Contact	Implementation Period	Committed Budget
1	Strengthening of planning reform at Central and Decentralised levels	In the framework of the public administration reform in Vietnam, the project aims to improve service delivery through strengthening capacity of the national and sub-national government to plan, finance and monitor/evaluate pro-poor and pro-growth policies and interventions	On-going	MPI No.2 Hoang Van Thu Street, Hanoi Mr. Bui Ha, National Project Director, Director of National Economic Issues Department Tel: 84 4 0804 4393; Fax: 84 4 823 4453; Mobile: +84 (91) 3375781 Email: buiha@mpi.gov.vn	Kingdom of Belgium Embassy of Belgium Patrick De Bouck 84-4-3934.6177 coop.hanoi@diplobel.fed.be	2007–2012	3,000,000.00 €
2	Poverty Reduction through Institutional Strengthening at Provincial (Nghe An) and District (Quy Chau) levels	To strengthen the institutional capacities of local governments in decentralised development planning, budgeting, implementation and public service delivery in accordance with PAR objectives	On-going	Nghe An Provincial DPI No. 20 Truong Thi road, Vinh City, Nghe An Province Mr. Nguyen Nam Dinh, National Project Director Tel: 84 38 3592953; Fax: 84 38 3597282; Mobile: 84 913273005 Email: nguyennam dinh@khdnghean.vn	Kingdom of Belgium Embassy of Belgium Patrick De Bouck 84-4-3934.6177 coop.hanoi@diplobel.fed.be	2008–2013	2,500,000.00 €

<sup>4</sup> Source – Swedish Embassy

No	Program/Project Name	Short description	Status	Vietnamese Partners Contact	Donors Contact	Implementation Period	Committed Budget
3	Public Administration Reform HAU GIANG Province Phase2	To improve the institutional and human capacities, the organizational set-up and the performances of local governments in the fields of development planning and public service delivery, management and monitoring	On-going	PARROC HAU GIANG No.2 Le Hong Phong road, Vi Thanh town, Hau Giang Mr. Vo Minh Tam, Project Vice Director Tel: 84 711 3581492; Fax: 84 711 358 1303	Kingdom of Belgium Embassy of Belgium Patrick De Bouck 84-4-3934.6177 coop.hanoi@diplobel.fed.be	2007– 2012	2,470,499.00 €
4	Ninh Thuan: Poverty reduction and sustainable development through institutional strengthening of the Local Government and support their priority programmes concerning water supply for irrigation and improvement of sanitation conditions	The programme will contribute to poverty reduction by (1) enhancing the quality of public service delivery, particularly in the water sector, (2) promoting the economic development including agricultural production and (3), improving of sanitation and the living conditions and quality of life for the local people in the project areas.	Formulated	Ninh Thuan Provincial DPI No.57, road 16/4, Phan Rang-Thap Cham City, Ninh Thuan Mr. Truong Xuan Vy, Head of External Economic Department Tel: 84 68 3825880; (M): 84 913184017 Email: xuanvy@ninhthuan.gov.vn	Kingdom of Belgium Embassy of Belgium Patrick De Bouck 84-4-3934.6177 coop.hanoi@diplobel.fed.be	2010– 2015	10,000,000.00 €
5	“Strengthening the capacity of the Government Inspectorate and the Government of Viet Nam to monitor and report on corruption and anti corruption efforts (in compliance with the UN Convention against Corruption, UNCAC)”	This project aims to improve the ability of the GoVN to prevent and combat corruption in compliance with UNCAC. In particular, it aims to strengthen: (i) national capacities to comply with international norms and standards provided by UNCAC, (ii) institutional capacities for monitoring and evaluating corruption and anti corruption efforts in compliance with UNCAC, and (iii) partnership building and public involvement in the monitoring and evaluation of corruption and anti-corruption efforts	On-going	Government Inspectorate Research Institute and other related departments within and outside GI Mr. Nguyen Tuan Anh anh.nt@gi.posci.org.vn Tel: 37473627	European Commission Delegation to Viet Nam, Project Officer: J.P. Bardoul (under guidance and supervision by H. Farnhammer and W. Vandenbergh, Head of Operations)	2009– 2013	1 725 850,00 USD (equivalent to 1 178 755,00 EUR)



No	Program/Project Name	Short description	Status	Vietnamese Partners Contact	Donors Contact	Implementation Period	Committed Budget
6	Support for Trade Acceleration II (STAR II)	The project provides technical assistance to the GOV in implementing legal and economic reforms to be compliant with the U.S.-Vietnam Bilateral Trade Agreement (BTA) and the WTO commitments. Among others, the TA includes support for strengthening the Vietnam's legal, judicial, prosecutorial, and court systems, helping the NA overhaul law making procedures to enable more transparency and public interaction, providing comments to drafts of the Law on Laws, Law on Access to Information, Law on Complaints and Denunciations, Civil Procedures Code and Administrative Case procedures etc, which promote rule of laws, greater transparency, accountability, public participation and effective anti-corruption regime.	On-going	Development Alternatives Inc. (DAI) STAR Project Office: Dan Rathbun, Chief of Party 4/F, Prime Center Building, 53 Quang Trung Street, Hanoi, Vietnam Tel: (84 4) 3944 7391 Fax: (84-4) 3944 7390 Email: Dan_Rathbun@dai.com	United States Agency for International Development (USAID) Francis A. Donovan, Mission Representative 15/F, Tung Shing Building, #2 Ngo Quyen Street, Hanoi Tel: (84 4) 3935 1260 Fax: (84 4) 3935 1265	2006–2010	12 439 718,00 USD

No	Program/Project Name	Short description	Status	Vietnamese Partners Contact	Donors Contact	Implementation Period	Committed Budget
7	Vietnam Competitiveness Initiative II (VNCI II)	The project is designed to support the development and implementation of effective economic governance strategies, policies and practices at both national and provincial levels that foster private sector development and competitiveness. The VNCI's anti-corruption related activities include (1) the adoption of the Provincial Competitiveness Index (PCI) as a national standard and catalyst for transparent, growth-oriented reforms and (2) activities supporting the Prime Minister's Administrative Procedures Reform (Project 30 ) which seeks to eliminate, revise or simplify administrative procedures across 22 ministries and 63 provinces aimed at increasing transparency and reducing opportunities for corruption throughout the country.	On-going	Development Alternatives Inc. (DAI)/Nathan Group VNCI Project Office: James Winkler, Chief of Party 15/F, Prime Center Building, 53 Quang Trung Street, Hanoi, Vietnam Tel: (844) 3943 8163 Fax: (84 4) 3943 8160 Email: Jim_Winkler@dai.com	United States Agency for International Development (USAID) Francis A. Donovan, Mission Representative 15/F, Tung Shing Building, #2 Ngo Quyen Street, Hanoi Tel: (84 4) 3935 1260 Fax: (84 4) 3935 1265	2009–2012	13 595 736,00 USD
8	POSCIS, Strengthening of the Comprehensive Capacity of the Inspectorate System	The programme aims to build an ethical, strong, gradually professionalised and modernised Government Inspectorate and Inspectorate system, that are capable of fulfilling their mandates in the areas of inspection, complaint and denunciation settlement and anti-corruption. The programme comprises of ten sub-components, which includes inspectorates in five provinces and in four ministries.	On-going	Government Inspectorate Research Institute and other related departments within and outside GI Mr. Nguyen Tuan Anh anh.nt@gi.posci.org.vn Tel: 37473627	Embassy of Sweden, Anna Rosendahl, 0903-401254, anna.rosendahl@foreign.ministry.se, Embassy of Denmark, Tove Degnbol, 0913-270372, tovedeg@um.dk, Embassy of the Netherlands, Ingrid Kersjes, 0904-883357, ingrid.kersjes@minbuza.nl	2009–2014	13 200 000,00 USD

No	Program/Project Name	Short description	Status	Vietnamese Partners Contact	Donors Contact	Implementation Period	Committed Budget
9	TI Secretariat Programme Strategy – Vietnam Strengthening Anti-corruption Demand from Society, Public & Private Sector	The programme has four specific results: Improved results – support research by Vietnamese academics and specialists, Stronger demand for anti-corruption created – support ongoing efforts made by Vietnamese institutions and society to create a stronger demand for anti-corruption reforms and greater transparency and integrity, Support base/coalition building created – by encouraging and supporting existing and new audiences in government, private sector, and NGOs in engaging in the fight against corruption, Sustainable presence of TI – establish a National Chapter of TI in Vietnam.	On-going	Towards transparency, Nguyen Thi Kieu Vien Executive Director, 0987-323568, kieuvien@towardstransparency.vn	DFID, Nguyen Thi Kim Lien, 0902-028696, NK-Lien@dfid.gov.uk  Embassy of Finland, Tran Thi Lan Huong, 04-38266788, Huong.TranThiLan@formin.fi  Embassy of Ireland, Bob Patterson, 0917-290503, bob.patterson@dfa.ie,  Embassy of Sweden, Anna Rosendahl, 0903-401254, anna.rosendahl@foreign.ministry.se	2009–2012	1 366 000,00 EUR
10	Integrity and transparency business in Vietnam	The purpose is to mobilize the business community in Vietnam around the challenges of integrity, transparency and corruption	Formulated	Vietnam Chamber of Commerce, Nguyen Thi Phan Chung Manager The Office for Business Sustainable Development (SD4B) Vietnam Chamber of Commerce & Industry (VCCI) 4th Floor, 9 Dao Duy Anh Street, Hanoi Tel/Fax: 84-4-35743492 Hand phone: 0903230858	Embassy of Sweden, Anna Rosendahl, 0903-401254, anna.rosendahl@foreign.ministry.se,  British Embassy, David Edmondson, david.edmondson@fco.gov.uk, 04-39360506	2010–2013	450,000 USD

No	Program/Project Name	Short description	Status	Vietnamese Partners Contact	Donors Contact	Implementation Period	Committed Budget
11	Anti-Corruption training program for the Vietnam Communist Party's Central Inspectorate Commission	The Anti-corruption Executive Training Course for the Vietnam Communist Party's Central Inspectorate Commission aims to provide key executive inspectorate officials with a comprehensive understanding of national integrity systems as well as evidence-based policy and practical aspects of anti-corruption. These feed in to Vietnam's finalisation and initial implementation of the comprehensive Anti-Corruption Strategy to 2020.	Completed	Vietnam Communist Party's Central Inspectorate Commission 1C Hoang Van Thu Street, Hanoi Mr. Le Gia Kien, Director of National Economic Issues Department Tel: 84 4 38452475; Fax: 84 4 38234514; Mobile: +84 (0)9 45451899 Email: lgkien@yahoo.com	Ausaid, Australian Embassy, 8 Dao Tan Street, Ba Dinh District, Hanoi Ms. Nguyen Mai Chi Senior Program Manager, Governance, Direct Line: 84 4 3774 0183; Voice net: 8844 183 Cell: 84-903288489 Fax: 84-4-8317706 Email: mai-chi.nguyen@dfat.gov.au	2008	500 000 AUD
12	The Anti-Corruption Training Program 09-10 for Vietnam's Party and Government	The Anti-Corruption Training Program 09-10 for Vietnam aims to provide key executive inspectorate officials of the Party and Government of Vietnam with a comprehensive understanding of national integrity systems as well as evidence-based policy and practical aspects of anti-corruption. The program builds on the success of the 08-09 program, its focus on coordination of anti-corruption agencies and specific topics identified by the involved agencies seen as critical for the Vietnam anti-corruption agenda to implement the National Anti-Corruption Strategy to 2020 and UNCAC.	On-going	<b>Vietnam Communist Party's Central Inspectorate Commission</b> 1C Hoang Van Thu Street, Hanoi Mr. Le Gia Kien, Director of National Economic Issues Department Tel: 84 4 3845247 ; Fax: 84 4 38234514; Mobile: +84 (0)9 45451899 Email: lgkien@yahoo.com <b>Office of the Steering Committee on Anti-corruption</b> 2 Hoang Van Thu, Hanoi Mr Le Van Lan Tel 08045814 Fax 08048430 Mobile 0912176603 E-mail: lan.vpbcd@gmail.com <b>Government Inspectorate</b> 220 Doi Can, Hanoi Mr. Hoang Thai Duong E-mail: cucchongthamnhung@gmail.com	Ausaid, Australian Embassy, 8 Dao Tan Street, Ba Dinh District, Hanoi Ms. Nguyen Mai Chi Senior Program Manager, Governance, Direct Line: 84 4 3774 0183; Voice net: 8844 183 Cell: 84-903288489 Fax: 84-4-8317706 Email: mai-chi.nguyen@dfat.gov.au	2009	500 000 AUD

No	Program/Project Name	Short description	Status	Vietnamese Partners Contact	Donors Contact	Implementation Period	Committed Budget
13	Public Financial Management Reform Project (PFMRP)	<p>The project purpose is to strengthen budget planning, execution, reporting and accountability</p> <p>The principal recipient institution is Ministry of Finance, though the project also supports the Ministry of Planning and Investment, sector line ministries and provincial and district governments.</p>	On-going	<b>Ministry of Finance</b> Vu Huu Nam, Project Director Tel: 9719660; Email: vuhuanam@mof.gov.vn	<b>DFID</b> Ms. Nguyen Thi Kim Lien, Governance Advisor Address: 7th Floor, Central Building, 31 Hai Ba Trung, Hanoi Tel: 39360554 email: nk-lien@dfid.gov.uk  <b>World Bank</b> Ms. Vu Hoang Quyen – Task team leader, Address: 63 Ly Thai To, Hanoi Tel: 9346600*270/ 0904277279 Email: qvu@worldbank.org	2003–2011	£6,580,000.00
14	Governance and Poverty Policy Analysis and Advice (GAPAP)	<p>The project purpose is to support the development of relevant information systems, analysis and improved policy making on governance and poverty reduction.</p> <p>Within ‘governance’, GAPAP will focus on transparent and accountable government, anti-corruption and greater citizen participation in the policy making process.</p>	On-going	n/a	<b>DFID</b> Ms. Kirsty Mason Governance and Social Inclusion Advisor Address: 7th Floor, Central Building, 31 Hai Ba Trung, Hanoi Tel: 39360598 Email: k-mason@dfid.gov.uk  <b>World Bank</b> Mr. Martin Rama Lead Economist, PREM Tel: 9346600, Fax: 9346597 Email: mrama@worldbank.org	2007–2012	£4,800,000

No	Program/Project Name	Short description	Status	Vietnamese Partners Contact	Donors Contact	Implementation Period	Committed Budget
17	Support to SAV to produce a Development Action Plan towards 2020	The purpose of the programme is to strengthen financial accountability in Vietnam through support to SAV, and learn lessons for supporting SAls in other countries	On-going	<b>State Audit of Vietnam</b> Ms. Ha Le My Dung Deputy Director International Relations Dept Address: 111 Tran Duy Hung, Cau Giay, Hanoi Tel: 84 4 35566029 Fax: 84 4 35564517 Email: vietnamsai@hn.vnn.vn	<b>DFID</b> Ms. Nguyen Thi Kim Lien, Governance Advisor Address: 7th Floor, Central Building, 31 Hai Ba Trung, Hanoi Tel: 39360554 email: nk-lien@dfid.gov.uk	2009–2010	£160,000
18	Construction Sector Transparency Initiative (COST)	To improve transparency of financial (and Technical) arrangements from contract award to project completion in the construction sector	On-going	<b>MOC</b> Mr. Le Xuan Truong Chairman of the Preparation Team Deputy Director of Department of Construction Tel: 0912396412	<b>DFID</b> Ms. Nguyen Thi Kim Lien, Governance Advisor Address: 7th Floor, Central Building, 31 Hai Ba Trung, Hanoi Tel: 39360554 email: nk-lien@dfid.gov.uk <b>World Bank</b>	2009–2011	£6,030,000
19	Ministry of Planning and Investment Inspectorate (MPII)	To enable MPII to develop an inspection function which reflects international good practice	Completed	<b>MPI</b> Mr. Dang Huy Dong Vice Minister No.2 Hoang Van Thu Street, Hanoi	<b>DFID</b> Ms. Nguyen Thi Kim Lien, Governance Advisor Address: 7th Floor, Central Building, 31 Hai Ba Trung, Hanoi Tel: 39360554 email: nk-lien@dfid.gov.uk	2004–2006	£599,340

No	Program/Project Name	Short description	Status	Vietnamese Partners Contact	Donors Contact	Implementation Period	Committed Budget
20	Public Financial Management Modernisation Project (PFMMP)	<p>The project is co-financed with six other donors and administered by the World Bank. It provides support to GVN's "Modernization Programme" in the area of financial management. The support includes two parts – a TF executed by the World Bank providing support for a co-ordinator and a TF to be executed by GoV. The project aims to achieve (i) Improvement of State Budget Management; (ii) Improvements in State taxation system; (iii) Improvements in asset management; (iv) Improved management of SOE related risks; and (v) Improved debt management</p>	Completed	<p><b>MOF</b> 28 Tran Hung Dao</p>	<p><b>DFID</b> Ms. Nguyen Thi Kim Lien, Governance Advisor Address: 7th Floor, Central Building, 31 Hai Ba Trung, Hanoi Tel: 39360554 email: nk-lien@dfid.gov.uk <b>Co-financiers:</b> Netherlands, Sweden, Denmark, Norway, Canada, Switzerland, EC</p>	2003– 2007	£786,000

**Annex 1 Table 2 Goal and Objectives/Outputs indicators for POSCIS**

Objectives and Outputs	Program Result Indicators	
	Impact on the capacity of the Inspectorate Sector	Impact on State Management
<b>Goal:</b> <b>To build an Inspectorate sector that is ethical, consolidated, step-by-step professionalized, modern, and capable of effectively implementing inspection, complaint and denunciation handling, and anti-corruption tasks</b>	<p>By the end of the Program in 2014, Program impact on the capacity of the inspectorate sector will be reflected in the following dimensions:</p> <ul style="list-style-type: none"> <li>– Number of inspected corrupt and violating cases in different state management areas reduce substantially relative to that in 2007 and 2008.</li> <li>– Inspection of state management accountability in different sectors and levels is comprehensively strengthened</li> <li>– Ratio of completely and timely resolved petition and denunciation cases in the total number of cases is higher nation-wide than in 2007 and 2008.</li> <li>– Professional direction and supervision is regularly and promptly conducted at high quality in the entire inspection sector.</li> <li>– Standardization and sector-wide application of professional procedures related to inspection activities, the handling of petitions and denunciations and anti-corruption</li> <li>– capacity and ethical and professional quality of cadres and inspectors is strengthened</li> <li>– good practices in the field of organization are summarized to form the basis for further improvement and replication in inspection sector</li> </ul>	<p>By the end of the Program in 2014, the impact on state management is reflected in the following dimensions:</p> <ul style="list-style-type: none"> <li>– result of public administration reform (PAR) program in the period 2006–2010 in the areas supported by the Program.</li> <li>– results of the implementation of the five year SEDP (2006–2010) owing to reforms in the areas supported by the Program</li> <li>– effectiveness of state management in specialized areas supported by the Program</li> <li>– results of the implementation of the Laws on Inspection, petitions and denunciations, anti-corruption and a number of solutions put forth in Central Committee Resolution no. 04NQ/TW and 05-NQ/TW by sectors and government tiers are recognized</li> <li>– public evaluation of inspection activities, the handling of petitions and denunciations and anti-corruption</li> </ul>



Objectives and Outputs	Program Result Indicators	Impact on State Management
<p><b>Objective 1: To strengthen the professionalism of inspection activities through standardization of inspection procedures, provision of specialized guidance, and division of responsibilities and management decentralization so that the sector becomes the driving force for improving the effectiveness, efficiency, and accountability of state management agencies</b></p> <p><b>Output 1.1:</b> Measures strengthening independence in professional activities and organizations piloted, assessed, and institutionalized</p> <p><b>Output 1.2:</b> The functions, mandates, authority, and organizational structure of the inspectorate apparatus clearly specified and commensurate with PAR requirements</p> <p><b>Output 1.3:</b> Professionalism in the management and supervision of inspection activities by the GI, ministerial and provincial/municipal inspectorates strengthened.</p> <p><b>Output 1.4:</b> Systems of procedures and standards for inspection promulgated</p> <p><b>Output 1.5:</b> Mechanisms for handling legal violations of inspection activities, especially the implementation of post-inspection conclusions, recommendations, and decisions developed and applied.</p> <p><b>Output 1.6:</b> Experience-sharing on inspection activities organized</p>	<p><b>Impact on the capacity of the Inspectorate Sector</b></p> <ol style="list-style-type: none"> <li>1. Since 2012, the number of activities related to professional guidance increases compared with 2007–2008.</li> <li>2. Since 2012, the number of accountability inspection cases in general, and the number of accountability inspection cases on the implementation of the Law on Inspection, increases compared with 2007–2008.</li> <li>3. Since 2012, implementation rate of post-inspection conclusions in the entire inspection sector increases compared with that of 2007–2008</li> <li>4. Since 2012, inspection procedures supported by the Program gradually standardized and replicated.</li> <li>5. Promulgation of secondary legal documents and guidelines on professional matters and organization implemented regularly and in a timely fashion.</li> <li>6. Overlapping and omission of activities in the entire sector reduces compared with 2007–2008.</li> <li>7. Failures to complete planned activities and programs for the sector are better overcome in annual basis compared with 2007–2008.</li> <li>8. Since 2012, number of inspected cases conducted by inspection sector that completes on time as legally regulated increases compared with that of 2007–2008.</li> <li>9. The personnel structure by category appropriate to work requirements in each field of inspection is better arranged compared with 2007–2008.</li> <li>10. The percentage of cadre rotation/shifting in the sector reduces compared with 2007–2008.</li> <li>11. Knowledge, skills, and attitudes regarding the work of cadres in the sector strengthened compared with 2007–2008.</li> <li>12. The percentage of female cadres in the sector increases compared with 2007–2008.</li> <li>13. The rate of violations by inspectors when carrying out professional duties reduces compared with 2007–2008.</li> <li>14. The percentage of corruption in the inspectorate sector reduces compared with 2007–2008.</li> <li>15. The number of complaints and denunciations against the Inspectorate sector reduced compared with 2007 and 2008.</li> </ol>	<p><b>Impact on State Management</b></p> <ol style="list-style-type: none"> <li>1. The percentage of re-violations in state management activities already being inspected reduces compared with 2007–2008.</li> <li>2. The percentage of violations of the Laws on Inspection, petitions and denunciation, and anti-corruption reduces compared with 2007–2008.</li> <li>3. The percentage of detection of policy and legal loopholes in inspected areas with the support of the Program, and the percentage of solved cases increases compared with 2007–2008.</li> <li>4. Effectiveness and efficiency of state management in the fields that are inspected with the support of the Program increases compared with 2007–2008.</li> </ol>

Objectives and Outputs	Program Result Indicators	
	Impact on the capacity of the Inspectorate Sector	Impact on State Management
<p><b>Objective 2: To strengthen the role of the inspectorate sector in handling complaints and denunciations with emphasis on inspection of accountability, reform of the citizen reception models through procedure simplification, legal and policy improvements, and procedural standardization with due consideration of the different factors between rural and urban areas.</b></p> <p><b>Output 2.1:</b> System of legal documents on petitions and denunciations improved</p> <p><b>Output 2.2:</b> The inspectorate's functions, mandates, and authority for handling administrative petitions clarified along the line of strengthening the inspection of fulfillment of responsibilities by agency heads at all levels</p> <p><b>Output 2.3:</b> Citizen reception models reformed in a uniform manner based on "one-stop-shop" mechanism</p> <p><b>Output 2.4:</b> Systems of procedures to handle petitions and denunciations promulgated.</p> <p><b>Output 2.5:</b> Measures to review, evaluate, and deliberate about responsibilities of agency heads in citizen reception, and petition and denunciation handling, developed.</p> <p><b>Output 2.6:</b> Experiences of the handling of petitions and denunciations exchanged and shared</p>	<p>1. The number of cases of accountability inspection regarding the implementation of the Law on Petitions and Denunciations increases in annual basis and in comparison with 2007–2008.</p> <p>2. Since 2012, citizen reception and petition and denunciation handling procedures standardized step-by-step and replicated.</p> <p>3. Promulgation of secondary legal documents and guidelines on organization and professional matters implemented regularly and in a timely fashion.</p> <p>4. Knowledge, skills, and attitudes regarding the work of cadres increases compared with 2007–2008.</p> <p>5. The percentage of petition and denunciation cases solved following inspectorate's recommendations increases in annual basis and in comparison with 2007–2008.</p> <p>6. The situation of overdue petition and denunciation cases at the inspectorate unit reduces in annual basis and in comparison with 2007–2008.</p> <p>7. Processing time reduces without at cost of quality degradation. Specifically,</p> <p>7.1 Time used to receive and handle complaints from citizens reduces compared with 2007–2008.</p> <p>7.2 The average number of citizen reception turns per cadre in charge increases compared with 2007–2008.</p> <p>7.3 Time used to verify, conclude, and recommend measures related to petitions and denunciations reduces compared with 2007–2008.</p> <p>7.4 Time for each accountability inspection regarding the handling of petitions and denunciations reduces compared with 2007–2008.</p>	<p>1. The lack of accountability and avoidance of responsibility by administrative units in the handling of petitions and denunciations reduces compared with 2007–2008.</p> <p>2. The number of violations in the handling of administrative petitions in different sectors and levels reduces compared with 2007–2008.</p> <p>3. The number of mass petition and denunciation cases (protests) missent to incorrect authorities gradually reduces compared with 2007–2008.</p> <p>4. The situation of anonymous and widespread denunciations reduces compared with 2007–2008.</p> <p>5. Processing time for receiving and handling complaints and petitions from citizens reduces compared with 2007–2008.</p> <p>6. Public attitudes towards the petition and denunciation handling work are more positive compared with 2007–2008.</p>

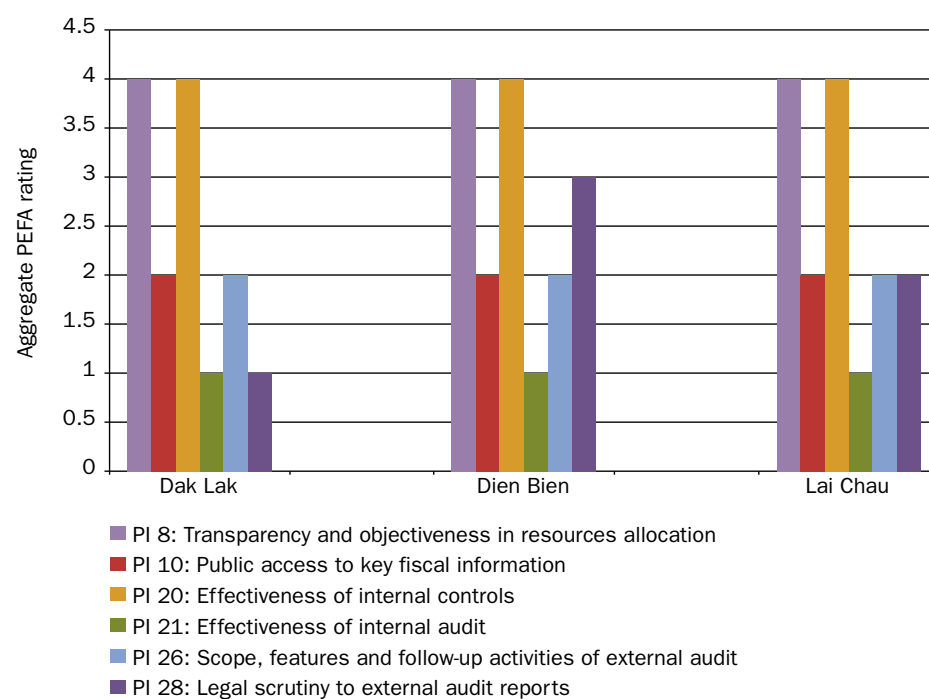
Program Result Indicators	
Objectives and Outputs	Impact on the capacity of the Inspectorate Sector
<p><b>Objective 3: To strengthen the efficiency of inspection activities in preventing, detecting, and handling corruption by setting up specialized units and developing a risk warning system.</b></p> <p><b>Output 3.1:</b> Organizational structure of GI's specialized anti-corruption units and local inspectorates is streamlined and its effectiveness strengthened</p> <p><b>Output 3.2:</b> A corruption warning system (risk warning system) in all fields of state management based on inspection activities, and the handling of petitions and denunciations, developed and applied.</p> <p><b>Output 3.3:</b> Anti-corruption legal document systems strengthened</p> <p><b>Output 3.4:</b> Experiences related to the prevention, detection, and handling of corruption exchanged and shared.</p>	<p><b>Impact on State Management</b></p> <ol style="list-style-type: none"> <li>1. An anti-corruption road map for all fields of state management implemented in alignment with the National Strategy on Corruption Prevention and Fighting by 2020.</li> <li>2. The percentage of corruption cases detected through inspection and petition handling, as against the overall number of corruption cases detected and handled, increased compared with 2007–2008.</li> <li>3. After carrying out inspection and after receiving a corruption warning, the number of corruption cases in fields of state management reduced compared with 2007–2008.</li> </ol>
<p><b>Objective 4: To reform personnel management with the aim of attracting highly qualified applicants and mitigating rotation risks in personnel.</b></p> <p><b>Output 4.1:</b> Personnel management of specialized cadres and professional ethics standardized.</p> <p><b>Output 4.2:</b> Gender equality integrated into human resources development strategy of the inspectorate sector</p> <p><b>Output 4.3:</b> Experiences related to personnel management exchanged and shared.</p>	<p>Objective 4 contributes to Objectives 1 to 4 :</p> <ol style="list-style-type: none"> <li>1. The personnel structure by administrative category gradually better meets requirements of different kinds of work in inspectorate sector compared with 2007–2008.</li> <li>2. The percentage of cadres appointed as inspectors after receiving training increases against the overall number of cadres in the sector.</li> <li>3. By 2012, the percentage of cadres in the sector classified at least as senior inspectors experts increases compared with 2007–2008</li> <li>4. Cadre rotation and shifting in inspectorate sector periodically implemented.</li> <li>5. The percentage of female cadres in the sector appointed to leadership positions increases compared with 2007–2008.</li> </ol>

Objectives and Outputs	Program Result Indicators	
	Impact on the capacity of the Inspectorate Sector	Impact on State Management
<p><b>Objective 5: To improve research and training to support Objectives 1 to 4.</b></p> <p><b>Output 5.1:</b> Training activity of the inspectorate sector reformed</p> <p><b>Output 5.2:</b> The contingent of inspectors equipped with skills related to inspection, petition and denunciation handling, and anti-corruption increases</p> <p><b>Output 5.3:</b> The GI's research capacity strengthened</p> <p><b>Output 5.4:</b> Experiences on research and training exchanged and shared</p>	<p>Objective 5 contributes to Objectives 1 to 4 :</p> <ol style="list-style-type: none"> <li>1. Stability of orientation and policies of the inspectorate sector increases compared with 2007–2008 and backwards.</li> <li>2. Since 2012, utilization of external consultants for institutional and policy development of the Program decreases compared with that in 2009.</li> <li>3. Awareness of cadres in the sector on inspection career, petition and denunciation handling and anti-corruption cases gradually improved.</li> <li>4. The percentage of inspectors trained in the specialized skills of inspection, petition and denunciation handling, and anti-corruption increases in annual basis and in comparison with 2007–2008.</li> <li>5. The percentage of inspectors fails to fulfill assigned duties reduces across periodical evaluations.</li> </ol>	
<p><b>Objective 6: To strengthen coordination between inspectorate units and other reviewing, auditing, investigating, and prosecution agencies in inspection activities, petition and denunciation handling and anti-corruption cases.</b></p> <p><b>Output 6.1:</b> Coordination mechanisms between inspectorate units and other reviewing, auditing, investigating and prosecuting organizations in petition and denunciation handling and anti-corruption designed, applied, and assessed</p> <p><b>Output 6.2:</b> Coordination mechanism between inspectorate agencies and other state management agencies in business inspection assessed and reformed</p>	<p>Objective 6 contributes to Objectives 1 to 3:</p> <ol style="list-style-type: none"> <li>1. The number of delayed cases owing to poor coordination mechanisms reduces compared with 2007–2008.</li> <li>2. Percentage of cases characterized by divergency of understanding and recommendations among inspecting agencies and reviewing, auditing, investigating and overseeing agencies increases in annual basis and in comparison with 2007–2008</li> <li>3. Coordination in designing programs, making plans and implementing activities as well as in reviewing and evaluating is improved compared with 2007–2008</li> <li>4. Stakeholders highly appreciate the greater convenience of coordination.</li> <li>5. Percentage of businesses having positive assessments on appropriateness of business inspection increases in annual basis and in comparison with 2007–2008.</li> </ol>	

Objectives and Outputs	Program Result Indicators	
	Impact on the capacity of the Inspectorate Sector	Impact on State Management
<p><b>Objective 7: To strengthen the relationship between the inspectorate sector and the public in a open and transparent manner</b></p> <p><b>Output 7.1:</b> Public awareness of inspection activities, petition and denunciation handling, and anti-corruption strengthened</p> <p><b>Output 7.2:</b> Publicity and transparency in inspection activities enhanced</p> <p><b>Output 7.3:</b> Experiences on publicity and transparency in performance exchanged and shared</p>	<p>Objective 7 contributes to Objectives 1 to 3 :</p> <ol style="list-style-type: none"> <li>1. Since 2012, number of cases that the public requests information provision from inspecting agencies increase compared with 2007–2008.</li> <li>2. Number of mass petition and denunciation in the front of inspecting agencies reduces in annual basis and in comparison with 2007–2008.</li> <li>3. The percentage of citizens having positive evaluation of inspection activities as more transparent, democratic and open increases compared with 2007 and 2008.</li> </ol>	
<p><b>Objective 8: To apply information technology to support Objectives 1 to 7.</b></p> <p><b>Output 8.1:</b> Information technology applied in inspection activities</p> <p><b>Output 8.2:</b> Information technology applied in petition and denunciation handling in the inspectorate sector</p> <p><b>Output 8.3:</b> Information technology applied in anti-corruption activities of the sector</p> <p><b>Output 8.4:</b> Information technology applied in direction and supervision as well as in contacts between the inspectorate sector and other agencies and the public</p>	<p>Objective 8 contributes to Objectives 1 to 7:</p> <ol style="list-style-type: none"> <li>1. Processing time for different work in all fields of the sector reduces compared with 2007–2008.</li> <li>2. Owing to the use of IT, paperwork in direction and supervision in the sector reduces compared with 2007–2008.</li> <li>3. The time structure for specific tasks changes towards more time devoted for case content processing and less for communication and back-and-forth information sharing.</li> <li>4. Searching, referring and providing information on inspection activities of the sector is more comfortably conducted in compared with 2007–2008.</li> <li>5. Public perception of transparency and accountability in inspection activities is improved as assessed in Program periodical evaluation.</li> <li>6. All time and resource costs reduce compared with 2007–2008.             <ol style="list-style-type: none"> <li>6.1 Time and resource costs for carrying out an inspection engagement reduces compared with 2007–2008.</li> <li>6.2 Time and resource costs for information gathering and reporting reduces compared with 2007–2008.</li> <li>6.3 Since 2012, direct and online dialogues used for direction and supervision function increases compared with 2007–2008.</li> <li>6.4 Time and resource costs in handling contacts between a inspectorate unit and other organizations as well as the public reduced compared with 2007–2008.</li> </ol> </li> </ol>	

Objectives and Outputs	Program Result Indicators	
	Impact on the capacity of the Inspectorate Sector	Impact on State Management
<p><b>Objective 9: To build capacity for result-based monitoring in order to assess the impact of Objectives 1 to 8</b></p> <p><b>Output 9.1:</b> Result indicators reviewed in accordance with set objectives</p> <p><b>Output 9.2:</b> Data for needed indicators collected</p> <p><b>Output 9.3:</b> Result specific indicators selected</p> <p><b>Output 9.4:</b> Results monitored</p> <p><b>Output 9.5:</b> Monitoring system of the inspectorate sector maintained and expanded</p>	<p>Objective 9 assists indicator-based monitoring and evaluation for Objectives 1 to 8 in a systematic way.</p> <p>1. Indicators maintained to assess the capacity of the inspectorate sector after termination of the Program.</p>	<p>1. The system of indicators maintained and used after termination of the Program in order to evaluate the accountability and effectiveness and efficiency of state management owing to the strengthened capacity of the inspectorate sector.</p>

**Annex 1 Figure 1: Analyzing 6 PFM indicators**



Source: PEFA findings in 3 Danida provinces Dak Lak, Dien Bien and Lai Chau.

## ANNEX 2:

### Terms of reference

#### Joint External Anti-Corruption Evaluation

##### 1. Background

Corruption undermines democratic values and institutions, weakens efforts to promote gender equality, and hampers economic and social development. In recent years, donor agencies have increasingly made the fight against corruption part of their larger governance agenda.

The Asian Development Bank (ADB), the Danish International Development Assistance (Danida), the Swedish Agency for Development Evaluation (SADEV), the Swedish International Development Co-operation Agency (SIDA), the UK Department for International Development (DFID), and the Norwegian Agency for Development Co-operation (Norad) will undertake a joint evaluation of anti-corruption (AC) efforts. Norad, on behalf of the six agencies, seeks consultants to undertake the evaluation.

The evaluation will take place in 2009 and 2010, with case study fieldwork expected to take place in Vietnam, Bangladesh, Tanzania, Zambia, and Nicaragua.

In preparation for the evaluation, a pre-study was undertaken in 2008. It included a literature review<sup>1</sup> an outline of a possible analytical framework for the evaluation (the evaluation team is not restricted to use this approach), and a partial mapping of donor support<sup>2</sup>.

The donor mapping survey showed that each of the five<sup>3</sup> commissioning donor agencies supports efforts to improve overarching anti-corruption frameworks, including laws and specialised anti-corruption bodies. Agencies also provide considerable resources for public finance accountability, in particular general public financial management systems and ministries of finance, often in conjunction with budget or large-scale financial support. The survey showed less support for financial accountability at lower levels of government, while state accountability bodies like supreme audit institutions and in some cases also parliamentary oversight bodies receive some capacity development assistance.

The pre-study reveals that while much of the corruption takes place in connection with service delivery, there seem to be only limited donor support at this level. There is little documented evidence of work to specifically address gender dimen-

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1 A published version, Anti-Corruption Approaches. A Literature Review, can be downloaded from [www.norad.no/evaluating](http://www.norad.no/evaluating)

2 The pre-study can be obtained from Norad.

3 SADEV is not a donor



sions. The donors had different priorities when it comes to supporting non-state actors, though in the aggregate there was considerable aid to civil society actors and the media, but little to the private sector or political parties.

## **2. Rationale and Audience**

### *Rationale*

The commissioning donors have paid considerable attention to anti-corruption in their development cooperation in recent years. Levels of corruption remain high in many countries, however, and there is a wish to find out how support in this area can become more effective.

### *Audience*

The primary audience for the evaluation is the agencies commissioning the work. Secondary audiences include interested parties in the case countries (national authorities, civil society, others), other countries and donor organisations.

## **3. Purpose, Objectives and Scope**

### *Purpose of the evaluation*

The purpose is to obtain knowledge regarding the relevance and effectiveness of support to reduce corruption, both through specific anti-corruption efforts and in other programs – in order to identify lessons learned regarding what kind of donor support may work (for poor people and women in particular), what is less likely to work and what may harm national efforts against corruption.

### *Objectives*

The objectives are to obtain descriptive and analytic information related to actual results of the support provided by the five commissioning donors, both overall and for each of them in each of the selected countries, regarding:

1. corruption diagnostic work (highlighting, where relevant, information disaggregated by gender)
2. underlying theory, AC strategy and expected results of their support to reduce corruption
3. implementation of support to specific AC interventions and achieved results
4. other donor interventions or behaviour relevant for corruption and AC efforts, and achieved results in terms of corruption
5. extent of coherence of AC practice between specific AC activities and other programs, for individual donors
6. extent of coherence of AC practice within the donor group
7. the extent that gender and other forms of social exclusion have been taken into account in donor interventions

## Scope

The evaluation shall cover all major specific AC activities of the five donors in the selected countries, as well as a selection of other programs of the five donors of relevance to the reduction of corruption.

The other, not-AC specific programs should preferably be found within one single area or sector in a given country. If necessary to study substantial programs of all of the commissioning donors present in the country, programs may be drawn from different areas. Preferably, the overall selection in the five case countries should comprise different areas (e.g. infrastructure, extractive industries, social sectors and budget support).

The evaluation shall include the issues of gender, poverty and social exclusion when possible and relevant, both as to whether these issues are dealt with by the donor interventions and the results achieved.

The initial mapping of donor work should build on and extend the information made available by the pre-study mapping, producing a comprehensive overview of the five donors' AC engagement and other major programs in the selected countries. The main emphasis shall be on the period from 2002 to the present, but the previous period shall be included whenever necessary to answer the evaluation questions or understand later engagement.

The evaluators are not supposed to prepare an extensive analysis in terms of the political economy and corruption context of the case countries. The evaluation should, however, be made against the background of a thorough understanding of this context, and this should be evident in the reports.

## 4. Evaluation Criteria and Questions. Lessons Learned

The evaluation shall concentrate on the evaluation criteria of relevance<sup>4</sup> and effectiveness<sup>5</sup>.

Due to the complexity and learning purpose of the exercise, it has been deemed less relevant to focus on efficiency, concentrating instead on effectiveness, related to results at output and outcome level. An assessment of impact would require a substantial increase of time and resources and is also not included.

Although efficiency, impact and sustainability are not specifically addressed, the evaluators are expected to include limited assessments of these and other aspects that may emerge from the analyses of relevance and effectiveness or otherwise be deemed important.

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4 Definition of relevance: "The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, global priorities and partners' and donors' policies" (Glossary of Key Terms in Evaluation and Results Based Management, OECD/DAC).

5 Definition of effectiveness: "...an aggregate measure of (or judgement about) the merit or worth of an activity, i.e. the extent to which an intervention has attained, or is expected to attain, its major relevant objectives" (ibid.).

### *Relevance*

The questions should be answered descriptively and analytically for each donor in each case country. The extent of important commonalities and differences between the donors should be addressed.

#### General question:

Are the approaches employed by the five donors to address corruption (including its negative effects on poor people and women in particular) appropriate to country circumstances, and how could they be made more relevant?

#### Specific questions:

1. When did any increase in emphasis on anti-corruption efforts take place, and what were the reasons given for this change?
2. Was a state of corruption and political context mapping and analysis done prior to AC interventions, and, if so, what was the quality of this work? Were entry points and major obstacles clearly identified? Did the analysis consider possible corruptive effects of donor interventions? Were gender and poverty taken into account?
3. Did there exist venues for communication and discussion with government and non-state actors before defining the AC support programs?
4. What mechanisms have been in place for coordinating AC interventions among donors, with national authorities, and with non-state actors – at national and local levels?
5. Was the UN Convention Against Corruption, as a binding legal and political international commitment to further good governance, used and promoted?
6. What are the donor supported activities and interventions explicitly addressing corruption? Are these and other programs in agreement with prior analytic work and the priorities of national AC reforms?
7. To what extent have the donors evaluated the development of their AC approach? Has there been sufficient understanding of the nature and impact of corruption on different groups in society?
8. Have there been changes in the donors' AC agenda, implementation and results monitoring as a result of observed problems in the implementation of existing activities? Are previous analyses and approaches relevant against the current understanding of the country's corruption situation?

### *Effectiveness*

The questions should be answered descriptively and analytically, for each donor in each case country. The extent of important commonalities and differences between the donors should be addressed.

General question:

How effective have donor interventions been in addressing different types of corruption, including forms of corruption affecting poor people and women in particular?

Specific questions:

1. To what extent and how do donors promote open and transparent dialogue between governments, themselves, parliament and non-state actors to assess progress concerning anti-corruption measures?
2. To what extent and how do donors contribute to increasing the knowledge and understanding of corrupt practices, their forms, manifestations and dynamics, (including in service delivery), and are the findings widely disseminated to ensure public access to them?
3. To what extent and how do donors invest in fostering effective internal and non-state monitoring and evaluations of anti-corruption policies, e.g. from parliaments, universities and women's and civil society organisations? Does monitoring enable gendered forms of corruption to be captured and understood?
4. Do donor efforts contribute to strengthen the links between anti-corruption and governance reforms and the integration of specific anti-corruption components into core reforms?
5. Within donor organisations: what measures are taken (including risk identification and management) and what practices of financial management and control of programs are implemented to prevent corruption? To what extent have donors assessed the administrative burden for the recipient in this regard?
6. Have stated intentions with regards to anti-corruption been matched by follow-through on implementation, and have intended results been achieved?
7. What is the nature of diagnostic tools and donor reactions, individually and collectively, when partner governments do not live up to mutual agreements? What are the commonalities and differences between the donors in this regard?
8. Do donors portray a contradiction between non-tolerance towards corruption and support to achieve development goals, or do they pursue a pragmatic middle ground?
9. Are the donor actions in line with the current international agreements with regard to harmonisation of aid and the OECD/DAC principles for donor action in anti-corruption?

#### *Lessons learned*

The evaluators should identify major lessons learned about increasing the relevance and effectiveness of donor support to anti-corruption efforts, including for improving the lives of poor people and women. Where applicable they should relate these to

individual or collective donor programs and partner countries. The following specific questions should be addressed:

1. What do the donors see as the main lessons learned after years of anti-corruption support?
2. What do the national authorities see as the main lessons learned after years of receiving donor support to reduce corruption?
3. What do non-state actors including groups representing the poor and women, consider as main lessons for future work to address corruption?
4. What does the evaluation team see as the reasons behind successful interventions?
5. What does the evaluation team see as the reasons for major disappointments?
6. Did disappointments happen after deliberately taking risks, because of poor planning and understanding, or because of changes in circumstances?
7. What can be learned from the positive and negative cases?

## **5. Methodology**

It will be part of the assignment to develop a methodological and conceptual framework to ensure objective, transparent, gender sensitive, evidence-based and impartial assessments as well as ensuring learning during the course of the evaluation. The following methods should, as a minimum, be considered:

1. Document analyses
2. Interviews of key stakeholders
3. Field visits to the five selected countries to complement and correct information, reaching out to public officials, non-state actors, donor representatives and others. The field-based evaluations may be done as one joint exercise between an international and a national team, or be divided into phases.

*Some guiding principles:*

1. Triangulate and validate information
2. Assess data quality (strengths and weaknesses of information sources).
3. Highlight data gaps.
4. Base assessments on factual findings and reliable and credible data and observations.

## **6. Organisation and requirements**

### *Evaluation Team*

The evaluation team is expected to consist of an international team plus national teams for each of the study countries.

The international team will consist of a minimum of four persons, and will report to Norad through the team leader. The team leader will be responsible for the contact with key national stakeholders and ensure that they are allowed to contribute and comment as appropriate. The team leader should meet these requirements:

- Substantial experience in the area of development cooperation.
- Proven successful team leading; preferably with multi-country teams in complex tasks on sensitive issues
- Advanced knowledge and experience in evaluation principles and standards in the context of international development.
- Experience in reviewing principles and standards related to work against corruption

The international team as a whole should have competence, expertise and experience in relation to the following areas:

- donor policies, modalities and aid delivery systems;
- public financial management
- survey and data analysis
- political economy, governance, work against corruption, anthropology, gender
- relevant regions, countries and cultural contexts.
- Languages: English. In addition, since part of the documentation will be in Danish, Norwegian or Swedish, at least one team member should be able to read Scandinavian languages.

Gender balance will be regarded as an asset of the team.

### *National Teams*

Each team should consist of not less than two persons, one of whom should be a senior person with experience and solid knowledge in the study subject. The joint team in each country (national and international) should be gender balanced.

The national teams are expected to contribute with compilation of an inventory of relevant studies, surveys and disaggregated data (if possible), participate in the field work and contribute, as agreed with the international team, to the analysis and drafting of reports.

### *Data collection*

Each evaluation team will be responsible for data-collection. Access to archives will be facilitated by the commissioning donors.

The evaluation team may consider using research assistants in data collection. Where relevant, gender specific data shall be collected and accounted for in the findings and analysis of the report.

### *Organisation*

The evaluation will be managed by a management group of the commissioning agencies, lead by Norad's Evaluation Department (Norad). An independent team of researchers or consultants will be assigned the evaluation according to the standard procurement procedures of Norad (including open international call for tenders). The team leader shall report to Norad on the team's progress, including any problems that may jeopardize the assignment. The team is entitled to consult widely with stakeholders pertinent to the assignment. All decisions concerning these ToR, the inception report, draft report and other reports are subject to approval by Norad on behalf of the management group.

The evaluation team shall take note of the comments from stakeholders. Where there are significantly diverging views between the evaluation team and stakeholders, this should be reflected in the report.

### *Budget*

The tender shall present a total budget with stipulated expenses for fees, travel, field work and other expenses. The evaluation is budgeted with a maximum of 150 consultant person weeks for the international team plus a maximum of 75 person weeks to be distributed between the national teams, excluding possible national research assistants. The team is supposed to travel to the five case countries as well as to the five donor headquarters. Additionally, two team members are expected to participate in the following four meetings in Oslo: A contract-signing meeting, a meeting to present the inception report, and two meetings for presenting draft and final reports. The consultants may be requested to make additional presentations, but the cost of these will be covered outside the tender budget.

The budget and work plan should allow sufficient time for presentations of preliminary findings and conclusions, including preliminary findings to relevant stakeholders in the countries visited and for receiving comments to draft reports.

## **7. Reporting and Outputs**

The Consultant shall undertake the following:

1. Prepare an inception report providing an interpretation of the assignment. This includes a preliminary description of the country context, a description of the methodological design to be applied and suggested selection of donor supported programs in the five case countries. The inception report should be of no more than 10 000 words excluding necessary annexes.
2. At the end of each country visit, present preliminary findings, conclusions and recommendations in a meeting to relevant stakeholders, allowing for comments and discussion.
3. Prepare draft country reports not exceeding 20 000 words plus necessary annexes, comprising an overview of the donors' AC support, key findings, conclusions, possible recommendations, lessons learned and an executive summary (of not more than 2000 words).

4. After receiving comments, prepare final country reports.
5. Prepare a work progress report not exceeding 2000 words, informing about the progress of the evaluation and possible obstacles encountered by the team.
6. Prepare a draft synthesis report not exceeding 30 000 words plus necessary annexes, based i. a. on the country reports and presenting the preliminary findings, conclusions, possible recommendations and lessons learned across countries and donors. The report should contain an executive summary of not more than 2500 words).
7. After receiving comments, prepare a final synthesis report.
8. Upon further confirmation, prepare a series of up to 6 short (4-6 pages) briefing papers summarising key findings and policy messages in an accessible format, to ensure dissemination of the most important findings of the evaluation to particular groups. The specific structure, content and audience of each paper will be agreed with the management group on completion of the synthesis report. Costs related to the preparation of these reports should appear separately in the tender budget and payment is subject to later confirmation.

All reports shall be written in English. The Consultant is responsible for editing and quality control of language. The country reports and final synthesis report should be presented in a way that directly enables publication. Report requirements are further described in Annex 3 Guidelines for Reports.

The evaluation team is expected to adhere to the DAC Evaluation Quality Standards as well as Norad's Evaluation Guidelines<sup>6</sup>. Any modification to these terms of reference is subject to approval by Norad. All reports shall be submitted to Norad's Evaluation Department for approval.

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6 See. [http://www.norad.no/items/4620/38/6553540983/Evalueringspolitikk\\_fram\\_til\\_2010.pdf](http://www.norad.no/items/4620/38/6553540983/Evalueringspolitikk_fram_til_2010.pdf)



## ANNEX 3:

### Itinerary and list of people consulted

#### Itinerary 14<sup>th</sup> January to 3<sup>rd</sup> February 2010

Day/Date	Morning	Afternoon
Thu 14 Jan	Team Arrives	<p>§ 14:00 PM Team meeting at De Syloia Hotel 17A Tran Hung Dao Str., Hanoi</p> <p>§ 17:00 PM, Meeting with Mr. Geoff Crooks, Evaluation Unit, ADB HQ At ADB VRM, Units 701-706, Sun Red River Building, 23 Phan Chu Trinh Str., Hanoi</p>
Fri 15 Jan	Drafting PAQs	<p>ADB meetings 15:30 PM, Meeting with Governance Officer (Mr. Dao Viet Dung and Ms. Phan Lan Phuong)</p>
Sat 16	Team document review	Team meeting – Review Draft PAQs
Sun 17	Team document review	Team document review
Mon 18	<p>§ 9:00AM Meeting with Ms. Ann-Helen P. Azedo Counsellor/Deputy Head of Mission Le Thi Thuy Huong Development Advisor Royal Norwegian Embassy 10th Fl., Block B, Vincom Towers 191 Ba Trieu Str., Hanoi, Vietnam</p>	<p>§ 2:00 PM Meeting with Ms. Nguyen Thi Kim Lien, Governance Adviser DFID Vietnam, British Embassy 7th floor, Central Building 31 Hai Ba Trung Str., Hanoi</p>
Tue 19	<p>§ 9:00 AM, Meeting with Ms. Tove Degnbol Counsellor, Deputy Head of Mission Embassy of Denmark, Hanoi 19 Dien Bien Phu Str., Hanoi</p>	<p>§ 4:00 PM Meeting with Sweden Embassy, Ms. Marie Ottosson – Minister and Head of Development Cooperation, Mr. Do Quang Huy, Programme Officer Anti-Corruption and Legal Sector No 2 Nui Truc Str., Hanoi 18.00 Mr Nguyen Quang Ngoc, ex-Sida</p>
Wed 20	12.00 Marcia Monge, STA, UNDP ONA Project	2.00 pm Mr. Le Van Lan, Head of International Relations Department, OSCAC
Thu 21	<p>08.30 Jairo Acuna, UNDP 09.30 Nicholas Booth, UNDP</p>	<p>14.30 Mr. Jan Olov Agrell, CTA of POSCIS, Government Inspectorate 16.30 Vo Thanh Son, World Bank (P135)</p>

Day/Date	Morning	Afternoon
Fri 22	Visit to Quang Tri Province 09.00 Rolf Bergman, Swedish Ambassador	2.00 pm Tran Trong Chinh, Royal Norwegian Embassy 4.00pm Nguyen Thi Kieu Vien, Executive Director Towards Transparency 51A Nguyen Khac Hieu street (near Truc Bach Lake) 4th Floor
Sat 23		Return from Quang Tri
Sun 24	Team meeting	
Mon 25	10.30 UK Embassy (4th Floor) Richard Homer, Nguyen Chi 12.30 Lunch with Jan-Olov (STA, POSCIS)	15.00 James Anderson World Bank (Governance)
Tue 26	09.00 Jairo Acuna, UNDP 10.00- Marc Schanck, UNDP	16.00 Dao Viet Dung ADB 17.00 Ms. Vu Quyen, WB, 63 Ly Thai To Str.,
Wed 27	Eric Gagnon, Senior Procurement Specialist, ADB, VRM Khuc Thi Lan Huong, Procurment Officer, ADB, VRM	14.00 Madam Ta Thi Minh Ly, Head of National legal Aid Agency Venue: Room 507, Building 4, Ministry of Justice, 53 Tran Phu, Hanoi. 15.00 Hoang Phuong Thao Asia Regional Coordinator, Just and Democratic Governance ActionAid International Rm 502A, HEAC building, 14-16 Ham Long St 18.30 Team dinner
Thu 28	9.00 Mr. Nguyen Viet Hung, SAV 11.00 Vu Thi Thu Hang The Office for Business Sustainable Development (SD4B) Vietnam Chamber of Commerce and Industry (VCCI) No9. 4th Floor, Dao Duy Anh Street, Hanoi, Vietnam	12.00 Le Quang Binh, President, Institute for Studies of Society, the Economy and the Environment 2:00PM Ms Fiona Louise Lappin, Head of Office, DFID Vietnam, British Embassy 2.00 AusAID, Dr Cameron Hill, First Secretary Ms. Nguyen Phuong Chi, Programme Officer Ausaid 15.30 Mr. Le Van Tang, Director General, Public Procurement Agency, MPI
Fri 29	10.00 Feedback meeting	2.00pm Kim Ninh, Country Representative The Asia Foundation #10-03 Prime Centre, 53 Quang Trung Street 3.00- Jim Winkler, VNCI 4.00pm Dan Rathburn, Phan Vinh Quang, STAR Vietnam
Sat 30		
Sun 31	Team meeting	
Mon 1 Feb	10.00 Mr. Nguyen Manh Hoa, Deputy General Director, Department of Debt Management and External Finance, Ministry of Finance	14.00 Embassy of Denmark 15.30 Mr. Hoang Hung, Deputy General Director, Anti-corruption Department, Mr. Duong Quoc Huy, Deputy Director, PMUs, Government Inspectorate

Day/Date	Morning	Afternoon
Tue 2	9.30am Mr. Tran Anh Tuan Programme Director Director of State Organisation Institute (Vien Khoa hoc To chuc Nha nuoc) MOHA 37A Nguyen Binh Khiem,	13:30–14:30. Supreme's People's Court: Mr Ngo Cuong, Director General, International Cooperation Dept 3.00pm- Nguyen Van Chien, Vice Chairman Hanoi Bar Association. 17.00 Country Director, ADB VRM D.V. Dung, ADB  Team Depart
Wed 3	Team Depart	

## List of people consulted

Name	Organisation	Role/ Job title	Contact
Hoang Phuong Thao	Action Aid	Asia Regional Coordinator, Economic Justice & Governance	thao.hoangphuong@actionaid.org
Hoang Van Duc	ADB's Improving the Urban Environment for Central Provinces Project, Quang Tri	Project Deputy Director	
Nguyen Mai Chi	Australian Embassy	Senior Programme Manager	mai-chi.nguyen@dfat.gov.au
Cameron Hill	Australian Embassy	First Secretary	cameron.hill@dfat.gov.au
Nguyen Phuong Chi	British Embassy	Project Officer	nguyen.chi@fco.gov.uk
Richard Homer	British Embassy	Political Section	richard.homer@fco.gov.uk
Tuan	Chia Se Project, Quang Tri	Vice Director	
Le Dai Hanh	Department of Home Affairs, Quang Tri	Specialist	
Le Thi Linh	Department of Home Affairs, Quang Tri	Specialist	
Hoang Van Mai	Department of Home Affairs, Quang Tri	Vice Director	
Rogg Christian	DFID Viet Nam	Deputy Head	C-Rogg@dfid.gov.uk
Ngo Thi Quynh Hoa	DFID Viet Nam	Development Effectiveness & Infrastructure Sector Manager	nq-hoa@dfid.gov.uk
Fiona Louise Lappin	DFID Viet Nam	Head of Office	
Nguyen Thi Kim Lien	DFID Viet Nam	Governance Adviser	nk-lien@dfid.gov.uk
Irvine Renwick	DFID Viet Nam	Governance Adviser	R-Irvine@dfid.gov.uk
Tove Degnbol	Embassy of Denmark	Counsellor, Deputy Head of Mission	tovedeg@um.dk
Rosendhal Anna	Embassy of Sweden	Programme Officer	anna.rosendhal@foreign.ministry.se

<b>Name</b>	<b>Organisation</b>	<b>Role/ Job title</b>	<b>Contact</b>
Rolf Bergman	Embassy of Sweden	Ambassador	rolf.bergman@foreign.ministry.se
Elsa Hastad	Embassy of Sweden	Deputy Head of Development Cooperation, Coordinator for Democracy and Human Rights	elsa.hastad@foreign.ministry.se
Ho My Dung	Embassy of Sweden	Program officer	my.dung-ho@foreign.ministry.se
Do Quang Huy	Embassy of Sweden	Program Officer, Development Cooperation Section, Legal Reform, Human Rights	huy.do-quang@foreign.ministry.se
Ottosson Marie	Embassy of Sweden	Minister, Deputy Head of Mission, Head of Development Cooperation Sector, Country Director	marie.ottosson@foreign.ministry.se
Do Phuong Anh	Government Inspectorate	Official, Poscis PMU	
Pham Thi Chinh	Government Inspectorate	Head of Administrative Unit, Poscis PMU	
Le Quang Ha	Government Inspectorate	Head of General Section, Anti-corruption Dept	
Hoang Hung	Government Inspectorate	Vice Director, Anti-corruption Dept.	
Duong Quoc Huy	Government Inspectorate	Vice Director, Programme Management Units	
Do Thi Thu Huyen	Government Inspectorate	Official, Poscis PMU	
Hoang Thanh Thuy	Government Inspectorate	Specialist, International Relations Dept.	
Nguyen Thu Trang	Government Inspectorate	Specialist, International Relations Dept.	
Hoang Thi Hong Mai	Home Affairs Department's Office, Quang Tri	Vice Chief	
Le Quang Binh	Institute for Studies of Society, Economy and Environment (iSEE)	President	lqbinh@isee.org.vn
Ta Thi Minh Ly	Legal Aid Agency Ministry of Justice	Director	tathminhly@fpt.vn

Name	Organisation	Role/ Job title	Contact
Dinh Xuan Ha	Ministry of Finance	Deputy Head, State Budget Dept.	
Nguyen Manh Hoa	Ministry of Finance	Deputy General Director, Department of Debt Management and External Finance.	
Vu Van Hung	Ministry of Finance	Accounting and Auditing Dept.	
Duong Quynh Le	Ministry of Finance	Specialist, Department of Debt Management and External Finance.	
Pham Hung Son	Ministry of Finance	Head of Financial Inspectorate Dept.	
Dang Ngoc Tuyen	Ministry of Finance	Deputy Chief of Financial Inspector	
Tran Anh Tuan	Ministry of Home Affairs, Institute on State Organisational Services	Director General	trananhtuan@moha.gov.vn
Nguyen Van Huong	Ministry of Planning and Investment	Specialist, Public Procurement Agency	
Nguyen Thi Oanh	Ministry of Planning and Investment	Head of General Inspection Dept.	
Le Van Tang	Ministry of Planning and Investment	Director General Public Procurement Agency	levantang@mpi.gov.vn
Le Van Lan	Office of the Central Steering Committee on Anti-Corruption (OSCAC)	Head of Department of Research General Affairs – International Relations	lanlevan@oscac.gov.vn
Can Duc Quyet	Office of the Central Steering Committee on Anti-Corruption (OSCAC)	Deputy Head of Research General Affairs – International Relations	quyetcd@oscac.gov.vn
Khong Chien Thang	Office of the Provincial Anti-corruption Steering Committee, Quang Tri	Specialist	

Name	Organisation	Role/ Job title	Contact
Jan-Olov Agrell	POSCIS PMU, Government Inspectorate of Vietnam	Chief Technical Advisor	jan.agrell@gi.poscis.org.vn
Hoang Phuoc Quynh	Provincial Inspectorate, Quang Tri	Chief Inspector	
Tran Anh Tuan	Provincial People's Committee Office, Quang Tri	Vice-Chief	
Ann-Helen Azedo	Royal Norwegian Embassy	Counsellor, Deputy Head of Mission	ahaz@mfa.no
Tran Trong Chinh	Royal Norwegian Embassy	Program Officer	ttc@mfa.no
Zenia Chrysostomidis	Royal Norwegian Embassy	First Secretary	zech@mfa.no
Le Thi Thuy Huong	Royal Norwegian Embassy	Development Advisor	hltt@mfnq-hoa@a.no
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## ANNEX 5:

### Donor mapping against United Nations Convention against Corruption categories

UNCAC Headings	Extracts	Selected Programmes
<b>Preventive measures</b>		
5) Preventive AC policies and practices	<i>.....implement or maintain effective, coordinated anti-corruption policies that promote the participation of society and reflect the principles of the rule of law, proper management of public affairs and public property, integrity, transparency and accountability.</i>	<b>DFID – Support to Supreme Audit Institutions’ Strategies and Development Action Plans – Vietnam (2009–2010)</b>  <b>DFID – Governance and Poverty Analysis and Advice Programme (GAPAP) Vietnam (2007–2012) GBP£4.8m</b>
6) Preventive AC body or bodies	<i>(a) Implementing the policies referred to in article 5 of this Convention and, where appropriate, overseeing and coordinating the implementation of those policies;</i> <i>(b) Increasing and disseminating knowledge about the prevention of corruption.</i>	<b>ADB Support to the General Inspectorate (GI) – Small scale TA VIE 4467(1), 2005</b>  <b>Sida/Denmark – Programme Strengthening the Capacity of the Inspectorate System (POSCIS)</b>

UNCAC Headings	Extracts	Selected Programmes
<b>Preventive measures</b>		
7) Public sector	<p><i>to adopt, maintain and strengthen systems for the recruitment, hiring, retention, promotion and retirement of civil servants and, where appropriate, other non-elected public officials:</i></p> <p><i>(a) That are based on principles of efficiency, transparency and objective criteria such as merit, equity and aptitude; etc.</i></p>	<b>DFID – Ministry of Planning and Investment Inspectorate Project (2004–2006) GBP£880,682</b>
		<b>DFID – Vietnam Public Financial Management Reform (2003–2009) US\$54.33m</b>
		<b>Danida – Support to the Administrative Reform Process in Dak Lak Province (Phase 2) (2003–2007) DKK15.700m</b>
		<b>Danida-Support to the Public Administration Reform in 5 provinces (Dak Lak, Dak Nong, Lao Cai, Lai Chau and Dien Bien) (2008-2011) DKK 31.5 m</b>
		<b>ADB Public Administration Reform Program, 2003–2005, \$49.496m and three associated TAs (VIE 4080 supporting the Office of the Government (OOG) in e-government reform; VIE 4081 supporting the Ministry of Home Affairs (MOHA) on training and service delivery reform; and VIE 4082 supporting the OOG on policy reform.</b>
		<b>ADB SOE Reform and Corporate Governance Program Loan, 2000–2003, VIE 30058 \$56.2</b>
		<b>ADB- SOE Reform and Corporate Governance Facilitation Program Multi-tranche Financing Loan 39538 2009</b>
		<b>ADB Civil Service Reform – TA VIE 41451, 2008 (ongoing)</b>
		<b>Norway- PAR Support, Ninh Binh, 2006–2011</b>
		<b>Norway Government Inspectorate</b>
		<b>Norway Public Administration Reform – Pilot Project</b>

UNCAC Headings	Extracts	Selected Programmes
<b>Preventive measures</b>		
8) Code of conduct for public officials	<i>promote, inter alia, integrity, honesty and responsibility among its public officials,..... establishing measures and systems to facilitate the reporting by public officials of acts of corruption to appropriate authorities</i>	<b>DFID – Ministry of Planning and Investment Inspectorate Project (2004–2006) GBP£880,682</b>
		<b>DFID – Vietnam Public Financial Management Reform (2003–2009) US\$54.33m</b>
		<b>Danida – Support to the Administrative Reform Process in Dak Lak Province (Phase 2) (2003–2007) DKK15.700m</b>
		<b>Danida-Support to the Public Administration Reform in 5 provinces (Dak Lak, Dak Nong, Lao Cai, Lai Chau and Dien Bien) (2008–2011) DKK 31.5 m</b>
9) Public procurement and PFM	<i>establish appropriate systems of procurement, based on transparency, competition and objective criteria in decision-making, that are effective, inter alia, in preventing corruption.....</i>	<b>DFID – Vietnam Public Financial Management Reform (2003–2009) US\$54.33m</b>
		<b>DFID National Audit Office (NAO) / International Organisation of Supreme Audit Institutions (INTOSAI)</b>
	<i>....take appropriate measures to promote transparency and accountability in the management of public finances.</i>	<b>Danida – Support to the Administrative Reform Process in Dak Lak Province (Phase 2) (2003–2007) DKK15.700m</b>
		<b>Danida-Support to the Public Administration Reform in 5 provinces (Dak Lak, Dak Nong, Lao Cai, Lai Chau and Dien Bien) (2008–2011) DKK 31.5 m</b>
		<b>Multi Donor Trust Fund in Public Finance Management Reform 2009–2012 (Danida contribution DKK 10m)</b>
		<b>ADB SOE Reform- Program Loan VIE 30058, 1999–2004 (and associated TAs VIE 3353 and VIE 3354 of 2002); TA VIE 39538, 2006</b>
		<b>ADB TA 4467 on anti-money laundering</b>
		<b>Norway/DFID/Sweden Trust Fund WB Public Finance Reform</b>

UNCAC Headings	Extracts	Selected Programmes
<b>Preventive measures</b>		
10) Public reporting	<p><i>to enhance transparency in its public administration,</i></p> <p><i>including with regard to its organization, functioning and decision-making processes, where appropriate.</i></p>	<p><b>DFID – Support to Supreme Audit Institutions’ Strategies and Development Action Plans – Vietnam (2009–2010)</b></p> <hr/> <p><b>DFID – Governance and Poverty Analysis and Advice Programme (GAPAP) Vietnam (2007–2012) GBP£4.8m</b></p> <hr/> <p><b>Sida – Cooperation between Vietnam’s National Assembly and the Riksdag (Swedish Parliament) to develop democracy</b></p> <hr/> <p><b>Denmark – Technical Assistance to the Office of the Inspector-General to assist the Inspector-General in the Conduct of Studies and preparing for the ratification of the United Nations Convention against Corruption</b></p>
11) Measures relating to the judiciary and prosecution services	<p><i>Bearing in mind the independence of the judiciary and its crucial role in combating corruption, each State Party shall, in accordance with the fundamental principles of its legal system and without prejudice to judicial independence, take measures to strengthen integrity and to prevent opportunities for corruption among members of the judiciary.</i></p>	<p><b>DFID – Governance and Poverty Analysis and Advice Programme (GAPAP) Vietnam (2007–2012) GBP£4.8m</b></p> <hr/> <p><b>Danida – Support to Legal and Judicial Reforms in Vietnam (Phase I 1997–2001) (Phase II 2001–2005, USD\$7m) (Phase III 2005–2009, DKK45.534m)</b></p> <hr/> <p><b>Sida – Support to the National Legal Aid System in Vietnam 2005–2009</b></p> <hr/> <p><b>Sida – Legal System Development Strategy</b></p> <hr/> <p><b>Norway Legal System Development Strategy to 2010 Srv-05/041</b></p> <hr/> <p><b>ADB Legal Sector Development – TA VIE 34346, 2002</b></p> <hr/> <p><b>Denmark/Sweden Thematic programme document Phase III of Support to Legal and Judicial Reforms in Viet Nam 2003</b></p> <hr/> <p><b>Denmark/Sweden – Assistance for the Implementation of Viet Nam’s Legal System Development Strategy to 2010 (2003–2009)</b></p> <hr/> <p><b>– Support to the National Legal Aid System in Viet Nam 2005–2009</b></p>

UNCAC Headings	Extracts	Selected Programmes
<b>Preventive measures</b>		
12) Private sector	<i>to prevent corruption involving the private sector, enhance accounting and auditing standards in the private sector and, where appropriate, provide effective, proportionate and dissuasive civil, administrative or criminal penalties for failure to comply with such measures.</i>	
13) Participation of society	<i>to promote the active participation of individuals and groups outside the public sector, such as civil society, non-governmental organizations and community-based organizations, in the prevention of and the fight against corruption and to raise public awareness regarding the existence, causes and gravity of and the threat posed by corruption.</i>	<b>Denmark/Sweden Thematic programme document Phase III of Support to Legal and Judicial Reforms in Viet Nam 2003</b>
		<b>Norway Legal System Development Strategy to 2010 Srv-05/041</b>
		<b>Denmark/Sweden – Assistance for the Implementation of Viet Nam’s Legal System Development Strategy to 2010 (2003–2009)</b>
		<b>– Support to the National Legal Aid System in Viet Nam 2005–2009</b>
		<b>Denmark/Sweden Thematic programme document Phase III of Support to Legal and Judicial Reforms in Viet Nam 2003</b>
14) Measures to prevent money-laundering		<b>DFID – Transparency International – Strengthening Anti-corruption Demand from Society, Public &amp; Private Sector (2009–2012)</b>
		<b>Norway Legal System Development Strategy to 2010 Srv-05/041</b>
		<b>Denmark/Sweden – Assistance for the Implementation of Viet Nam’s Legal System Development Strategy to 2010 (2003–2009)</b>
		<b>– Support to the National Legal Aid System in Viet Nam 2005–2009</b>
		<b>Denmark/Sweden Thematic programme document Phase III of Support to Legal and Judicial Reforms in Viet Nam 2003</b>

## ANNEX 6:

### Civil society in Viet Nam<sup>1</sup>

1.1. Organized civil society in Viet Nam has two distinct strata. The Viet Nam Fatherland Front and a handful of large, well established “mass organizations” have official status and perform quasi-official duties. In Viet Nam’s devolving system, the devolution of civil society has been approached cautiously. While a decree expanding the rights and self-reliance of associations was issued in 2003, the adoption of a Law on Associations has been under discussion for more than a decade. Opinions among CSO vary as to how much pressure should be placed to try to speed up finalising, with some arguing that under the current pace of change it may be better to let government take time to evaluate needs rather than rush to a solution.

1.2. The 2010 VDR Table 6.1 maps the types of CSO that are legally recognized. Mass-organizations, which were traditionally seen as intermediaries between the Party and the people, have been allowed since 1989 to have more independence in terms of management and financing. The legal space for several new forms of CSOs has been opened, and the legal framework for some of the existing CSOs has been improved.

1.3. Not all CSOs have been treated equally in the process. Mass-organizations and a number of umbrella associations such as the Viet Nam Union of Science and Technology Associations (VUSTA), the Viet Nam Union of Art and Literature Associations and the Viet Nam Union of Friendship Associations have been assigned clearer oversight roles. Members of VUSTA have been delegated the official function of “social feedback” or “independent review” of governments projects and policies as stipulated in Prime Minister Decision 22.

1.4. Mass organizations have some advantages: they can mobilize a large part of the population and they are present nationwide. Their ability to serve as a check on the executive can be limited owing to their close relationship to the Party and their partial dependence on the state budget for funding. In practice, however, at the grassroots levels mass-organizations have more autonomy than those at the central level. In addition, mass-organizations are increasingly receiving funding from various donors and international nongovernmental organizations (INGOs) to implement development programs, which makes them financially less dependent on the state.

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1 This annex draws extensively on three sources: Viet Nam Development Report (VDR) 2010, Joint Donor Report to the Viet Nam Consultative Group Meeting; Kerkvliet, Prof. Ben., Quang A Nguyen and Bach Tan Sinh. 2008. *Forms of Engagement Between State Agencies & Civil Society Organizations in Viet Nam* Study Report. VUFO-NGO Resource Centre; Norlund, Irene. 2007. “Filling the Gap: The Emerging Civil Society in Viet Nam” (Hanoi: January).

1.5. The number of associations has grown since 1990, increasing fourfold at national level and twenty fold at provincial level. Many associations are involved in monitoring the government and the VDR quotes multiple examples showing that associations can be very effective in playing that role.

1.6. A key role of CSOs as collective action bodies is to reflect the diffuse views of members. One clear example of the role of mass-organizations in channelling people's voices is the report that the Fatherland Front submits to the plenary sessions of the National Assembly. The report synthesizes the opinions and petitions received from voters and the people, and it is addressed to the National Assembly, the Party and the government. The report presented in the spring session of 2009, had positive assessments of some policies, but also several critical comments, including about corruption.

1.7. All associations have the right to provide consultancy and criticism on matters within the scope of the association. Business and professional associations have also the right to detect corruption and to report to competent agencies, organizations and individuals. The reality shows that many associations are involved in monitoring the government, and there are multiple examples showing that associations can be very effective in playing that role (See VDR Box 6.6).

1.8. A significant obstacle for many associations is that they lack information needed to work well. Often government agencies do not provide clear information about plans and projects.

1.9. Science and technology organizations which primarily conduct research, analysis and policy advocacy can play key roles in oversight, and through their critical assessments they have made numerous contributions to the advancement of development policy in Viet Nam, such as conducting participatory poverty assessments or advising on policy to address macroeconomic instability and inflation. Their ability to contribute to Viet Nam's accountability system, however, is in question. The Prime Minister's Decision 97, which took effect in September 2009, held that science and technology organizations established by individuals under the Law on Science and Technology would be restricted to selected fields, excluding important areas of research. Criticisms of the Party and the state are now required to be submitted to the government in confidence, and not made public without permission. While some science and technology associations occasionally present confidential reports to the government already, they feel that the constraint on discussions in public fora will undermine their ability to distill clear messages collectively.

1.10. Clearly, under such a restricting environment, programmes that act to improve the knowledge base about corruption and bring more information into the public domain, will have a positive influence on the ability of civil society to engage.

## ANNEX 7:

### Country context

#### Executive summary

Viet Nam has experienced rapid growth over the last decade averaging at roughly 7-8%, however, corruption has been a prevailing factor in public and private sectors. The GoV has pursued a ‘war on corruption’ that has resulted in the arrests of government officials. Despite this, investigation bodies seem reluctant to investigate top political leaders and their independence is questionable. This has led some to question the commitment of the government to controlling corruption and the effectiveness of oversight bodies to act as watchdogs.

Viet Nam has liberalised its economy over the past 20 years with the Doi Moi reforms which began in 1986. Economically, Viet Nam has attracted huge foreign investment. Its wide natural resource base and cheap supply of labour has fuelled a manufacturing sector that has been a key driver of growth (13% of GDP in 2001) over the last 20 years. Agriculture currently contributes to 20% of GDP with around 40% from manufacturing and the remaining 40% from the service sector.<sup>1</sup>

Corruption is a serious constraint on the Vietnamese economy and is thought to cost 4-5% of GDP annually.<sup>2</sup> The GoV has come under increasing domestic and international pressure to tackle corruption in government and SOEs. However, there is little scope to assess levels of or types of corruption to allow the effective construction of a national strategy.<sup>3</sup>

Anti-corruption (AC) is nothing new in Viet Nam – important policies and laws have been issued since 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 Practicing Thrift and Fighting Waste
- 1999 Criminal Code, Chapter 20, Part A – Corruption Crimes
- 2004 Law on Inspection
- 2005 Law on Practicing Thrift and Fighting Waste
- 2006 Law on Anti-Corruption
- 2006 Resolution to establish a National Steering Committee for Anti-Corruption
- 2009 National Anti-Corruption Strategy Towards 2020.

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<sup>1</sup> Doanh. 2002.

<sup>2</sup> Global Integrity. 2006.

<sup>3</sup> Transparency International. 2006.



## 1 Institutional structure for AC in Viet Nam

Since the Law on AC became effective in June 2006, institutional and organisational development has focused on the strengthening of the National Steering Committee for AC, its permanent office and the specialised division with the office. The structure and functions of the Committee are elaborated in the National Assembly Resolution 1039, which confirms the Committee's role in directing, coordinating, inspecting and following up AC activities. The Committee is headed by the Prime Minister and has the authority to suspend vice-ministers and their equivalents, chairs and vice-chairs of provincial People's Committees and others whom he appoints. The Committee also has the authority to request disciplinary action of other government and party officials not directly under the appointment and dismissal jurisdiction of the Prime Minister when there are signs of corruption or obstruction to the implementation of the AC Law.<sup>4</sup>

The Permanent Office of the Steering Committee for AC (OSCAC) was established in early 2007 to function as the Secretariat of the Committee and advise, organise, and serve the operations of the Committee. Following the Resolution of the Third Plenum of the Central Committee (X Congress) in 2006, many ministries and provinces have established steering committees for AC. At the local level, OSCAC is in the process of preparing implementation guidelines for the National Strategy for AC (Box A7.1.1).

### **Box A7.1.1 National Strategy on AC toward 2020**

Recently, the GoV issued a Resolution No. 21-CP on the National Strategy on AC towards 2020. The resolution aims at preventing and eradicating all conditions and chances which can lead to corruption as well as strengthening supervision over the execution of state power.

The resolution points out five basic solutions:

- increasing openness and transparency in making policies, building and enforcing laws
- perfecting mechanisms of inspection and supervision over transparency in making policies and laws
- perfecting the economic management mechanism, building an open and transparent business environment
- improving efficiency of inspection, supervision, audit, investigation, prosecution, and trial against corruption cases
- raising the public awareness of corruption and engaging the whole society in AC.

The National Strategy on AC will be implemented in three stages:

- Stage I (to 2011): improving the capacity of discovering and dealing with corruptive acts, and solving burning corruption cases
- Stage II (2011-16): popularising preventive measures, such as controlling incomes and properties of civil servants, and reviewing the 10-year enforcement of the AC Law and updating the Law
- Stage III (2016-20): continuing all solutions.

<sup>4</sup> Embassy of Finland. 2008. *Anti-Corruption in Viet Nam: the Situation after Two Years of Implementation of the Law*. Hanoi.

Organisationally, the OSCAC is divided into eight departments: the Department of AC Monitoring at Central Agencies; the Department of AC Monitoring in Localities; the Department for Monitoring and Handling Complicated Corruption Cases; the Department for Monitoring and Handling Corruption Denunciations and Complaints; the Department of Information, Propaganda and Education; the Department of Research, Synthesis and Foreign Relations; the Department of Administration, Personnel and Management and the Finance Department. This current organisational structure mixes administrative supervision with specialised management.

To develop donor collaboration and information sharing, the OSCAC and the GI co-chair an AC Dialogue every six months. On 26 November 2009, the 6th AC Dialogue was conducted and focused on 'Corruption impacts in the health sector in Viet Nam: how to improve transparency and accountability'. Representatives from the government agencies of Viet Nam and international development partners as well as international and national experts gathered in Hanoi to discuss the current situation of corruption in the health sector in Viet Nam and share experience on how to cope with the problems and consequences of corruption. The dialogue concluded that corruption can be fought at many levels and stages and that the most efficient and important way is to create integrity, transparency and accountability in the health sector by different means, such as the introduction and promotion of codes of conducts, whistleblower protection, implementation of right procedures for procurement of medical equipment and drugs, adequate monitoring eliminate incentives for under-the-table payments, and more. In addition, the media plays an important role in the AC fight. International development partners emphasised that favourable conditions should be given to the media to report corruption cases. It is also necessary to enhance the role of the National Assembly and the People's Councils as well as civil society.<sup>5</sup>

The Supreme People's Procuracy Department of Prosecution and Corruption Investigation was set up in September 2006, the GI AC Bureau in October 2006, and the Ministry of Public Security's Bureau of Corruption Criminal Investigation was established in January 2007. The AC Law and subsequent legal documents have assigned the GI some key AC responsibilities. The GI carries out the inspection of the implementation of the AC Law by ministries, municipalities and provinces, serves as a contact point for building a national corruption database, and synthesises reports on corruption for the National Assembly. The Ministry of Public Security's Bureau of Corruption Criminal Investigation handles the investigation of corruption crimes, relying on its network of representative units in different parts of Viet Nam.

A number of legal documents are needed to facilitate coordination among these newly set-up government agencies. One is coordination between the OSCAC and the new specialised AC units. Information sharing mechanisms are needed between the GI, the People's Supreme Procuracy, the People's Supreme Court, the State Audit Agency, the Ministry of Public Security, and the Ministry of Defense. A coordination mechanism is needed for these AC agencies and the Viet Nam Fatherland Front.

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5 VGP News. Hanoi, 26 November 2009.

In an amendment to the AC Law, the Committee of Justice in the National Assembly was mandated to monitor and guide the punitive aspects of corruption. At the local level, there have also been attempts by the National Assembly Standing Committee, the Office of the National Assembly and donors to develop the capacity of People's Councils at various levels to supervise the local government management, especially in the area of budgetary management. In the short run, these initiatives provide the best entry point for a supplementary and autonomous check of the executive branch and develop the capacity for long-term sustainability.<sup>6</sup>

There are some key challenges for institutional development. For example, the lack of independence of the national and local steering committees impedes a more systematic AC approach. This is particularly the case with the provincial steering committees which are placed under the leadership of the Chair of the People's Committee. While this system expects the integration of AC into the daily operation of local government, it is not clear how to effectively carry out this complex task.

## 2 Viet Nam's responses to corruption

Over the last ten years Viet Nam's response to corruption has been shaped by issues such as social unrest in some provinces, the threat of political instability, gross inefficiency in public service delivery, asset management and WTO accession. This section outlines the key policy responses to corruption and AC.

### **Grassroots democracy**

In mid-1996, reports of social 'disturbances' in several Thai Binh districts began filtering through the mass media. The Party's Youth Union newspaper, Tuoi Tre, then broke the story wide open with detailed articles noting 'mass demonstrations' against local government officials, linked to disputes over land allocation, the imposition of increasing numbers of service fees and charges, and corruption by local officials, as well as misuse of the compulsory labour scheme. These demonstrations were carried out with a considerable degree of organisation and purpose.

The disturbances became the impetus behind national level policy reform calling for improved grassroots democracy at commune level, which also became a focal point for the GoV's national AC Strategy. The grassroots democracy legislation outlines an active role for the people in policing or monitoring local government, and lodging complaints where the law has been broken or plans not followed. Several means for monitoring and inspection are indicated, including specific mechanisms for 'complaints and denunciations directly or through an inspection board of the people' in cases of any abuse of power or corruption on the part of local officials. Local authorities must "*receive complaints by the people and deal with the people's recommendations, complaints and denunciations in accordance with the law*" (Chapter 5). However, guidelines for the implementation of grassroots democracy assume that villagers will be willing to take up complaints against local officials and to insist upon their 'rights' (to information and participation) granted under the decree. This is highly questionable.

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<sup>6</sup> Government of Viet Nam. 2008. *Recent Progress of Anti-Corruption Work of Viet Nam in 2007*. APEC Conference, Lima.

However, the grassroots democracy legislation is based on an incomplete view of what is driving corruption overall in the Viet Nam. It targets lower governmental levels, when in fact corruption is systematic. Local officials are not in a position to capture illegal rents associated with major infrastructure projects, as these decisions are made by provincial and ministry officials. Central authorities viewed the problem of corruption as a few bad apples in the Party (as opposed to being widespread), and that most of the bad apples were to be found in various tiers of local governments (as opposed to the centre). Viewed this way, the problem of controlling corruption was asserting control and better internal vigilance over the Party apparatus and local government.<sup>7</sup>

### Quantitative Survey

In the middle of this decade, the Party and GoV regarded corruption as a national evil and threat to the existence of the regime.<sup>8</sup> Earlier in the decade, the Party and GoV had introduced a series of measures to deal with corruption for many years. Some initial results had been achieved but the Party and GoV assessed that corruption was more widespread, more sophisticated, and rapidly growing by a larger and larger extent. As a result, the Party Secretary and the Prime Minister assigned responsibility to develop policy advice on corruption and AC to the Party's Central Committee of Internal Affairs.

In 2005, the Central Committee for Internal Affairs supported by Sida conducted a diagnostic survey on the status of corruption, corruption prevention and response in Viet Nam. The survey was conducted in seven provinces/cities: Son La, Hanoi, Hai Duong, Nghe An, Thua Thien-Hue, Ho Chi Minh City, Dong Thap, and three ministries: Industry, Construction and Transport. Workshops, group discussion and meetings were conducted. A total of 5,407 people were interviewed. These people were leaders and civil servants from different levels of governance and from the Party, GoV and mass associations, and directors and workers from state enterprises and citizens.<sup>9</sup> The objectives of the survey were the following:

- identify the forms, indications, characteristics, and level of corruption during the 5-year period 2000-04
- examine the causes and different types of corruption and identify reasons why measures for corruption prevention and response were not effective
- propose directions, recommendations and measures to the Party and government for improving effectiveness and efficiency of corruption prevention and response for the 2005-10 period.

Tables A7.2.1 and A7.2.2 present some key survey results. Table A7.2.1 indicates that most surveyed people from different sectors acknowledge the occurrence of corrupt behaviour. Table A7.2.2 presents the ten most corrupt sectors in Viet Nam.

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<sup>7</sup> Fritzen, S. 2005. *The 'Misery' of Implementation: Governance, Institutions and Anti-corruption in Viet Nam*.

<sup>8</sup> Committee for Internal Affairs of the Communist Party of Viet Nam. 2005. *Report of the Survey on Corruption in Viet Nam*.

<sup>9</sup> Ibid.

**Table A7.2.1: Occurrence of corrupt behaviour. Unit: %**

No	Type of corrupt behaviour	Party and state employees	Enterprise officers	Citizens
1	Asset embezzlement	89.6	90.0	88.7
2	Bribe taking	86.0	85.6	83.1
3	Taking advantage of position and power to embezzle asset	92.4	92.4	87.5
4	Taking advantage of position and power for self-interests while conducting public affairs	88.1	87.4	79.6
5	Power abuse for self-interests while conducting public affairs	81.3	82.9	73.8
6	Taking advantage of position and power, influencing others for self-interest	78.2	76.7	71.4
7	Falsifying in public affairs for self-interest	62.4	52.2	60.6

**Table A7.2.2: The top ten list of most corrupt organisations**

No	Organisation
1	Cadastral and housing agency
2	Customs/import-export management
3	Traffic police
4	Public finance and tax
5	Management/entities in construction industry
6	Construction permit-granting agency
7	Healthcare entity
8	Planning and investment agency
9	Management/entities in transport industry
10	Economic police

**Public administration reform**

Most AC policies and efforts are focused on improving governance and harnessed to the Public Administration Reform (PAR) process. In Viet Nam, this action plan has seven key priority areas:

- budget management
- provincial investment planning and regional planning
- grassroots democracy
- management of natural resources, land and public assets
- management of public services
- management of SOEs
- personnel and civil servant management.

Central to the public administration process is the development of transparency and accountability. As such, GoV and donor efforts have been focused on the development of the legal framework and institutions for AC. The Law on AC was passed by the National Assembly in November 2005, effective from June 2006. Viet Nam has opted for a law with much broader coverage. The Law includes, among other things, the building of a comprehensive system of AC agencies, compulsory declaration of assets and income by state employees, including spouses and children, and the move to officially make organisational heads accountable for corruption in entities under their management. An action plan specifying the tasks of different ministries and agencies in implementing the law was issued by the Prime Minister in February 2006. Resolution 04-NQ/TW dated 21 August 2006 of the Third Central Committee of the VCP (Session X) on the strengthening of the party leadership on AC and anti-waste tasks reflects the Vietnamese leadership's commitment and further provides another over-all political framework for curbing corruption.<sup>10</sup>

The AC Law is a comprehensive document and the GoV and donors perceive that it provides a good entry point for linking the narrow agenda of integrity with the wider reform agenda in particular with regard to PAR. Specific examples of initiatives include salary reform situated in the context of civil service reforms and rotation of public servants to break down patronage networks.

From this perspective, the Law and its enabling legal framework constitute a basis on which to proceed in the fight against corruption.

The PAR Master Programme 2001-10 was launched because of the importance that the CPV and the GoV attached to building a *“democratic, clean, strong, professional, modern, effective, efficient public administration system which operates in line with the principles of the Socialist State, ruled by law and under the leadership of the Party.”* However, as the PAR Master Programme itself acknowledged at the time it commenced, the biggest challenge to be faced to the requirement of developing *“a clean, stable, efficient and effective administrative system was the long-standing weakness of the administrative machinery, red tape, corruption and ethical degeneration among a section of cadres and civil servants”*.<sup>11</sup>

Since 2001, there has been significant and creditable progress in some areas of PAR, but less has been achieved in some other areas. On the one hand, service delivery has improved through the introduction of the one-stop-shop mechanism across all provinces and through simplified administrative procedures; institutional reform, including devolution and decentralisation, has taken services closer to the people and led to some encouraging improvements in local transparency, accountability and transparency; many new laws have been enacted that are moving Viet Nam closer to a state under law; some personnel management improvements have been made and as 2009 ended others were just about to take effect.

By the end of 2009, PAR implementation had reached the point in Viet Nam where some commentators took the more aspirational position that ‘the glass is half

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<sup>10</sup> Danida. 2008. *Implementation Assessment of the Anti-Corruption Law: How far has Viet Nam come?*

<sup>11</sup> GoV. *Master Programme on the PAR for the Period 2001-10*. (p. 4).

full',<sup>12</sup> while those who were more critical believed the 'glass is half-empty'. However, it is fair to say that there is growing concern amongst National Assembly members, CPV officials, government, from society and from foreign and independent observers that Viet Nam needs to capture a new momentum in PAR.<sup>13</sup> One potential catalyst is the lifting public demand for more substantive and lasting improvements, particularly in service delivery.<sup>14</sup>

A number of our interlocutors thought there was a worrying degree of fatigue emerging in PAR implementation. Engaging a sufficient level of donor interest in providing further central support to PAR is thought to be problematic, as is the task of supporting further PAR implementation across many provinces. As the PAR Master Programme 2001-10 reaches its concluding year, PAR implementation is being reviewed within the GoV, including for the purpose of determining on what, amongst the available possibilities, are the best approaches to purposefully driving forward the next stages of PAR.<sup>15</sup>

Reform is a journey, rather than an end result, with Viet Nam needing to be seen as well along the continuum. Thus, it is important to build from the positive achievements in PAR and AC so far. While there are difficulties that need to be dealt with, they should be viewed in the context of work in progress rather than as a fundamental objection to PAR. Some of the difficulties that are identified within the public administration system of 2009, and which were said to need early attention, include:

- Despite the progress made, the public administration system is still riddled with systemic corruption and red tape that adds to the cost of transactions, with PAR so far having had little impact on reducing corruption levels.<sup>16</sup>
- Institutional coordination of reform across the public administration system is weak with linkages not being well enough made between central and line agencies; between agencies with like interests; and between PAR, AC reform, legal reform and PFM reform.<sup>17</sup>
- Intended improvement in the quality, capacity, ethics and motivation of officials and staff that might help to address PAR and AC more effectively have yet to occur but now must receive much higher priority in the next stages of PAR.<sup>18</sup>
- There is an unfortunate tendency amongst some officials and donors to treat AC and PAR issues as involving a separate sector of specialised work rather than as imbuing cross-sectoral issues that are relevant to and must be taken into account, in all areas of government and development assistance.
- Corruption has to be recognised not as an aberration but as an endemic and as a systemic problem in the sense that it is a normal working of the public

12 See for example the impressive range of PAR developments up to 2009 that are listed in *The Viet Nam Development Report, 2010, Modern Institutions*. For a comparison with the situation in 2005, when concern was already being expressed about delays in addressing the quality of the civil service and cadres, see the ADB. November 2005. *Governance Assessment with focus on PAR and Anti-Corruption, Vietnam*.

13 Dr D. Koh, Dr Dang Duc Dam, Nguyen Thi Kim Chung. 2009. *Government Organization Structure and Excellent Public Services: The case of Viet Nam and some Recommendations for change*. PAR and AC, a Series of Policy Discussion Papers, UNDP. (p. 24).

14 There are likely to be growing demands for better and higher quality services as Viet Nam moves to middle income status. (*Viet Nam Development Report, 2010*, p. ix). See also paper by Dr D. Koh et al. *op. cit.* 2009. They outline case studies regarding the need for service delivery improvements in land reclamation, provision of public education, and allocation of public housing.

15 Jairo Acuna Alfaro. 2008. *Addressing Governance and Public Administration Reform Effectively in Viet Nam*, UNDP.

16 See Dr M.Gainsborough, Dr Dang Ngoc Dinh, Ms Thang Phu'o'ng. 2009. *Corruption, Public Administration Reform and Development, Challenges and opportunities as Viet Nam Moves towards Middle Income*. This outlines research indicating that the impact of PAR on corruption has been relatively small and vice versa (p. 11). And the statistics outlined in Chapter 6 of the *Viet Nam Development Report, 2010, Modern Institutions* (pp. 100-101).

17 Gainsborough, M. et al. 2009. *op. cit.* (p. 28).

18 Interview with the Ministry of Home Affairs.

administration system – there is a connection between public office, making money, servicing patronage networks and in other forms of personal advancement.

- If the inherent logic of the public administration system that it is the means of exercising power and creating opportunities for private gain, even clarifying the rules and strengthening enforcement may not change behaviours that involve the abuse of public office – on this view, corruption can only really be affected by changing the system logic, including the policies and the incentives that affect relationships in each sector.<sup>19</sup>

In thinking about further work on PAR implementation, it should be recognised that:

- The institutional and individual capacity for progressing and coordinating further PAR implementation so as to impact on corruption such as through implementing potentially far-reaching civil service reform, both in central and local government, needs expansion.<sup>20</sup>
- The uneven quality of the many new laws that have been enacted in Viet Nam is slowing implementation of reforms including on AC.<sup>21</sup>
- The traditional bureaucratic culture of the public administration system still has to make the change to a more responsive and empowered culture that serves the people and does not accept corruption as a normal feature of public administration. That change will not be achieved without long term commitments being made to reform and effective change management strategies.
- Some argue that there are political obstacles that will continue to limit the possibility for top-down PAR and AC reforms to be effective.<sup>22</sup>
- Obstacles such as bureaucratic inertia, uncertain commitment, weak ownership of PAR programmes in individual ministries and agencies, and the risks of institutional resistance to change remain as a major concern.<sup>23</sup>

This is not to say that PAR has not made some significant progress in a number of areas. As Table A7.2.3 indicates, the PAR changes across the three main areas of focus<sup>24</sup> have created a better environment within which AC policies might operate, but there are a significant number of issues and risks that remain to be addressed.

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19 See Dr Mushtaq Khan. 2009. *Pro-Growth Anti Corruption and Governance Reforms for Viet Nam, Lessons from East Asia*. PAR and AC, a Series of Policy Discussion Papers, UNDP.

20 Dr Y.Poon and team members. 2009. *The Reform of the Civil Service System as Viet Nam Moves into the Middle Income Country Category*. PAR and AC, a Series of Policy Discussion Papers, UNDP.

21 M. Painter, Ha Hoang Hop and Chu Quang Khoi. 2009. *Institutional Reform for Public Administration in Contemporary Viet Nam*. PAR and AC, a Series of Policy Discussion Papers, UNDP (p. 23). See also comments in Søren Davidsen, Nguyen Viet Ha, Hoang Ngoc Giao, Thaveeporn Vasavakul, Maridel Alcaide Garrido. 2009. *Implementation Assessment of the Anticorruption Law: How far has Viet Nam come at the Sector Level? A Case-Study of the Construction Sector*. Denmark Ministry of Foreign Affairs.

22 Ibid. (p. 3).

23 Gainsborough, M. et al. 2009. *op. cit.* (p. 28).

24 Financial management was originally to be the fourth area of PAR. In fact these reforms were managed separately through PFM changes led by the Ministry of Finance. These are discussed separately in this evaluation.



**Table A7.2.3: PAR progress to date and AC implications**

PAR focus areas and objectives	PAR action programmes	PAR progress to date and AC implications
<b>1. Institutional reform</b> <ul style="list-style-type: none"> <li>Strengthening administrative legal institutions, enhancing accountability and reforming the processes for developing and issuing normative legal documents and strict and transparent law enforcement</li> <li>Reforming administrative procedures so that they are transparent, simple and convenient for people</li> </ul>	<p>Development and issue of normative legal documents</p> <p>– Revising tasks, functions and organisational structures</p>	<ul style="list-style-type: none"> <li>Improvements in law-making process, the publication of laws, and quality of legal documents – steady enactment of many new documents clarifying powers and responsibilities of GoV (<i>Issues</i>: quality of new laws is often uneven).</li> <li>Rule of law strengthened and cutting down scope for administrative abuses (<i>Issues</i>: impact of law-making still relatively slow as implementation often awaits some time for elaboration by subordinate law-making; institutional and individual capacity for implementation needs further strengthening).</li> <li>Slow pace of SOE reform – the more profitable enterprises still under state control (<i>Issues</i>: accelerating pace of equitisation and strengthening of corporate governance will cut down scope for abuses).</li> <li>Scope for corruption lessening through significant ongoing success in reducing administrative procedures and in form simplification, particularly through Project 30 based in the Office of the Government, with some 5,700 procedures now available online.</li> <li>Citizens report improvements and low levels of difficulty with most administrative procedures in latest VHLSS survey (<i>Issues</i>: land/housing procedures can be subject to abuse).<sup>25</sup></li> <li>Businesses reported in the <i>Provincial Competitiveness Index 2009</i><sup>26</sup> that they had easier access to documents and less need for personal relationships with officials.</li> <li>One-stop-shop in place across all provinces and 84% of provincial departments<sup>27</sup> simplifying citizens' interaction with administration and thereby reducing multiple opportunities for rent-seeking.</li> <li>Decentralised service delivery units emerging that are more autonomous, better organised, more entrepreneurial and dynamic (<i>Issues</i>: potential for conflicts of interest in health delivery through staff working also as private providers).<sup>28</sup></li> <li>Some improvements in transparency and accountability, and participation in law-making and decision-making, at local levels (<i>Issues</i>: transparency in commune budgeting and provincial planning still lacking).</li> <li>Administrative complaints procedure needs strengthening.</li> </ul>

<sup>25</sup> Viet Nam Development Report 2010. (p. viii).

<sup>26</sup> Provincial Competitiveness Index (PCI). 2009.

<sup>27</sup> Viet Nam Development Report 2010, *Modern Institutions*. (p. vii).

<sup>28</sup> Ibid. (p. ix).

PAR focus areas and objectives	PAR action programmes	PAR progress to date and AC implications
<p><b>2. Reform of organisational structures of public administration</b></p> <ul style="list-style-type: none"> <li>Defining role and responsibilities of administration in relation to tasks to be performed by the state and by non-state organisations</li> <li>Restructuring of state machinery to focus on macro-management and regulatory roles</li> <li>Decentralisation and reorganisation of local government, including defining urban and rural administration</li> <li>Administrative systems substantially modernised</li> </ul>	<ul style="list-style-type: none"> <li>Revising tasks, functions and organisational structures</li> <li>Modernising administrative systems</li> </ul>	<ul style="list-style-type: none"> <li>Revision of the Law on organisation of the GoV reduced rent-seeking opportunities by clarifying central state roles and distinguishing between state administrative functions and those of service delivery units; by reducing the number of ministries and agencies; as well as reducing the number of agencies reporting to the Prime Minister (<i>Issues</i>: weak coordination of issues between ministries is still a continuing source of concern).</li> <li>Since the PAR Steering Committee was abolished in 2005, coordination of implementation has been problematic, including with other reform areas such as AC; the coordination of PAR reform with legal reform, PFM reform and AC reform is also difficult.</li> <li>Clarification of roles of ministries, central agencies and People's Committees is ongoing (<i>Issues</i>: organisational restructuring is often not based on functional analysis).</li> <li>Devolution has covered a wide range of activities and services but has now reached the point where new mechanisms of accountability are needed<sup>29</sup> to ensure new powers are not abused (<i>Issues</i>: downward accountability as well as upward accountability needs attention; decentralisation to commune level is not so well advanced).</li> <li>A growing results orientation is emerging through recent civil service reform and PFM reform that makes it harder for officials to act corruptly as the reforms better focus on what is actually to be achieved.</li> <li>There is greater use of feedback mechanism such as surveys and citizen report cards to enable citizens to provide views on service delivery including on AC issues.<sup>30</sup></li> <li>E-government reform has reduced opportunities for individual malfeasance by creating a government information portal; the provision of online services including an electronic clearance service for imports and exports in some cities; and the establishment of ICT units across ministries and agencies (<i>Issues</i>: lack of agreed road map and common standards has slowed reforms; little process re-engineering is occurring before ICT changes proceed and this mitigates the value of new mechanisms).</li> <li>All provincial governments now have websites with online services for specified government services to be in place by the end of 2010 thus reducing some previous rent-seeking opportunities (<i>Issues</i>: take up of internet services has some way to go but has doubled since 2003).</li> <li>Draft law on access to information may proceed to National Assembly debate in 2010.</li> </ul>

<sup>29</sup> Viet Nam Development Report 2010. (p. v).

<sup>30</sup> These include the Government Statistics Office's Governance Module of the Viet Nam Household Living Standards Survey; the use of Citizen Report Cards in Ho Chi Minh City; the use of surveys in some PAR projects such as the Danida-supported PAR survey in Dak Lak in 2009, where 80% of respondents reported satisfaction with the one-stop-shop mechanism; and UNDP's piloting of a Public Administration Performance Index at Provincial Level (see UNDP's draft Report on PAPI, 2009).

PAR focus areas and objectives	PAR action programmes	PAR progress to date and AC implications
<b>3. Renovation of the civil service</b> <ul style="list-style-type: none"> <li>By 2010 the contingent of cadres and civil servants will be of a reasonable size, professional and capable of discharging their public duties</li> <li>By 2005, the salaries of cadres and civil servants will be adequate to maintain their life and the life of their families</li> </ul>	<ul style="list-style-type: none"> <li>Quality improvement of cadres and civil servants</li> <li>Staff downsizing</li> <li>Salary reform</li> </ul>	<ul style="list-style-type: none"> <li>Qualifications for the appointment of new civil servants were raised in 2003 and will improve the quality of the civil service over time.</li> <li>New law on cadres and civil servants separates their respective roles (<i>Issues</i>: one recent commentator has raised questions about how clear these distinctions are in practice).<sup>31</sup></li> <li>Commune officials are now recognised as civil servants and are subject to relevant rules, including as to official conduct.</li> <li>Significant increases in salary have been made (<i>Issues</i>: while the <i>Viet Nam Development Report</i> states that salary reform has meant, on average that remuneration packages (ie. salary and allowances) are not significantly lower than the private sector and may even be higher, there are continuing claims that remuneration does not provide an adequate living wage and is still an incentive to engage in rent-seeking).<sup>32</sup></li> <li>Decentralisation of personnel management is underway, but the scope is uneven although decentralisation is providing greater local accountability on some matters.</li> <li>Some staffing reductions, but also some staffing increases, have occurred (<i>Issues</i>: little fundamental rightsizing has occurred; human resource planning needs attention; there are difficulties in recruiting some categories of specialist staff who are in demand in the private sector).</li> <li>Training reform to introduce competency-based training and modern training methods is in progress (<i>Issues</i>: the slow pace of reforms, and low penetration of target groups, is of concern).</li> <li>Significant under-achievement in the PAR Master Programme in regard to improving the quality of the civil servants, but GoV recognises that this must be a high future priority.<sup>33</sup></li> <li>New law on cadres and civil servants has introduced merit-based recruitment (<i>Issues</i>: given the prevalence of abuses in past recruitment there are likely to be significant challenges in bedding down any reforms and in ensuring there is in fact merit-based recruitment).</li> <li>The new AC Law also gives the GoV an opportunity to institute a position-based structure that better defines job responsibilities and overcomes past ambiguities that have been used to abuse powers (<i>Issues</i>: an early focus on management and leadership roles could be useful).<sup>34</sup></li> <li>New law on cadres and civil servants has strengthened performance management arrangements including through introducing performance appraisal.</li> </ul>

31 Florde, A. 2009. *Linking Intention to Implementation: Understanding the Relationship between Political and non-Political Personnel in Contemporary Viet Nam*. Hanoi.

32 *Viet Nam Development Report 2010*. (p. iii).

33 Interview with the Ministry of Home Affairs.

34 See paper by Dr Y. Poon, Dr Nguyen Khac Hung, Dr Do Xuan Tro'n'g. 2009. *The Reform of the Civil Service System as Viet Nam Moves into the Middle Income Country Category*. PAR and AC, a Series of Policy Discussion Papers, UNDP, which provides a useful outline of the issues that need attention in civil service reform.

While change will not be achieved overnight, persistence in pursuing PAR, particularly in the civil service,<sup>35</sup> is vital. The issues identified in the Table A7.2.3 for further attention, are doubtless part of the discussion now going on in GoV about the next stages of PAR. The implications for donor support then need to be followed through in donor coordination discussion.

### Point-the-finger cases

During this decade there have been many show-case corruption cases and trials. The trend has been to associate one or several senior leaders and officials to a high-level corruption scandal. National media coverage and hype tends to promote these events with the result that many of the audience consider that AC efforts are working. For example, mid-decade two vice-ministers in Ministry of Agriculture and Rural Development were implicated in receiving misappropriated funds, which also resulted in the resignation of the Minister Ngo. In December 2008, the Government of Japan suspended aid and loans to Viet Nam, citing corruption and a kickback scandal in an infrastructure project in Ho Chi Minh City. Access to aid and loans was resumed in April 2009. In 2009, the General Director of Vietnam Airlines was implicated in a kickback scandal involving the provision of services to the airline by a company owned by relatives. Some commentators postulate that the motivation for these events was political and related to power relations and struggles.

The PMU 18 scandal in the transport industry is mentioned in Box A7.3.1. One unexpected result of this grand corruption case was the questioning of the police head in charge of the investigation. Four leading journalists at the two newspapers were stripped of their press cards by the government but given no concrete reason why. In May 2008, journalists Nguyen Van Hai and Nguyen Viet Chien, who were particularly active in covering the case, were arrested over accusations of ‘power abuse’ and ‘false information’, sparking a media outcry. Newspaper Thanh Nien immediately wrote that “*honest journalists must be freed*” while Tuoi Tre said its reporter was “*paying the price for his news on ... a matter which is not yet over but which unravels in a very strange manner.*” However, the papers ended their protest two days later after receiving a warning from the GoV.<sup>36</sup>

From Viet Nam’s response to corruption, some key trends can be identified. These include:

- The common response at local and national levels is to consider corruption as the result of some ‘bad apples’ in the system rather than to develop a systematic response.
- The Party and GoV reform process and AC activities are focused on the ten most corrupt organisations. However, corruption is occurring in all sectors in Viet Nam. By maintaining a focus on ten organisations, corruption in other sectors is often not identified and practices continue business as usual. A cross-sectoral response is required.
- There are three main types of corruption: **individual corruption** that takes place primarily in relations between individual citizens and public officials and authorities; business corruption that takes place primarily in relations between enterprises/companies and public officials and authorities; and **political corruption** that takes place in the

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<sup>35</sup> See Sida. May 2008. *Desk Study of Draft Civil Service Law*; Dr Y. Poon. et al. 2009. *op.. cit.*

<sup>36</sup> AFP, Hanoi, 22 August, 2008.

echelons of public administration and on a political level. Most of the Party, GoV and donor AC efforts have been based on the premise of weak governance in Viet Nam and focused on PAR. However, corruption in Viet Nam is systemic, pervasive and affects all citizens. An integrated approach involving stakeholders, including citizens, civil society and media, is needed to effectively respond to the different types of corruption. Given the present 'cool' context in Viet Nam towards the media and civil society in AC measures, this approach should be flexible and have a long-term focus.

- The public-private nexus of corruption is underestimated and evidence indicates that this nexus of public-private corruption is where the real battle to ensure sustainable development should be waged. In a survey for private equity investment conducted in 2009, 100% of participants saw corruption as an issue while 77% saw corruption as a substantial problem.<sup>37</sup>
- A common attitude of the Party, the GoV and donors is that the development of a comprehensive legal framework for AC reflects a high-level of commitment. However, the real challenge will be the political will to turn paper into reality in the provinces and below. There is little evidence of this political will so far.
- Effective AC measures involve rolling the National Strategy to the provinces. There is a lack of detailed guidelines to carry this out. Each province has its own strengths and weaknesses in regards to AC measures.<sup>38</sup>
- Executive power in the Vietnamese system is overbearing relative to the legislative and judicial branches limiting the scope for holding implementers and administrators accountable for delivering public goods and managing public assets in a transparent and participatory manner as prescribed by law.
- There are still significant gaps in the legal framework for the media and civil society. Their rights are not clear and they can be bullied by politicians.
- Viet Nam has prevented the capture of the state by narrow interest groups. A collegial decision-making process, based on consensus building, reduced the scope for rent-seeking at kleptocratic levels. The Party has gradually divested the assets it controlled, and is financed mainly through the budget. The National Assembly has gained power and is increasingly more assertive. The Supreme People's Audit agency now reports directly to it. Public investment projects are implemented: roads, schools and dams are built. Key policy decisions made in recent years, such as acceding to the WTO and reforming the banking system, most likely undercut vested interests.
- Viet Nam's integrity systems are 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 integrity systems and actual practices on the ground. The principal reasons why the integrity system is not operating well are: insufficient checks and balances between the executive and agencies such as the legislative, supreme audit, the judiciary, civil service, law enforcement and AC agencies; an inadequate incentive structure for civil servants; a tendency for politicians and officials to operate outside the law; institutional rivalry; patron-protégé and other power relationships; poorly enforced codes of conduct; 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.<sup>39</sup>

37 Grant Thornton. 2009. *Private Equity in Viet Nam 2009: Investment Outlook Survey Results – Part II*. Hanoi.

38 The Viet Nam Provincial Competitiveness Index 2008: *Measuring Economic Governance for Private Sector Development*.

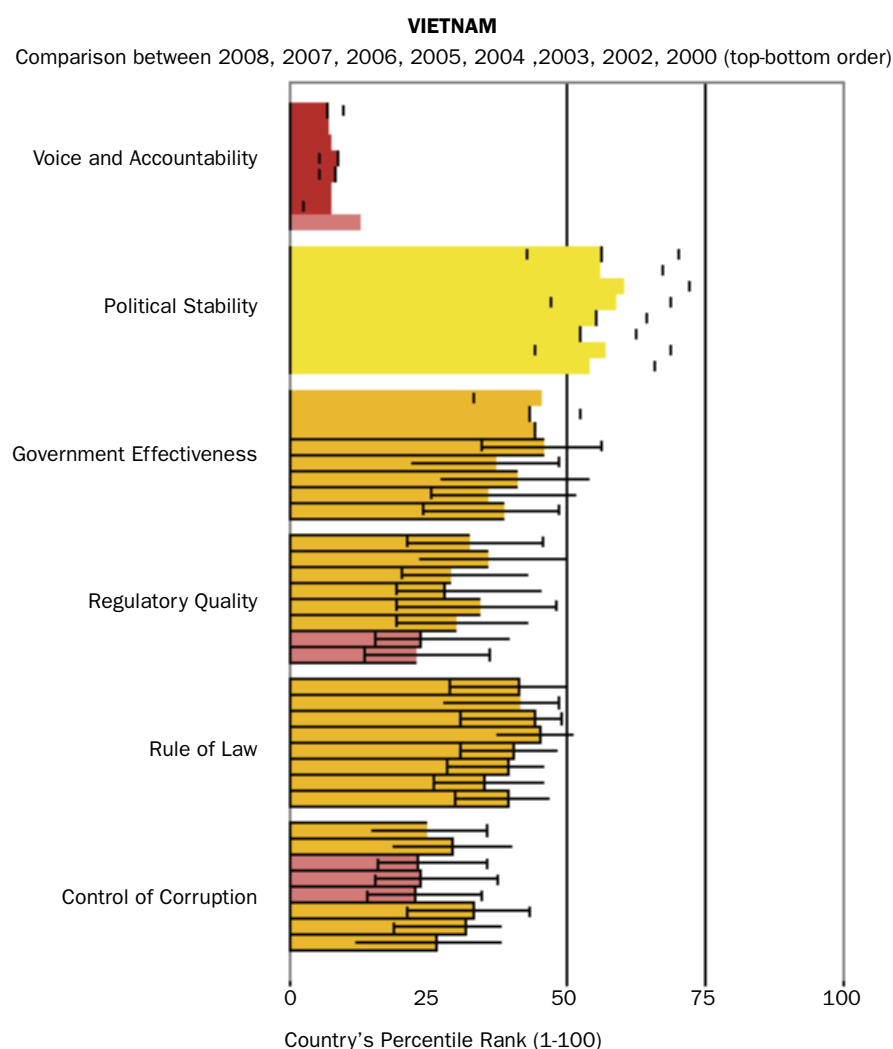
39 National Integrity Systems, Transparency International Country Study Report, Viet Nam 2006.

### 3 The status of corruption in Viet Nam

#### Overall corruption

Corruption in Viet Nam is a prevalent feature of the economy and has been described by some as endemic<sup>40</sup> and influencing most transactions across the public and private sectors. World Bank Governance Indicators show that politically, the country enjoys relative stability and government effectiveness has been improving steadily, although this has reduced slightly in the last couple of years. Rule of law and regulatory quality fluctuate year on year though the general trend is towards improvement. The control of corruption worsened significantly between 2004 and 2006 but has subsequently improved in 2007 and 2008. Viet Nam performs very poorly on voice and accountability (Figure A7.3.1).

**Figure A7.3.1: World Governance Indicators for Viet Nam**



Source: World Bank, 2009.<sup>41</sup>

<sup>40</sup> Mydans. 2006.

<sup>41</sup> These indicators are based on the views of a wide variety of stakeholders in their perception of government performance. Further information is accessible at <http://info.worldbank.org/governance/wgi/> (Retrieved 23 March 2011).

The Transparency International *Corruption Perceptions Index* shows a steadily improving score (Table A7.3.1). Between 2002 and 2008 the score has increased from 2.4 to 2.7. Although it appears that Viet Nam's ranking has declined, this is largely due to the increased number of countries included in the index. Viet Nam's increasing number of places from the bottom is perhaps a more accurate reflection of the increase in its overall index score.

**Table A7.3.1: Corruption Perceptions Index, Viet Nam**

Year	Rank	Total	Places from bottom	Score
2008	121	180	59	2.7
2007	123	179	56	2.6
2006	111	163	52	2.6
2005	107	158	51	2.6
2004	102	145	43	2.6
2003	100	133	33	2.4
2002	85	102	17	2.4

Source: Transparency International, 2009.

Global Integrity's 2006 Index suggests that Viet Nam is *very weak* on all areas assessed accept AC and rule of law, which received an assessment as *weak*. The areas assessed include:

- civil society, public information and media
- elections
- government accountability
- administration and civil society
- oversight and regulation
- AC and rule of law.
- 

From these indicators, it appears that Viet Nam does experience high levels of corruption and has inadequate governance institutions and mechanisms to curb or control it. Despite this there have been marginal improvements in the past couple of years, though it remains to be seen whether this reflects sustainable change.

### Causes of corruption

Evidence is scant as to the causes of corruption in Viet Nam. The evidence found was based on a large-scale survey conducted among public servants. As reported in Transparency International's *National Integrity Report* of 2005, the causes of corruption largely appear to be due to the 'ask-give mechanism'. 65% of public officials and civil servants, 72% of enterprise managers and 55% of citizens reported this as a major source of corruption.<sup>42</sup> Other findings state:

*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*

<sup>42</sup> National Integrity Systems, Transparency International Country Study Report, Viet Nam 2006. (p. 11).

*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.*

(Transparency International, 2006)

District and commune leaders are often dependent on 'xin cho' and need to be pushed into taking risks. *Xin cho* is a remnant of centralised planning. It has many manifestations but the main characteristic is that it ties the higher and lower level into a passive reliance of lower levels **asking** for resources and higher levels **giving**, provided some informal conditions are followed. The result is that local problem-solving and development has all too often been linked to financial subsidies in the traditional way of doing things.

Decentralisation to commune level involves the transfer of planning and control of resources and the allocation of these resources through a process of tendering for design, construction and consultant services. Whoever controls these resources and processes stands to receive financial benefits both formally and informally. The revised Procurement Law aims to reduce leakage in the system. However, there are still financial and other disincentives for districts to transfer control and responsibility to commune level, which is a serious implementation gap. It will take strong political will and monitoring by provincial level to persuade many districts to transfer planning and control to commune level, and for many communes to develop the confidence to take on the full scope of financial and management responsibility for investments.

### **Costs of corruption**

According to the *Global Integrity Report Viet Nam 2006*, corruption accounts for 3-4% of lost GDP each year.<sup>43</sup> This undoubtedly has far-reaching effects throughout the wider society and many observers see corruption as endemic with petty corruption a norm. A study by the GoV was reported to estimate that bureaucrats appropriate at least 20% of infrastructure spending (one of the sectors thought to be the most corrupt).<sup>44</sup>

Recently the government has seen corruption as a threat to political stability, which it has reacted to with a 'war on corruption'. Corruption has become a source of tension and political unrest, which has threatened the legitimacy of the CPV government.<sup>45</sup> The cost to political stability has been the greatest motivator for the government to tackle systemic corruption.

### **Political corruption**

Political corruption is difficult to assess. Despite the GoV's 'war on corruption', AC efforts and investigations rarely investigate high-ranking political figures. However, there have been a handful of incidents in which the political elite has been drawn into the fray in AC activities (Box A7.3.1).

#### **Box A7.3.1 Political corruption cases in Viet Nam**

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<sup>43</sup> Business Anti-Corruption Portal [www.business-anti-corruption.com](http://www.business-anti-corruption.com) (Retrieved 23 March 2011).

<sup>44</sup> *The Economist*, 12 September, 2002.

<sup>45</sup> Ibid.



**PMU 18 scandal** –a high profile corruption scandal that broke in early January 2006. A Project Management Unit funded by Japan, the EU, Australia and the World Bank was found to have embezzled almost US\$2 million and used this to gamble on British football games. The PMU in question was part of the transportation ministry funding a large number of infrastructure projects, the head of which was implicated in the misuse of the funds, a further 200 employees were found to have participated in the gambling activities.

The case saw high profile coverage from the press until a government clamp-down. The scandal resulted in the resignation of the Minister for Transport and the arrest of his deputy (however, later the charges were dropped and his party membership was reinstated). Numerous other officials, police and media were drawn into the proceedings and were detained by the authorities.

**Corruption cases of the 1990s** – the 1990s saw a series of high profile corruption cases where political figures and state officials were tried and convicted on charges of corruption. Three of the most prominent cases were Tamexco (1996), Minh Phung-Epco (1997) and Tan Truong Sanh (1999). These cases were dubbed by the media as examples of the government ‘getting tough’ on corruption. But, many other observers have claimed that these cases were a greater reflection of high-level political motives (Gainsborough, *Corruption and the Politics of Economic Decentralisation in Viet Nam*, 2003).

### Public sector corruption

Petty corruption acts at all levels and is endemic and systemic. Further Doi Moi reforms in the 1990s towards greater economic liberalisation allowed an increasing number of opportunities for corruption that became increasingly difficult to detect.

Two surveys have recently been carried out to assess public sector corruption levels. The Investment Climate Survey refers to the share of respondents declaring that corruption is widespread or gifts are required to get a favourable decision. Only agencies with a share in excess of 5% are reported.

**Table A7.3.2: Most corrupt government agencies**

Investment Climate Survey	Diagnostic Study on Corruption
Traffic Police	Land Administration Agency
Customs Department	Customs Department
Tax Department	Traffic Police
Land Administration Agency	Tax Department
Market Controller	Regulations in Construction
Construction Permit Authorities	Construction Permit Authorities
	Healthcare
	Planning and Investment Agencies
	Regulators in Transportation
	Economic Police

Source: World Bank, 2006.

## Corporate corruption

The private sector plays a significant role in the Vietnamese economy. In 2004, state sectors accounted for 39.2% of GDP, with the non-state sector and foreign investment sectors accounting for 45.6% and 15.2% of GDP respectively.<sup>46</sup> The non-state sector in Viet Nam is largely made up of small to medium size businesses that are generally household enterprises. There are few, if any, large-scale domestic private firms and the economy is dominated by SOEs.

Under Vietnamese law, SOEs operate under different legislation to private and foreign owned enterprises. Recently, the 2005 enterprise law came into effect unifying legal frameworks for domestic and foreign companies. According to government plans, SOEs will also come under this law by 2010.<sup>47</sup>

Regionally and globally, levels of private sector corruption in interactions with the public sector is particularly high especially with regard to tax officials (in correlation with the surveys undertaken on corrupt government ministries – see Table A7.3.2) and in ‘moving things along’. However, corruption in securing government contracts is low compared to regional levels and it also appears that corruption is not seen as a problem or hindrance by the private sector (Table A7.3.3). As a result, the business sector plays little role in combating corruption and has little interest in doing so given its relative lack of importance to their operations.<sup>48</sup>

**Table A7.3.3: Corruption in the private sector**

Corruption	Viet Nam	Region	All countries
% of firms expected to pay informal payment to officials (to get things done)	67.2	59.18	30.22
% of firms expected to give gifts to get an operating licence	..	17.54	15.72
% of firms expected to give gifts in meeting with tax officials	78.67	31.81	18.25
% of firms expected to give gifts to secure a government contract**	40.38	43.59	31.42
% of firms identifying corruption as a major constraint***	15.18	29.84	36.59

Source: Enterprise Surveys, 2005.

<sup>46</sup> Transparency International. 2006. *op. cit.* (p. 30).

<sup>47</sup> Ibid, 2006.

<sup>48</sup> Ibid, 2006.

## 4 AC Strategy and mechanisms

Over the evaluation period, the CPV has progressively raised the profile of corruption in an effort to combat it. Despite this, there remain problems.

### **Civil society, public information and media**

Civil society has been given an increasing role in Viet Nam's development. The Socio-Economic Development Strategy (2000-10) and the Socio-Economic Development Plan (2006-10) acknowledge three areas of focus for civil society:

- enhancing government accountability at provincial, district and commune level in order to strengthen grassroots democracy
- enhancing the participation and voice of the poor in development planning
- supporting service delivery, in particular towards HIV/AIDS, and social safety nets in hard to reach areas.
- 

But the role that civil society plays is carefully managed and legal frameworks restrict activities to registration as science and technology organisations. As such, the capacity for civil society and NGOs to become politically involved or to provide a mechanism for AC is fragile if not non-existent.<sup>49</sup>

Wider civil society movements do occur in Viet Nam. There were mass protests in 2008 over land appropriations and corruption, for example, however these informal movements and mass protesting often receive harsh crackdowns by the government in response.<sup>50</sup>

Press and media freedoms are restricted. While there is an ambiguous and contradictory legal framework to safeguard press freedom, while at the same time denying the role of the press to criticise the state, in practice there is no press freedom.<sup>51</sup> Strict criminal penalties exist for journalists and others who publicly criticise or oppose the state and there is tight control over the use of the internet. There are numerous examples of journalists and internet bloggers receiving prison sentences for the release of information deemed to be unpalatable by the government.<sup>52</sup>

### **Elections**

Viet Nam is a one-party state and holds regular elections every 5 years to determine the elected representatives of constituencies. The next election is scheduled for 2011. In the run up to elections, there are a lot of resources devoted to the dissemination of information regarding candidates, electoral procedure, and election legislation. However, candidate registration remains opaque and under the heavy influence of the state. The state has complete influence over which candidates stand against which in each constituency and appears to be their greatest tool in affecting the outcome of elections. While there are some candidates who run without party membership the overwhelming majority are members of the CPV.

Though there is little information on electoral rigging and fraud, this does not mean that it doesn't exist. The lack of information on how free and fair elections are

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49 Sabharwal and Huong. 2005.

50 Human Rights Watch. 2009.

51 Global Integrity. 2006.

52 Human Rights Watch. 2009.

is rather due to the level of control the state has over the media and the electoral process. There are no independent monitors and little information is released publicly regarding the conduct of voting.

Elections offer no real opportunity for bottom-up pressure or mechanisms for accountability. Instead it provides a point of legitimacy for the CPV domestically and internationally.<sup>53</sup> The Global Integrity Scorecard deems voting and citizen participation in election to be weak. Election Integrity and Political Financing in Vietnamese elections are very weak.<sup>54</sup>

### **Government accountability (executive, legislative, judicial, budget processes)**

The National Assembly regulates executive power, but in practice this regulation is limited. Constitutional changes in 2001, for the first time, allowed the National Assembly to hold votes of no confidence against ministers and prime ministers.<sup>55</sup> However, votes of no confidence have not been used. Since 2008, the National Assembly and People's Councils have piloted Public Hearings, which provide an effective tool to collect information about sensitive issues such as corruption.

It is the National Assembly's responsibility to provide oversight to the executive and it has the power to hold them responsible. There are legal frameworks that outlaw criminal activity, while systems of governance also make it very difficult to uncover instances of corruption at the higher levels of government. Ministers are required to declare their assets and liabilities although registers are not publicly released. However, there are not legal constraints on ministers or other members of National Assembly receiving gifts.

The greatest weakness of the checks and balances on the government executive is the lack of independent bodies to scrutinise government activities. Financial oversight bodies and the Auditor General are particularly weak, embodied by the State Audit of Viet Nam. The total lack of transparency (together with the CPV's harsh treatment of critics) also prevents civil society from providing any oversight role.

The National Legislative, embodied by the National Assembly, has the highest powers in Viet Nam. A judiciary controlled by the National Assembly and internal processes that have no transparency for wider scrutiny provide no mechanisms for accountability. Other agencies that could potentially provide oversight lack independence and are also under the heavy influence of the National Assembly.

The Vietnamese judiciary is weak. It has limited independence and the National Assembly has the power to decide convictions before cases go to trial. In many instances the actions of the judiciary are more representative of power struggles and political shakedowns within the CPV than of independent investigations or legal processes. The judiciary formally make appointments based on merit although in practice this process is subject to nepotism.<sup>56</sup>

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<sup>53</sup> Gainsborough. 2005. *Party Control: Electoral Campaigning in Viet Nam in the Run-up to the May 2002 National Assembly Elections*.

<sup>54</sup> Global Integrity. 2006.

<sup>55</sup> World Bank. 2005.

<sup>56</sup> Transparency International. 2006.

Budget processes have been somewhat strengthened in recent years although there are still serious gaps. In 2004, legislation was passed that made the National Assembly responsible for the approval of the budget including allocations to lower levels of government.<sup>57</sup> There have also been efforts to consolidate and improve management information systems for budget monitoring. A simplifying of budgeting processes has improved efficiency and reduced the scope for corruption. The Ministry of Finance has made moves towards transparency with the public release of government budgets; however, these are not detailed and often subject to delay.<sup>58</sup>

### **Administration and civil service**

Viet Nam's administration and civil service have weak structures and institutions to prevent corruption and abuse of office.<sup>59</sup> Legal frameworks exist to prevent corruption, nepotism and patronage with independent mechanisms for redress. These systems do not, however, operate effectively in practice.

Systems of regulation in the civil service operate vertically in oversight, provided by offices of higher seniority as well as horizontally through reporting to the People's Council. Although this should in theory provide a comprehensive system of checks and balances, multiple overlapping responsibilities in practice result in increased red tape, providing opportunities for corruption.<sup>60</sup>

There are codes of conduct for civil servants but their implementation varies widely. The 2005 Law on AC requires members of the national congress to declare their assets, although they are not publicly released. This law also requires civil servants to declare their assets, though it is difficult to assess how the law has been operationalised given the lack of transparency.<sup>61</sup>

Legal protection for civil servants and public officials who report incidents of corruption does formally exist but again in practice there are often repercussions to such actions.<sup>62</sup> There have been a growing number of complaints about corruption publicised in the media though their focus is often on low levels of government.<sup>63</sup> Follow-up investigations are often ad-hoc and led by associated higher-level officials.

### **Oversight and regulation**

The role of ombudsman is taken by the GI, which deals with citizen and administrative complaints against malfeasance and corruption. It is not politically independent and its processes are not transparent and although it is taking up an increasing number of lower level investigations, higher-level political figures enjoy relative immunity.

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<sup>57</sup> World Bank. 2005.

<sup>58</sup> Transparency International. 2006.

<sup>59</sup> Global Integrity. 2006.

<sup>60</sup> Transparency International. 2006.

<sup>61</sup> Transparency International. 2006.

<sup>62</sup> Global Integrity. 2006.

<sup>63</sup> Transparency International. 2006.

The SAV acts as the Auditor General and is understaffed and underfunded.<sup>64</sup> Again the institution suffers from a total lack of transparency and independence. It does not have the capacity to initiate investigations at will.<sup>65</sup>

The Tax and Customs Agencies were judged to be one of the most corrupt public institutions in Viet Nam,<sup>66</sup> with taxes not applied uniformly and officials susceptible to influence with bribes and gifts.

Business licensing and regulation are weak systems of oversight, although this is not a hindrance to private enterprise as mentioned above. There are also regulatory requirements for operating firms in respect of health, safety and environment though these are not followed in practice.

Financial regulation oversees public enterprises. Financial records should be publicly listed but, in practice, are difficult for the public to get access to and are not produced according to international accounting standards.

### **AC and rule of law**

The 2005 AC Law provides a comprehensive framework against corruption, though there is little evidence of how this has been used in practice and, given weak institutions of regulation and oversight, it is likely to be used for politically motivated reasons rather than in a concerted effort to combat corruption. The GI acts as the AC institution in Viet Nam and, as mentioned above, it has limited capacity and is politically compromised by the CPV.

Rule of law in Viet Nam appears strong in that high level corruption cases have been brought to trial. The judiciary is not independent, however, and subject to high levels of political interference from the CPV on the outcome of court cases.

### **International transparency initiatives**

International transparency initiatives could offer a considerable opportunity to apply pressure on the GoV to increase transparent process within the country. However, out of the current international transparency initiatives, Viet Nam is only formally a member of one (Box A7.4.1).

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64 Transparency International. 2006.

65 Global Integrity. 2006.

66 World Bank. 2006.

#### **Box A7.4.1: International transparency initiatives**

**Construction sector transparency initiative (CoST)** – Viet Nam is a pilot country for CoST though as of June 2009 the programme was still at design stage (CoST 2009).

**Extractive industries transparency initiative (EITI)** – Viet Nam has no links to EITI as either a compliant or candidate country.

**Forest law enforcement, governance and trade (FLEGT)** – Viet Nam is not a member of FLEGT.

**Medicines transparency alliance (MeTA)** – Viet Nam is not a member of MeTA.

## **5 Conclusion**

Corruption in Viet Nam appears to be widespread and to operate on all levels. It is, however, difficult to survey and to quantify. Without the pillars of government to effectively provide an AC Strategy, the responsibility for prioritising corruption lies overwhelmingly with the National Assembly and the CPV. In recent years, there has been increasing political will to tackle corruption, though those at the top of the CPV are still relatively immune from scrutiny. Nevertheless, increased political will is a positive sign.

In Viet Nam, the pursuit of strategies to strengthen AC initiatives that rely on public pressure, active civil society and the press are difficult to negotiate. External pressure could provide greater opportunities to strengthen these efforts and it is becoming increasingly evident that the CPV is receptive to international perception, especially when heavily reliant on foreign investment. In this regard, the international donor community and international civil society could play a large role in applying pressure on the CPV where domestic actors cannot to strengthen government processes and act as surrogate watchdogs. With OECD donors contributing US\$1.8 billion in 2002, steadily increasing to US\$3.2 billion in 2007, a unified voice could have considerable influence.<sup>67</sup>

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<sup>67</sup> OECD. 2009.

## ANNEX 8:

### Donor mapping for National Assembly

#### UNDP-ONA PROJECT “Strengthening the Capacity of People’s Elected Bodies in Vietnam” Phase III MATRIX II. Donor Assistance to the ONA and NA over 2009–2013<sup>1</sup>

Donors	Donor Objectives for Assistance				
	1. Enhanced Legislative functions of the NA	2. Supervisory and oversight functions of the NA and deputies.	3. Representative function of the NA and People’s Councils including transparency of NA operations to constituencies	4. Legal basis, operation, structure and working procedures of the NA, ONA and committees	5. Policy analysis and access to information for informed decision making by NA Deputies
<b>DANIDA/ Parliament-to-Parliament under GOPA</b> DKK 63 million <sup>2</sup>			Establishment of a petitions agency.  Strengthening of NA’s public information and communication efforts vis-à-vis the voters and electorates.		
<b>CIDA – PIAP III</b> CAD \$8.5 million	Enhancement of legislative procedures and processes including public consultative procedures	Improvement of oversight processes by Law Committee, Judicial Affairs Committee, Social Affairs Committee.	Strengthening work of Board on Complaints and Denunciations.		Improvement of policy analysis Law Committee, Judicial Affairs Committee, Social Affairs Committee.
<b>UNDP/ ONA III</b> USD 7,5 million	Improvement of the law making function of the NA.	Improvement of oversight practices and processes.  Enhanced role of NA and PCs in anticorruption/integrity.	Strengthening of constituency relations.  Development of public consultation processes including public hearings.  Increased contact between candidates and voters.	Parliamentary ethics.	Improvement of information management.  e-Parliament.  Promotion of policy dialogues on issues of national interest.

<sup>1</sup> Information cited as per data in project documents/ project briefs supplied by each agency.

<sup>2</sup> The programme consists of two pillars with a budget of 31.5 million DKK each and 6.5 million DKK in unallocated funds. Support to the NA is one of 3 components under the Good Governance pillar. Funds for the ONA component amount DKK 8,000,000.



6. Capacity building of ONA staff, NA deputies and PPC's.	7. Gender mainstreaming	8. Sub-national Representation	9. International integration and cooperation	10. ICT	11. Others
Capacity Development of the NA MPs and PPC Deputies, and staff through Parliament-to-Parliament partnership.					
Capacity Development of the NA MPs, PCs Deputies and staff.  Capacity development of the Training Center –TCER.	Support to Women's Caucus and regional networking among caucuses.  Strengthening gender consideration in the work of NA and PCs.	Strengthening of constituency relations.  Development of public consultation processes including public hearings.		Increased use of electronic media for communication with citizens.  E-strategy developed.	Enhanced aid coordination and discussion on parliamentary development strategies.

Donors	Donor Objectives for Assistance				
	1. Enhanced Legislative functions of the NA	2. Supervisory and oversight functions of the NA and deputies.	3. Representative function of the NA and People Councils including transparency of NA operations to constituencies	4. Legal basis, operation, structure and working procedures of the NA, ONA and committees	5. Policy analysis and access to information for informed decision making by NA Deputies
<b>DANIDA/JOPSO III DKK</b> 45,534,000 <sup>3</sup>	Enhancement of the legislative process of the NA.			Enhancement of the quality of policy formulation through improving the working procedures of the parliamentary committee system.	Improvement of the access to and use of information technology by MPs in policy analysis and legislative work.
<b>UNIFEM–Joint Programme on Gender Equality</b> USD 4,683,516 million					
<b>UNIFEM CEDAW Programme</b>		Improvement of oversight practices and processes for elected representatives in ethnic minorities areas within the framework of CEDAW	Strengthening work of the Council of Ethnic Minorities on promoting the human rights of ethnic minority women		Policy discussions/debates organized on issues related to ethnic minority women.
<b>USAID-STAR Programme<sup>4</sup></b> USD 13,2 million <sup>5</sup>	Technical support to the National Assembly in reviewing laws and ordinances related to trade and economic integration and build their capacity in this area.				

3 The programme consists of 4 components with a budget of DKK40,084,000 and a fund of DKK5,450,000 for the Programme Support Office. Support to ONA is one of the four components with a budget of DKK10,955,000.

4 USAID “Support for Trade Acceleration” (STAR) (2001-2010): The goal of the STAR is to support the Government of Vietnam’s efforts to implement sustainable and broad legal and economic reforms required by: The U.S.-Vietnam Bilateral Trade Agreement (BTA), Vietnam’s commitments under the World Trade Organization (WTO) accession agreement; The Trade Investment Framework Agreement (TIFA); The on-going Bilateral Investment Treaty (BIT) and the Trans-Pacific Free Trade Agreement negotiations.

5 Activities with the National Assembly take around 30% of the total programme budget.

6. Capacity building of ONA staff, NA deputies and PPC's.	7. Gender mainstreaming	8. Sub-national Representation	9. International integration and cooperation	10. ICT	11. Others
Improvement of professional capacity of MPs and staff members of ONA.			Strengthening NA's international parliamentary co-operation..		
	<p>Capacity development to selected committees and Women's Caucus to oversee implementation of gender equality law and domestic violence prevention and control law.</p> <p>Integrating gender issues into climate change and the economic crisis. Assistance with retirement age campaign.</p>				
Capacity Development of the NA MPs and PPC Deputies, and staff through training on CEDAW and gender equality		Technical assistance for monitoring/overseeing local government's implementation of legislation/policies for ethnic minority women.			

Donors	Donor Objectives for Assistance				
	1. Enhanced Legislative functions of the NA	2. Supervisory and oversight functions of the NA and deputies.	3. Representative function of the NA and People Councils including transparency of NA operations to constituencies	4. Legal basis, operation, structure and working procedures of the NA, ONA and committees	5. Policy analysis and access to information for informed decision making by NA Deputies
<b>BRITISH COUNCIL –YOOSK</b> Online engagement website MPs- Public £30,000			Provision of tools and methodology for MPs engagement with the public through website		
<b>UNDP/NA's CSA<sup>6</sup></b>					Enhanced policy analysis regarding social security policies for the poor and poverty reduction programmes.
<b>UNDP/HI V/AIDS</b> USD 1,39 million	Increased capacities for development and dissemination of resolutions, laws, policies on HIV/AIDS.	Increased capacities for supervision of resolutions, laws, policies on HIV/AIDS.			
<b>UNDP/CFBA II<sup>7</sup></b> USD 5,2 million	Strategy for people's elected bodies in public finance.	Development of tools and systems for evaluation of budget activities.  Piloting of question sessions and hearings.	Development of mechanism for increased participation by people and business community in public finance.  Enhancement of public consultations on fiscal/budget issues.	Development and improvement of legislative procedures.	Strengthened research capacity, policy analysis and supply of information on fiscal activities,  State audit results used in budget decision and oversight.

<sup>6</sup> Activities are being implemented under cooperation framework and not a project.

<sup>7</sup> The CFBA Project II was launched in August 2009 and is currently developing inception report.

6. Capacity building of ONA staff, NA deputies and PPC's.	7. Gender mainstreaming	8. Sub-national Representation	9. International integration and cooperation	10. ICT	11. Others
			Increased capacities for development, dissemination and oversight of resolutions, laws, policies on HIV/AIDS._		
<p>Improve professional capacity of NA MPs and PCs Deputies on budget and finance issues.</p> <p>Development of capacity development programme for PCs staff.</p>	<p>Development of gender responsive budgeting.</p>	<p>Selected evidence-based research on impact of state/local budget on economic and social development applied in selected regions/PCs.</p> <p>Legal framework and structure for better operation of PCs in budget decision and oversight.</p> <p>Medium-term fiscal and budgetary framework and output-based budget formulation method piloted in selected provinces.</p>			

Donors	Donor Objectives for Assistance				
	1. Enhanced Legislative functions of the NA	2. Supervisory and oversight functions of the NA and deputies.	3. Representative function of the NA and People Councils including transparency of NA operations to constituencies	4. Legal basis, operation, structure and working procedures of the NA, ONA and committees	5. Policy analysis and access to information for informed decision making by NA Deputies
<b>European Commission<sup>8</sup></b>	Laws, by laws & executive directives in the areas of International integration and transition to market economy codified & disseminated._			Internal regulation law of the NA improved.	Improved policy analysis to support law making processes.
<b>UNICEF</b> USD 695,000	Improved capacity of MPs in legislating and allocating financial resources on issues related to children's and women's rights.	Improved capacity of MPs in overseeing/ monitoring on issues related to children's and women's rights.			Policy discussions/debates organized on issues related to children's and women's rights.
<b>JICA</b> Training on Capacity Development for National Assembly of Vietnam					

<sup>8</sup> Programme ended in June 2009.

6. Capacity building of ONA staff, NA deputies and PPC's.	7. Gender mainstreaming	8. Sub-national Representation	9. International integration and cooperation	10. ICT	11. Others
<p>Enhanced managerial &amp; judicial competence of high civil servants of the NA.</p> <p>Improved function of 10 PPCs (under management of Committee on Finance and Budget).</p>					
<p>Raised awareness of Deputies on issues linked to (migration, trade, social safety related to) children and women's rights.</p>			<p>Technical assistance for monitoring/ overseeing local government's implementation of legislation/policies for children and women.</p>		
<p>To deepen understanding on main roles and functions of legislature.<sup>9</sup></p>					

<sup>9</sup> Activity to start in 2010.

**UNDP-ONA PROJECT “Strengthening the Capacity of People’s Elected Bodies in Vietnam”**  
**Phase III MATRIX III. Donor support and activities with the ONA/ NA and PPCs in 2009**

Donors	Donor Objectives for Assistance				
	1. Enhanced Legisla- tive functions of the NA	2. Supervisory and oversight functions of the NA and deputies.	3. Representa- tive function of the NA and People Coun- cils including transparency of NA operations to constituencies	4. Legal basis, operation, struc- ture and working procedures of the NA, ONA and committees	5. Policy analy- sis and access to information for informed decision making by NA Deputies
<b>DANIDA/Good Governance and PAR: Parliament- to-Parliament Partnership</b>			Development of information tools for dissemination of information on activities and the work of the NA.		



**6. Capacity building of ONA staff, NA deputies and PPC's.****7. Gender mainstreaming****8. Sub-national Representation****9. International integration and cooperation****10. ICT****11. Others**

Study visit to Denmark for MPs and staff on MPs functions/roles.

Roundtable discussion on MPs communication with the public/parliamentary public information.

Training course on MPs-media relations.

Training course on enhancing public information on the activities/functions of the NA.

On-the-job training on how to organize a Youth Parliament..

Donors	Donor Objectives for Assistance				
	1. Enhanced Legislative functions of the NA	2. Supervisory and oversight functions of the NA and deputies.	3. Representative function of the NA and People Councils including transparency of NA operations to constituencies	4. Legal basis, operation, structure and working procedures of the NA, ONA and committees	5. Policy analysis and access to information for informed decision making by NA Deputies
<b>CIDA –PIAP III</b>	<p>Judicial Committee:</p> <p>Workshop/study mission on commercial arbitration laws and criminal judgment execution. Law Committee: WS on draft law on child adoption. Study mission re int'l practices on process for unification, sistemisation, codification legal docs; and legislative process. Working sessions w/experts on draft law on inspections and draft law on child adoption.</p>	<p>Workshop(WS) on supervision activities MPs, NASC, Ethnic ommittees, PCs. Law Committee: WS on oversight; WS on access to information.</p>	<p>Commission on complaints and denunciations: WS on improving complaints handling system. Comparative studies on models of denunciation commissions.</p>		<p>Surveys on commercial arbitration centres; codification and systemization; child adoption; implementation of gender equality.</p>

**6. Capacity building of ONA staff, NA deputies and PPC's.**

Training on experts' skills to support committees supervisory/ legislative functions. Training on skills for public consultations and public opinion surveys.

**7. Gender mainstreaming**

Committee on Social Affairs: staff training on gender mainstreaming into policy development/ implementation.

WS for female MPs on supervisory and gender mainstreaming skills.

Study visit on social policies/gender equality to South Korea and Japan.

Internship on gender analysis.

Working session

w/experts on gender/ draft law on senior people/child

adoption/education/ disabled/consumer's rights/ labour legislation/social policies. Regional WS on gender and MDGs.

WS on legislation-policies

on labour/ child

adoption. WS implementation law on health insurance.

**8. Sub-national Representation**

**9. International integration and cooperation**

**10. ICT**

**11. Others**

Donors	Donor Objectives for Assistance				
	1. Enhanced Legislative functions of the NA	2. Supervisory and oversight functions of the NA and deputies.	3. Representative function of the NA and People Councils including transparency of NA operations to constituencies	4. Legal basis, operation, structure and working procedures of the NA, ONA and committees	5. Policy analysis and access to information for informed decision making by NA Deputies
UNDP/ONA III	Support through public consultations on draft legislation – see point 3.	Seminar Ethnic Council and PCs on oversight of ethnic minority targeted programmes/policies.  Use of public consultations for oversight of policy and legislation implementation, see point 3.	Seminar on constituency relations.  Consultative seminar(s) on amendment to Law on NA election and study visit.  Pilot activities in 3 selected provinces on use of constituency relations tools. Support to public consultations/hearings by 10 selected PCs and 1 NA committee, and development of relevant materials/lessons learnt.		

**6. Capacity building of ONA staff, NA deputies and PPC's.**

**7. Gender mainstreaming**

**8. Sub-national Representation**

**9. International integration and cooperation**

**10. ICT**

**11. Others**

ToT courses to develop TCER trainers' network.

Delivery of pilot trainings (from training curriculum produced):

For PC MPs: a) public consultations, b) media skills.

For PC staff: effective support to elected representatives.

For MPs: for targeted groups, women MPs, ethnic minority MPs, etc Production of material on adult training methodologies.

Training on RIA in Belgium.

Establishing a Multi-Purpose Training Facility.

Pilot distance learning.

Development of Online

Learning Database.

Regional Workshop Vietnam, Laos, Cambodia on legislation and oversight.

Research gender mainstreaming in legislation in Southeast-Asia. Study visit to Sweden on gender mainstreaming in legislative process. Regional seminar on women's parliamentary caucuses and domestic violence legislation. Preparation of project strategy in the areas of gender in the legislative process and support to women MPs caucus.

Pilot activities in 3 selected provinces on use of constituency relations tools. Support to public consultations/hearings in 13 selected provinces and development of relevant materials/lessons learnt.

Upgrading website of ONA People's Deputies newspaper.

Parliamentary Partnership Forums.

Donor coordination meetings.

Da Nang Conference on parliamentary development issues – NA/Donors.

NA-Donors Dialogue on Public Consultations.

Donors	Donor Objectives for Assistance				
	1. Enhanced Legislative functions of the NA	2. Supervisory and oversight functions of the NA and deputies.	3. Representative function of the NA and People Councils including transparency of NA operations to constituencies	4. Legal basis, operation, structure and working procedures of the NA, ONA and committees	5. Policy analysis and access to information for informed decision making by NA Deputies
<b>DANIDA/JOPSO III</b>	<p>Seminar functioning Centre Legislative Studies.</p> <p>Seminar better support to MPs through legislative process.</p> <p>Seminar MPs and legal/social policies.</p> <p>Handbook MPs in legislative process.</p> <p>Seminar on Constitution. Book/law on promulgation legal documents.</p>			<p>Study visit functioning Economic Committees.</p> <p>Revision rules Economic Committee.</p> <p>Seminar organization NA session and NASC meeting.</p>	<p>Consultative seminars on 3 bills (state bank, credit organizations, oversight banking activities).</p> <p>Comparative study re employment legislation.</p> <p>Seminars on implementation laws/policies re employment.</p>

**6. Capacity building of ONA staff, NA deputies and PPC's.****7. Gender mainstreaming****8. Sub-national Representation****9. International integration and cooperation****10. ICT****11. Others**

Legal English course  
MPs, staff.

Scholarship for  
master's degree.

PI, PR and media  
skills

course for MPs and  
staff.

Internship to UK on  
legislative affairs.

Seminar for MPs on  
petitions handling.

Training for ONA and  
PCs staff on petitions  
handling.

Training for senior ONA  
staff.

Training MPs access  
to information – TCER.

Training on legislative  
and oversight skills,  
analysis of ethnic  
related policies.

Guidelines gender  
equality.

Overseas  
training for  
Foreign Affairs  
ONA staff re  
organization of  
international  
events.

Workshop for  
MPs and staff re  
preparation

or hosting of  
AIPA in 2010.

Upgrading  
elibrary to  
digital library.

Website  
development  
Economic  
Committee.

Upgrading  
software for  
ONA Human  
Resources.  
Different  
training on IT.

Upgrade  
website Centre  
Information,  
Research,  
Library and  
integrated  
software.

Donors	Donor Objectives for Assistance				
	1. Enhanced Legislative functions of the NA	2. Supervisory and oversight functions of the NA and deputies.	3. Representative function of the NA and People Councils including transparency of NA operations to constituencies	4. Legal basis, operation, structure and working procedures of the NA, ONA and committees	5. Policy analysis and access to information for informed decision making by NA Deputies
<b>USAIDSTAR Programme</b>	<p><b>Law Committee</b> Provision of technical expertise for the analysis of draft Law on Intellectual Property and IPR related amendments to the Criminal Code; Ordinance on Codification (provided detailed plan for codification to committee leadership).</p> <p><b>External Affairs Committee</b> technical workshop for the Committee to review the Law on Telecommunications in light of WTO and other international commitments/June.</p> <p><b>Committee for Science, Technology and the Environment</b> Provided detailed comments on the draft Law on Telecommunication and the Law on Radio Frequencies.</p> <p><b>Budget and Economic Committees:</b> Provision of technical expertise/analysis on draft Law on Banking and the Law on Credit Institutions, Land Law, and on the impact of the global financial crisis on the Vietnamese economy and the impact of the economic stimulus package.</p>				



**6. Capacity building of ONA staff, NA deputies and PPC's.**

**7. Gender mainstreaming**

**8. Sub-national Representation**

**9. International integration and cooperation**

**10. ICT**

**11. Others**

**Office of the National**

**Assembly (Library and Information Center)**

Organization of workshop on the Law on Laws for deputies and conference on law codification and the primary impacts.

Donors	Donor Objectives for Assistance				
	1. Enhanced Legislative functions of the NA	2. Supervisory and oversight functions of the NA and deputies.	3. Representative function of the NA and People Councils including transparency of NA operations to constituencies	4. Legal basis, operation, structure and working procedures of the NA, ONA and committees	5. Policy analysis and access to information for informed decision making by NA Deputies
UNDP/NA's CSA <sup>10</sup>					<p>Assessment of policies/projects on social support to the poor.</p> <p>Roundtables on issues re system of policies on social assistance to the poor.</p> <p>Roundtables on issues related to social security system in Viet Nam.</p> <p>Study on inclusive and progressive social security international models.</p>
UNICEF	Workshop on review of national legislation on children's rights.	Study on child rights' monitoring for more efficient oversight by NA CEYC. Oversight trips on implementation of PCFP's provincial SEDP and selected PCs' resolutions on children's issues including budgeting.	Study on children participation in the work of the NA. And PCs and identify suitable mechanism. Newsletter on elected officials and children.		<p>Consultation with CEYC on issues in draft law on adoption.</p> <p>Workshop on Convention on persons with disabilities and national legislation from children's rights approach.</p> <p>Desk study on procedure re budgeting for children</p>
UNDP/CFBA II <sup>11</sup>					Planned researches on issues relevant to the CFBA work.

<sup>10</sup> Activities are being implemented under cooperation framework and not a project.

<sup>11</sup> The CFBA Project II was launched on 21 August 2009.

**6. Capacity building of ONA staff, NA deputies and PPC's.**

**7. Gender mainstreaming**

**8. Sub-national Representation**

**9. International integration and cooperation**

**10. ICT**

**11. Others**

Update training package for NA and PC deputies on children's rights, gender equality, domestic violence legal norms.

Orientation on statistics and data system on children for NA and PC deputies.

Selected trainings on budgetary analysis/ oversight skills for NA MPs and PC Deputies and staff.

Donors	Donor Objectives for Assistance				
	1. Enhanced Legislative functions of the NA	2. Supervisory and oversight functions of the NA and deputies.	3. Representative function of the NA and People Councils including transparency of NA operations to constituencies	4. Legal basis, operation, structure and working procedures of the NA, ONA and committees	5. Policy analysis and access to information for informed decision making by NA Deputies
<b>UNIFEM–CEDAW Programme</b>		Improvement of oversight practices and processes for elected representatives in ethnic minorities areas within the framework of CEDAW.	Strengthening work of the Council of Ethnic Minorities on promoting ethnic minority women in political participation		Policy discussions/debates organized on issues related to ethnic minority women's political participation in the coming elections at all levels.
<b>UNIFE Joint Programme on Gender Equality</b>					
<b>OTHER PROGRAMMES IN 2009</b>					
<b>KAS</b>			Two-day seminar Efficiency and Effectiveness of a professional MPs group office".30 MPs, February		Two days seminar "The Department for Legal Research, part of the scientific service of the German BUN-DESTAG, as an orientation for the VLA advice for the NA. December
<b>ILO</b>		Technical support/ expertise to CSA on draft law on people with disabilities.			
<b>ILO-IOM</b>		At SAC request for technical assistance, ILO and IOM have cooperated with SAC to prepare a migration status report in service of a formulation of a NA resolution on international labour migration by November 2009. Support has included desk review, consultative workshops, fact-finding field visits.			

6. Capacity building of ONA staff, NA deputies and PPC's.	7. Gender mainstreaming	8. Sub-national Representation	9. International integration and cooperation	10. ICT	11. Others
Capacity Development of the NA MPs and PPC  Deputies, and staff through training on CEDAW and gender equality focusing on promoting ethnic minority women in political participation		Technical assistance for monitoring/overseeing local government's implementation of legislation/policies for ethnic minority women.			
	UNDP/UNIFEM Regional Seminar Women's Caucuses and domestic violence legislation.				

## ANNEX 9: Rural infrastructure

### 1 Introduction

This chapter examines the effectiveness of anti-corruption measures carried out by the Government of Viet Nam (GoV) and donors during the implementation of infrastructure projects and programmes. Infrastructure represents the main investment in the state budget and donor assistance.

The process to develop infrastructure projects involves multiple stages from master planning to project identification to project construction and includes feasibility studies, project formulation, appraisal and approval, public procurement, project implementation and control, risk management, closure and transfer of projects, final accounting, and operations and maintenance. Many projects also include the land clearing and land compensation elements. In practice, waste and corruption take place in all stages of the project cycle.<sup>1</sup>

This chapter provides a summary of key corruption issues in infrastructure, outlines the legal and policy framework for anti-corruption in infrastructure, overall of donor support and examines anti-corruption measures in donor assistance to different types of infrastructure and GoV programmes.

### 2 Summary of Key Corruption Issues Infrastructure

Studies in Viet Nam have identified specific areas of waste and corruption in infrastructure. These are set out here following a Value Chain Approach, which identifies corruption vulnerabilities at various stages along the process of translating inputs into outputs:<sup>2 3</sup>

#### *Policy making and regulation*

- Taking advantage of state policies prioritizing economic development, many leaders and civil servants set up projects for the purpose of land allocation. The principal violations found were improper allocation of land, illegally sharing or selling it for profit, dividing land into lots and selling it, bribing officials to 'legalize' land occupation. In many places change in land use was manipulated to enable profiteers to buy it cheaply, then sell or lease it for a big gain.<sup>4</sup>

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1 "Implementation Assessment of the Anti-Corruption Law: How far has Viet Nam come at the Sector Level? - A Case-Study of the Construction Sector", Danida, 2009, p. 12.

2 See Plummer, Janelle., and Piers Cross "Tackling corruption in the Water and Sanitation sector in Africa" in Campos, J Edgardo., and Sanjay Pradhan (2007) *The Many faces of Corruption: Tracking Vulnerabilities at the Sector Level*. The World Bank, Washington DC

3 These areas of waste and corruption were taken from the "Report of the Survey on Corruption in Viet Nam", Committee for Internal Affairs of the Communist Party of Viet Nam, 2005. More recent findings on specific examples for the different areas have also been presented.

4 "Implementation Assessment of the Anti-Corruption Law: How far has Viet Nam come at the Sector Level- A Case-Study of the Construction Sector?", Danida, 2009, p. 13.

#### *Budgeting and planning*

- Local authorities take advantage of position and power to embezzle assets. For example, leaders embezzle state land and instruct land management officials to register blocks of land in the names of family.
- Falsifying in public affairs for self-interest – Leaders and civil servants falsify plans, budgets and targets and provide preferential treatment to select groups of people in the community.

#### *Financing*

- Power abuse while conducting public affairs for self-interest. For example, leaders and civil servants use discretionary power to use budget allocations for purposes not initially planned, such as entertainment.

#### *Programme design and management*

- Taking advantage of position and power for self-interest. For example, leaders decide the selection of infrastructure sub-projects rejecting community priorities decided using demand driven and participatory processes.

#### *Tendering and procurement*

- Bribe taking – leaders and civil servants who decide the allocation of infrastructure construction contracts take advantage of their position for personal gain. A lack of transparency creates the conditions so that contracts can be preferentially allocated in exchange for bribes. Collusion of contractors and secret deals with local authorities are also significant problems.

#### *Construction*

- Local authorities also take bribes from large construction companies and do not allocate contracts to small locally based contractors, which would increase local economic development and poverty reduction. Encouraged by benefits from commission, such as ‘kickbacks’ or bribes, many provincial, district and commune leaders were determined to have infrastructure projects implemented. If money was not available, they could borrow with interest. Often loans could not be paid and budget deficits were common, and the construction project company was squeezed so payments could be made.<sup>5</sup>

#### *Operation and maintenance and monitoring*

- Taking advantage of position and power, influencing others for self-interest. For example, many leaders and civil servants are not socially accountability to the people they are in position to serve. Often ethnic minorities and other marginalized groups are not empowered to voice their opinions about accessing infrastructure.
- Privileged people receive access to infrastructure before other people.

Often corruption in infrastructure involves the complicity of leaders, civil servants and various institutions in stealing and sharing public money. In most cases few were really punished. According to the law, offenders are liable to be treated as

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<sup>5</sup> “Anti-Corruption In Viet Nam: The Situation after Two Years of Implementation of the Law”, Finland, 2008, p 12.

criminals but in practice most offenders are not charged but asked to return the money or asset. This low level of enforcement significantly affects anti-corruption prevention efforts.<sup>6</sup>

### 3 The Legal and Policy Framework for Anti-Corruption in Infrastructure

The Vietnamese Communist Party issued Resolution 04 which outlined comprehensive guidelines for the anti-corruption programme. However, despite that construction of infrastructure was the main part of the national budget, and despite that it is emphasized in Resolution 04, there has been no separate action plan prepared for anti-corruption in construction.<sup>7</sup>

While Viet Nam has made much progress in moving towards a more preventive approach to corruption it is struggling to make its integrity policies fully operational at the sector level.<sup>8</sup> The infrastructure investment sector is governed by a large number of laws and secondary legal documents issued by different state management agencies: the Laws on Land (2003), Construction (2004), Investment (2005), and Procurement (2005). There is no one unified law on construction and conflicting content among these laws creates legal loopholes which foster opportunities for waste and corruption by leaders and civil servants.<sup>9</sup>

Anti-corruption measures in infrastructure are limited to transparency and oversight of procurement. The main legal documents are the Law on Anticorruption (2005) and the Law on Procurement, which regulates the procurement process. Provisions in these laws apply to all types of procurement, including the construction sector. The Law on Construction also makes reference to the public right to access information on procurement, but its scope is limited. The Law on State Audit (2005) regulates publicity of audits, which includes information on procurement processes. There are at least 12 different types of institutions that have a mandate to oversee procurement in the construction sector. Some of them are government agencies and others are institutions outside the government.<sup>10</sup>

The Grassroots Democracy legislation outlines an active role for the people in policing or monitoring local government, and lodging complaints where the law has been broken or plans for the construction of infrastructure not followed. However, the grassroots democracy legislation is based on an incomplete view of what is driving corruption overall in the Viet Nam. It targets lower governmental levels, when in fact corruption is systematic. Local officials are not in a position to capture illegal rents associated with major infrastructure projects, as these decisions are made by provincial and ministry officials.<sup>11</sup> Central authorities viewed the problem of corruption as a few bad apples in the Party (as opposed to being widespread), and that most of the bad apples were to be found in various tiers of local governments (as opposed to the center). Viewed this way, the problem of controlling corruption was

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6 "Anti-Corruption In Viet Nam: The Situation after Two Years Of Implementation Of The Law", Finland, 2008, p 18.

7 "Implementation Assessment of the Anti-Corruption Law: How far has Viet Nam come at the Sector Level – A Case-Study of the Construction Sector?", Danida, 2009, p. 18.

8 "Implementation Assessment of the Anti-Corruption Law: How far has Viet Nam come?" Danida, 2009, p. 9.

9 "Implementation Assessment of the Anti-Corruption Law: How far has Viet Nam come at the Sector Level? – A Case-Study of the Construction Sector", Danida, 2009, p. 12.

10 Ibid. p. 21.

11 Interview with Tran Huy Chuong, VFF adviser, 25.1.10.



asserting control and better internal vigilance over the Party apparatus and local government.<sup>12</sup> Guidelines for the implementation of Grassroots Democracy assume that villagers will be willing to take up complaints against local officials and to insist upon their 'rights' (to information and participation) granted under the decree. This is highly questionable.

Decentralization to commune level involves the transfer of planning and control of resources and the allocation of these resources through a process of tendering for design, construction and consultant services. Whoever controls these resources and processes stands to receive financial benefits both formally and informally. The revisions to the Procurement Law in 2009 aimed to reduce leakage in the system. However, there are still financial and other disincentives for higher levels to transfer control and responsibility of infrastructure decisions to lower levels.<sup>13</sup> It will take strong political will and monitoring by provincial level to persuade provincial departments and districts to transfer planning and control to commune level, and for many communes to develop the confidence to take on the full scope of financial and management responsibility for infrastructure investments. Related to this is a fear that lower levels will misuse any discretionary power granted to them – for which higher level officials delegating these responsibilities may be held accountable.<sup>14</sup>

The GoV is committed to reassessing and improving its approach to delivering community based development. After over 10 years of implementing national programmes such as P135 and NTP PR (poverty reduction), the GoV is reviewing the delivery mechanisms for national programmes. The GoV has invested significantly in the programmes but impact has been low. Results show that the government implements national programmes such as NTP PR, P135-II and P134 to improve economic development for the poor and ethnic minorities using a general 'one size fits all' approach to deliver access to services and state resources for the different ethnic minority groups, in different regions, in diverse situations and problems. This is an opportunity to improve social accountability and include anti-corruptions measures.

The "low level of education" (*trinh do thap*) of villagers, particularly minorities in poor areas is often touted by officials as a reason why infrastructure investment decision-making cannot be participatory. Issues of culture and anti-corruption need further study.

## 4 Overview of donor support

During the last decade a main GoV policy success has been poverty reduction. International organisations have enthusiastically supported this policy with technical assistance and funding. Much of the GoV and donor investment has focused on building infrastructure and software such as capacity development so leaders and civil servants make decisions about type and location of infrastructure more effectively and efficiency and based on a consensus with communities.<sup>15</sup>

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<sup>12</sup> The 'misery' of implementation: Governance, institutions and anti-corruption in Viet Nam, Scott Fritzen, 2005.

<sup>13</sup> Interview with Nguyen Quang Ngoc, former Sida adviser, Hanoi, 24.1.10.

<sup>14</sup> "The Viet Nam Development Report 2010: Modern Institutions", the World Bank, 2009.

<sup>15</sup> See for reference the Socio-Economic Development Planning process and national programmes such as P 135 II which have dedicated components for capacity development.

The Party<sup>16</sup> and GoV has also identified waste and corruption as the most significant factor affecting economic development, the effectiveness and efficiency of poverty reduction programmes and the potential to cause social unrest and instability.<sup>17</sup> The response by GoV and donors has been to focus on procurement systems, financial management and auditing. This has helped mitigate fiduciary risks but not focused on important issues such as improving equitable access to infrastructure. In fact, often local authorities decide access to infrastructure such as piped water supply and sealed roads based on power relations, kinship and financial gain.

To assess the effect and relevance of donor support to infrastructure and anti-corruption measures some key donor interventions will be examined. For over a decade DANIDA has supported the development of the rural water supply and sanitation. ADB has provided loans and technical assistance for rural transport, water supply as well as other infrastructure. Sida sponsored the development of processes for communities to decide infrastructure and other investments. DFID has been a main supporter of rural transport in Viet Nam. P135-II is a key GoV policy for poverty reduction in ethnic minority and remote areas and was supported by DFID towards the end of Phase I and in the first half of Phase II. The construction of infrastructure is the main component of this programme. These programmes have been selected because they highlight support to key areas of government policy and are a representative set of actions by the commissioning donors to this evaluation.

## 5 Water Supply and Sanitation

DANIDA, AusAID, and the Netherlands committed to support the National Target Programme for Rural Water Supply and Sanitation Phase II in the form of targeted programme budget support (TPBS-NTP II) from 2006 to 2011.<sup>18</sup> This programme of support began with a pilot phase of two years, providing budget support to the water and sanitation sector in nine provinces using GoV systems. The programme was expanded to 31 provinces in 2009 and all provinces in 2010. The immediate objectives of TPBS-NTP II are the improved performance and effectiveness of the NTP and increased coverage of water supply, sanitation facilities and hygiene promotion activities amongst the poor. NTP II activities focus on households and schools, providing the latter with improved latrines and hygiene promotion resources.

The programme approach is to identify locations using the provincial annual RWSS plan. This plan was an aggregate of RWSS needs developed as part of the annual socio-economic development planning process carried out by communes and districts. According to the legal framework, during this planning process all members of the community including vulnerable groups have the right to discuss and decide priorities. However, the level of people's participation, involvement in decision-making and awareness of rights was often not high. Donors included activities to improve pro-poor targeting and provincial RWSS planning and M&E. However, the results of these activities have only been included in formal procedures in 2010.

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16 "Report of the Survey on Corruption in Viet Nam", Committee for Internal Affairs of the Communist Party of Viet Nam, 2005.

17 "Recent Progress of Anti-Corruption Work of Viet Nam in 2007", presented at the 6<sup>th</sup> Anti-Corruption and Transparency Task Force Meeting, Lima, Peru, 28-29 February, 2008.

18 "Sector Programme Support to Water, Sanitation and Hygiene Promotion, Viet Nam" Hanoi, 2006, p. 1.

The TPBS support has been innovative and cooperation between the three TPBS donors, government agencies has in general been good. DFID has formally notified MARD of its intention to join the NTPII and has allocated up to £17 million (UK sterling) for 2010 to 2013. The ADB is finalising preparations for a RWSS project in six provinces in the central part of Viet Nam and has indicated it has no plans in the foreseeable future for using the NTP structure for lending. In contrast, the World Bank is considering using the NTP structure for future lending to Viet Nam's water and sanitation sector.<sup>19</sup>

The programme's triggers and benchmarks include five anti-corruption related measures. Firstly, a Value for Money audit was conducted annually in order to assess the effectiveness & efficiency of NTP II activities.<sup>20</sup> The State Audit of Viet Nam (SAV) was responsible for the audits, including the compliance of expenditure's principles, accounting practices and disbursement through State Treasuries, as well as adherence to regulations, procedures and norms on procurement & payment, and the required fulfilment of committed triggers & benchmarks in the Funding Agreement and within favourable conditions. Value for money audits of some constructed water & sanitation facilities were also carried out. The first value for money audits was conducted in 2008. Secondly, to improve procurement practices, the programme, based on the New Procurement Law, developed a Manual on RWSS procurement and conducted a series of training for the provincial counterparts and stake-holders in 2008. The inclusion of local contractors in procurement process was a priority. Thirdly, the programme has conducted independent annual Tracking Study and update of Fiduciary Risks Assessment. The purpose of this study is to help i strengthen the national financial management performance and reduce risks on irregularities and corruption. Fourthly, GoV cost norms needed to be revised to allow quality works to be constructed based on price levels appropriate to the individual provinces. Circular 80 issued in 2008 and was revised in 2009 to reflect more updated and flexible cost norms for the sector. Finally, development of the financial and implementation progress reporting system improved programme management/monitoring and provided multi-year linkage through regular financial reports.

According to the 2009 Joint Annual Review Aide Memoire most triggers and benchmarks relating to financial and procurement safeguards and adherence to NTPII strategies, have been achieved or partially achieved. In particular financial accountability has been confirmed by tracking studies and SAV audits.

The Value for Money audits conducted in 2008 and 2009 by the SAV were the main mechanism to assess the TPBS programme towards its triggers and benchmarks including anti-corruption related measures. These audits indicated that tendering processes accorded with Viet Nameese Law, the conditions had not been prepared for effective decentralisation. However, the audit also showed that in some areas, the contractors had not clearly defined technological and production standards of equipment and facilities to be installed in schemes as required by regula-

19 "Final Aide Memoire Viet Nam Rural Drinking Water and Sanitation Joint Annual Review of the National Target Program II". 6-22 July, 2009.

20 "Annual Technical Supervision, 2008 Joint Donor Support to the NTP RWSS Viet Nam", Hanoi 2008. and "Final Aide Memoire Viet Nam Rural Drinking Water and Sanitation Joint Annual Review of the National Target Program II". 6-22 July, 2009.

tions. Some water supply schemes had very low ratio of connected households, e.g. a particular water piped scheme in Tra Vinh even had as low as 20% of capacity which questions the reasoning of local leaders.<sup>21</sup> There was no indication of corrupt behaviour or recommendations for improved prevention or enforcement of anti-corruption. However, the audit identified that a minor part of the capital resources (less than 0.5%) were used for improper targets and other irregularities and recommended that these amounts should be reclaimed.<sup>22</sup>

Issues such as social accountability and equitable access to water supply infrastructure were not examined during the audits. The Ministry of Agriculture and Rural Development conducted a pro-poor targeting study in the RWSS and integrated a number of recommendations in this study to its Guidance for RWSS Annual Planning and Budgeting. However, according to the Vietnamese law and regulations, it is up to the Provincial People's Committee and Council to decide how and where to use the programme funds. The annual technical reviews did identify problems for top-down planning and lack of participation in deciding RWSS priorities and locations. The reviews also identified that there was a propensity by leaders to construct piped schemes rather than examine ways to utilise low-cost technological options which would improve equitable access to water supply. These recommendations were acted on by the programme but more intense efforts were needed to develop mechanisms, carry out pilot activities and roll out the results in other provinces.

## 6 Rural Transport

The World Bank financed the First and Second Rural Transport Projects designed to reduce rural poverty in Viet Nam and increase the flow of people, goods and services in rural Viet Nam from 1996 to 2005. DFID co-financed the projects and provided technical assistance in key areas.<sup>23</sup> Anti-corruption related measures included capacity development of GoV officials on the financial and institutional aspects of rural road maintenance and developing a more competitive, capable and efficient local contracting industry with increased capacity to meet the demands of the rural transport sector. The final review of RT2 indicated that private sector contracts were awarded in 50% of provinces and 15 provinces were suspected of collusion, and an unlevel playing field in the contracting process still existed.<sup>24</sup>

To build on the lessons learned from the Rural Transport Projects 1 & 2 the Ministry of Transport, DFID, the World Bank, and SEACAP committed to a third phase of the project from 2006 to 2011. The strategic objective of RT 3 is improved livelihoods of poor and vulnerable people in a sustainable way in six provinces.<sup>25</sup> RT 3 maximizes the input of local resources such as construction materials, labour, enterprise and ingenuity, which ensures affordability. The project will achieve this through the following: improving rural access for communities to markets, off-farm economic opportunities and social services; increasing the capacity at all administrative levels to plan, improve and sustain the existing rural transport network; and supporting

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21 Synthesis Report on Audit Result of NTP on RWSS in 2009, SAV, p. 27.

22 *Ibid.* P. 4.

23 Second Rural Transport Project (RTP2) Terms of Reference for Technical Assistance to Ministry of Transport, DFID, 1999.

24 Annual or Output to Purpose Review, DFID, 2005.

25 "Rural Transport Programme 3: Trial Preparation", SEACAP 30, 2009.

the development of small-scale private contractors and transport service operators. The approved project supports three components: rehabilitation of core rural roads network; support for the periodic maintenance of core rural roads network; and institutional development of the Ministry of Transport and related provincial departments.

The GoV and donor partners identified that unfair competition emerged as a major issue in some provinces and projects during procurement activities. Collusion and diversionary tactics affect the fairness, transparency and effectiveness of procurement activities and offenders have been detected in some sub-projects.<sup>26</sup> In response, RT 3 developed an action plan to improve fairness and transparency in procurement. There are six anti-corruption related measures in the action plan including the following:<sup>27</sup>

- Improving knowledge and raising awareness of procurement, building capacity. Training courses were provided for procurement officers of national and provincial project management units. Penalties for collusion were publicized on the website/news of DPI and mass media.
- Interior management frame of the project. The Operations Manual explains the necessity of supervision work in reducing collusion. Procedures of detect, report and tackling collusion are outlined in the manual.
- Collusion reduction. Specific actions relevant to each procurement activity including building bid plan, bid invitation, bidding documents, submission of bid, opening of bids, evaluating bids and awarding contracts have been developed and implemented by national and provincial project management units.
- Integrated Ex-post Audit of Project Performance.
- Guidance and support of MoT and provinces. Procurement activities were closely monitored by provincial leaders and MoT.
- WB monitoring and support. All documents relevant to the bids and contracting review and approval or tackling collusion were submitted for prior review by the WB.

In 2009, the national and provincial management units detected 32 bidders in five provinces were involved in collusive practices. These cases were treated by MoT, DoT and the management units in accordance with the Detection, Reporting and Tackling mechanism outlined in the Operations Manual. As a result, 30 bidders were prohibited from conducting any project activities or procurement from MoT and WB from one to three years, and 26 bidders were fined VND 20,000,000.<sup>28</sup>

The ADB's Provincial Rural Roads Improvement Project (PRIP) improved provincial roads in 18 provinces in northern Viet Nam from 2001 to 2009 to allow better access for the rural poor and to connect districts and communes to the provincial cities and the national highway network, contributing to poverty reduction, and development of an effective national road network, and continued reforms in the road sector.<sup>29</sup>

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<sup>26</sup> "Report on implementation status of Action Plan to improve Fairness and Transparency in Procurement", SEACAP 30, p. 1.

<sup>27</sup> Ibid.

<sup>28</sup> Ibid. p.2.

<sup>29</sup> "TA 3455-VIE Viet Nam Provincial Road Improvement Project, Baseline Survey", ADB, 2001.

Since the late 1990s ADB has placed a special focus on the central region of Viet Nam and on rural transport. This is due to both the large absolute numbers of the poor in coastal provinces and also the depth of poverty in the highlands. The central region is relatively isolated, prone to environmental degradation and natural disasters. The Integrated Rural Development Project for the Central Provinces (IRDPCP) implemented in 13 provinces is a sector project, following on from the successful Rural Infrastructure Sector Project (RISP), and is expected to invest in about 100 sub-projects covering rural roads, irrigation, rural water supply and sanitation, markets and various coastal works.<sup>30</sup> The project started in 2009 and the construction of rural roads is the main component in the project. Importantly, modalities developed during the preparation of the IRDPCP are presently being used for the formulation of similar infrastructure projects for the central highlands and northern highlands.

The ADB projects prepared social and environmental safeguards including comprehensive plans and frameworks for resettlement, gender, ethnic minorities, disclosure, public consultation, and social and poverty. These plans ensured affected people from the projects were aware of their entitlements and strategies were in place to support them.<sup>31</sup> Anti-corruption measures were included in the procurement plan, which outlines the agency responsibility for different types of contracts, for example consultancy services and goods and works contracts. The procurement plan indicated that procedures in Viet Nam's Procurement Law and Construction Law are used. The plan also made clear the thresholds for different contracting modalities and indicated which contracts ADB would review before and after signing.<sup>32</sup> However, the plans did not explicitly indicate anti-corruption measures to ensure equitable access to infrastructure.

Regular financial audits were conducted, social and environmental safeguard compliance was monitored, and ADB reviewed all contracts for the project. However, there was a lack of monitoring of the process used by central and provincial levels for the selection of subprojects and transparency on the contracting process.<sup>33</sup> As a result, conditions prevailed for corrupt behaviour such as leaders deciding sub-projects based on self-interest and power relations and preferential selection of large contractors and lost opportunity for locally based small contractors to participate in the market.

In both DFID and ADB Rural Transport projects, anti-corruption related measures have focused on the procurement process and not on checking equitable access to roads and the accountability of local authorities. Considerable investment was devoted to developing effective O&M mechanisms, which have not yet been integrated into government systems and structures.

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30 "Viet Nam: Integrated Rural Development Project in Central Provinces", ADB, 2007.

31 Interview with Hoang Van Duc, Deputy Director of the ADB Improving Urban Environment in Central Provinces, Quang Tri, 22.1.10.

32 "IRDPCP Procurement Plan, ADB, 2007.

33 Interview with Ahsan Tayab, Project Manager Manila for the IRDPCP, Hanoi, 25.1.10

## 7 GoV Programme 135 Phase II (P135-II)

National Targeted Programme 135 (P135), or the Programme for Socio-economic Development in Communes faced with Extreme Difficulties was approved in July 1998. Initially, P135 covered 1,715 communes including 1.1 million households and over 6 million people. It was expanded to cover 2,362 poor and remote communes. With a total investment of more than VND 6,000 billion, from 1998-2005, P135 focused primarily on developing village and communal infrastructure as well as inter-commune infrastructure.

In spite of intentions to decentralise P135, most districts still managed the planning, implementing and monitoring of the programme's different activities. By 2003, only 385 out of 2,362 (or only 16%) of the "poorest and most difficult communes" in 20 out of 49 provinces under P135 were "investment holders." Even where the management is devolved to the commune, spending plans still needed approval at the district and provincial levels and sometimes change in the approval process. Transparency deficits in the procurement process for public capital works were identified. Meaningful financial information, particularly regarding the signing of contracts, was infrequently supplied.

Towards the end of this phase of the programme DFID cooperated with the Committee for Ethnic Minorities in Mountainous Areas (CEMA) to provide £10 million assistance to address some of the key weaknesses in P135, and strengthen donor-GoV dialogue around the design of the new NTP.<sup>34</sup> The key support areas were fiduciary risk,<sup>35</sup> ineffective operations and maintenance systems, and the weak capacity of local staff in remote communes to plan, manage and operate P135 investments. This DFID intervention was innovative and was the first step in a two-phase approach, where phase two involved a multi-year financial commitment a re-designed P135-II. The DFID innovation encouraged other donors such as AusAID, Sida, Finland, UNDP and the World Bank to cooperate with CEMA to cooperate in the implementation of P135-II. A policy matrix was developed, which outlined a wide range of measures including, though not specifically highlighting, anti-corruption measures for the new phase.<sup>36</sup>

In January 2006 the Government of Viet Nam approved the P135-II for support to the communes facing extreme hardship in ethnic and mountainous areas in the period 2006-2010. The specific objectives are (1) to improve production knowledge and accelerate a shift toward higher value-added commodities; (2) the provision of essential commune infrastructure; (3) to strengthen community capacity in planning, budgeting, monitoring and evaluation; and (4) to improve access to essential social services. The four components of P135-II are i) Production development; ii) Small-scale infrastructure development; iii) Livelihood support services; and iv) Capacity building. Currently, 1779 communes and 2566 villages in 47 provinces in all parts of the country are covered by P135-II. Specific goals for the target areas include: 70% of households to achieve an average income per capita of \$210/year by 2010, 80% of households to have access to clean water, 80% of

34 Poverty Reduction Sector Budget Support to Programme 135 (PRSBS-P135) Programme Memorandum: DFID, 2005.

35 Fiduciary Risk Assessment for Programme 135, DFID, 2005.

36 See Appendix 1.

households have electricity; 90% of primary pupils and 75% of secondary pupils will attend school.<sup>37</sup>

Joint Progress Reviews (JPR), in November 2007 and April 2008, provide a detailed assessment of progress towards the milestones set out in the MoU signed between the GoV and the donors supporting P135-II. The overall findings of the 3<sup>rd</sup> JPR from April 2008 were that progress towards the 13 MoU Milestones was satisfactory in four cases, partially satisfactory in seven cases and unsatisfactory in two cases.

The four areas where progress is assessed as satisfactory were: (i) selection of communes and villages; (ii) enhanced sustainability of program investments; (iii) public financial management; and (iv) auditing. The seven areas where progress was assessed as being partially satisfactory were: (i) program resource allocation; (ii) informed public participation; (iii) devolution of investment ownership; (iv) procurement for small-scale infrastructure; (v) community contributions; (vi) impact evaluation; and (vii) process monitoring. Progress was assessed as unsatisfactory for (i) pro-poor production/livelihoods support and (ii) local institution capacity building support.

The most significant change between the two JPRs was the movement of “enhanced sustainability of program investments” from unsatisfactory to satisfactory, following the issuance of a Circular and allocation of budget for the operation and maintenance (O&M) of basic infrastructure.<sup>38</sup> In contrast, the quality of impact monitoring, level of informed public participation and effectiveness of local institutional capacity building support were all assessed as deteriorating during the period between the two JPRs.

Anti-corruption related measures that can be identified in the design of P135-II were improved cost-effectiveness, quality of, and citizen satisfaction with, built infrastructure; improved transparency and efficiency of public resource use; adequate oversight over public funds through independent audits; commune ownership of investments; equitable local contributions; exploitation of wage-earning opportunities in public works for generation of local multiplier effects, especially for the poorest households.

Improving procurement was a main focus of donors so they could track investments. There were four key areas within the Fiduciary Transparency and Accountability trigger for donor funding. Firstly, procurement for small-scale infrastructure using the procurement manual for P135-II guiding public procurement of basic infrastructure and sample documents all types of biddings. Despite plans to foster local contracting, since most of P135-II projects were small scale, direct contractual appointment remains the norm. A change to Decree 85 (the Procurement Law) in 2008 has raised the ceiling for direct procurement five-fold and now makes direct contracting even more likely. A planned Community Contracting Method was developed but the approach was never properly explained to commune and district lev-

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37 “Programme 135 Phase 2: Study to Inform the Mid-Term Review: Drivers of Good Practice in Program 135-2 Implementation”, John Soussan & Tim McGrath, Hanoi, 2008.

38 “Program 135 Phase 2: Budget Support Partnership Framework 2nd Joint Progress Review, Aide-Mémoire”, October 28 – November 9, 2007. and “P135-2: 3<sup>rd</sup> Joint Progress Review, 9-17 April 2008”, Hanoi, 2008.



els, there was no procurement plan prepared, and reportedly, the method was never 'disclosed' at the commune centre.

Secondly, efforts to improve public Financial Management involved public posting of budget and contract information in commune centres and quarterly financial reports and statements of actual fund flow were produced.

Thirdly, the status of the auditing was assessed to have improved. Since 2007, the State Audit of Viet Nam (SAV) has been conducting audit in select provinces as agreed under the audit plan and reports were adequate quality. Irregularities were found during the audit in Lao Cai and were requested to return funds to the state budget. The province protested and there was no follow up and no sanctions.<sup>39</sup> Finally, practices of community contributions vary widely among localities. The mobilization of local counterpart fund and local contribution was largely confined to contribution of land and/or labour, usually unpaid. MoF's Circular No. 60 stipulated clear rules of accounting for local contribution, however, the rules have not been enforced by local authorities.<sup>40</sup> During negotiations for P135-II CEMA agreed to accounting for local contributions as a policy condition yet the text was finally worded just that MOF would issue rules and guidelines. There was a proposal for CEMA to conduct a study on commune expenditure to examine and assess P135-II's pro-poor focus. However, this study has not yet been conducted. Recording of the value of community contribution (kind and cash) was not started. A key manual for communication and participation was only drafted in 2010.<sup>41</sup>

The awareness and understanding of the villagers and the commune officers about the content of P135-II, their rights and obligations is still limited. There has been improvement in public posting of programme-related information at commune level (e.g. budget allocations, contract details). However, programme activities have not improved social accountability which would help limit corrupt behaviour and leaders and officials taking advantage of their position for self-interest. The decentralisation of power to commune level has been very slow. Overall, the P135-II policy framework points in the right direction for anti-corruption measures but implementation by CEMA, MARD and donors has left many gaps.

## 8 Chia Se

Sida committed to the Chia Se project for effective support to poverty alleviation initially from 2003 to 2008, and has started a second phase in 2010. Chia Se has four linked but distinct projects: a national project and three provincial projects. The national project was intended to address constraints to effective poverty alleviation at lower administrative levels. The project has three main components: a fund available for partner government organisations to support the provincial projects; a policy research fund; and support to a Secretariat. In Chia Se, the district, commune and village levels are all assigned Local Development Funds (LDF) to directly manage: district 5%, commune 15% and village 80%. Community ownership of the

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39 Donor interview

40 "Program 135 Phase 2: Budget Support Partnership Framework 2nd Joint Progress Review, Aide-Mémoire", October 28 – November 9, 2007. and "P135-2: 3<sup>rd</sup> Joint Progress Review, 9-17 April 2008", Hanoi, 2008.

41 Donor interview

local development fund is a key distinguishing factor of Chia Se. Chia Se uses the local planning and management for development system (LPMD). The focus of the planning process is from the village level to district level. Villagers and communities have extensive opportunity for participation during the entire process of LPMD.<sup>42</sup>

In terms of impact, the Chia Se programme was highly effective at demonstrating that decentralisation and grassroots democracy could work – and in particular that the management and ownership of investments could be decentralised to the commune and village levels. In contrast, the focus of P135-II is assistance to commune level. The programme did not include explicit anti-corruption measures but developed practical steps for project management of planning, implementation, supervision and evaluation, which mitigated corrupt behaviour and embezzlement. The government treasury system was used for the transfer of funds and transactions. Activities were designed and performed in strict accordance with project objectives of decentralization, transparency, accountability, and the rights based approach. For example, the programme included the display of budgets and expenditure on commune and village notice boards and community monitoring and supervision of activities.

Chia Se demonstrated ways to improve social accountability and empower villages to control decisions concerning small infrastructure. This social accountability reduced the conditions for corrupt behaviour by district and commune leaders and civil servants for the purposes of the programme. However, Chia Se was not integrated into the government SEDP and budgetary processes and so limited impact on the overall behaviour of leaders and civil servants and affected the sustainability of interventions.<sup>43</sup> There was also only minimal attention to developing the linkages between commune, district and province levels, which were necessary for the replication of Chia Se mechanisms and processes.<sup>44</sup>

## 9 Overview issues/lessons/conclusions

### **The relevance of donor approaches to address corruption**

The anti-corruption related measures in donor projects are relevant to GoV policy and legal framework. The GoV identified corruption as the main threat to continued economic development, poverty reduction and government reform. However, there has been no consistent strategy for anti-corruption measures in the infrastructure sector.

Multi-lateral and donor programmes were implemented using different management and policy development models. Danida's RWSS applied budget support, ADB and DFID used the PMU model, Sida in Chia Se utilised a provincial management model. In all these models anti-corruption related measures focused on procurement, auditing and public financial management and were less effective in mainstreaming anti-corruption and equitable access into project plans and activities for large and small infrastructure and different types of infrastructure. One method to

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<sup>42</sup> "Assessment of the Chia Se Poverty Alleviation Programme for Mid-Term", Hanoi, 2007.

<sup>43</sup> Interview with Tran Anh Tuan, vice-director of Chia Se, Quang Tri, 23.1.10.

<sup>44</sup> "Working beyond the grassroots: An evaluation of the Chia Se Poverty Alleviation Programme 2003 to 2008", Hanoi, 2009.

improve equitable access is a stronger focus on traditional culture and developing relations between village and communes.

The present delivery approach has resulted in the poor and ethnic minorities becoming passive ‘targets’ of benefits and infrastructure. Ironically, dependency has resulted from the large amounts of support provided by the Government. The problem was not the Government support itself, but rather, the ways in which the Government has given this support has promoted dependency, low self-esteem and passivity, rather than promoting empowerment, social capital and capacity in the villages.

The poor and ethnic minorities were considered as victims rather than actors in development. They are there to be helped and “we” are better to decide what they need and how to solve their problems. As a result, policies and programmes were often formulated and implemented with distorted assumptions and priorities. Critical assets that were important for ethnic culture and identity such as community lands and customary laws were ignored and not recognized.

To improve equitable access to infrastructure and reduce corrupt behaviour, GoV and donor programmes should promote the diversity of voices, cooperating and developing local informal and formal organizations, reframe relations between commune and village, inter-village and intra-village, as well as facilitating better understanding and compromises in the relationship between local authorities and traditional groups. Traditional institutions and leadership in rural communities should play an important part in government development planning, implementation and supervision.

In Viet Nam, working groups such as ethnic minority issues, people’s participation, climate change adaptation and natural disaster management have been successful in bringing interested organisations together for information sharing, advocacy and knowledge transfer. Yet, almost surprisingly, GoV and international organisations have not established a working group for anti-corruption bringing together GoV agencies, INGOs, VN NGOs and donors that would meet regularly for information sharing and advocacy. It seems that organisations are still reluctant to explicitly and regularly engage in an anti-corruption discourse and advocacy efforts. Presently, there are only a few organisations interested in the anti-corruption discourse such as TT and CEDONIS, which has conducted limited research activities. In contrast, many organisations have been engaged in human rights and the rights based approach.

### **Effectiveness of donor interventions in addressing different types of corruption, including forms of corruption affecting poor people and women in particular**

Poverty reduction and the inclusion of ethnic minorities and other vulnerable groups has been a main goal of multi-lateral and donor programmes and projects. Significant effort has been allocated to improving poverty targeting. Yet, there is a lack of focus on improving accountability of local authorities in relation to equitable access. For example, local leaders and civil servants provide preferential access to water

supply or prepare water supply plans based on power relations, kinship and financial gain. The result is that some systems are operating at 20% capacity and many people do not access the clean water.

Improving transparency has been more successful than improving accountability. Often villagers can view the final budget allocation, contract details and user contributions on commune notice boards. Decentralization to district level and especially commune level where manpower resources are limited has resulted in low accountability. Decisions are often made at district level and above and users do not have access to decision-makers.

The main anti-corruption issues for multi-lateral and donors support for large infrastructure are that the sub-project selection process is still top-down and small local contractors are excluded from participating in sub-projects. Provincial decision-makers about contractors give preference to contractors from their own province and large city based companies rather than the smaller locally based companies and community groups. Provincial decision-makers receive personal benefit from the transactions but reduce opportunities for economic and capacity development in local areas. The recent amendment of the Procurement Law increasing the ceiling of local contracts to 5 billion VND reflects an increasing level of potential empowerment of lower levels of the administrative system to decide on and manage investments, but the rights are not automatic and are under the discretion of the PPC.

For small infrastructure the main anti-corruption issue is that many users are not involved in all stages of the project cycle. A main priority has been increasing the role of users in the supervision of construction. This has been effective in improving construction quality and reducing the opportunities for contractors to embezzle. However, users need to be involved in all stages of the project cycle, design, planning, implementation, M&E and supervision. The Chia Se project provides some valuable experiences in this area.

The focus on supervision of construction has often limited user awareness to building materials and quality of construction. Users are not aware of their rights to hold local leaders and civil servant accountable for their decisions and ways to complain about corrupt behaviour and waste.

The relative marginalisation of *ethnic minorities* is attributed at least in part to the fact that they 'participate less in policy making and planning'. Most communities tend to be passive and do not understand that, by participating in grassroots democracy, they can influence government plans for infrastructure and secure for themselves tangible benefits such as improved access to basic services, including health and education, which could significantly improve their livelihoods and quality of life. One of the challenges of community participation is to put poor, ethnic minority, marginalised and vulnerable groups on a more equal footing with the stronger individuals and groups within the community. This is vital if effective and 'real' participation of ethnic minorities in village and commune planning processes is to occur. Special safeguards and mechanisms supporting equitable access to

infrastructure will be needed to support participation within the framework of Grass-roots Democracy.

Commune-level officials were not considered to possess sufficient skills sets to manage decentralized funds, even for relatively small-scale infrastructure works. Commune and district level leaders and civil servants are often provided low quality training from provincial training institutions on the implementation of important policies such as grassroots democracy and poverty targeting. Detailed guidelines on specific implementation gaps for policy implementation are lacking. Practical processes and mechanisms to implement policies are often not in the curriculum. The result is low absorption of knowledge and inconsistent implementation.

The Government Inspectorate monitoring system was useful in tracking the implementation of the AC-Law but not sufficiently detailed to track the impact of detailed outputs at the local level, especially at the departmental level. In addition, ministerial and local units need to familiarize themselves with the data collection requirements and the tracking of indicators. This significantly affected the capacity of the system to monitor corruption in infrastructure projects.

# Appendix 1 Program 135 Phase 2 Support Credit- 1

Objectives	Lead agency	Prior Actions (DPL1)	Current status of PA	Indicative Future Triggers			Indicator
				2007	2008 (DPL2)	2009	
Policy Area I: Poverty Targeting							
I.A. Commune, Village and Household Selection							
Commune, village and household selection criteria under P135-2 are pro-poor and effectively applied	CEM	Decision 393/2005/QD-TTg and Decision 117/2006/QD-TTg incorporate revised, verifiable, poverty-based criteria for selection of communes and villages included in P135-2	Completed	Decision issued on list of communes to graduate from P135 in 2008	Actual P135-2 commune, village, and household selection reviewed at MTR, and commitment made to revise selection criteria in light of evidence	Efficacy of actual poverty-targeting in commune, village and household selection evaluated at end of P135-2	Selection criteria verified ex-post using small-area estimation techniques to generate poverty maps based on data from VHLSS 2004 and 2006 Agricultural Census
I.B. Program Resource Allocation							
Program resource allocation favors poorer participating communes and villages	CEM (PPC)	Inter-ministerial circular 676/2006 requires that provinces allocate resources to participating communes and villages on a 'non-egalitarian', pro-poor basis	Completed	Provinces use explicit and objectively-verifiable criteria including poverty measures for allocating resources to participating communes & villages	Actual allocation of P135-2 resources from provinces to participating communes and villages reviewed at MTR, and commitment made to revise allocation criteria in light of evidence	Poverty-targeting of actual P135-2 resource allocation reviewed at end of program	Resource allocation verified ex-post using disaggregated actual program expenditure data in comparison with poverty maps or other reliable sources of poverty data

Objectives	Lead agency	Prior Actions (DPL1)	Current status of PA	Indicative Future Triggers			Indicator
				2007	2008 (DPL2)	2009	
I.C. Enhancing Sustainability of Program Investment							
Program infrastructure outputs are well maintained	MOF (CEM)		n/a	O&M groups with recognized legal status formed in participating communes and villages, and clear plan with monitorable actions formulated on measures to build their capacity. Assessment of O&M quality and adequacy of O&M funding from different sources as input to MTR.	Cost norms for O&M of public infrastructure in mountainous areas reviewed in light of MTR findings.	Additional resources allocated as required from state budget (central, provincial or district level) to support periodic maintenance of basic infrastructure in P135-2 communes.	Actual spending on periodic maintenance at provincial and district levels; technical audits of infrastructure O&M carried out at MTR and EOP
I.D. Pro-Poor Orientation of Production/ Livelihoods Support							
Poor upland households increase incomes and diversify livelihoods in a sustainable, market-responsive manner	MARD	Circular issued on strategy for providing support services in upland communes based on farmer demand and market orientation	Expected Dec 2006	Pilot activities initiated in selected provinces, and operational guidelines prepared for delivery of market-oriented, pro-poor production/ livelihood support under P135-2, including the planned phase-out of input subsidies	MTR indicates which pro-poor, market-oriented production/ livelihoods-support activities should be implemented more widely in participating provinces	End-of-program evaluation considers adoption of new practices by poor households and diffusion to poor households outside P135-2	MIS data, citizen report-card surveys and other PM&E results including reports of horizontal learning events

Objectives	Lead agency	Prior Actions (DPL1)	Current status of PA	Indicative Future Triggers			Indicator
				2007	2008 (DPL2)	2009	
Policy Area II: Decentralization, Participation and Empowerment							
II.A. Informed Public Participation in Program Planning and Management							
Socially inclusive, active and informed participation in program planning, implementation and monitoring achieved, and NTPs and other forms of public action at commune level effectively coordinated	CEM	Guideline issued adopting communications strategy including implementation manuals and other outreach materials prepared, tailored to particular user-group needs, and disseminated in EM languages and AV formats; specific provision made under CB component to support participatory planning at grassroots level	Expected Jan 2007	Specific indicators developed to measure progress in practice; user-friendly outreach materials are regularly disseminated in EM languages and AV formats; and informed participation takes place in program planning and implementation at grassroots level	MTR determines progress towards improved vertical and horizontal communication goals		MIS data, citizen report-card surveys and other PM&E results including reports of horizontal learning events



Objectives	Lead agency	Prior Actions (DPL1)	Current status of PA	Indicative Future Triggers			Indicator	
				2007	2008 (DPL2)	2009		2010 (DPL3)
II.B. Devolution of Investment Ownership								
All P135-2 communes act as investment owners for a significant share of all infrastructure investments; and communities apply acquired skills in activities beyond P135-2 alone	CEM (PPC)	Guidance issued to provinces on transparent criteria to be used to determine commune readiness to assume investment ownership responsibility	TBD	All P135-2 communes with prior experience in investment management under GOV or ODA-supported projects (estimated 40% of total) are granted investment ownership responsibility; adoption by PPC of necessary legal framework covering administrative and financial procedures to ensure commune-level investment ownership	>60% of P135-2 communes in zone 3 are investment owners	>90% of P135-2 communes in zone 3 are investment owners for a significant share of total value of program investments	100% of P135-2 communes in zone 3 are investment owners for a significant share of total value of program investments; and communities apply acquired skills in activities beyond P135-2 alone	MIS data, citizen report-card surveys and other PM&E results including reports of horizontal learning events
II.C. Local Institutional Capacity-Building Support								
Communities apply learned behaviors in grassroots democracy (e.g. supervision of investment) in activities beyond the scope of P135-2	CEM	[7]% total program cost allocated for capacity-building of all kinds at central, provincial, district and local levels	Decision of PM on additional budget allocation to P135-2 expected Nov 2006	Institutional capacity-building plan adopted, tailored according to assessed levels of initial capacity, and initiated both at commune/village and higher levels in order to provide enabling environment for exercise of investment ownership and grassroots democracy	>60% of program communes and villages supported in preparatory multi-year investment plans, coordinating investments from various sources. Wide-spread evidence of community supervision of infrastructure investments in line with Decision 80	>90% of program communes and villages implement participatory, multi-year investment plans. Wide-spread evidence of community supervision of infrastructure investments in line with Decision 80	PM&E findings suggest wide-spread use of learned behaviors beyond P135-2 alone	Citizen report-card surveys and other PM&E results including reports of horizontal learning events

Objectives	Lead agency	Prior Actions (DPL1)	Current status of PA	Indicative Future Triggers			Indicator	
				2007	2008 (DPL2)	2009		
Policy Area III: Fiduciary Transparency and Accountability								
III.A. Procurement for Small-Scale Infrastructure								
Improved cost-effectiveness and quality of, and citizen satisfaction with, built infrastructure	MPI (CEM)	<b>Decree 111/CP guiding the implementation of the Procurement Law issued.</b>  <b>Inter-ministerial circular 676/2006 including guidance on public procurement under P135-2 issued.</b>	Completed	Supplementary regulation issued amending procurement requirements under P135-2 so as to: (i) require open competitive bidding to be the principal method for civil works under P135-2; (ii) provide guidance on Community Contracting; (iii) limit the use of Direct Contracting method to exceptional circumstances (which shall be clearly specified); and (iv) remove the value-based thresholds for use of Direct Contracting in Sub-Clause 2.8.1(a) of Circular 676/2006	>50% of contracts under P135-2 awarded through open and competitive bidding and/or other non-Direct Contracting methods, and verified by SAV's performance audit reports	>80% of contracts under P135-2 awarded through open and competitive bidding and/or other non-Direct Contracting methods, and verified by SAV's performance audit reports. 100% of program communes and villages follow community contracting for 100% of commune/village-level works	All program provinces require use of open competitive bidding and/or other non-Direct Contracting methods; Direct Contracting allowed only under exceptional circumstances subject to detailed justification; outcome verified by SAV's performance audit reports	EOP evaluation report including collated MIS and expenditure data, independent audit findings, findings of citizen report-card survey; interim assessments of results from provinces using and not using competitive procurement methods; SAV's performance audits

Objectives	Lead agency	Prior Actions (DPL1)	Current status of PA	Indicative Future Triggers			Indicator
				2007	2008 (DPL2)	2009	
III.B. Public Financial Management							
Improve transparency and efficiency of public resource use	MOF, CEM	Issue regulation on financial management system in order to: (i) Institutionalize preparation of quarterly financial reports and reconciliation of P135-2 expenditures between spending agencies and State Treasury (STV); (ii) Prepare quarterly fund-flow maps down to investment-owner level; (iii) Make public website and post on MoF website 6-monthly reports on allocation, transfers and usage of P135 funds to provincial level	TBD	(i) Produce quarterly financial reports and reconciliation of expenditures between spending agencies and State Treasury (STV) nation-wide; (ii) Prepare quarterly fund-flow maps down to investment-owner level; (iii) Make public and post on MoF website 6-monthly reports on allocation, transfers and usage of P135 funds to provincial level	(i) Produce quarterly financial reports and reconciliation of expenditures between spending agencies and State Treasury (STV) nation-wide; (ii) Prepare quarterly fund-flow maps down to investment owner level; (iii) Make public and post on MoF and CEM websites quarterly reports on allocation, transfers and usage of P135 funds to provincial level	(i) Produce quarterly financial reports and reconciliation of expenditures between spending agencies and State Treasury (STV) nation-wide; (ii) Prepare quarterly fund-flow maps down to investment owner level; (iii) Make public and post on MoF and CEM websites quarterly reports on allocation, transfers and usage of P135 funds to provincial level	(i) More reliable and timely information on provincial and commune financial reporting and fund-flow maps; (ii) Budget document published for P135-2

Objectives	Lead agency	Prior Actions (DPL1)	Current status of PA	Indicative Future Triggers				Indicator
				2007	2008 (DPL2)	2009	2010 (DPL3)	
Ensure adequate oversight over public funds through independent audits	SAV	<b>Auditing plan for P135-2 issued, confirming that: (i) an independent audit function by private auditing firms, with TORs acceptable to donors, is well-established for P135-2; and (ii) independent financial audit will be conducted in X provinces by June of each financial year.</b>	TBD	(i) Annual independent audit by private auditing firms with TORs acceptable to donors, in 8 provinces by June; (ii) scope of audits expanded to include performance audits aligned to international standards and practices; (iii) follow up of audit recommendations; (iv) audit findings publicly disclosed on SAV website	(i) Annual independent audit by private auditing firms with TORs acceptable to donors, in 15 provinces by June; (ii) financial and performance audits aligned to international standards and practices; (iii) follow up of audit recommendations; (iv) audit findings publicly disclosed on SAV website	(i) Annual financial and performance audits aligned to international standards and practices will be performed by SAV in 45 provinces by June; (ii) follow up of audit recommendations; (iii) audit findings publicly disclosed on SAV website	(i) Annual financial and performance audits aligned to international standards and practices will be performed by SAV in 45 provinces by June; (ii) follow up of audit recommendations; (iii) audit findings publicly disclosed on SAV website	(i) Financial and performance audits in line with international standards and practices; (ii) use of risk-based approaches and quality control to audit planning, execution and reporting are operational and performed by SAV; (iii) audit findings publicly disclosed on SAV website

Objectives	Lead agency	Prior Actions (DPL1)	Current status of PA	Indicative Future Triggers			Indicator	
				2007	2008 (DPL2)	2009		2010 (DPL3)
III.C. Community Contributions								
Local contributions are equitable; wage-earning opportunities in public works fully exploited for generation of local multiplier effects, especially for the poorest households	CEM (MOF)	Inter-ministerial circular 676/2006 stipulates that local contributions are affordable, poorest households are exempted, and mechanisms developed to promote paid local labor in civil works, with priority given to poor households in wage-earning opportunities	Completed	>50% of infrastructure investments include local paid labor (1-10% of expenditures); value of unpaid labor contributions captured in MIS and commune accounts	75% of large investments include paid local labor (1-5% of expenditures); 100% of small investments include paid local labor; pro-poor rules applied for unpaid contributions and priority given to poor households in access to wage-earning opportunities	90% of all infrastructure investments include paid local labor; value of unpaid labor contributions captured in MIS & commune accounts	EOP evaluation reports on extent of paid labor created and value of unpaid labor contributions, and reports evidence of pro-poor rules applied in either case	MIS data, citizen report-card surveys

Objectives	Lead agency	Prior Actions (DPL1)	Current status of PA	Indicative Future Triggers			Indicator
				2007	2008 (DPL2)	2009	
Policy Area IV: Monitoring and Evaluation							
IV.A. Impact Evaluation							
Evaluation of program outcomes performed to high methodological standard including use of appropriate comparator data	CEM, GSO with TA support	Outcome indicators and overall M&E framework agreed and adopted; baseline survey designed including matched control group	TBD	Baseline survey completed including matched control group	Mid-term review of P135-2 includes mid-term impact evaluation against baseline and national goals	EOP evaluation of P135-2 includes final impact evaluation against baseline and national goals	Baseline, MTR and EOP surveys draw to the extent possible on existing data sources such as VHLSS, agricultural census (2006), and other GSO data as appropriate
IV.B. Process Monitoring							
Effective and reliable MIS is used to track progress towards agreed outcomes and identify/resolve program management issues	CEM (MPI) with TA support	MIS designed for tracking and reporting on inputs, outputs, and intermediate outcomes; participatory M&E approaches designed including citizen report-card surveys and mechanisms for horizontal learning between participating localities	TBD	MIS in place, used to track and report on inputs, outputs, and intermediate outcomes; participatory M&E approaches learning are institutionalized	Citizen report-card survey and regional 'lessons-learned assessments' conducted to support program mid-term review	MIS in place, used to track and report on inputs, outputs, and intermediate outcomes; participatory M&E approaches learning are institutionalized	MIS data, citizen report-card surveys, other PM&E outputs



## EVALUATION REPORTS

- 3.99 Evaluation of Norwegian Support to Psycho-Social Projects in Bosnia-Herzegovina and the Caucasus
- 4.99 Evaluation of the Tanzania-Norway Development Cooperation 1994–1997
- 5.99 Building African Consulting Capacity
- 6.99 Aid and Conditionality
- 7.99 Policies and Strategies for Poverty Reduction in Norwegian Development Aid
- 8.99 Aid Coordination and Aid Effectiveness
- 9.99 Evaluation of the United Nations Capital Development Fund (UNCDF)
- 10.99 Evaluation of AWEPA, The Association of European Parliamentarians for Africa, and AEI, The African European Institute
- 1.00 Review of Norwegian Health-related Development Cooperation 1988–1997
- 2.00 Norwegian Support to the Education Sector. Overview of Policies and Trends 1988–1998
- 3.00 The Project “Training for Peace in Southern Africa”
- 4.00 En kartlegging av erfaringer med norsk bistand gjennom frivillige organisasjoner 1987–1999
- 5.00 Evaluation of the NUFU programme
- 6.00 Making Government Smaller and More Efficient. The Botswana Case
- 7.00 Evaluation of the Norwegian Plan of Action for Nuclear Safety Priorities, Organisation, Implementation
- 8.00 Evaluation of the Norwegian Mixed Credits Programme
- 9.00 “Norwegians? Who needs Norwegians?” Explaining the Oslo Back Channel: Norway’s Political Past in the Middle East
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- 1.01 Evaluation of the Norwegian Human Rights Fund
- 2.01 Economic Impacts on the Least Developed Countries of the Elimination of Import Tariffs on their Products
- 3.01 Evaluation of the Public Support to the Norwegian NGOs Working in Nicaragua 1994–1999
- 3A.01 Evaluación del Apoyo Público a las ONGs Noruegas que Trabajan en Nicaragua 1994–1999
- 4.01 The International Monetary Fund and the World Bank Cooperation on Poverty Reduction
- 5.01 Evaluation of Development Co-operation between Bangladesh and Norway, 1995–2000
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- 7.01 Reconciliation Among Young People in the Balkans An Evaluation of the Post Pessimist Network
- 1.02 Evaluation of the Norwegian Resource Bank for Democracy and Human Rights (NORDEM)
- 2.02 Evaluation of the International Humanitarian Assistance of the Norwegian Red Cross
- 3.02 Evaluation of ACOPAMAN ILO program for “Cooperative and Organizational Support to Grassroots Initiatives” in Western Africa 1978 – 1999
- 3A.02 Évaluation du programme ACOPAM Un programme du BIT sur l’« Appui associatif et coopératif aux Initiatives de Développement à la Base » en Afrique de l’Ouest de 1978 à 1999
- 4.02 Legal Aid Against the Odds Evaluation of the Civil Rights Project (CRP) of the Norwegian Refugee Council in former Yugoslavia
- 1.03 Evaluation of the Norwegian Investment Fund for Developing Countries (Norfund)
- 2.03 Evaluation of the Norwegian Education Trust Fund for Africa in the World Bank
- 3.03 Evaluering av Bistandstorgets Evalueringsnettverk
- 1.04 Towards Strategic Framework for Peace-building: Getting Their Act Together. Overview Report of the Joint Utstein Study of the Peace-building. Norwegian Peace-building policies: Lessons Learnt and Challenges Ahead
- 2.04 Evaluation of CESAR’s activities in the Middle East Funded by Norway
- 3.04 Evaluering av ordningen med støtte gjennom paraplyorganisasjoner. Eksemplifisert ved støtte til Norsk Misjons Bistandsnemnd og Atlas-alliansen
- 4.04 Evaluering av ordningen med støtte gjennom paraplyorganisasjoner. Eksemplifisert ved støtte til Norsk Misjons Bistandsnemnd og Atlas-alliansen
- 5.04 Study of the impact of the work of FORUT in Sri Lanka: Building Civil Society
- 6.04 Study of the impact of the work of Save the Children Norway in Ethiopia: Building Civil Society
- 1.05 –Study: Study of the impact of the work of FORUT in Sri Lanka and Save the Children Norway in Ethiopia: Building Civil Society
- 1.05 –Evaluation: Evaluation of the Norad Fellowship Programme
- 2.05 –Evaluation: Women Can Do It – an evaluation of the WCDI programme in the Western Balkans
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- 3.09 Evaluation: Evaluation of Norwegian Development Cooperation through Norwegian Non-Governmental Organisations in Northern Uganda (2003–2007)
- 3.09 Study Report: Evaluation of Norwegian Business-related Assistance Sri Lanka Case Study
- 4.09 Evaluation: Evaluation of Norwegian Support to the Protection of Cultural Heritage
- 4.09 Study Report: Norwegian Environmental Action Plan
- 5.09 Evaluation: Evaluation of Norwegian Support to Peacebuilding in Haiti 1998–2008
- 6.09 Evaluation: Evaluation of the Humanitarian Mine Action Activities of Norwegian People’s Aid
- 7.09 Evaluation: Evaluation of the Norwegian Programme for Development, Research and Education (NUFU) and of Norad’s Programme for Master Studies (NOMA)
- 1.10 Evaluation: Evaluation of the Norwegian Centre for Democracy Support 2002–2009
- 2.10 Synthesis Study: Support to Legislatures
- 3.10 Synthesis Main Report: Evaluation of Norwegian Business-related Assistance
- 4.10 Study: Evaluation of Norwegian Business-related Assistance South Africa Case Study
- 5.10 Study: Evaluation of Norwegian Business-related Assistance Bangladesh Case Study
- 6.10 Study: Evaluation of Norwegian Business-related Assistance Uganda Case Study
- 7.10 Evaluation: Evaluation of Norwegian Development Cooperation with the Western Balkans
- 8.10 Evaluation: Evaluation of Transparency International
- 9.10 Study: Evaluability Study of Partnership Initiatives
- 10.10 Evaluation: Democracy Support through the United Nations
- 11.10 Evaluation: Evaluation of the International Organization for Migration and its Efforts to Combat Human Trafficking
- 12.10 Evaluation: Real-Time Evaluation of Norway’s International Climate and Forest Initiative (NICFI)
- 13.10 Evaluation: Real-Time Evaluation of Norway’s International Climate and Forest Initiative. Country Report: Brasil
- 14.10 Evaluation: Real-Time Evaluation of Norway’s International Climate and Forest Initiative. Country Report: Democratic Republic of Congo
- 15.10 Evaluation: Real-Time Evaluation of Norway’s International Climate and Forest Initiative. Country Report: Guyana
- 16.10 Evaluation: Real-Time Evaluation of Norway’s International Climate and Forest Initiative. Country Report: Indonesia
- 17.10 Evaluation: Real-Time Evaluation of Norway’s International Climate and Forest Initiative. Country Report: Tanzania
- 18.10 Evaluation: Real-Time Evaluation of Norway’s International Climate and Forest Initiative
- 1.11 Evaluation: Results of Development Cooperation through Norwegian NGO’s in East Africa
- 2.11 Evaluation: Evaluation of Research on Norwegian Development Assistance
- 3.11 Evaluation: Evaluation of the Strategy for Norway’s Culture and Sports Cooperation with Countries in the South
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