



Report

Not just a beautiful flower?

Knowledge, information and economic policymaking in Vietnam

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Key messages

- Power across the Vietnamese state is scattered; but formal knowledge is still relatively centralised
- Despite pressure to sustain rapid economic growth, liberal inspired research findings tend to face obstacles in the form of economic interests, ideology and informality
- The way in which civil servants are recruited, trained, managed, promoted and remunerated continues to be highly politicised, constraining the quality of policy-making
- Genuine local-level authority to formulate policy varies depends on a range of informal factors, with some localities drawing on a wider pool of knowledge to adopt more locally specific policy
- Development partners could improve their policy work by keeping a close eye on the context, working with government to highlight problems and enabling different stakeholder groups to discuss possible solutions

Acknowledgements

The title of this study refers to a remark made by an interviewee, who suggested that politicians may regard research as a ‘beautiful flower’: something which makes them look more credible and legitimate in the eyes of others, even if they do not take its advice.

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Abbreviations

ADB	Asian Development Bank
AFP	Agence France Presse
ASDiV	Australian Scholarships for Development in Vietnam
ASEAN	Association of Southeast Asian Nations
AusAID	Australian Agency for International Development
BWTO	Beyond World Trade Organization
CAF	Centre for Analysis and Forecast
CECODES	Centre for Community Support Development Studies
CIEM	Central Institute for Economic Management
DEPOCEN	Development Policies Research Centre
DFID	Department for International Development
EC	European Commission
ECNA	Economic Committee of the National Assembly
EU	European Union
GoV	Government of Vietnam
GSO	Government Statistical Office
HISEDS	Hanoi Institute for Socio-Economic Development Studies
IDRC	International Development Research Centre
ILO	International Labour Organization
ILSA	Institute for Labour Science and Social Affairs
IMF	International Monetary Fund
IPSARD	Institute of Policy and Strategy for Agriculture and Rural Development

MARD	Ministry of Agriculture and Rural Development
MoF	Ministry of Finance
MoH	Ministry of Health
MoIT	Ministry of Industry and Trade
MoJ	Ministry of Justice
MoLISA	Ministry of Labour, Invalids and Social Affairs
MoNRE	Ministry of National Resources and Environment
MPI	Ministry of Planning and Investment
MUTRAP	Multilateral Trade Assistance Project
NAPPA	National Academy of Politics and Public Administration
NGO	Non-governmental Organisation
ODA	Official Development Assistance
ODI	Overseas Development Institute
OECD	Organisation for Economic Co-operation and Development
ONA	Office of the National Assembly
OoG	Office of the Government
PAG	Policy Advisory Group
PAPI	Provincial Governance and Public Administration Performance Index
PCI	Provincial Competitiveness Index
PPA	Participatory Poverty Assessment
RIA	Regulatory Impact Assessment
SEDP	Socio-Economic Development Plan
SEDS	Socio-Economic Development Strategy
Sida	Swedish International Development Cooperation Agency
SME	Small and Medium Enterprise
SOE	State-owned Enterprise
UAIC	Union of Associations of Industry and Commerce
UK	United Kingdom
UN	United Nations

UNDP	UN Development Programme
US	United States
VAAS	Vietnam Academy for Agricultural Sciences
VASS	Vietnamese Academy of Social Sciences
VAST	Vietnamese Academy of Science and Technology
VBF	Vietnam Business Forum
VCCI	Vietnam Chamber of Commerce and Industry
VEA	Vietnam Economics Association
VHLSS	Vietnam Household Living Standards Survey
VUSTA	Vietnam Union for Science and Technology
WTO	World Trade Organization

Executive summary

1.1.1 Overview of the study

This study provides an analysis of decision-making processes and the role of knowledge in relation to economic policy in Vietnam. We define economic policy-making to include a wide variety of measures to improve economic productivity. Drawing on a documentary analysis and in person interviews, the findings included the following five key messages:

1.1.2 Informality dominates how ‘things get done’

Despite strengthening of the legal framework for policy-making in recent years, informality continues to be hugely dominant in determining how ‘things get done’. For instance, politics and public service is often less about solving policy problems, and more about securing resources to service clientelist networks. Cabinet, Government and ministerial responsibility is in tension with a preference for collective leadership. At the same time high levels of institutional particularity put officials into competition with others for resources leading to high levels of bureaucratic fragmentation. Against this background, senior officials such as the Prime Minister tend to rely on loose collaboratives of trusted senior or retired officials rather than formal knowledge sources to address complex policy problems.

1.1.3 Knowledge production reflects former monopolies of interest

Although power was never particularly concentrated in the pre-transition (Doi Moi) period, power is nevertheless more scattered now with decision makers having to attend to a greater plurality of interests than previously. However, central government continues to retain a near monopoly on the formal production of information and research.

1.1.4 Economic growth is crucial but uptake of economic research is limited

Safeguarding the Communist Party’s credibility and legitimacy depends largely on sustaining economic growth and improving living conditions. As such, central government and its development partners fund a relatively high density of economic research. Much of this research suggests shrinking the state and allowing the private sector to grow. However the reality is import substitution in the context of continued protectionism, a constrained private sector, an expanding state bureaucracy and cheap loans to state enterprises.

Interests in state enterprises and the bureaucracy who feel they benefit from the status quo have not simply moved over, backed by a philosophical tradition in Vietnam which regards calls for the government to withdraw from the economy with suspicion as possible attempts by the West to undermine state power. Few studies assess such political economy factors along with how change might feasibly be brought about, while domestic researchers are careful to frame issues technically, even if they have clear implications for the role of the state and distribution of resources.

1.1.5 Incentive structures within the civil service are inadequate

Although public administration reform has been underway for some years, the way in which civil servants are recruited, trained, managed, promoted and remunerated continues to be politicised, making professional expertise less relevant and militating against high quality

policy-making. For instance, appointment and promotion decisions are largely based on factors such as connections and family background, and newly appointed managers are often expected to follow routine tasks as set out in outdated job descriptions. Those seeking higher office are required to undergo leadership training largely focussing on political ideology instead of the necessary analytical tools and skills required for effective policy management and leadership in a dynamic political context – these tend to be learnt, if at all, ‘on the job’.

Despite donor-funded scholarships enabling a greater number of officials to gain exposure to more liberal market economics, changing mind-sets among officials who spent their formative years under a centrally planned system is far from straightforward. Finally, low civil servant base salaries often results in officials (including researchers) scrambling for short-term consultancy work from government and donors. There are nevertheless, isolated examples of good practice by a number of ministers and general directors, as well as National Assembly deputies, who have introduced greater levels of rigor into policy drafting and appraisal processes.

1.1.6 The space available to formulate sub-national policy varies

Despite formal decentralisation to the provinces, genuine local-level authority to formulate policy varies depending on a range of informal factors, including financial reliance on, and geographical distance from, Hanoi central authorities as well as the strength of personal relationships between provincial and central level elites. Leaders in charge of economically advanced cities have the power to negotiate their budgets informally and have also had the space to experiment and adopt more locally relevant policies, as well as commission research centres to undertake assessments for them. Nevertheless, even among richer provinces and cities, tensions exist between democratic centralism and decentralisation, as these have contradictory implications.

1.1.7 Constraints and opportunities for Vietnam’s development partners

For externally funded projects and programmes to be successful, they need to be a response to genuine political pressure from powerful actors within the government. In order to improve their programming and engagement with the Vietnamese government, development partners might want to understand how and why outcomes emerge, on a case-by-case basis. Moreover, to ‘work with the grain’, development partners could consider working with one or more pockets of relatively high levels of administrative capacity within certain agencies responsible for economic policy. However, agencies tend to provide a platform for key members of the political elite, around whom other members of the elite coalesce. Development partners could undertake analysis to identify and then support such individuals.

As donors are often kept at arm’s length and are averse to appearing ‘political’, identifying middle-level officials, such as senior researchers and general directors who report to key elites, is an important step. As a result of the multitude of interests that now seek to influence policy processes (which are not necessarily accommodated by the institutional set up), development partners can play a role in identifying, highlighting and exploring problems, leaving solutions to Vietnamese actors, whilst providing opportunities for them to reflect through convening key stakeholders, brokering useful information and funding flexible learning-by doing approaches.

Attributing change to a particular intervention becomes very challenging in such a complex context. External actors must therefore be realistic about what they can expect to achieve. Nevertheless, they need to account for expenditure. Current tools, based on logic and prediction, will likely fail to deal with the complexity of the policy context in Vietnam. Thankfully, methods such as Outcome Mapping and Social Frameworks, which complement existing project management methods can be used to reconcile these tensions.

2 Introduction

2.1 Background

Donors and international agencies are increasingly supporting the Government of Vietnam (GoV) to strengthen its capacity to manage its international economic relations as well as its transition to a market economy. The UK Department for International Development (DFID)- and Australian Agency for International Development (AusAID)-supported Beyond World Trade Organization (BWTO) programme is an example. Now in its second phase, this is focusing on two key areas: supporting GoV in strengthening the institutions of the market economy; and addressing social and economic challenges of integration for the rural sector (AusAID et al., 2009). It looks to do this by supporting key frontline ministries, the Vietnamese Chamber for Commerce and Industry (VCCI) and some provincial authorities with policy development processes, through activities such as (but not limited to) the production of knowledge (research, analysis and consultation), legislative drafting and capacity development. Although there is a considerable body of knowledge assessing the context in which policymaking takes place, there is little systematic analysis of how policies (in the form of legal documents), especially within the economic sphere, are designed and what role knowledge plays. The aim of this study is therefore to improve external actors' understanding of policymaking processes and help them work in ways that will improve the effectiveness of their support to the GoV.

2.2 Scope, objectives and research questions

We define economic policymaking very broadly to include issues as diverse as enterprise, land, commerce, investment, procurement, competition, anti-corruption, manufacturing and customs, among many others. In other words, these are formal measures to improve economic productivity in its broadest sense. This study aims to provide an analytical review of decision-making processes and the role of knowledge in relation to policymaking within and across the main government agencies working on economic policy in Vietnam. It takes a broad view of policymaking processes, including agenda setting; technical drafting and consulting; implementation dynamics; and monitoring and learning. We also aim to make suggestions to external actors working in Vietnam on how their teams can better facilitate the work of government agencies in relation to economic (and other areas of) policymaking.

Since policy decisions are political and shaped by the interests and interactions of various actors, we take a political economy approach to the analysis. The focus is subsequently on addressing the following research questions:

- What are the interests, incentives and beliefs of the different political actors involved in economic policymaking?
- How do these actors interact with one another and what effect does this have on economic policymaking processes and the role of knowledge and information?

-
- Given these dynamics, what are the implications for the way donors in Vietnam mediate the knowledge–policy interface in the economic and other policy areas?

Knowledge cannot be seen as an external input to the policy process – its production and use are bound up in an ongoing and continually changing discourse, within the politics and power dynamics of policymaking. As such, we take an integrated approach to understanding political dynamics, policymaking processes and knowledge production and use.

2.3 Methodology

The study took place between March and June 2012 and comprised four components. The first was a documentary review drawing on (i) literature outlining formal policy processes in Vietnam, including procedures for drafting laws and implementation guidelines; (ii) some scholarly and grey literature on science, science capacity building, ‘bridging research and policy’ and regulatory reform in Vietnam; and (iii) a larger, more considerable body of knowledge assessing wider political and historical issues featuring the work of a number of prominent Vietnam scholars including (but not limited to) Adam Fforde, Martin Gainsborough, Benedict J. Tria Kerkvliet, David Koh, Carlyle A. Thayer and Thaveeporn Vasavakul.

The second component featured primary research undertaken over an initial two-week period in late March 2012 and a second ‘follow-up’ period in mid-April 2012, during which 32 in-depth interviews were conducted with 40 Hanoi-based decision makers and shapers. To ensure interviewees were as open and honest as possible, we promised them that they would remain anonymous and that a list of respondents would not be provided. However, they included:

- An advisor to the general secretary of the Party;
- The vice chair of the Economic Committee of the National Assembly (ECNA);
- Senior officials from the Ministries of Finance (MoF), Agriculture and Rural Development (MARD), Industry and Trade (MoIT) and Justice (MoJ); the Office of the Government (OoG); and the General Department for Land Management;
- Senior officials from the Institute for Labour Science and Social Affairs (ILSSA), the Central Institute for Economic Management (CIEM), the Centre for Analysis and Forecast (CAF), the Hanoi Institute for Socio-Economic Development Studies (HISEDs) and the Institute of Policy and Strategy for Agriculture and Rural Development (IPSARD);
- A representative from a ‘quasi non-governmental organisation (NGO)’ – the Centre for Community Support Development Studies (CECODES);
- Representatives from AusAID, DFID, The Asia Foundation, the European Commission (EC)-funded Multilateral Trade Assistance Project (MUTRAP), the BWTO programme, the World Bank and the UN Development Programme (UNDP);
- Journalists from *VietNamNet*, *Saigon Times*, *Vietnam Economic Times* and *Vietnam Investment Review*;
- Officials from the Vietnam Economic Association (VEA) and the VCCI;
- The Fulbright Economics Teaching Program; and
- A number of retired senior government officials.

Most of the interviews were conducted in English, with some conducted in Vietnamese with an interpreter. In some cases, officials were reticent to acknowledge gaps between formal rules and actual practice, which emphasised the need to use multiple methods to uncover the

realities. Having insider access was crucial in reaching high-level decision makers as well as encouraging more frank responses (see Scott et al., 2006 on doing research in Vietnam).

The third component featured a presentation and discussion of preliminary findings to DFID and AusAID in late April 2012. The write-up made up the final component.

2.4 Organisation of the paper

The paper is organised as follows. Section 2 provides a brief overview of the economic transition in Vietnam and some general characteristics of the overarching context in which policymaking takes place. Section 3 analyses policymaking processes in the economic policy area in Vietnam, starting with agenda-setting processes. Section 4 assesses drafting and consulting processes and Section 5 implementation processes. Section 6 discusses the quality of information being produced by research centres and the role of the media in monitoring policy implementation and facilitating public discussion and debate. Section 7 concludes with suggestions as to how external actors could support GoV.

Sections 3, 4, 5 and 6 are split into four main parts. The first outlines the key players involved at that stage of the policy process and, where appropriate, their formal roles; the second outlines the kinds of spaces and/or processes in which these actors interact with one another, which we call rhythms and spaces; the third discusses notable or interesting features of the process; and the fourth highlights key observations from the section as a whole.

3 Key features of the context

In this section, we describe Vietnam's economic transition, the institutional set-up across government, the role of informality and the increasingly uncertain environment within which different (political) actors have to manoeuvre.

3.1 Economic transition

In the early 1980s, facing an economic crisis, including serious food shortages, Vietnam took the historic step of changing from producing for subsistence to producing for profit and capital accumulation, a process formalised in 1986 by policy reforms known as *Doi Moi*. Civil servants in control of state production units took advantage of commercial opportunities to acquire further assets and accrue wealth. Existing state companies diversified into new sectors and Party-state institutions established new companies. The period saw a substantial number of 'new' private actors too, through the equitisation of state companies or the emergence of new entrepreneurs, many (particularly in the household and small business sector) operating informally. Some of the latter were serving or former officials (setting up, e.g., limited liability companies), or the children of the political and bureaucratic elite (Cheshier and Penrose, 2007; Cheshier et al., 2006; Fforde, 2004; Gainsborough, 2003; Painter, 2003; 2005).

Although Vietnam's political elite has often hesitated to make concessions that could give away state control, the country has signed up to international economic agreements such as the Association of Southeast Asian Nations (ASEAN) Free Trade Area, the bilateral trade agreement with the US and the World Trade Organization (WTO), and has been increasingly participating in transnational projects and initiatives such as the Asian Development Bank (ADB)-funded Greater Mekong Sub-regional cooperation project, a tripartite conference on drug control and a five-nation Economic Cooperation Strategy meeting. Private financial inflows have increased considerably and the flow of goods and services across Vietnam's borders has probably intensified, probably via the internet or expanded air links, but much of it also informally, by foot and by motorised vehicle (Gainsborough, 2010b).

Economic growth has been rapid and living standards have improved considerably. For example, between 1993 and 2010 the average annual growth rate was 7.4%, and poverty, based on the national poverty line, fell from 58% to 14.5%. Many commentators suggest 'reform' was a largely bottom-up process, with policy reactive and the 'facts' that described the transition process created by this (Fforde and Vylder, 1996; Kerkvliet, 2005). The 1999 Enterprise Law is said to be the result of 'fence breaking', or reform from below (Dapice, 2008). Rama (2008) agrees experimentation on the ground was vital but claims that international experience and local think-tanks were also key sources for innovative ideas. However, Vietnam's transition owes as much to muddling through, accidental coincidences

of interest and learning by doing (Booth and Therkildsen, 2012) as it does to formal policy measures taken by the political elite, such as those described by Vandemoortele (2011).

Vietnam is now looking to ‘catch up’ with its regional neighbours and the more developed West through continued industrialisation and modernisation. However, this will be extremely difficult, not least because other countries are not standing still and because the rules affecting ‘late developers’ like Vietnam are probably tougher than they were before (Gainsborough, 2010b). In its favour, Vietnam enjoys a high degree of social cohesiveness and strong cultural traditions, including a respect for learning, and is not divided by the ethnic and religious divisions that characterise many of Vietnam’s neighbours in Southeast Asia.

The Party has shown it understands the difficulty of making further progress – that while globalisation offers opportunities it also presents challenges. These come in the form of heightened competition in the business realm, including for access to natural resources, capital and technology, and because of new complex ‘global’ problems that individual states are often unable to solve (Gainsborough, 2007b). But having unleashed the revolutionary powers of the market, like Polanyi’s (1944) double movement Vietnam is seeing unintended consequences in the social and political realm: the gap between the rich and poor has widened; user fees in health and education have arisen, often limiting access to these services by the poor; land disputes and cases of corruption have increased; and certain ethical standards have fallen, with a ‘get rich quick whatever the cost’ mentality among some (Gainsborough, 2007a).

3.2 Institutional set-up

Power in Vietnam is formally organised into a number of parallel but intertwined hierarchies, each with extensive vertical networks that extend down to the village level. Interactions between different power structures at different levels are maintained through, for example, annual meetings between provincial chairs and the prime minister and considerable rotation of individuals between senior posts in central ministries (e.g. deputy minister) and senior posts in the provinces (e.g. party secretary and vice chair of the people’s committee).

Moreover, individuals may simultaneously occupy positions in two or more different hierarchies (Forsberg, 2007); for example, the provincial people’s committee chair may be a member of the National Assembly. Provincial leaders form the largest bloc in the Central Committee of the Party, while many state and party officials have major business interests. Crucially, all hierarchies are bound together by virtue of most actors being members of the Party. In fact, after more than 20 years of rapid economic growth and development, the Party, whose members account for around 4% of the total population, continues to rule with no legally tolerated opposition parties. It has largely retained the power to decide who has the right to run for office, and its dominance results in the politicisation of most social activities, including literature, science and education (Vu, 2009). It is subsequently difficult to tell apart the political elite, the ‘non-political’ bureaucracy, economic actors and intermediaries, as they are often driven by similar incentives and are, on occasion, one and the same.

Nevertheless, economic development in the past two decades has led to greater differentiation within the existing institutional set-up. Decision makers have to attend to a greater plurality of interests than before (largely within and across the aforementioned hierarchies), given the new (often state) business interests; more robust government agencies; an enhanced role for the National Assembly; *de facto*, if not always *de jure*, decentralisation to the provinces; and more diverse and vocal societal interests (represented by mass organisations and quasi-NGOs).

A Soviet-inspired system and the Confucian tradition of formal education and bureaucratic service mean researchers have a prominent role at the frontline of government (Zink, 2011). Nevertheless, despite the scattering of power during the reform era, central government retains a near monopoly on the production of information and research. This has enabled the Party–state to access research and its benefits but also stifle potential challenges from middle-class intellectual elites (Nguyen-vo, 2008). Punishments for stepping out of line have been severe (Zink, 2011). While the state has enabled researchers to engage with new ideas and practices, partly through interaction with foreign actors, it has at the same time insisted that researchers and their scientific knowledge refrain from challenging state interests.

3.3 Broad economic policy framework

Although the state has gradually moved away from central planning, it has made clear its intention to remain involved in the economy through a focus on providing strategic direction. Formal reform measures have focused on promoting private sector growth, for instance revising the Enterprise Law and reforming state enterprises. The latter has featured two key elements. First, smaller state enterprises, generally attached to departments of line ministries or people’s committees, are released from state control – a process known as equitisation¹ – to reduce the impact on the state budget of loss-making enterprises over which the central government has little control (Cheshier et al., 2006).² Second, large state enterprises remain an important source of government revenue and provide the means through which GoV can implement state plans and policies following the end of central planning. These enterprises have been regrouped into ‘general corporations’ to reaffirm state leadership of the industrialisation process, but at the same time to remove control of SOEs from line ministries and localities and reassign this to ostensibly non-political entities. Modelled on Japanese *keiretsus* and Korean *chaebols*, the corporations were to develop their own recognisable brand names and would enjoy greater economies of scale and other advantages (Dapice, 2008).

3.4 Informality and uncertainty

Some of the more informal features of the policymaking context in Vietnam are as follows.

3.4.1 Connections and personal networks

Policy-makers and researchers, like most other members of the Vietnamese population, are members of dense multiple and interconnected networks, usually based on marriage, extended kinship, village or regional affiliation, teacher–student relationships, wartime service and, increasingly among younger people, ego. Such relationships can be passive conductors of information and contacts, open channels of communication between two otherwise unrelated organisations, provide access to the political elite or media, create leverage for opening up (economic) exchange opportunities with third parties, help solve problems and actively pressure other actors (Gainsborough, 2010b; Harris et al., 2011; Pike, 2000; Zink, 2011).³

Some of these relations might be hierarchical, with an official owing their position to someone more senior who might at the same time look out for and protect them. This comes with obligations and responsibilities such as showing appropriate deference and loyalty or giving gifts. However, as new power holders tied to new alliances arise, those seeking

1 While GoV now sees equitisation as the primary means of transforming state-owned enterprises (SOEs), it maintains that it is not necessarily a form of privatisation.

2 Of the total number of SOEs in Vietnam in 2002, about 44% were owned by various ministries and general corporations and 56% by provincial authorities. The military are particularly powerful, owning around 100 enterprises, including a mobile phone company, a bank, ship builders, garment and textile factories, oil and gas production, real estate, construction and hotels (Forsberg, 2007).

3 One result of this is that, despite being the world’s 13th most populous country, the research and policymaking communities are quite small and tightly interconnected (Zink, 2011).

protection need to adjust their strategies and cultivate new relationships (Gainsborough, 2010b; Harris et al., 2011; Pike, 2000). To be marginalised in important networks or to have your political umbrella dismantled can lead to downfall, which can have dire consequences for your job, your family, your livelihood and your standing within the system, which makes you vulnerable to a loss of opportunities or further misfortune (particularly crucial in a context where officials are looking for ways to top up their salaries, as Section 4.3 highlights).

Decision makers may demonstrate an inclination towards ‘no lose’ outcomes, particularly in terms of the distribution of resources, to avoid damage to personal networks. Those who hold office are very careful not to upset anybody who is more powerful (Gainsborough, 2010b; Harris et al., 2011). Kinh culture together with Confucian ethics means the Vietnamese have traditionally been averse to win–lose or all-or-nothing arrangements (Zink, 2011).

3.4.2 Money and patronage

Officials are held in high regard by their family and community and often have the authority to make spending decisions, issue licences, carry out inspections, levy fines and access sensitive and restricted information. They may be approached for services, favours, information or influence. Certain positions carry with them a reputation that gives the office holders and people close to them a degree of protection in what can be a difficult political environment. It is not surprising, then, that public office comes with a price tag: it is well understood that buying a seat is an investment that can be recouped, a factor reinforced by poor official salaries. The pursuit of profit often sees officials then driven by a desire to seek higher office and/or renewal of their mandate, which in turn can provide access to patronage (Bruynooghe et al., 2009; Gainsborough, 2010b; Pike, 2000; Zink, 2011).

In fact, Vietnam’s history of ‘fence breaking’, whereby people at the ‘rice roots’, state enterprises and bureaucratic institutions started operating clandestinely outside the central plan, engaging in markets as a precursor to reform, in all likelihood had more to do with the pursuit of personal profit than a quest for reform. Official policy probably responded after the event, with what we now call *Doi Moi* essentially a retrospective label to give the process some coherence (Fforde and Vylder, 1996; Gainsborough, 2010b).

3.4.3 Increasing uncertainty

Although a number of ‘rules’ in the form of formal and informal interests influence the behaviour of different actors in the Vietnamese policymaking system, these tend to be unclear and taken together are often contradictory, resulting in increasing uncertainty regarding how actors in the system interact with one another. Different groups of actors interact with one another in a very uncertain environment, with many in danger of overstepping what is often an imaginary line. Keeping people in a state of uncertainty about what they can and cannot do is obviously one way the state exercises power. Equally, such uncertainty creates ‘spaces where freedom can slip in’ (Hibou, 2004: 17, in Gainsborough, 2010b). Consequently, state institutions and societal actors might operate in ways that are not formally sanctioned, with rules and directives ignored, making it difficult for the state to get different institutions to work towards a common goal. Crucially, however, the state (and Party) continues to exert significant influence in setting at least the outer parameters within which informal activity happens through its ability to discipline those who step too far out of line (Gainsborough, 2010b).

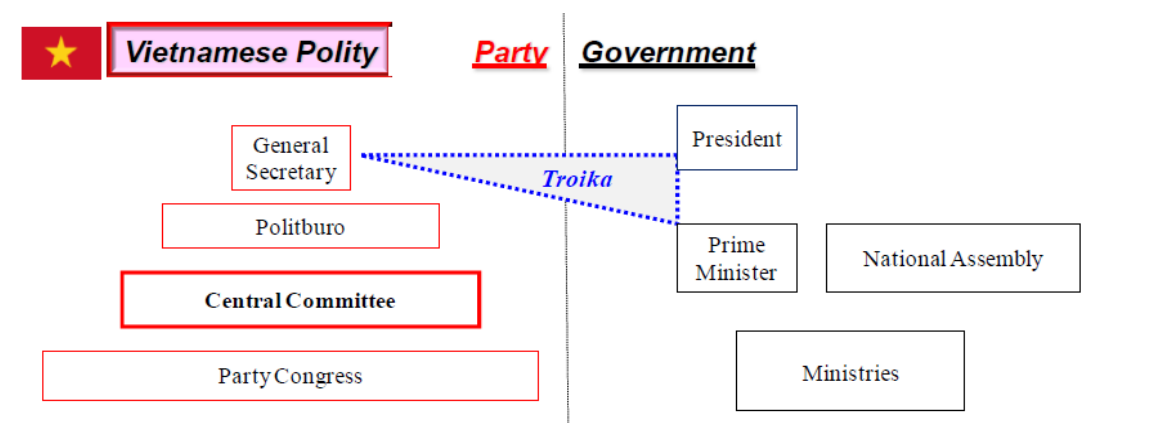
4 Setting the agenda

Although we lay out the following sections (agenda setting, drafting and consulting, implementation and learning) as if these were discrete and sequential stages, our research has shown that the reality is more complex, with stages of the process highly iterative. Here, we define agenda-setting processes as interactions among the political elite.

4.1 Players and roles

From the early 1990s, the political elite at the highest level in Vietnam has effectively been divided into a troika consisting of the general secretary of the Party, the prime minister and the president, each with clearly defined jurisdictions of authority and no clear delineation in terms of rank (Figure 1). Each receives one of the three top ranking positions in the Party. In recent years the National Assembly has assumed increasing importance, evident in the political and protocol importance of its chair joining the troika as a key Party and state official.

Figure 1: The Vietnamese polity



Source: Abrami et al. (2008).

Key Party institutions include the Congress, the Central Committee and the Politburo. The Congress is the Party's highest body, comprising more than 1,100 delegates who meet every five years. Delegates are chosen through elections at the provincial level and come from central institutions of the Party, the military, the government apparatus and SOEs. The Congress elects the Central Committee (with some 150 members and more than 20 alternate members), procedures for which allow for a degree of competition (Abrami et al., 2008). This elects a 13-15-person Politburo and the Party general secretary. Patronage circulates at the highest level via changes to the Politburo and the Central Committee every five years. Between 1976 and 2001, new entrants to the Central Committee accounted for 38% of the total; in 2001 the figure was 42% and in 2006 it was just over 51% (Gainsborough, 2010b).

The Politburo runs party affairs, while the general secretary has ultimate authority on overall policy direction. The general secretary, president, prime minister and chair of the National Assembly are all members of the Politburo. Although the general secretary theoretically has the power to appoint high-ranking officials such as ministers and provincial leaders, the chair of the Central Party Organisation Committee and the prime minister, the Politburo has considerable influence on these decisions. However, the Politburo is not considered superior to, and thus cannot enforce its will on, the Central Committee (Stern, 1995). Indeed, the Central Committee has been able to veto Politburo recommendations, such as its recommendation in 2001 that Le Kha Phieu continue as general secretary. Power is thus vested in the larger Central Committee – the elected legislature of the party – which includes provincial party leaders from all provinces and, as a result, represents a substantial cross-section of society.

Cabinet ministers are all Central Committee members and are proposed by the prime minister (who is in turn proposed by the president) and ratified by the National Assembly. Ministers receive instructions from, and are accountable to, the prime minister for developing policy (in the shape of plans, strategies and legislation) and issuing regulatory documents for their implementation (McCarty, 2001). Key ministers are often delegated responsibility to lead inter-agency dialogue or international negotiations.⁴ For example, the minister of industry and trade has led a number of trade delegations, and the minister of natural resources and environment was designated the official link between GoV and the UN Framework Convention on Climate Change. Ministers also act as a representative owner of capital in state enterprises.

The National Assembly formally serves as a representative body of the Vietnamese people, has an exclusive role in passing laws and oversees government work. Once seen as a rubber stamp parliament (Thayer, 1993), it is now playing a greater role, reflecting moves to separate the Party from the state. The National Assembly is made up of 500 deputies who are ‘popularly’ elected to five-year terms and are mostly members of the Party. Those who are not are usually approved by the Fatherland Front (see below), thus in effect by the Party.

Although this is becoming increasingly difficult, the National Assembly’s membership is carefully engineered by central and local officials to ensure key constituencies are adequately represented, illustrating the control the Party has over election outcomes. Thus, deputies represent various mass organisations under the Fatherland Front, such as the Peasants’ Union, the Women’s Union, the military and SOEs. The Fatherland Front’s representation was recently reduced in an effort to emphasise technocratic expertise over demographic representation, while representation of SOEs has been on the decline for several years. In their place have come university professors, doctors, lawyers, private businesspersons and heads of business associations.⁵ This has contributed to an increase in education levels among deputies, with over 90% holding a bachelor’s or master’s degree or a doctorate. In 2007, almost half of all deputies had served in the government bureaucracy prior to the election and 12% held positions in the Party apparatus, while a substantial number of the deputies are provincial government and Party officials from across the country.

The most powerful body within the National Assembly is the 17-member Standing Committee. This sits between the full National Assembly sessions and organises elections, sets the National Assembly agenda and can independently issue ordinances and pass resolutions. In 2012, 14 of the 17 deputies in the Standing Committee were on the Party’s Central Committee and the National Assembly chair was a member of the Politburo, ensuring the Party at its highest levels was well integrated into the leadership of the

4 Ministers usually have between five and seven deputies (also political appointments) who generally take a lead on one or more issue, in which case they assume the authority to delegate to those below them in the hierarchy.

5 The election of 25 senior business managers in 2002 in particular suggested the state was seeing the National Assembly as a corporatist institution in which key business and other interests could be expressed in a formal manner.

National Assembly. Policy discussions also take place within the Ethnic Council as well as a range of 10 committees, each of which has 30-50 deputies, with anywhere between 10 and 19 of these serving full time. Of those that are full time, one is a chair and three to five are deputy chairs, positions said to be equivalent to ministers and deputy ministers. No National Assembly deputy is a member of more than one committee, and not all deputies – including the prime minister and Cabinet ministers – are committee members. The three most important committees are the Law Committee, the Committee on Finance and the Budget and ECNA. ECNA, in particular, is responsible for overseeing the work of 10 of Vietnam's 22 ministries.

Many committee members are no longer nominated by central ministries, but instead by the Office of the National Assembly (ONA) — the research arm of the National Assembly (see below). Most committee work and debate takes place between the chairs and deputy chairs, who consequently hold considerable influence. Part-time members of the committees can debate the draft laws when the National Assembly is in session, but they have little influence in terms of amending or drafting them. The hierarchy within the National Assembly means locally nominated delegates (as opposed to those selected from a list) have little or no power within the institution. For this reason, delegates with the closest connection to the constituents who elected them have little influence once they are elected (Malesky and Schuler, 2008).

A high turnover rate among deputies – at least two-thirds – also creates challenges, with deputies often taking at least two or three years before they are able to perform their work effectively.⁶ UNDP has since 1976 supported a programme to improve the capacity of the deputies, and in 2007 the ONA, with the support of UNDP, inaugurated its Training Centre for Elected Representatives for newly elected deputies. Training needs assessments have consequently been conducted and training plans and curricula have been developed.

4.2 Rhythms and spaces

The Party sets the overall policy framework (responding to signals and proposals from a wide variety of stakeholders) by, for example, endorsing and approving long- and medium-term plans drafted by state agencies in spaces such as the five-yearly Party Congress and more regular Party Plenums. It leaves the business of policy formulation and implementation to the state. Key agenda-setting processes include:

- The development of a Party Platform that sets out the Party philosophy for nation building and defence, which is adopted or revised every 20 years;
- The development of a 10-year Socio-Economic Development Strategy (SEDS) that sets long-term development goals;
- The development of a five-year Socio-Economic Development Plan (SEDP) that sets medium-term development objectives and solutions; and
- The development of national target programmes, of which the government had 14 at the time of writing.

The Central Committee is obliged to meet at least twice a year (in Plenums), but has met far more than that. Its main influence is through its resolutions of the Party's National Congress, prepared two years preceding the Congress and written by drafting bodies of the Central Committee. These serve as the framework for national policy choices in a range of specific policy areas including economic integration, agriculture and foreign affairs.

Against this backdrop, National Assembly deputies and OoG send recommendations on laws to be drafted to the Standing Committee of the National Assembly. These should usually include some rationale and the scope and content of the legislation, as well as required resources and conditions to ensure its drafting. OoG also comments on

⁶ Some also believe the vetting process weeds out the most talented people before they make it to the ballot.

submissions by National Assembly deputies. A law-making programme is then worked out (on the basis of the Party's agenda and policies, the SEDP, defence and security issues and state management requirements), for appraisal, discussion and then approval by the National Assembly. GoV then assigns drafting of legislative documents to the sector ministers. However, the reality is not always consistent with intent, and GoV's legal activity frequently goes beyond what was planned and announced: in general terms, the yearly plans are only 70% accurate (Cordova, 2004).

National Assembly members come together twice a year (for a month each time) to debate and pass laws. Some laws take longer to prepare, and laws are prepared even if not programmed. In many cases, laws are enacted under emergency provisions. The list of laws rarely states the priority and sequence (Cordova, 2005). Legal documentation prepared by GoV usually contains a preamble, which carefully places the new law within the context of the most recent/relevant central Party resolutions. In addition to legislative processes, question-and-answer sessions introduced in 1997 allow National Assembly deputies to quiz members of the executive branch (the prime minister, line ministers and state bank governors) on the issues of the day, and even question their performance directly. These are televised live during the day, with highlights replayed during the evening (Malesky and Schuler, 2010).

Discussion also takes place within the Cabinet, which is headed by the prime minister and comprises four deputy prime ministers and 26 ministers. This meets formally during monthly meetings. Once the relevant ministry has drafted its laws, the Cabinet formally discusses them. Once approved, they are sent to the National Assembly for further appraisal.⁷

4.3 Notable features

Here, we highlight key policymaking features within the Party, the Cabinet and the National Assembly. We then discuss the nature of economic policy discourse and how differences in policy positions are often a 'cover' for struggles for power and resources.

4.3.1 Party-level processes

Decision making

The Party tends to operate under principles of collective leadership. Ultimate power, traditionally vested in the general secretary, has diffused into the hands of the troika, each of whom has separate channels to access and distribute patronage: the general secretary has control over general corporations; the prime minister has control over the bureaucracy; and the president has control over the military and its sizeable business sector.

The most strategic space within the party – its Central Committee, effectively the 'winning coalition' – is relatively large. This can often mean GoV responds relatively slowly to critical issues that involve a high degree of uncertainty, confusion or controversy. For instance, special sessions of the Central Committee to address the Asian financial crisis reflected a need to secure consensus across a wide number of constituencies, a process the World Bank criticised, given the urgency of the situation. Such an arrangement also creates a large number of potential 'veto players', making policy change very difficult. Vu (2009) argues that risk-averse (or incompetent) officials can use the need for consensus as a pretext to avoid taking responsibility for potentially controversial decisions (Shanks et al., 2004).

However, a large Central Committee also places constraints on the Party leadership through vertical checks and principles of democratic centralism (and semi-competitive elections). For example, economic policies must consider a larger cross-section of society (with central

⁷ Officials from the OoG have been known to query details within drafts and ask for specific revisions. MoJ suggested to OoG that a draft law on public investment be returned to the Ministry of Planning and Investment (MPI) owing to contradictions with laws issued by other ministries..

authorities spending a considerable portion of revenue on provincial transfers, particularly in the year before a Congress), which has in turn limited the rise of inequality among provinces (Abrami et al., 2008).

A consensual approach also places limitations on the extent to which lower-level leaders can step out of line (or indeed innovate). Provincial leaders with access to influence and resources still need to defer to those higher up in the hierarchy (Gainsborough, 2010b). Collaborative practices might explain why the Party has never appeared at great risk of losing control of the state. Unlike in other transition countries, the 'reform' process did not involve one group of individuals displacing another (Rama, 2008). However, the ability to generate compromises between conflicting individual interests ultimately depends on the personalities and capacities of certain individuals at the very top (Forsberg, 2007; Pike, 2000).

Nevertheless, given increased levels of plurality, collective leadership is beginning to be questioned. Thayer (2010) argues that, although the party remains dominant, collective leadership over the state apparatus is to some extent giving way to Cabinet, GoV and ministerial responsibility – although tensions remain. There were signs of more confrontational behaviour between the prime minister and the Party at the time of writing.

Knowledge sources

Although the Party does have its own exclusive knowledge pool, the extent of this is unclear. The National Academy of Politics and Public Administration (NAPPA) provides training for the Party and GoV executives, and serves as a think-tank to offer policy recommendations to the Party. The Party's Central Theoretical Council, comprising 32 scientists from various Party-state agencies, provides advice primarily to the Central Committee and contributes to debate around the broad policy framework, for example through workshops. In January and March 2012, it convened to discuss key issues such as political theory, land reform and social welfare.

The Party's Institute of Public Opinion Research is said to gather public opinions for the Party, although findings are often considered a state secret. Senior officials are entitled to call on any official within the system to undertake research and provide advice, although some of the Party's committees (which parallel government ministries) have set up collaboratives – official but non-formal units (in that they are officially invited to form, but lack access to an office or secretariat) that feature senior officials as well as directors and deputy directors of government research institutes – to provide advice. Demand for information and analysis is said to peak two to three years before each Party Congress as well as before each Plenum.

4.3.2 Cabinet-level processes

A number of institutions provide advice directly to the prime minister, including individual ministers, the Cabinet as a whole and the ministerial-level OoG. A number of advisory units have also been established, including the National Advisory Council on Monetary and Fiscal Issues, chaired by the deputy prime minister and vice chaired by the governor of the State Bank and the chair of the National Financial Monitoring Committee. A secretariat supports the Council, led by the State Bank office director, with members from the State Bank and OoG. Former Prime Minister Phan Van Khai established the Prime Minister's Research Commission, which undertook research and advisory work on high-level and/or crosscutting issues before being dissolved by Prime Minister Nguyen Tan Dung when he came to power in 2006.

However, even at this level, formal units made up of diverse institutional interests result in inefficiencies. A particularly influential interviewee suggested that the National Advisory Council on Monetary and Fiscal issues tended not to function as well as it could. Members, who happen to be senior officials, are too busy to meet regularly, reaching consensus is challenging and, given members' official (institutional) interests, there are doubts as to the

quality of the advice. As a result, the prime minister, like other top-level officials, is known to have formed a number of ‘collaboratives’ to provide him with advice. People in such units tend to be experts in government agencies or ‘wise men’ top-level officials trust rather than members of the research community (Nguyen et al., 2005). These experts are usually selected for their seniority, their prior experience in making decisions and personal relations, rather than their analytical and methodological skills (Dang, 2005). Members also feel more at ease to speak as individuals rather than representatives of their various agencies. Rama (2008) suggests this is not a new phenomenon. Dissatisfied with official economic advice, leaders during the reform period established units made up of intellectuals and experts to provide objective advice.

Although formal institutions such as CIEM and the Institute of Economy in the Vietnamese Academy of Social Sciences (VASS) have improved and are producing more rigorous and independent research, ‘informal’ units remain highly active. Nevertheless, a senior member of an informal group that reported to the prime minister suggested that, to be more effective, he would need a team to undertake research for him, a role that OoG could potentially play.

4.3.3 National Assembly-level processes

The National Assembly Standing Committee and other relevant committees convene meetings to inspect draft laws at various stages of their development. With respect to economic policy, committee chairs have been known to solicit views of private entrepreneurs, directors of SOEs, representatives of international organisations and chairs of people’s councils and people’s committees from various cities and provinces, and have forwarded their views to officials responsible for drafting laws. Government research institutes are formally mandated to respond to information requests from deputies without any additional funding but are unlikely to make great efforts here given their incentives and capacity constraints.⁸

Nevertheless, the National Assembly has its own institutional linkages to knowledge sources. The Centre for Information, Library and Research Services within ONA, created in 1993, serves as a documentation centre and a core point for the flow of information. It has grown steadily, now employing more than 50 staff, many of them educated abroad. However, it still has limited capacity to service the needs of all 500 members of the National Assembly (Jones et al., 2009). The Institute of Legislative Studies, established on a permanent basis under the Standing Committee, has the function of generating and disseminating knowledge to its deputies. Before each of the two annual sessions, the National Assembly organises a relatively large conference inviting researchers from various institutes to present and discuss key policy issues according to an agenda set by Assembly officials, who are also in attendance.

The National Assembly has also signed a formal agreement with VASS, whose institutes are mandated to respond to requests from deputies and committees. This includes a link between ECNA and VASS’s Centre for Analysis and Forecast, which is funded by Canada’s International Development Research Centre (IDRC). The Assembly has collaborated with the Institute of Public Opinion Research to collect public opinions on draft bills and has welcomed the policy advice of Vietnamese quasi-NGOs (Joint Donor Group, 2009). Nevertheless, these links pale given the infrastructure and budget the bureaucracy has to gather information and study policy issues. Deputies rely on GoV reports for policy analysis (inhibiting their effectiveness in holding the executive to account) while some committees have to set up ‘collaboratives’.

The National Assembly has a number of mechanisms to directly solicit the views of the public. It has created a website to collect public comments as well as post inspection reports

⁸ The appraisal process in the National Assembly, although designed to improve the rigour of legislative drafting, often sees GoV representatives having to go over previous ground. This is particularly the case when dealing with complex and perhaps more controversial policies, leading a couple of respondents to suggest the importance of consulting all relevant stakeholders, including Assembly deputies, from the very beginning of the drafting process.

from relevant committees, collaborates with the Institute of Public Opinion Research to collect opinions on draft bills and has opened up more to the policy advice of Vietnamese quasi-NGOs. The public can also petition deputies to discuss and respond to key issues. Although this remains circumscribed, it does exist and reflects that the Party, state and National Assembly are forced to take public reactions and requests into account.

Specialist institutions have been formed to handle complaints, such as the Department of Public Complaints in ONA. This is a burdensome task: on average, 14,000 complaints and criticisms are received each year. This suggests the Assembly is better off recasting itself as a law-making body and encouraging the strengthening of an independent state inspectorate system to follow up on, and investigate, citizen complaints (McElwee and Ly, 2006).

Deputies use a number of tools, including mass organisations and the mass media, to ask for public opinion. In 2003, newspapers called on readers to provide opinions on the drafts of the new Land Law and Civil Procedure Code (Salomon, 2007). Authorities have also organised public meetings between citizens and deputies, although these reach only a small segment of the population, mainly Party members. Public comments on such meetings highlight that those who take part generally stay 'within the line' to avoid angering their superiors. Gainsborough (2005) argues that Assembly delegates are generally insulated from their constituencies, given the scripted nature of voter-deputy communication. They also serve as members of the executive, which has the potential to create conflicts of interest and reduce accountability.

A 2008 ONA survey revealed that only 25% of deputies interviewed thought that appraisal reports issued by various Assembly committees were sufficiently judicious; the remaining 75% thought the reports rarely expressed alternative points of view to those made by GoV (Joint Donor Group, 2009). Despite improved capacity in ONA, limited evidence-based, in-depth and independent analysis is said to have contributed to a focus on words rather than policy issues during debates, and weak argumentation. Lack of experience, along with traditional norms around how politics is conducted, often results in deputies not being able to ask questions even when they possess information to critique laws that committees are asked to review.

Although legislators have a number of links to knowledge sources, limited time to conduct oversight activities presents a big challenge. During the reading of the draft Law on Laws in 2007, for example, only two-thirds of the 44 members registered to speak had the chance to do so. As a result, some deputies think laws are often approved with insufficient discussion. The Financial and Budgetary Affairs Committee has only a week in early October to review state budget estimates and central budget allocations before they are finalised and sent to the National Assembly deputies for discussion in plenary (Joint Donor Group, 2009).

This is partly because, of the 500 deputies, 70% are part time, coming to Hanoi twice a year for full National Assembly sessions. Although they act as a strong link with the citizenry and ensure ties to the 'real world', they are unable to allocate sufficient time to oversee activities effectively. This is against a backdrop of steadily increasing responsibilities, with increasingly complex problems that require more, and better, consultation. In the National Assembly committees the share of full-time deputies tends to be higher, especially on some crosscutting committees such as the Law Committee (Joint Donor Group, 2009).

As noted above, question-and-answer sessions enable deputies to call ministers (or other elected officials) to testify before the National Assembly on the performance of their agency. In a survey by UNDP, 60% of Vietnamese citizens surveyed said they watched some of the query sessions; an additional 24% said they watched the entire broadcast (UNDP, 2009). Although question-and-answer sessions were initially limited, with frank discussions rare (Nguyen, 2005), they can now place considerable pressure on those being quizzed, particularly when they are involved in a corruption scandal or perceived to be mishandling a crisis. The press publishes the often-harsh reactions of deputies and citizens,

while public opinion polls rate officials according to their performance (Salomon, 2007). Officials are said to be afraid of such sessions, as they can have some policy ‘bite’. Salomon (2007) ties the dismissals of former education and environment ministers to poor performances at query sessions, while difficult questions in June 2009 about the highly controversial but secret decision to allow Chinese investment in bauxite mining led to a commitment from the Party to deliver periodic written reports to the National Assembly on the status of the bauxite project (Anh, 2009).

Some deputies tend to be more critical of government policy during question-and-answer sessions than others (Malesky and Schuler, 2010). Non-Party members, southern deputies and those from provinces not receiving funding from central government, especially if they are serving full time (armed with more information and a greater stake in their roles), participate more actively in sessions, demonstrate criticism of authorities and show a greater level of responsiveness to the needs of local constituents. Nevertheless, as noted above, these deputies tend to have less power in the Assembly. As the voting system in the Assembly operates like a parliamentary democracy, most members, 90% of whom are affiliated with the Party, tend to vote along party lines. Critical delegates are outnumbered by those dependent on the Party, who can be relied on to approve Party nominees for ministerial or leadership positions, push through votes that are critical to the Party or block dangerous initiatives.

Moreover, conflicts of interest persist in, for instance, how part-time deputies who also work in executive and judicial bodies simultaneously play a supervisory role in the Assembly. In 2009, the National Assembly had a total of 99 deputies (20% of all deputies) working simultaneously for GoV. Against this backdrop, and given the dominance of the Party, although the Assembly’s powers have expanded since the reform era, there are limits to its authority. Salomon (2007) argues that Assembly decisions are made on what might be termed technical questions rather than major issues of national policy; important questions or sensitive legal issues are usually debated in other spaces, such as the Politburo or other Party offices.

There are exceptions. In 1997, deputies rejected the prime minister’s proposal to extend the term of the governor of the Central Bank and his nominee for minister of transport. Cabinet nominees have on occasion been approved by the slimmest of margins, such as Ho Nghia Dung, who received only 57% of delegate approval votes in 2006, leading many to speculate that the Assembly was sending a signal of dissatisfaction to regime leaders (Ly and Toan, 2006). A bill to build a high-speed train link and one to provide special funding for Hanoi were both rejected. Moreover, the Assembly has been known to significantly amend legislation (depending on the type of policy or decision and the importance of the issue). In November 2007, deputies scrutinised the personal income tax law, which originally set the minimum taxable monthly income level at VND 4 million (approximately \$260). After deliberation, the minimum rate was increased to VND 5 million per month (Salomon, 2007).

4.3.4 Nature of discourse

The party seeks legitimacy from the country’s citizenry through calls to nationalism, promoting economic development, the promulgation of socialist ideals, the maintenance of stability and the development of the rule of law.

Nationalism

From 1954 to 1986, the Party based its claim to political legitimacy primarily on its success in defeating foreign aggressors such as France, Japan, the US, the Khmer Rouge and China. This involved appeals to Vietnamese patriotism and nationalism (Thayer, 2009a; 2010). Although foreign threats have diminished somewhat, nationalistic tendencies remain: safeguarding security, sovereignty and independence has been of utmost importance, shaping the Party’s responses to criticism. In 2009, bloggers nicknamed the ‘Haiphong Six’

who questioned the country's response to increased Chinese assertiveness in the South China Sea (among other issues), and thus inspired growing anti-China sentiment among the political elite, were duly arrested and imprisoned; newspaper editors who came out in support of anti-China student demonstrations and criticisms of China's actions were censored and suspended (Thayer, 2009).

Economic performance

The need to sustain economic growth, improve living conditions and maintain macroeconomic stability continues to be important in sustaining the Party's credibility. The opening of the economy and increasing public awareness of living standards in other Southeast Asian countries have also increased pressures for reform measures to accelerate growth. Holmes (2007) concludes that, as long as the Party can maintain or improve its economic performance, Vietnam's communist system should be reasonably legitimate and secure, assuming it is not accompanied by significant inflation or unemployment. McKinley (2009b), as well as a number of interviewees, suggested that news of the weakening of the economy was likely to drive popular dissatisfaction to higher levels. GoV was subsequently less willing to tolerate criticism of any sort: in 2008, two high-profile reporters were arrested and sentenced, several journalists had their credentials removed and two editors-in-chief were replaced (*ibid.*).

Socialist ideology

The Vietnamese elite has had significant exposure to neoliberal ideas through interaction with members of the donor community. There is also a considerable body of knowledge (produced largely by foreign consultants) arguing for neoliberal policy reforms in Vietnam that call for the break-up of state enterprises and the creation of new markets. Increasing numbers of the middle and upper classes in Vietnam, including students and researchers destined for, or already working in, government are travelling abroad (including to the West) and being exposed to different ways of doing things.

Nevertheless, the Party continues to promulgate socialism as the dominant policy discourse. Party officials stress the pragmatism of 'Ho Chi Minh thought' and the formulation of a 'socialist orientation' for Vietnam's emerging market economy, which are integral components of the curriculum of instruction for civil servants in the country. Added to this, Vietnam's heavily nationalistic independence struggle has probably given it a degree of self-belief and made it less vulnerable to external ideological and cultural inflows than some countries, like Laos. The philosophical tradition on which Vietnam draws regarding the role of the state in the economy is very different from that of the West (Gainsborough, 2004). Senior officials are more heavily influenced by their experience working under a centrally planned economy. For instance, a Unified Enterprise Law that sought to establish a uniform legal framework for enterprises of different legal forms, regardless of ownership, and help level the 'playing field' failed to pass a National Assembly vote in November 2005 (Hakkala and Kokko, 2007).

Much of the neoliberal inspired economic research has thus seen little uptake (Jones and Young, 2008; Nguyen et al., 2005; Rama, 2008): Vietnamese policymakers have shown more interest in knowledge and information from its closer and more prosperous neighbours. Pincus (2005) suggests that phrases from the SEDS have their origins in China, Taiwan and Meiji Japan; the first draft of the 1999 Enterprise Law borrowed heavily from Thai Company Law; and Vietnam's leadership is eager to learn from the implementation of successful policies in countries like Singapore and Malaysia. The State Bank has staff seconded to the ADB in Manila, there are Vietnamese officials in Singapore learning from its civil service academy and periodic visits are made to learn from Japanese and Taiwanese officials. These tend not to be reported in the same way as, say, an exchange between Vietnam and a Western country, however.

Nevertheless, Vietnam's transition has resulted in tensions between 'old' and 'new' ways of thinking. The Party and state continue to wrestle with reconciling international and

domestic developments with socialist ideology in order to adapt to economic integration and maintain older political structures (Balme and Sidel, 2007; McCargo, 2004). Many at the highest levels of government continue to discuss and debate key concepts that are critical in determining the direction of public policy, including what a ‘socialist-oriented market economy’ really is, as well as the appropriate role of GoV and SOEs (Nguyen et al., 2005). Diverse and often uncertain views on what socialism might mean in the context of a market economy has led to what seem like deliberately vague official pronouncements (Beresford and Tran, 2004).

Political stability

A preference for harmony has meant prioritising stability. As well as penalising those who have shown dissent, the Party has traded some of its powers at the margins to promote participation so as to maintain order. In 1997, a series of (rare) peasant protests erupted in northern Thai Binh province when farmers complained of high taxes and embezzlement by local officials. Although Hanoi initially tried to suppress news of the protests, in face of the threat of political instability the leadership passed a decree on ‘grassroots democracy’ to improve governance at local level through consultation and transparency. Further events in the Central Highlands in February 2001 resulted in shifts in the administration of land and forestry policies in the region. A preference for stability has thus seen swift responses to protests (Shanks et al., 2004).

Rule of law

Although the Party has had epistemological objections to Western-inspired legality (Gillespie, 2007), it is increasingly linking its legitimacy to the rule of law, as embodied in the 1992 Constitution and legislation passed by the National Assembly (Thayer, 2009a). In return for market access gained by joining international treaties such as Asia-Pacific Economic Cooperation, the ASEAN Free Trade Area and the World Trade Organization (WTO), Vietnam agreed to harmonise its commercial laws with international standards. As a result, it has revised and developed a host of new laws and continues to do so: the amount of legislation processed by the Assembly has doubled since WTO accession (interview, March 2012).

4.3.5 Struggles for power

The Party–state is far from being a unitary bloc: it has a multitude of competing interests. Internal dissent, although officially frowned on, is quite common. Occasionally, such struggles spill into the public sphere. However, Pike (2000) suggests politics is rarely regarded as a means of carrying out a programme or solving problems. According to Gainsborough (2010b), few policymakers are willing to say what they stand for, or in their public statements combine support for the private sector and a leading role for the state sector without any apparent feeling of inconsistency. Instead, they are more concerned with loose political networks grouped around particular personalities, and the associated access to money, patronage (through, e.g., appointment to the Party’s Central Committee) and political protection, than with policy. The Party–state is subsequently an interlocking matrix of factions overridden by power struggles, with decision making like a ‘shadow-boxing match’ (Quinn-Judge, 2004:27).

Struggles over the control of resources are sometimes dressed up in policy terms or may provide the context for struggles for position. Gainsborough (2010b) describes how the Party at the centre, seeing its ability to control the provinces decline from the 1990s onwards, has reasserted itself in a number of sophisticated ways. Although state enterprise reform was an attempt to improve economic performance, it also helped the central government break the power of lower levels of government that had used SOEs as tools for asset stripping and rent distribution (Cheshier et al., 2006). Central government has also clamped down on certain types of market activity, usually involving speculation, and there have been more big cases exposing corruption among local elites, with significant coverage. This might be read as representing a positive development, with the Party, once regarded as

being ‘above the law’, now willing to subject its own ranks to judicial proceedings. However, such cases highlight how the law is used selectively to pursue the interests of one particular arm of the state – in this case the centre against a backdrop of increased decentralisation (Gainsborough, 2010b).

4.4 Key observations

- The Party’s Central Committee is effectively a relatively large ‘winning coalition’ operating under collective leadership towards ‘no-lose’ outcomes, particularly in relation to decisions that might affect the distribution of resources, in order to avoid damage to networks. This allows for benefit sharing when decisions produce beneficial outcomes as well as blame sharing when they do not. Such practices can slow down policymaking, but also provide scope for debate and compromise and place constraints on the Party’s leadership. However, tensions exist between collective leadership and Cabinet, GoV and ministerial responsibility.
- Although it does not have the power to introduce bills and has rarely rejected them, the National Assembly can significantly amend legislation, depending on its type and the importance of the issue, and provide robust debate. Despite improved capacity in ONA and recently established (and externally funded) links between some committees and VASS, deputies continued to have limited evidence-based, in-depth and independent analysis. This contributes to somewhat weak argumentation, a tendency for deputies (legislators) to focus on words and not policy issues during debates and committee appraisal reports that rarely express alternative points of view to those made by GoV.
- Lack of experience, along with traditional norms around how politics is conducted, often means deputies cannot ask questions even when they possess information to critique laws they are asked to review. However, non-Party members, southern deputies and those from provinces not receiving funding from central government, especially if they are serving full time (armed with more information and a greater stake in their roles), participate more actively in sessions, are more likely to criticise authorities and show a greater level of responsiveness to the needs of local constituents, even if they have less power within the Assembly.
- Although the Vietnamese political elite has significant exposure to neoliberalism, it has taken a selective approach to adopting new approaches – accepting those things it believes helpful while rejecting or resisting those it believes are not in its interests. The country’s heavily nationalistic independence struggle has probably given it a strong degree of self-belief and made it less vulnerable to external ideological and cultural inflows than other countries in the region. Vietnamese policymakers have also tended to pay more attention to the historical experiences of their East Asian neighbours rather than those of the West. Nevertheless, Vietnam’s transition has resulted in tensions between old and new ways of thinking, with considerable discussion among the political elite about what a socialist-oriented market economy entails, as well as the most appropriate role of the state.

5 Drafting and consulting

We define drafting and consulting as the largely technical process of drafting and revising legislation.

5.1 Players and roles

GoV develops and presents draft legislation for consideration by National Assembly deputies. There are 22 ministries and agencies, and there continues to be a significant degree of fusion between Party structures and government apparatus. Although the Party has made efforts since the 1980s to move away from the day-to-day business of government, its control remains tight. Party committees operate parallel-to-government structures at both central and subnational levels, with some of them residing in state organisations. Committee chairs are usually the head of an office or department within a ministry or local government. The committees effectively have influence over the selection and approval of senior posts and report formally to the Politburo.

Although Party committees do not have power to issue government regulations, they are able to influence their preparation and content, ensuring government policies do not veer too far from the ‘party line’. For instance, during the State Bank-led drafting of the 2002 Banking Law, which allowed non-state actors to own or invest in Vietnamese commercial banks, the Party’s Central Committee for Trade and Finance, responsible for banking, finance and domestic and foreign trade, ultimately decided the percentage that foreigners could own. In addition, the military holds exceptional power within the institutional set-up, being both part of the ministerial structure and regulated by the Party leadership, and has control over a number of state enterprises (Forsberg, 2007).

The ministerial-level OoG – in effect the Prime Minister’s Office – is seen to have some degree of authority over other ministries. It has a number of functions, including supporting the prime minister in his work and helping coordinate the activities of various government agencies. It also serves as a link between government offices and the National Assembly, and is responsible for submitting government proposals to the Assembly for consideration and approval.⁹ However, one particularly influential respondent suggested that its ability to undertake such functions was weak.

Given the importance attached to improving economic performance, some ministries or ministerial-level agencies, such as MPI, MoF, MoIT, the State Bank and MARD, are considered more prestigious, and consequently wield more power. These ministries receive larger shares of the budget, tend to have higher-quality personnel and attract more support from donors and international agencies in the form of project financing and scholarships; their ministers are likely to have closer ties to the prime minister and have, between them, several relatively large pockets of strong administrative capacity. ‘Social’ ministries, such as the Ministry of Health (MoH), tend to be weaker in this regard, with the Ministry of Labour, Invalids and Social Affairs (MoLISA) being a notable exception.

⁹ www.culturalprofiles.net/viet_nam/units/5.html

During the central planning and reform era, MPI formulated national development strategies and plans and made investment allocations. It effectively pursued the country's development interests, and managed the competing interests of ministries, provinces and international organisations. Although MPI continues to maintain a strong position, it no longer has the authority to dictate priorities to others (through what were often bilateral relations). Rather, it has to enter dialogue with other ministries and provincial authorities, some of which now have more influence than before. MPI has subsequently had to transition from the role of master planner to that of intermediary (Forsberg, 2007).

MoF, on the other hand, has risen in stature, absorbing a number of functions, coinciding with the introduction of the Budget Law and the associated budgeting process, and is the gate-keeper to (recurrent) budgetary resources. As line ministries have become better at lobbying for resources, particularly for public sector salaries (as civil servant numbers have increased), MoF has come under more pressure to credibly assess competing claims (Forsberg, 2007).

MoJ plays a key role in policymaking. It is in charge of preparing GoV's Five-year and Annual Legislative Programmes and performs a consultative and monitoring role in the allocation of GoV's legal efforts. It also has the mandate to review all draft laws and regulations in terms of their constitutionality, consistency with laws already in force and technical legal quality. It has become a powerful gate-keeper feared by many policy drafters (Cordova, 2005).

While ministers and vice ministers are clearly influential, respondents suggested they relied heavily on those immediately beneath them in the hierarchy – general directors (in charge of general departments) – who are responsible for drafting and implementing policy in specific areas. Given their expertise or more practical experience, they play an important role in educating ministers and vice ministers on various issues, providing ideas and supporting them to construct policy arguments to present to the Cabinet and the prime minister.

Representatives of donor and international agencies have a significant presence during drafting and consultation processes. Since the collapse of the Soviet Union and the end of the Cold War, dozens of donor agencies have set up or become active in Vietnam to add to the few who were already there. Donors now include bilateral aid agencies, including DFID and AusAID, among others, all of the large multilateral banks and agencies, most UN organisations and several international NGOs such as Oxfam and The Asia Foundation. Vietnam is now seen as a 'darling' of the international donor community (Dapice, 2008), which has disbursed billions of dollars of aid and deployed an army of international consultants (Gainsborough, 2010b).

In addition to large infrastructure projects, mainstream agencies have funded several institutional development programmes around state sector reform, public financial management, public administration reform, anti-corruption, legal reform and civil society development (all of which have included knowledge generation components to some extent). Donor support to small and medium enterprise (SME) development in particular has increased in recent years, with the aim of improving living standards, especially for the poor. Nevertheless, Vietnam's graduation to middle-income status, coinciding with a rationalisation of programming among several aid agencies in the context of economic slowdown in the West, has led some bilateral donors to scale down their activity; others are phasing out altogether. Sweden pulled out in 2011, the UK has announced that it will end its bilateral programme and others will follow in 2016.¹⁰

The participation of business groups in economic policymaking is important given that a 'business view' can often be identified among domestic business people but is not always the same as GoV's view (Gainsborough, 2007a). However, although the state has tolerated

¹⁰ <http://www.dfid.gov.uk/news/press-releases/2011/mitchell-redraws-aid-map-to-transform-lives-of-millions/>

– albeit grudgingly – the emergence of a wide variety of ‘NGOs’, it has not permitted the development of private business associations. In addition to a number of National Assembly deputies who are ‘entrepreneurs’, a number of mass organisations aim to represent the voice of business in policymaking (see Box 1). These include VCCI, the Vietnam Cooperative Alliance, the Union of Associations of Industry and Commerce (UAIC), young business associations and clubs and a number of sectoral associations, whose members are predominantly from the state sector.

The largest organisation is VCCI, which has two broad roles: to represent the interests of its members in policy formulation and provide business services to its members, including training and information provision. Members include both ‘private’ and state enterprises. In 2006, VCCI had 5,270 members, of which 1,394 were state owned.¹¹ Officials of VCCI tend to be public sector employees, with the president often having been a member of the Central Committee and/or a senior government official. The president in 2002 was a former member of the Central Committee and previously served as minister of trade and deputy prime minister. Most of VCCI’s funding comes from its members and through service fees. GoV provides about one-fifth (World Bank, 2005) and donors have provided financing for specific projects.

Box 1: Mass organisations in Vietnam

The Party has used mass organisations, under the umbrella of the Fatherland Front, to mobilise different sections of society (women, youth, farmers etc.) in support of the implementation of government policies and programmes (McElwee and Ly, 2006). The Fatherland Front is a key political actor, illustrated in its being given the podium in the opening session of the National Assembly. Mass organisations have members and cells in nearly every village and neighbourhood and often receive regular flows of finance from the state budget (Joint Donor Group, 2009). Relations with the Party remain close: Party leaders often head up various mass organisations and play a key role in local branches. For example, at commune level, the Management Board of the Fatherland Front is made up of representatives from the Party committee, in addition to the heads of different local mass organisations (Shanks et al., 2004). However, reform has forced the Party to redefine the role of mass organisations in ways that emphasise their representative function. The Fatherland Front and its associated mass organisations have been legally mandated to articulate the interests of society during the formulation of policies and laws, in addition to generating support for their implementation. There is evidence of some mass organisations reorienting themselves from simply transmission belts to representative bodies such as the Women’s Union, and units within mass organisations, such as the Dong Nai Labour Union (Gainsborough, 2010b). Grassroots-level mass organisations, particularly those in Ho Chi Minh City in the south, tend to have more autonomy than those located centrally, while they increasingly receive funding from various donors and international NGOs to implement programmes, making them less financially dependent on the state.

5.2 Rhythms and spaces

Policy formulation processes primarily include (i) the annual SEDP and budget, which is approved by the prime minister at the end of each calendar year; and (ii) the drafting of legal documents by the government. Laws provide broad principles, while decrees, instructions and circulars provide detailed implementation guidance.

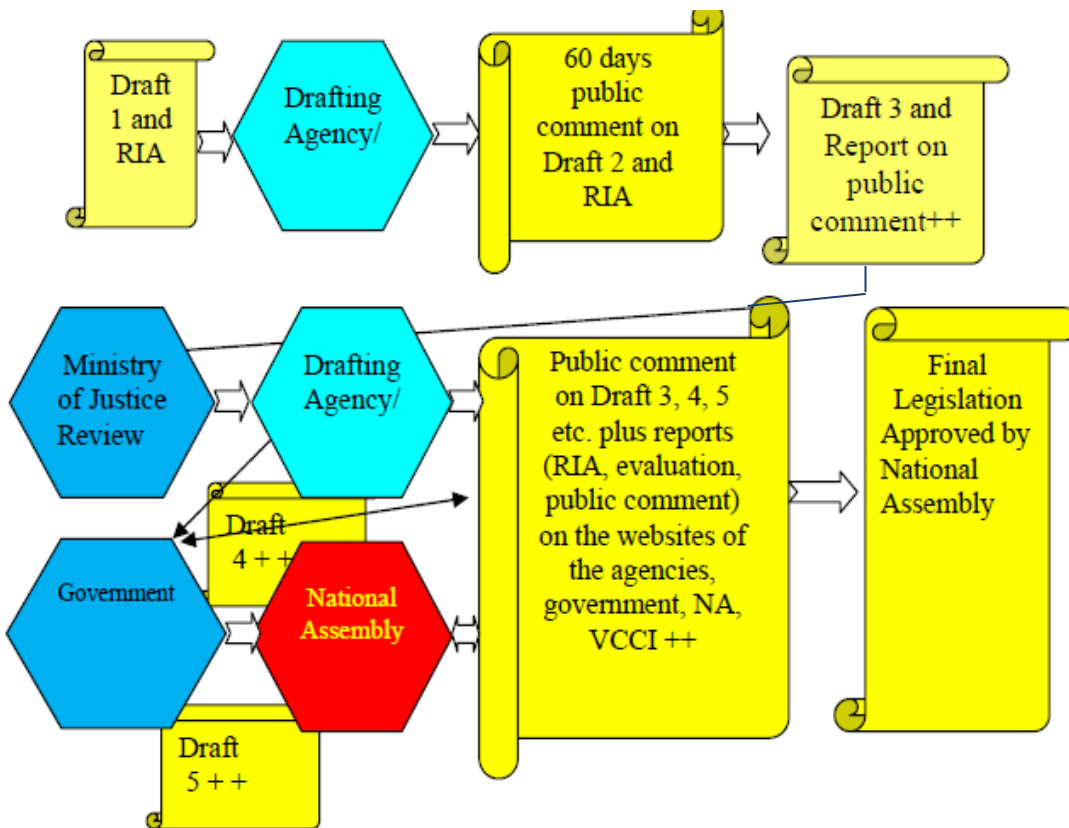
Major policy initiatives are most likely to be introduced following a Party Congress and Party Plenums (Mallon, 2004). When a policy issue emerges, ministers usually establish a

¹¹ Experience from Asia suggests that rapid economic development tends to be associated with the emergence of a more distinctive business elite that over time becomes less amenable to state direction.

drafting committee, which is chaired by a minister or deputy minister who selects the other members. The committee in theory takes key decisions, solves any discrepancies between ministries, approves the text and presents the draft to MoJ and then OoG. The actual drafting, however, is done by a drafting team, usually led by a general director or deputy together with a chief division officer. The drafting committee is in effect an advisory body to the drafting team. Figure 2 provides an overview of the drafting process.

Once comments are sought and received, drafting teams have to summarise and study them, revise the draft in accordance with them and prepare an explanatory report on how comments have been absorbed (or not). Draft laws submitted by the agencies have to be appraised by MoJ or an evaluation council consisting of representatives of concerned agencies, specialists and researchers. MoJ prepares an appraisal report that assesses the draft's constitutionality, consistency with laws already in force (including international laws) it has signed and technical legal quality. The drafting agency will have to study and incorporate comments into a revision of the legal document. In the case of discrepancy between ministries MoJ mediates, or prepares a summary of the differing views for the Cabinet if such mediation efforts fail.

Figure 2: Formal drafting processes



Source: Cordova, 2005

5.3 Notable features

Here, we consider which stakeholders are consulted and how, as well as the various inputs that feed into the process and, where possible, how, if at all, they are used. We also discuss key characteristics of drafting processes and how this is influenced by the way civil servants are recruited, trained, promoted and remunerated.

5.3.1 Stakeholder consultation

Consultation during legal drafting processes takes place through the appointment of representatives of other agencies and organisations to the drafting committee, as well as through inviting others to participate at different stages of the drafting process.

Representation on drafting committees and teams

Although consultation methods vary widely between ministries, and between different general departments within the same ministry, ministers are encouraged to recruit representatives from different parts of the drafting agency (such as the appropriate general department, the legal department and/or the research institute) and, where relevant, from other agencies. Even when an agency is not represented on the committee, government guidelines encourage the invitation of senior officials and agency representatives to *ad hoc* hearings (Cordova, 2004). This is a well-established phenomenon.

Membership of the drafting committees has on occasion expanded to include senior researchers and representatives of mass organisations. In some cases, perhaps reflecting moves to a corporatist mode of governance, committees have featured representatives of the business sector, usually from VCCI. The president of VCCI was appointed vice chair and the vice president was a member of the drafting committee in the development of a 2002 Party resolution promoting the development of the domestic private sector (Stromseth, 2003). However, the contribution of different agencies and organisations depends largely on the competency (and motivation) of the officials attending the meetings, which can vary greatly.

In some cases (depending on the issue, perceived capacity and personal relations), research institutes such as CIEM and ILSSA are assigned to draft policy (i.e. head up the drafting team). CIEM has drafted numerous laws, including those for enterprises and bankruptcy (Dang, 2005). However, they have found that drafting policy, in addition to conducting policy analysis, is time consuming and can affect their objectivity. Having to incorporate multiple viewpoints, as well as represent the interests of their own ministry, researchers on occasion find themselves having to argue for, and support, policy positions they do not necessarily agree with. However, a much wider issue limits their ability to comment objectively on policy: their institutional proximity to policymakers, an issue we return to in Section 6.

During drafting processes, some committee chairs (i.e. ministers or their deputies) can take a more active role, convening and contributing to regular hearings. For instance, the minister for planning and investment at the time of writing – a former university lecturer with considerable policy experience at provincial level – has met regularly with drafting teams, scrutinised policy drafts, queried content and made changes. However, key informants suggested that other senior officials delegated more responsibility to the drafting team, who were unlikely to have the power to convene representatives of the wider drafting committee.

Wider consultation

Where ministries and other organisations are not represented on drafting committees, senior officials and representatives are often invited to *ad hoc* meetings. Research institutes are often represented on appraisal councils that assess draft policies before they are submitted to OoG. When not tasked with drafting, deputy ministers may assign institutes to answer questions and produce knowledge inputs. For instance, CIEM, under MPI, studied the investment promotion policies of countries including Indonesia, Malaysia, Singapore, Thailand and South Korea in the development of the 1995 Law for the Promotion of Domestic Investment. Research institutes are also asked to respond to ‘quick turnaround’ policy inquiries and questions posed to ministers by a range of stakeholders, including National Assembly deputies.

Research institute directors, and their deputies and departmental heads, can play an important role in advising ministers and their deputies, often working alongside general directors. Some institute directors are asked to provide advice not only to officials from their ministry but also to those from the Party, the prime minister, the president and National Assembly deputies. Some go on to assume roles as ministers or deputy ministers, and draw on their own knowledge acquired in the institute or come back to former colleagues for advice.

The Government Statistical Office (GSO) is considered an important institution, particularly for planning and economic management. Under the authority of MPI, like all other agencies, it is vertically integrated and represented at central, provincial and district levels. At central level, it is organised through 7 thematic departments supported by 17 functional departments. There are 63 provincial and 659 district offices, which also collect and provide data to people's committees, leading to a degree of dual accountability. Once processed, data are expected to be shared with line ministries at central, provincial and district levels. Centrally, GSO is expected to liaise with statistical units in each of the line ministries to avoid duplication. While there are permanent staff working for statistical offices, when surveys are undertaken additional funds can be sought to hire enumerators and cover other costs (Stage et al., 2006).

Ministers and general directors may also commission research from one of three large research academies: the Vietnamese Academy of Science and Technology (VAST), VASS and/or the Vietnam Academy of Agricultural Sciences (VAAS) (VASS and VAAS come under the direct control of the prime minister).¹² VASS in particular has 30 research institutes organised along mainly disciplinary lines, although there are institutes conducting international studies as well as more policy-focused work. There are several smaller academies under a range of ministries, including the Academy of Finance and the Academy of Policy and Development.

Although universities have come to focus solely on teaching, recently introduced guidelines require university lecturers to carry out research for 30% of their time. But limited time, coupled with inadequate incentives, means lecturers are unlikely to undertake research and engage with policy discussions. Links between research institutes and universities subsequently tend to be *ad hoc* and informal, and university academics are largely missing from policy consultations.

Liberalisation of rules and regulations around the formation of 'new' organisations, in addition to the availability of foreign funding, saw a boom in Hanoi of issue-oriented groups engaged in research, consulting and related services during the mid-1990s (Wischermann and Nguyen 2003). In the early days senior staff tended to be former public officials, but this is no longer the case. Such organisations are usually affiliated to the Vietnam Union for Science and Technology (VUSTA), which itself comes under the Fatherland Front. Research centres and consulting companies producing economic and related research are numerous and include the Development Policies Research Centre (DEPOCEN), the Centre for Community Health Research and Development and CECODES. However, it is unclear to what extent state officials seek information from these centres.

When research institutes are not tasked with drafting policy or asked to provide formal knowledge inputs, they are merely forwarded policy drafts for review. In some cases, legal drafting is conducted in the absence of any policy analysis. (Weak) institutional linkages, guidance from the minister and personal relations often shape the role of institutes (and other stakeholders) (Dang, 2005).¹³ Moreover, policymakers usually rely on their instincts

¹² The president of VASS usually holds a seat on the Party's Politburo.

¹³ As in most bureaucracies, the institutional set-up restricts the flow of information within ministries to top-down lines of control and communication. As such, officials are incentivised to serve their managers and not their peers. If a general director of a general department requires support from a public service unit (say a research institute,

and innate abilities when commissioning (or interpreting) research. Often, the questions senior members of drafting committees pose to researchers or during consultations make responses difficult.

In some cases, ministry officials award research projects to help service and strengthen important social and political relationships with research leaders rather than to provide inputs to legislative drafting. According to some key informants, in order to avoid being seen to favour some over others and potentially damaging personal networks, officials have awarded funding to research institutes equally across all ministries. However, to demonstrate mutual obligation, researchers will often be expected to make informal payments in the region of 30-50% of the total project budget to secure project financing from a ministry (which might include funding originally from an international organisation) (Zink, 2011).

Some interviewees suggested that increasing economic activity, together with more and faster flows of goods and services beyond Vietnam's borders, had increased the degree of complexity policy actors had to contend with. The reform period has seen Vietnam transition from a net importer of rice to the world's second largest global rice exporter. While rice has greatly benefited from economic integration, others have not fared as well. Integration has thus brought greater levels of uncertainty (Nguyen et al., 2005). From a legal standpoint, Vietnam's signing of international trade agreements, as well as WTO membership, has imposed constraints within which domestic policymakers must operate. With uncertainty and complexity increasing, ties between officials and researchers are said to have strengthened. Other interviewees suggested that being closely associated with prominent researchers improved the credibility of senior officials, helping them move forward in their careers. Researchers often see themselves as 'flowers', helping officials look good in the eyes of senior party officials.

However, several interviewees suggested that only a few ministries were able to make effective use of their research institutes: senior officials on the whole tend not to make serious demands of them. Nguyen et al. (2005) observed that the former director of the Institute of Agricultural Economics complained that three consecutive MARD ministers had failed to make requests for policy advice. The MARD minister responded by suggesting this owed to the institute's inability to produce good, policy-relevant material.

Consultation of business organisations in policy dialogue tends to be limited to large organisations such as VCCI and the Hanoi and Ho Chi Minh City UAICs. If not appointed to a drafting committee, officials from such organisations are usually invited to comment on numerous drafts of the same legislation over extended periods. In the development of the 1999 Enterprise Law, VCCI organised and facilitated workshops and seminars to collect feedback from domestic investors in Hanoi, Ho Chi Minh City and Da Nang on existing and proposed legislation.

Although insights from annual meetings between central and local government officials do contribute to drafting processes, albeit through informal channels, local leaders and representatives are rarely consulted formally during the development of laws and regulations.

which is at the same level in the hierarchy) in designing or implementing a law, they can approach relevant officials only with ministerial approval and instruction. In some ministries and in some cases this works efficiently, with, for instance, individuals in CIEM tasked with collecting and sending notes to and from MPI twice a day, which tend to be processed relatively quickly. Official information flows can on occasion be complemented with informal flows – a quick phone call with a close contact for instance. In other cases, however, information flows either slow down or disappear altogether, because of either poor administration or, as some respondents suggested, turf battles between civil servants, where it might serve their purposes to distort or ignore information they relay upwards or receive from their superiors.

Regulatory impact assessments

Drafting agencies are now required to review the implementation of related existing legal documents by conducting a survey or field trip, or compelling provincial authorities to send appropriate reports. The Law on Laws states that regulatory impact assessments (RIAs), which outline the problems to be addressed and their related solutions, as well as their costs and benefits, be conducted for every draft law. Three types of RIAs are to be produced: *ex-ante* when the legislative proposal is made, *ex-ante* when the legislative proposal is being drafted and *ex-post* after the law has been in force for several years (Joint Donor Group, 2009).

RIAs thus assume considerable importance in policymaking processes. However, on the whole RIAs have been seen as a ‘tick box’ exercise, with hastily produced submissions made based on weak analysis. But during the past two years or so, given the weakening of the economy and the need to find out what works, plus the availability of demand-driven funding (in the form of the BWTO programme), they have taken on more importance, particularly in economic policy. As a result, research institutes have recently undertaken a (small) number of RIAs. CIEM undertook an assessment of the economic impact of Vietnam’s accession to the WTO and produced some recommendations that Party officials were impressed with and asked to have turned into a Party resolution. Such assessments have also been useful in informing Vietnam’s position in international trade negotiation processes.

However, undertaking three RIAs for every law as stipulated by the Law on Laws seems somewhat excessive. This is especially so given the lack of financial resources and methodological capacity among many officials. A general director from MoIT said she felt some trepidation when asked to undertake a five-year review of the trade impact of WTO accession on the economy, as she had never done one before. If conducted at all, RIAs tend to be conducted at the proposal and law drafting stages, which come too late in the process. Analysis would be more useful well before drafting begins, to identify key problems the law is expected to address (Joint Donor Group, 2009). Moreover, Vietnam is only now establishing performance management systems. As a result, ministries are unable to assess the impact of nationwide policy measures such as, say, the 2008 fiscal stimulus package and thus, not knowing whether it worked, cannot easily decide whether to proceed with a further stimulus.

Interactions with donors

Donor agencies have often played a role similar to that of an interest group in policy circles, such as an opposition party or a civil society organisation in a parliamentary democracy. They have often undertaken dialogue on more and better participation of various groups in society, such as small businesses, ethnic minorities and migrant workers (see Forsberg, 2007). However, many of these concepts are relatively new to policymakers and contradictory to conventional political norms. Moreover, overreliance on Soviet aid clearly taught Vietnam’s leadership that it needed to maintain control over its own development, which informed its early relations with Western donors. The government has thus developed a robust negotiating position, something that has been helped by strong aid-independent growth (*ibid.*). As a result, discussions between the government and Western donors on political matters have not always been productive, with people often talking past each other: Westerners stuck in a liberal democratic mind-set and the Vietnamese asserting that their values are fixed and immutable (Gainsborough, 2007a). This was illustrated when the government in 2004 said it was unwilling to release financial data that the International Monetary Fund (IMF) said was conditional to further lending.

Donors meet with GoV through the high-level Consultative Group, as well as through other less formal and lower-level groupings. Moreover, foreign advisors are found in government agencies, while donor representatives have been on drafting committees and have engaged with government in specific fora such as the Vietnam Business Forum (VBF) (Box 2). However, Vietnamese officials prefer a situation whereby donors are not directly involved

in policymaking, preferring to keep them at arm's length. During the first years of international budget support in Vietnam, GoV managed to keep most foreigners distanced from the process by acting quickly to integrate the budget support process into its own national development process (rather than create a parallel plan) and by carrying out policy writing and internal negotiations in Vietnamese (Forsberg, 2007). Donors now recognise that the level of tolerance of intrusive policy demands and conditions is not high among Vietnamese public officials. Attempts to accelerate reforms where there is no national consensus – such as on the rapid transfer in ownership of state enterprises – are likely to be counterproductive (Mallon, 2004).

Box 2: The Vietnam Business Forum

The VBF, set up in 1997 with international donor support, provides a formal forum for business to periodically discuss constraints with GoV. Working groups have been established to address key issues of concern such as taxes, customs, land and manufacturing. These groups meet regularly and comment on draft laws and regulations. The VBF also surveys members on key issues and obtains feedback on position papers for submission to GoV. In addition to working group meetings are biannual forum meetings between GoV and the business sector, chaired by the minister of planning and investment, the World Bank and the International Finance Corporation. Discussions are fed into the donor–GoV Consultative Group meetings organised one or two days after the VBF meetings. Foreign investors (especially those from Western economies and Japan) have been the most active participants in the VBF.

While donors are no longer seen as the threat they were during the 1980s and 1990s, a number of agencies are more trusted than others, such as UNDP and the Swedish International Development Cooperation Agency (Sida), which were among the few donors that had a presence in Vietnam before the reform era (see Rama, 2008). These bring with them relatively small amounts of development assistance but have been invited to work with GoV on sensitive issues – Sida on anti-corruption and UNDP on improving the capacity of the National Assembly. UNDP, given its multinational composition, is seen to possess a higher degree of neutrality in comparison with the World Bank, which some among senior leadership view with a degree of suspicion given the influence of the US on its Board.

Most inputs from foreign advisors and donor staff into policy formulation are indirect – through and with English-speaking Vietnamese counterparts. Often researchers, these act as bridges and translators, in both the real and the metaphoric sense: they know the language of, as well as the norms that govern, both the international and the Vietnamese context. On the issue of grassroots democracy – a rather controversial topic – UNDP hired a foreign consultant well versed in the Vietnamese language to work with a Vietnamese lecturer from one of the country's political schools to write a paper. Once drafted, UNDP funded a meeting, shortly before the 2006 Party Congress, to which high-level government officials and researchers were invited, led by the then VASS president, to discuss its content.

Despite preferring to keep donors at arm's length, the pursuit of resources means government officials are often attracted to donors for the financial resources they might bring, which they may use in ways donors might not expect. Institutions that manage international projects are often able to employ new staff, buy new vehicles or refurbish their offices, or establish higher levels of credibility for being the local partner of an international project. Although Vietnamese officials did not consider climate change a priority, ratifying relevant policies was able to bring in resources that could complement other environmental protection and health issues that were of more immediate importance and top up the meagre salaries of government officials at various levels of the Party–state (Zink, 2011). Another

example concerns the World Bank's work with MoF in recent years. While the latter may have improved its public financial management, it has probably also strengthened its extractive capacities in relation to other parts of the state. There is often unhealthy competition among government agencies and departments for foreign funding (Gainsborough, 2010b).

Nevertheless, donor agencies (with the exception of some UN agencies) are often under great pressure to disburse allocated budgets (Ostrom et al., 2001; Svensson, 2003). Given Vietnam's high growth rates and ongoing transition, there is also a distinct desire to ensure continued association with what is seen as a success story. Donors have been careful to avoid public criticism of officials and steered clear of what might be considered 'unreasonable' critiques of government approaches and programmes. This is not surprising, given the need to maintain links with top-level officials and secure long-term presence.

While the interests of the Vietnamese political elite are not always the same as those of external actors, there has been some convergence, such that the Vietnamese elite and donor actors are able to work together while pursuing what are often different agendas (Gainsborough, 2010a). The Anti-corruption Law was passed following extensive Sida engagement. Pressure to implement the law is not especially strong: parts of it can be used to reinforce sections of the Vietnamese state but other parts, which follow a liberal approach, sit uneasily with the state's self-image. In any case, there are considerable benefits for key institutions tasked with dealing with corruption that are able to access donor funding and enjoy the kudos for doing so (ibid.).

The situation is not helped by the superficial understanding of the context many expatriate staff have, given the limited time they have in-country (Zink, 2011). Foreign personnel from donor agencies tend to come and go with relatively high frequency, with their contracts lasting between a few months and a few years, and many foreigners find the Vietnamese language difficult to learn, which often keeps them at arm's length from the realities of the policy process. As a result, Vietnamese professionals within donor and international agencies tend to be their institutional memory but do not necessarily have the incentives to share everything they know with their expatriate counterparts.

Consultation with citizens and firms

The practice of posting drafts of all laws on the internet is well established. However, recently introduced rules mean agencies are now required to make public all draft legal documents for at least 60 days to allow members of the public to comment. The publication of draft laws before WTO accession was limited to especially important legislation, given cost and time constraints (Stromseth, 2003), but this has since improved. In 2008, all draft laws and 88% of draft ordinances were posted (Joint Donor Group, 2009). Out of the 26 central ministries, 17 have websites and are using them to post draft legal documents, although they usually do so without accompanying explanatory documents (Bentley et al., 2009). Campaigns to promote participation of the public in the appraisal of legislation have become more frequent and widespread. But using the internet to undertake public consultation runs the risk of limiting opportunities to participate in law drafting to those with access to the internet.¹⁴

Government agencies and the National Assembly have received few or no comments online. To some extent, this reflects the challenges posed by the narrow costs of participation that individuals bear, and the widely dissipated benefits that affect even those who do participate. According to the Vietnam Household Living Standards Survey (VHLSS), only 3% of respondents indicated that they had provided an opinion on any draft legal document since 2006. This is unsurprising, given that the time required to become familiar with the issues and voice a persuasive opinion to policymakers would probably outweigh the benefit to the individual. Asked why they had not done so, primary responses

¹⁴ <http://www.internetworldstats.com/asia/vn.htm> for internet access statistics

to the same survey indicated people had not been asked or were simply not interested. When people do voice an opinion, it is likely to be of local, not national, significance and, even in the age of the internet, the most popular form of participation remains the meetings organised by districts and communes (Joint Donor Group, 2009). The contradiction between diffuse benefits and concentrated costs of participation highlights the important role of mass organisations such as VCCI, quasi-NGOs or associations such as the Vietnamese Economic Association, which have initiated workshops of their own and sent in comments in hard copy to the drafting agency.

Some interviewees suggested senior officials from mass organisations rarely consulted their constituents before engaging in drafting processes. Given the importance of the expansion of the economy, it is perhaps unsurprising that VCCI appears to be an exception. VCCI uses a number of processes to collect information to inform its policy engagement.¹⁵ Its VIBonline website has effectively become a one-stop shop for making all draft legal documents available for public comment. By 2009, it had posted 596 draft legal documents, received thousands of comments and attracted 10 million hits (Bentley et al., 2009). However, some entrepreneurs were said to be discouraged from commenting because they believe their inputs are ignored.

During law-making processes, in addition to online consultation, VCCI sends the document to local branch offices to collect feedback from its members and organises public meetings for its members and other interested businesspersons. Government officials are often invited to introduce and explain the main contents of the draft. After convening these meetings and receiving written reports from its branch offices and from members of its Advisory Board and Executive Committee, together with analysis of online comments, VCCI synthesises what it considers to be the most salient recommendations into a single report and then dispatches it to the drafting committee.¹⁶ In gathering opinions on draft laws, VCCI has generally sought to achieve consensus on the perspectives it will advance to the government. Where this has not been possible, it presents contending viewpoints.

Given financial limitations, VCCI has the capacity to do this for only one or two drafts of a law (which in some cases may account for only a fraction of the total drafts produced). VCCI also organises meetings where businesspersons have an opportunity to voice their grievances directly to the prime minister and other senior ministers. Each year, in advance of these meetings, VCCI carries out a national survey (often with donor funding and increasingly undertaken by its own fledgling research centre) on problems facing the business community, and organises workshops to analyse these problems and develop specific policy proposals for submission to the prime minister.

5.3.2 Key channels

Key channels through which knowledge and information feed into policy processes have rarely featured formal knowledge products such as academic articles or research papers. Instead, as alluded to above, information has tended to contribute to the process through private meetings; the circulation of, and comments made to, draft legal documents; invitation-only technical workshops and seminars; and coverage in the media. We elaborate on these below.

Private meetings or conversations

Private meetings are a means through which policymakers acquire information. Senior UN officials are known to have private meetings with their counterparts in government over a glass of wine in an informal setting. Such meetings often serve as a way of conveying information considered sensitive, which is unlikely to be formalised in writing.

¹⁵ VCCI also provides a broad range of services to its businesses, including matchmaking between domestic and foreign partners, information provision through its biweekly newspaper, technical and legal consulting and organising seminars, training courses, trade fairs and exhibitions.

¹⁶ It is unclear whether VCCI has access to the absorption report, which it can make public to its members, to assess the extent to which its comments were incorporated or not, and why.

Circulation of legal documents

Circulation of drafts was the most frequently cited formal way in which policy actors engage with law-drafting processes. When needing to comment on drafts, ministers usually ask appropriate general directors or institute directors to respond with comments and suggest changes. These might push requests further down the hierarchy to heads of departments or chief division officers. Given officials' often-heavy workload and weak incentives, unless a draft contains controversial clauses they tend not to spend a great deal of time reviewing them.

Naru and Nguyen (2010) liken this process to a postal service where agencies simply stamp and pass papers on. In some cases, drafts are circulated among very narrow and/or unrepresentative interests (on some occasions only public officials; in others only business interests). Often, the time provided to comment on drafts is too brief (two days to assess hundreds of pages of text). In other cases, consultation is organised too late in the drafting process, when structural changes to the measures become extremely costly and impractical (Cordova, 2004). Nevertheless, numerous revisions can be made to a draft before National Assembly deputies vote, indicating a highly iterative process. During the four years it took to draft the Enterprise Law, the committee prepared and consulted on more than 32 versions of the text (Stromseth, 2003).

Seminars and workshops

Technical workshops, conferences, seminars and meetings with stakeholders and experts are important for the production of facts, as well as for exerting influence over other actors and organisations (Zink, 2011). However, there are different types of workshops. Many are designed to disseminate (usually donor-funded) supply-driven research, and tend to occur towards the end of the calendar year. These usually focus on the delivery of research findings, with limited discussion. Workshops are a common element of donor-funded work, as they help consume and redistribute large amounts of funding very quickly, and produce quantifiable and demonstrable results: people gathered, speeches delivered and production of meeting proceedings, as well as other traces such as newspaper articles, mentions in annual reports and banners and posters (*ibid.*). Depending on the issue and the nature of the participants, information may be carried forward (informally) into drafting processes.

Some workshops are held to present research commissioned specifically to inform the law-drafting process. A workshop was organised to identify key issues and recommendations related to the impact of economic crime provisions on business incentives, as an input into the amendment of the Penal Code in the November 1999 session of the National Assembly. Workshops are also organised by agency drafting committees to collect comments on, and gather elite support for, specific legal documents from various officials and representatives.

Most of these meetings are by invitation only; public hearings are rare. The quality of such events is variable. Where senior officials are involved, a preference for harmonious relations influences the style of policy discussion, as well as who can say what, and how. As a result, discussions are usually very controlled, participants avoid adversarial proceedings, great deference is given to seniority and conflicting interests are aired only discreetly, if at all. Although alternative preferences can be expressed, criticism, especially in the company of senior officials, even if subtle, carries some risk (of being considered opposition), particularly if the speaker lacks a powerful patron. Directors responding to questions from a minister in front of others may have to present their answer carefully, often in the form of another question.

In some cases, the government may hold large-scale (usually donor-funded) consultation workshops that are open to the public. In the revision of a land law, a particularly contentious issue, a public workshop was organised to collect comments on a draft from a wide variety of stakeholders, including local authorities, mass organisations, SMEs, members of the public and the mass media. In other instances, once a draft law has been posted on a ministry's website for consultation, other organisations (such as VEA) may

convene workshops independently and send the proceedings to the chair of the drafting committee. Especially where participants are, for example, researchers of a similar rank, these workshops can play host to lively discussions.

Across all types of workshops, participants are careful to frame issues technically, even if they have clear implications for the role of the state and distribution (as is the case with land reform). The boundaries of workshop and meeting discussions can be marshalled strictly, given the presence of Party members in all organisations, especially in meetings open to the public and journalists. This was highlighted when the Vietnam Institute of Development Studies (the country's first ever private think-tank) was forced to close down after it challenged GoV's policy approaches in areas such as finance, economics and education during regular seminars (and in newspaper commentary). Authorities mobilised security services and issued a decree that essentially prohibited such organisations from criticising the Party. Facing the prospect of having its work hugely curbed, the institute disbanded in 2009.

Where foreigners are present, Vietnamese officials are less likely to be frank with one another. Foreigners must be careful not to take on issues that are considered 'out of bounds'. Apart from avoiding the topics of multi-party politics, human rights and civil society, it is also considered inappropriate to openly challenge the government about its internal business, as such issues are considered 'family matters'. Vietnamese delegates at a workshop on climate change in the National Assembly found a question on how the minister of national resources and environment would work with his 'competitors' at MARD insulting, and a sign of donor arrogance (Zink, 2011).

Media coverage

The media is increasingly serving as a forum for policy debate. Whereas media outlets were once invited to report on policy once it was drafted, drafting committees now invite journalists to publish selected drafts and comments from consultation workshops. Proceedings in the National Assembly are also likely to be reported and discussed on the front pages of prominent newspapers.¹⁷ For example, Mallon (2004) describes how CIEM and VCCI actively sought to mobilise grassroots support, through systematic cooperation with the media, to promote public debate on business constraints in the drafting of the 1999 Enterprise Law. Some interviewees suggested that Assembly deputies had benefited from reading certain newspapers, particularly in terms of understanding the implications of the main measures proposed in laws. Coverage by one particular newspaper was said to have contributed to the National Assembly rejecting the Price Law (which was deemed to have too many administrative measures) as well as a law to build a high-speed rail link (reported to cost half the national budget with funding sought from the Japanese). We discuss the media in more detail in Section 6.

Personal relations

As mentioned earlier, informal or personalised relations are hugely dominant in the way actors go about looking for information or influencing others. Zink (2011) describes how a university professor sought to push the National Research Programme on the Environment up the policy agenda. As one of the privileged few able to study in Viet Minh high schools during the early 1950s and in covert universities prior to independence, he had social relations with key people at the highest levels of government. He was from a village neighbouring that of General Giap, a prominent war hero, and during the late 1970s and early 1980s served as his personal secretary. Similarly, he had a longstanding friendship with the minister of higher education at the time. The professor used his research findings to convince these influential actors of the necessity of studying and practising environmental conservation. They in turn were able to open more doors to decision makers at the very top of Vietnamese political power structures.

¹⁷ In some respects, these changes have enabled the Assembly to become a national sounding board of sorts for the authorities on certain issues.

Rama (2008) suggests that the influence of research, if any, is a result of research leaders with strong personalities – often seen as ‘bullet-proof’ mediators – convincing the most senior officials, with whom they have a strong relationship, of the merit of new ideas without risking being labelled radical. For important reforms, the mere technical soundness or attractive packaging of technical inputs is not enough. Senior leaders must be convinced that recommendations are based on the reality of the country, will serve its best interests and will be compatible with political stability.

5.3.3 Knowledge use

The use of knowledge and information to inform policymaking and drafting processes in central government ministries is usually restricted to a small group of policymakers in the drafting team (general directors and chief division officers or their equivalent in research institutes), and the chair of the drafting committee (a minister or their deputy). Although rules governing legal drafting have been strengthened and now include the production of knowledge inputs, there are no guidelines to help policymakers (commission and) use information in policy processes, meaning knowledge is commissioned or used in ways that are not always strategic.

Use of knowledge is based largely on the motivation of senior officials such as ministers, vice ministers and general directors, and is facilitated by officials having a ‘technical background’. Interviews suggested a range of reasons for policymakers using knowledge: for example, the current minister of planning and investment appears more likely than his predecessor to invite research directors to provide advice. However, it is unclear if these characteristics are simply a personal trait or, given the macroeconomic challenges facing Vietnam today, if they are driven by pressure exerted by the prime minister and other more senior officials.

Many officials are seen to select or ‘cherry pick’ information that strengthens an argument or justifies an existing policy (Pham, 2005). For example, studies by CIEM in 1998 on issues and problems implementing earlier company and private enterprise laws (during the development of the Enterprise Law) provided ‘reform-minded’ policymakers with powerful arguments for the simplification of business registration. Research and analysis has also often been undertaken to strengthen Vietnam’s position in international negotiation, and to obtain a ‘better deal’. A BWTO-funded report on progress towards achieving market economic status was used in negotiations with the European Union (EU), and later with the Japanese. However, this has not always been the case. Recent trade deals (such as bilateral deals with Chile and Peru) were signed without consultation with research leaders and presented as a ‘gift’ to the country.

Many officials have demanded or used knowledge to maintain legitimacy in the eyes of the public and avoid political instability. For example, GoV demanded regular updates on how the global financial crisis was playing out in Vietnam. Some interviewees suggested information and analysis, especially that which was seen to be credibly and robustly produced (and shared widely), slowed down the drafting process, as participants sought to discuss what the evidence meant and its implications for policy. However, when the Party’s legitimacy is threatened, officials can equally demand that data perceived to be sensitive are withheld and critics are censored.

In some cases where research institutes have produced analysis, legal drafts have not properly taken into account their comments and suggestions (Nguyen, 2005). Key informants suggested that, even if mass organisations were invited to meetings, their opinions, reflecting the conditioning nature of power, often did not differ from those of senior officials, or tended to be neglected when they did. However, a 2005 World Bank report suggests that, on occasion, the participation of large business organisations such as VCCI has had a tangible positive effect on policies affecting the private sector. It is difficult to tell whether certain knowledge inputs have been used. Before the Law on Laws mandated drafting teams to prepare absorption reports in 2008, only in a few cases did drafting

committees report the results of consultation processes. Since then absorption reports have been more common, but it is unclear whether they are made available to those who have been consulted for accountability purposes.

Policymakers are attracted to knowledge that is perceived as rigorous, but different policymakers will usually have different ideas as to what this entails. Statistical data and quantitative research based on models are particularly attractive, even if they are grounded in poor quality data. However, since the crises of the late 1990s and the late 2000s, economic models have been treated with some degree of caution. Comparisons with neighbouring countries such as Indonesia, Thailand and the Philippines can be particularly powerful in spurring government to take action, as policymakers are under pressure to 'catch up' with their neighbours. Against a historical backdrop of Vietnam's bottom-up reform process in the 1980s, and what continues to be an often large gap in policy implementation, it is perhaps unsurprising that policymakers deem practice-informed information as an especially credible input during policy deliberation processes (Jones and Young, 2008). Given the fledgling nature of Vietnam's legal framework, regional and international good practices in the design of specific laws and reform programmes are seen as particularly useful. Senior officials have been seen to request support from donors for study tours and information provision on relevant experiences, especially from East and Southeast Asia. Donor interventions working with policymakers to improve their use of knowledge are few, but Box 3 presents one example funded by IDRC.

Box 3: IDRC support to improving the skills of policymakers

In a project funded by IDRC that ended in 2011, the Centre for Analysis and Forecast (CAF), provided research skills training to staff in the Economics Department of ONA; strengthened links between ECNA and members of the wider research community; and improved the skills of certain deputies to commission, appraise and use knowledge in their work. Key activities included research based on the working agenda of the National Assembly, study visits to Singapore and Canada and workshops to present and discuss research (CAF, 2011).

Regarding citizen knowledge, and in particular the views of entrepreneurs represented by business associations such as VCCI, Turk (2001) suggests there is much to learn from the participatory poverty assessments (PPAs) conducted in Vietnam in the late 1990s and 2000s. Initially, policymakers overlooked much of the qualitative research about poverty in Vietnam, viewing it as unscientific and lacking in credibility. This changed in 1999 when PPAs were widely circulated, used and quoted. Their appeal was built partly through early engagement of government agencies, working partnerships among donors and NGOs, the establishment of a working group and providing a structure for implementing PPAs, to feed analysis through to planning processes and keep government fully involved.

5.3.4 Policymaking as legal drafting

Although the rules governing policymaking have been strengthened (see GoV, 2008; 2009), in policy discussions there seems to be little distinction between the function of policymaking and the more technical aspect of legal drafting. Consultation tends to revolve around drafts, and debate often focuses on the details rather than the fundamental upstream questions of what the law is intended to achieve. Policymaking and legal drafting have subsequently not been separated and specialised, which has meant the arguments for drafting particular laws are not always clear and also has increased the risk of inconsistencies within the legal system, resulting in an overlapping and contradictory regulatory environment (Cordova, 2004; 2005).

A number of interviewees suggested policymaking rarely considered the means to implement, inspect and enforce new obligations, with central authorities assuming their local counterparts have the appropriate mechanisms and resources. There also seems to be weak understanding in policymaking circles about the complications involved in implementing certain laws, and how policies need to be assessed and improved. This probably stems from a political and administrative culture that continues to conceptualise drafting a law or regulation as a goal in itself. Laws are very rarely considered instruments to create incentives – positive and negative – for the behaviour of different actors (Cordova, 2005; Naru and Nguyen, 2010). Dapice (2008) claims that policymakers try to address problems through policies’ that exist on paper but have little or no positive impact or any realistic chance of becoming competitive because they are unfunded and/or infeasible.

Further, ministry officials, who are not always legal experts, are assigned to draft legal texts (in some cases researchers assigned as drafters have a legal background). In drafting the Enterprise Law, the drafters – from CIEM – were economists and needed assistance from domestic and foreign legal consultants. Despite the requirement for RIAs, initial draft legal documents continue to lack conceptual or justification documents that provide policy options.

Moreover, appraisal processes tend to focus on the quality and consistency of the legal text and not the substance and impacts of new measures. Meanwhile, legal advice has in some cases been inconsistent and reviews have been ineffective at removing faulty text, which often needs to be amended, deleted or replaced only months after being enacted (Cordova, 2004; 2005). Officials continue to lack staff and capacity to cope with the flood of new measures accompanying the development of a ‘modern’ regulatory framework (ibid).¹⁸ The institutional set-up means those who appraise legal documents work in sector-specific departments, such as economics and finance, social issues, foreign policy etc., with weak information flows between them.¹⁹ It is therefore not surprising that the National Assembly has been critical of the legislative proposals put forward for approval, suggesting that, among other things, they were underprepared (Naru and Nguyen, 2010).

5.3.5 Financial and material support

A lack of finance usually hampers drafting processes. In 2001, MoF attempted to address this by issuing a circular, but the effect of this was to reward the number of pages of legal text rather than quality, and attendance of workshops and improving of translations rather than assessment of policy impacts and consultation with stakeholders (Cordova, 2005). As a result, drafting agencies usually look for donor support to carry out routine drafting tasks; hold stakeholder workshops; develop capacity in applied policy research; comment on domestic studies, policy proposals and draft regulations; and provide independent studies on key issues. Donors have thus provided support in preparing laws on enterprise, commerce, investment, land, procurement, competition, anti-corruption and, at the time of writing, green growth. For instance, during preparation of the Enterprise Law, CIEM experts were funded to visit the US, Germany and Australia (Mallon, 2004).

Donors often bring in consultants, albeit at a relatively high price. For instance, the EU-funded MUTRAP brought in foreign consultants in response to a request from MoIT officials to help weigh up comments in the implementation of the certificate of free sale. Interviewees suggested a number of reasons for the repeated use of foreign consultants: a perceived dearth of local talent and the availability and readiness of highly qualified foreign consultants; donor conditions that oppose funding civil servants or government-funded researchers (as to do so would be seen to be paying them twice); a perceived need among

¹⁸ For instance, a few years ago the National Assembly was expected to pass 12 or so laws. But in 2012 the Assembly planned to adopt 20-24 laws, which in turn required a raft of implementation guidelines.

¹⁹ Many policies are formulated under strong time pressure (Dang, 2005). For instance, HISEDs was given 45 days to draft a policy on investment for Hanoi municipality: standard guidelines suggest 120 days be allocated. Such pressures also affected the quality of MoJ’s appraisal. Drafting ministries have on occasion asked for comments in two days.

senior officials for experts familiar with free market economics; and consultants' often close links with donor staff. However, donor programmes such as the government-led BWTO are increasingly recruiting national consultants to undertake policy work.

5.3.6 Conflict and resolution

Institutional interests have become smarter in using arguments to defend their territory or existence, often resorting to socialist or nationalist discourse and values. The proposed introduction of a tax on land use to encourage people to avoid speculation is a case in point – the position is supported by MoF but opposed by social ministries, whose opinion it is that land is a public good and that, from a social justice viewpoint, users should not be taxed. Putting the issue of values aside, changes in the law will probably lead to a transfer of resources from various social ministries to MoF. Hence, the position of different actors can be the result of an often-complex interaction between interests and values.

However, frank discussions of contentious points are rare. The considerable amount of documentation produced during law-drafting processes, together with a traditional sense of reservation (sometimes including self-censorship), linked to deference shown to, and among, senior officials can often hide the competition and conflict that characterise policymaking processes. Communication of contentious ideas and preferences often takes place in ways that are indirect and non-verbal (Kerkvliet, 2001). In the development of a green growth strategy there have been numerous stresses between MPI and the Ministry of Natural Resources and Environment (MoNRE), centred on the phasing-out of fuel subsidies. But in such cases conflict has played out discreetly, usually in writing, through comments submitted to the drafting committee or in the draft legal document itself. Such difficulties often stem from struggles for control over resources, particularly when boundaries between policy areas are ambiguous. Molle and Chu (2009) show in detail how MARD and MoNRE competed for authority over internationally funded river basin management projects by altering the translation of terms like management and planning to change their meaning in policy documents (Zink, 2011).

Conflict can often manifest itself in stalled drafting processes. More than five years passed between the decision to reform the Company Law and the Law on Private Enterprises and the enactment of the Enterprise Law (a particularly contentious law, given the dominant role of the Party–state) that replaced them (Mallon, 2004). More recently, the Price Law (the process for which was initiated two years before the time of writing) has been revised several times and rejected by the National Assembly on two occasions. Sometimes, a lack of clear parameters and mediation mechanisms means differences are not openly discussed until too late in the process. Delays caused by the consensus approach can be exacerbated in the lead-up to a Party Congress and related meetings as senior officials seek to avoid damage to important patronage networks. Many times it is left to the drafting team, with few resources and little power, to reconcile conflicting interests.

Conflict at a given level in the hierarchy usually pushes power upwards. Hence, where institutions fail to get things done, senior institutions may be set up to force more junior institutions to 'toe the line'. Where issues require inter-ministerial coordination, national steering committees have been set up, spearheaded by the prime minister. However, there have been limits even to the ability of senior institutions to galvanise junior institutions to act (Gainsborough, 2010b). For instance, a national committee set up to coordinate Vietnam's economic integration and led by one of the three deputy prime ministers ultimately collapsed, with a number of focal points at ministerial level chosen instead to coordinate activities.

5.3.7 Institutional particularity

Several respondents suggested conflict was often a result of particularism among state institutions: personnel tend to show a high degree of attachment to their office or institution. Officials are often reluctant to work with, or seek information from, other institutions and

generally hesitant to go beyond their area of competence. Institutional interests across the state are numerous. As a result, different institutions rarely move in the same direction, or work together (Gainsborough, 2010b). Although this is a common characteristic of bureaucracies across the world, in Vietnam it appears to be particularly pronounced, in part because of the legacy of a centrally planned system in which innumerable government offices were established to regulate almost every aspect of society, and also, as discussed above, because of the rewards attached to public office. Institutions are continually finding ways to defend and expand their territory, especially where there are overlapping remits and where boundaries are ambiguous. The duality of the budgeting process, whereby MPI is responsible for the allocation of the investment budget and MoF for the recurrent budget, requires both ministries to work together, but coordination is limited, especially now MoF is stronger (Forsberg, 2007). Within ministries, competition for resources among general departments can be just as fierce as they vie for participation in donor and government projects, which in turn creates significant coordination problems.

Box 4: The difficulties of institutional change

In the mid-2000s, MPI's very name, as well as its functions, was seen to be inconsistent with the type of reform Vietnam was looking to undertake (towards strengthening a market economy). GoV proposed that it be turned into a Ministry of Economics of sorts, handing control and allocation of investment funds to MoF. The issue was brought up to the very highest level, but agreement from concerned parties was not possible. In a bid to improve state efficiency, the prime minister asked ministries to define their core functions, to encourage them to streamline their work and reduce expenditure. There was considerable resistance to this. GoV took a different approach: ordering agencies to make 15% across-the-board staff payroll reductions by the end of 2002. Agencies were instructed to submit individual downsizing plans. Despite these measures, staff numbers have actually increased

Source:

As a result, institutional change has been notoriously difficult, as Box 4 highlights. Changes introduced by the Constitution and the Law on the Organisation of Government have had visible results, reducing the number of ministries and ministerial-level agencies (from 67 in 1986 to 22 in 2007) and independent central-level agencies attached to the government or the prime minister (from 48 in 1986 to 8 in 2007) (Joint Donor Group, 2009). However, this fails to point out the proliferation of organisations inside ministries and departments, which contradicts the government's attempts to streamline the administrative apparatus. As old organisations are closed down new ones tend to form, probably to keep people in employment and maintain the means to generate revenue (Gainsborough, 2010b).

5.3.8 Civil servant motivations

Some of the challenges described above, such as poor quality policymaking and high levels of institutional particularity, are a consequence of the incentives that shape the behaviour of civil servants. These are in turn shaped by levels of professional development, recruitment and promotion processes and levels of remuneration.

Regarding professional development, training on state management for new staff lasting two months has been introduced. Some ministries have their own in-service training programmes. MPI, for example, has set up a training centre, which holds short monthly training courses on a variety of topics, especially for new recruits and junior staff. International agencies provide some support focusing on various thematic issues. The World Bank and International Labour Organization (ILO) have provided funding for training to civil servants on labour issues, and the EU-funded MUTRAP has funded training on economic modelling.

However, Dang (2005) suggests most donor-funded training activity is supply driven and *ad hoc*. Courses usually require a reasonable knowledge of English, which might exclude some people. Application is further limited when participants are transferred to other units after completing a course. There was also a perception among more senior officials that they did not require training and that this might be a drain on resources. Training, particularly in the form of workshops, was seen as more appropriate for junior staff.

Higher-level positions are filled mostly from within the civil service, with the Central Party Organising Committee approving all significant appointments. There have been a few instances of external lateral recruitment in some agencies, but in most cases these have encountered difficulties, with outside applicants tending to fail the political components implicit in the hiring committee's selection criteria, suggesting professional expertise is less relevant. Generally, appointment and promotion decisions within the civil service are based on factors such as connections and family background, and made to strengthen senior officials' personal and professional networks through the exchange of favours. Bruynooghe et al. (2009) suggest performance carries more weight in lower-level promotion decisions than in higher-level ones.

Those seeking higher office are required to undergo leadership training in political ideology at NAPPA, which has a network of political schools at national and provincial level (Nguyen, 2005). Training involves a week of lectures every month for three years. Several interviewees said they found this cumbersome because it took them away from their work for vast periods of time; they were already very familiar with the content (which includes Marxist-Leninist thought); and they failed to acquire the necessary analytical tools and skills required for effective management and leadership. As a result, some interviewees admitted to skipping this requirement (albeit promising to undergo it at a later stage) on their way to promotion. Newly appointed managers were expected to follow routine tasks as set out in job descriptions, while management and leadership is something that was learnt 'on the job'.

There are scholarships available for serving civil servants funded by government, but mostly donors, to study abroad and complete short courses, a master's degree or PhD programme. Historically, civil servants from the more economic ministries have benefited from a larger share of these scholarships. These have been useful for mid-level and senior officials who have been tasked with designing and implementing market-oriented economic policies. There is now a greater number of officials with exposure to market economics, and some have been appointed to senior levels in the government and Party. These officials have played an important role in developing reforms and in building the public support needed to push through reforms (Mallon, 2004). However, some interviewees suggested that changing mind-sets among such officials, who spent their formative years under central planning and undertook higher education in the Soviet Union, was far from straightforward.

Several respondents cited inadequate financial incentives as a big challenge. There have been several increases in basic civil servant wages in recent years, outpacing inflation. Civil servants are also eligible for additional benefits and incentives in the form of allowances, bonuses and supplements. However, such allowances have been insufficient for officials to sustain a modest middle-class lifestyle. For example, someone with five years of experience and a PhD would expect to earn approximately \$200 a month at a government research institution;²⁰ sending a child to preschool alone would cost more than half the official salary, while other expenses including insurance and incidentals incurred by a working mother would leave virtually nothing. GoV seems reluctant to offer special incentives to attract and reward top talent, on the grounds that this would be unfair. Generally speaking,

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http://chinhphu.vn/portal/page/portal/chinhphu/hethongvanban?class_id=1&mode=detail&document_id=157436
and http://www.ctu.edu.vn/colleges/tech/bomon/vanphong/luong/bang_xep_he_so_luong_theo_ND_204.htm

incentive structures mean officials (including researchers) often find themselves scrambling for short-term consultancy work from government and donors (Zink, 2011).

5.4 Key observations

- Perhaps acknowledging the inadequate enforcement of many laws, RIAs are now a required input into policy drafting processes. However, they are rarely undertaken, and usually only if external funding is available, and researchers and policymakers suffer from a lack of methodological capacity. With regard to citizen knowledge, apart from posting draft laws on government websites, central government has made few attempts to collect and interpret the views of the public. Given its mandate, it is perhaps not surprising that the National Assembly has appeared to make greater efforts, but direct participation still tends to be highly controlled. VCCI has fared better in collecting participatory knowledge. Its capacity has been increasing and, although its membership includes SOEs, it has regularly advanced tough proposals on behalf of (mainly private) business interests.
- Key channels through which knowledge and information feed into policy processes rarely feature formal knowledge products, such as research and briefing papers. Instead, information tends to contribute to policy discussions primarily through private meetings; the circulation of, and comments made on, draft legal documents; invitation-only technical workshops and seminars, which can play a major role in gathering support and comments on draft legal documents; personal relations; and, to a lesser extent, coverage in the media.
- The willingness to use knowledge to inform drafting is usually restricted to a small group of policymakers in charge of drafting and appraising laws, such as ministers, general directors, research leaders and Assembly deputies. Research institutes are occasionally asked to answer questions and produce policy analysis, but their role is dependent on institutional capacities, guidance from the minister and personal relations. The absence of any guidelines or support in commissioning and interpreting knowledge means policymakers use their instincts and innate skills to do so. In some cases, legal drafting is conducted in the absence of any policy analysis; if such analysis exists, policymakers may decide to ignore findings.
- It is unclear whether the availability of high-quality knowledge in itself is enough for policymakers to consider it. Policymakers nonetheless use knowledge for various reasons, including to strengthen an argument or bolster an existing policy; to establish certainty about an issue with a view to informing a position; to make sense of the higher degree of complexity in making economic policy, given 'globalisation'; to improve credibility; and to attract private and donor investment. Policymakers tend to prefer statistical data and quantitative research, comparative and ranking data, practice-informed information and experiences from other countries, particularly in the East and Southeast Asia region.
- There seems to be little distinction between the strategic and technical aspects of legal drafting. Consultation revolves around the circulation of legal texts rather than discussion of the fundamental policy issues, while MoJ appraisal focuses on textual consistency rather than the substance and impact of potential policy measures.
- Although formal participation in law-drafting processes has expanded to some degree, it remains largely limited to Hanoi-based government stakeholders and is relatively tightly regulated by ministers, their deputies and general directors. Prominent institutes are asked to draft laws, which tends to interfere with their policy analysis function. Sub-national stakeholders are rarely consulted (at least formally), and policymaking does not consider the

means to implement, inspect and enforce new obligations: central authorities assume their local counterparts have the appropriate mechanisms and resources. This is not helped by a lack of finance, which often hampers policymaking processes.

- The considerable amount of documentation produced during law-drafting processes, together with a traditional sense of reservation, can often hide the competition and conflict that characterises such processes. Difficulties often stem from struggles for access to, and control over, resources, and often manifest themselves in long and drawn-out drafting processes. A lack of clear parameters and mediation mechanisms means differences are not openly discussed until too late in the process. Even when more senior institutions are mandated to play a coordination role, their capacity to galvanise more junior institutions is often limited.

6 Implementing policy

We define implementation as processes where both technical and political actors at multiple levels come together (or not) to execute policy.

6.1 Players and roles

Key actors in implementing economic policy are firms as well as citizens. Firms are both private and public, and in turn include SMEs and the larger general corporations. With regard to generating employment for citizens, private firms have been much more successful than SOEs during the past decade. The sector accounted for at least 90% of the more than 5 million jobs added to the labour market between 2000 and 2007. It was also increasingly important in terms of investment, output, exports and tax revenue. However, this has been associated almost entirely with small and micro enterprises, which operate in sectors and niches where they are not in direct competition with state enterprises (Hakkala and Kokko, 2007).

Subnational governments are responsible for the regulation of business at local level. There are 63 provinces and municipalities, to which corresponding districts and communes report. Each level of government has a people's committee (an executive) under the jurisdiction of a people's council (a legislature). People's councils are popularly elected but most members are cadres of the Party executive branch, mass organisations or the army. Once elected, people's councils are expected to monitor the people's committee, transmit information from higher authorities to the citizenry, petition state agencies to ensure law enforcement and reply to voters' petitions. In addition, at twice-yearly meetings, they are to approve socioeconomic development plans, decide on budget estimates and allocations and scrutinise working reports of the judicial and executive branches of the same level (McElwee and Ly, 2006).

Marketisation of the economy from the mid-1980s provided local governments with greater control over local expenditure, notably infrastructure, and increased freedom to approve foreign investment projects. Provinces and cities were encouraged to pursue their comparative advantage. The 2002 Budget Law gave provincial governments more explicit powers to prioritise resources, including determining budget allocations to different sectors and to lower level governments. By 2011, 40% of public spending decisions were made at provincial level and below (Joint Donor Group, 2009). Despite the intention to decentralise to the lowest levels, provincial governments still manage most funds (ibid).

6.2 Rhythms and spaces

Neither policy positions set by ministries and agencies nor the legislation produced in accordance with such positions provide guidance on implementation, including planning guidelines and financing strategies. Policymaking requires new decrees (approved by GoV), decisions (by the prime minister) and circulars (issued by ministers), which are usually prepared by additional drafting teams, to guide implementation and to repeal earlier

regulations that are inconsistent with the new law. All major areas of new legislation made at the national level are subject to further ratification at subnational level, with people's councils and/or people's committees making new decisions (Harris et al., 2011). All business regulation is now published in the Government Gazette, and many key documents are published and/or publicised in the domestic business media (Bentley et al., 2009).

6.3 Notable features

Here, we describe the large gap there is between policy (in the form of legal documentation) and implementation (in terms of actions on the ground), the limited growth of the private sector and how the government has ultimately taken a very selective approach to adopting liberal-inspired policy prescriptions.

6.3.1 Poor implementation

Implementation of laws passed centrally, particularly those in the economic domain, is highly variable. For instance, the 1999 Enterprise Law was not enforced uniformly throughout the country, with reports of poor compliance in several areas (Stromseth, 2003). Some interviewees suggested this might owe to a lack of consensus, particularly among national and subnational leaders. Meanwhile, key commentators suggested senior policymakers use convincing language for domestic and international audiences but there is usually more room for manoeuvre than the official position suggests: rules are open to interpretation; non-compliance does not always result in sanction; and policy positions can be adjusted/jettisoned once international funding is secured (Gainsborough, 2007b; Gillespie, 2007; Palmujoki, 2007).

'On the ground', businesses have faced an increasing amount of regulation, which they need to navigate if they are to remain within the confines of the law. Between 2005 and 2008, an average of almost 2,560 regulatory instruments were introduced every year; in 2009 it was 5,467 (Naru and Nguyen, 2010). Most subordinate regulations, such as circulars, guidelines and forms, are not consulted on at all before being enacted. This has led to a 'jungle' of often-contradictory administrative procedures and regulations, creating formidable barriers for entrepreneurs (Pellini et al., 2012). As a result, companies often have to seek guidance from a particular agency, which in turn creates both formal and informal rent-seeking opportunities and may encourage agencies to avoid territorial battles (particularly during drafting stages of policymaking) and retain power and income (Downs, 1965).²¹ Malesky et al. (2011) provide an empirical sense of this: only 1,800 of the 6,139 Provincial Competitiveness Index (PCI) respondents from 2006 were still operating under their original tax codes in 2011.

Poor implementation often owes to the significant amount of discretion local officials have (Vu, 2009). As in any complex modern state, it is impossible for central government to exercise complete supervision over all parts of the political system at all times. Officials at every level in the multiple hierarchies are inevitably able to, and indeed must, exercise discretion in the application of rules and allocation of limited state resources (Shanks et al., 2004). This room for manoeuvre is shaped by a number of factors, which include the capacity and resources available to implement policy, as well as the level of bureaucratic controls and discipline.

Regarding the former, people's councils, responsible for law enforcement, particularly at the commune level, suffer from a variety of capacity constraints, meaning power often becomes concentrated in the people's committee, especially with the chair (McElwee and Ly, 2006; Shanks et al., 2004), as well as with other provincial Party actors (Forsberg,

21 Launched with donor support across all four administrative levels in January 2007, Project 30 is managed by a taskforce appointed directly by the prime minister, is headed up by the chair of OoG and includes representatives from ministries and provinces. It aims to simplify administrative procedures by creating greater access to information by both businesses and citizens through a national database of administrative procedures (Pellini et al., 2012).

2007). Heads of provincial line departments are formally responsible both to the national ministry and to provincial-level officials, particularly at the district and province levels, which creates a dual accountability system, with neither authority able to exert sufficient authority. Further, unclear boundaries between the jurisdictions of different levels of government, across agencies at the same level and between the state and the Party all increase the scope for discretion.

In some cases, once laws have been passed centrally, lower levels of government wait for explicit instructions from central government, often in the form of a relevant inter-ministerial circular. This can take years, so officials at lower levels continue to abide by the *status quo*. In some cases, when the subordinate measures are passed they are out-dated or even contradictory in spirit and text *vis-à-vis* the law (Cordova, 2004).

Local-level incentives to implement national policy often vary depending on a range of factors, including geographical distance from, and financial reliance on, Hanoi central authorities (Forsberg, 2007). Almost a quarter of all provinces have full control over their budgetary resources, and often have power equivalent to a central government agency. Other, poorer provinces have to rely on central agencies for a share of investment and expenditure and often do so in competition with others. To attract funding, many provincial leaders are often in a ‘beg and give’ relationship with central-level leaders.²² National leaders can in some instances use clientelist relations with local leaders to have specific measures implemented in certain localities (see, e.g., Malesky, 2005). A top-down approach to policymaking tends to be more common in the north, where provinces were heavily collectivised for several decades under the centrally planned economy. Decentralisation has thus in some instances amounted to de-concentration (Vu, 2009). Nevertheless, even among richer provinces, tensions exist between democratic centralism²³ and decentralisation, as these appear to have contradictory implications. While democratic centralism implies one should aim to achieve support at the highest level of decision making within the Party–state, decentralisation implies that one should focus on local leaders empowered to make key decisions (Harris et al., 2011).

While some local leaders formally have the space to formulate their own policies, they do not always have the resources to do so. For instance, provincial authorities’ research institutes are usually poorly resourced: only the richer provinces can adequately staff their research institutes or, alternatively, commission Hanoi-based research centres to undertake assessments for them. The 1998 Decree on Grassroots Democracy put in place the legal framework required to expand direct citizen participation in local government, enabling citizens to exercise their rights to be informed of government activities that affect them, to discuss and contribute to the formulation of certain policies, to participate in local development activities and to supervise government performance (McElwee and Ly, 2006). However, the extent to which this has been implemented is unclear.

These factors provide subnational officials at the bottom level of state structures, who are in direct contact with entrepreneurs, for example, with a degree of power. On the one hand, the strength of personal networks they are embedded in together, with weak bureaucratic controls, often means local officials are more accountable to the communities they work with, and thus may be reluctant to enforce rules they know will be unpopular (McElwee and Ly, 2006). On the other, the uncertain environment businesses operate in often means entrepreneurs have little choice but to heed the demands of local officials in order to ‘get

22 In some cases, central and provincial-level authorities compete to invest in the same sectors with, in some cases, opposing factories in cement, sugar and steel located next to each other.

23 Democratic centralism – a set of principles of internal organisation used by Leninist political parties – essentially entails running proposed decisions past Party–state agencies and the National Assembly, as well as people’s committees and people’s councils at lower levels of the Party–state system, together with consultation and ‘testing of the water’ through various party-controlled mass organisations. But once a decision is made, the tendency is that of ‘the part submitting to the whole, the minority yielding to the majority, lower ranks obeying upper ranks and localities obeying the centre’, and policy is said to move swiftly.

things done', even if it means breaking formal rules and making informal payments (Gainsborough, 2010b).

The potential for discretion in policy interpretation is particularly pronounced for some sectors, depending on the central ministry's ability to exert authority. MoH, for example, exerts relatively weak influence over the delivery of provincial or lower-level health services and over the larger and wealthier provinces (Shanks et al., 2004). Laws can be interpreted differently to how central-level law makers initially intended, with provinces (and even central-level ministries) having discretion to varying extents in issuing decrees and circulars not in line with the spirit of original legislation.

In some cases, such significant discretion can be beneficial. Fence breaking, as described by Rama (2008), illustrated the abilities of local officials to lead the state's gradual retreat from collective agriculture in the face of determined foot dragging and rule breaking by the country's peasant farmers (Kerkvliet, 2001). Shanks et al. (2004) describe how wealthy provinces and municipalities generated policy innovation, for example a cross-sectoral approach to poverty alleviation, which was subsequently adopted as the national Hunger Eradication and Poverty Reduction programme (Harris et al., 2011). Significant discretion in local decision making provides some individuals space to act in accordance with their professional, personal or social ethics, with some officials gaining satisfaction from performing their job well, solving problems or making a contribution to society, the nation and the improved well-being of others, even if they lie outside their immediate social networks (ibid.). For instance, the former head of a state-owned petroleum company was said to have made some tough decisions to improve the organisation's viability and profitability, ordering major restructuring, including firing numerous staff. This seemed unusual, given pressure to do so was not particularly strong and the ardent institutional interests within the company. In addition, the directors of research institutes have often found themselves working very late preparing research reports and drafting laws in the absence of additional financial incentives. However, this also illustrates the role that leaders can play in imposing discipline amongst subordinates.

Koh shows the complexity of the way society interacts with the Party-state, and that the 'final content of numerous policies is being negotiated or tolerated, rather than spoon-fed or imposed [...] negotiation takes place at a lower level and in a disorganised and dialogical way, in an ebb-and-flow pattern' (Koh, 2001:280). In this way, society reworks the boundaries the Party-state tries to impose: 'the Party has policies but the people have ways' (ibid:283). However, this room for manoeuvre may not be purely unintentional. Gillespie (2002) argues that, in some cases, it suits all levels of government to give local authorities discretionary power that technically exceeds their statutory powers. Policymakers are thus given the powers to reconcile centrally developed principles and guidelines with the often vastly different realities of the grassroots.

6.3.2 Limited growth of the private sector

In the seven years following the promulgation of the Enterprise Law, over 120,000 new enterprises registered, reflecting the formalisation of existing household businesses as well as the creation of new private firms (Hakkala and Kokko, 2007). Private enterprises are able to establish operations and grow relatively easily to employ several tens of people, but reaching the ranks of medium and large-sized firms tends to be extremely difficult. The main obstacle to the development of the private sector is unfair competition from SOEs and general corporations, which results in poor access to product markets, financing and land (ibid.). The main obstacles to market access are found in the area of public procurement, where SOEs are favoured both by the formal procurement regulations and by their contacts with public authorities. With regard to financing, it is clear that the public sector appropriates the bulk of Vietnam's available investment resources, crowding out the private sector. The continuing high price of land, linked to a weakly functioning market and an artificially restricted supply of land, is one of the factors restricting private firms from

taking the step from small and medium-sized to large. As such, 95% of land leased in Hanoi is in the hands of state enterprises (Forsberg, 2007). Against this backdrop, it is unsurprising that the recent downturn in the economy has seen hundreds of thousands of businesses cease functioning.

Reform of SOEs has been far from straightforward. The number of enterprises formally completing equitisation procedures sped up in the early 2000s – in part because of simpler procedures and greater experience, but also because of a change in calculation on the part of business interests associated with SOEs as to the best place for them to do business. Although another wave of SOE reform was introduced in 2006, equitisation has on the whole proceeded very slowly, especially since 2008. Between 2001 and 2011, some 3,400 out of 6,000 SOEs had undergone some equitisation, most of which were small, accounting for 20-25% of total state assets in the state enterprise sector.

Government data on the ownership breakdown of 336 state enterprises that had completed equitisation by 2000 reveal that insiders, the state and outsiders bought on average 59%, 18% and 23% of the shares, respectively. The precise identity of different shareholders is usually opaque: these groups can potentially be made up of the same people. For instance, the state share could be held by the former controlling institution, insider shares by managers appointed by the controlling institution and outsider shares by their business associates or relatives (Gainsborough, 2010b). For those companies that have undergone genuine equitisation, the state remains a significant influence.

General corporations have lacked authority to restructure and reinvigorate their industry, refused to hire professional managers or dismiss those first employed in the central planning period and continue to rely heavily on arbitrary output targets (Dapice, 2008). They have also not adopted strictly commercial criteria in making decisions on mergers, acquisitions, new investments and plant closures, and exist as loose affiliations of small-scale operations using out-dated technologies often in slow-growth industries oriented to the domestic market (ibid.).

The slow reform of SOEs might owe in part to accepting private capitalists being seen as rejecting socialist beliefs. But, importantly, the rewards of public office may also explain why SOEs have resisted attempts at equitisation. Rather than roll over, they have sought to preserve what they had, whether it be control over material or financial resources or the right to carry out certain regulatory functions. While this has often involved embracing the market, SOEs have also been complicit in undermining it, by lobbying for heavy protective barriers or keeping out competitors (Gainsborough, 2004).

The close linkages between GoV and SOEs facilitate this situation. There is often no clear dividing line between the state and business interests: because they are one and the same; because bureaucratic institutions with gate-keeping responsibilities in one area have businesses operating in that same area; or because those who are regulated are the former colleagues, friends and relatives of the regulators (Gainsborough, 2010b). This has created an environment where state enterprises have significant scope to manage regulations in their favour (Kokko, 2005; Forsberg, 2007). As such, many question ministers' ability to exercise leadership in mediating competing interests, especially in terms of speculation in land markets.

6.3.3 Selective adoption of liberal policies

Despite significant exposure to neoliberal discourse, the Vietnamese political elite has taken a selective approach to adopting new (liberally inspired) policies and ideas (Gainsborough, 2010b). Vasavakul (2003) highlights how the former science and technology union, VUSTA, has been developing an oversight role in relation to NGOs, appearing to delegate functions the state once carried out for itself. Reforms in health and education have seen the state adopt some elements of 'new public management', while the transition to a modern economy has prompted government to think about developing a universal national system

of social security to protect the less well off from the excesses of the market, and prevent political instability.

On the other hand, the economy continues to see import substitution in the context of continued protectionism, a constrained private sector and an expanding state bureaucracy (Gainsborough, 2004). This has often led to frustration in the donor community, whose programmes illustrate the dominance of the post-Washington Consensus-era neoliberal policy agenda. For instance, donors have exerted considerable pressure on GoV to push through legislation on, for instance, bankruptcy in exchange for further funding. However, in practice this has largely been ignored. Painter (2005) argues that the Party–state has pursued a state-led development strategy that makes only selective use of instruments of neoliberalism – supported by donor technical and financial assistance – to achieve its own aims.

6.4 Key observations

Businesses face an increasing amount of regulation, which they needed to navigate if they are to remain within the confines of the law. Limited resources and weak bureaucratic controls result in officials having a considerable amount of discretion in policy implementation, the scale of which is influenced by the authority of the central ministry and the amount of resources transferred from the centre. This, together with a predatory business environment, means companies often have to seek guidance from state agencies, which in turn creates both formal and informal rent-seeking opportunities. The implementation of centrally passed laws is highly variable and raises the question of whether laws enacted actually reflect genuine elite intentions to change.

7 Information and the media

Here, we explore the nature of the information produced by the multitude of research institutes across the Party–state infrastructure as well as the role of the media in facilitating policy discussions and ‘shining a spotlight’ on the implementation of policy.

7.1 Players, roles and spaces

As noted earlier, in addition to a range of general departments responsible for policy formulation and implementation, each ministry has a set of public service units, which usually includes one or more research institutes and an information centre. These are tasked with providing information and analysis to support the minister and general directors at each stage of the policy cycle, plus technical training for policymakers.

The media was at the forefront in reporting on fence-breaking experiments or clandestine activities taking place outside the central plan in the 1980s. Although they continue to be owned by some element of the Party–state, the reform period has nonetheless seen a proliferation of media outlets, with roughly 600 newspapers and magazines, some of which are internet based.²⁴ Unable to pay adequate salaries or provide free newsprint, the reform period saw GoV allow media companies to generate revenue through advertising under a revised media law (Heng, 2001; McKinley, 2009b). Some media outlets, such as Tuoi Tre, Tien Phong and Thanh Nien, as well as various internet-based outlets, have taken advantage of non-state investment to create financially independent organisations run along business lines. Less financial dependence on the state has contributed to a loosening of editorial constraints imposed by the state and an increase in press standards.

The role of the media has subsequently expanded – at least formally – and now represents a wider variety of perspectives than it did in the mid-1990s, and at times can be influential in pushing politicians to respond to perceived public mood. Senior members of staff from research institutes such as CIEM and IPSARD regularly appear on television and are interviewed by outlets such as VietNamNet. Articles based on research (written by national and international researchers and consultants) are often published and widely discussed in the print and television media. Further, the constitutional protection granted to party officials is slowly being eroded (Freedom House, 2006), and there is more space to undertake investigative journalism (Elmqvist and Luwarso, 2006). Nevertheless, the media has to operate in a complex regulatory environment that contains contradictions and plenty of scope for discretion on the parts of both the media and government.

²⁴ The state has traditionally had a decisive role in staffing, particularly for senior positions. For instance, the editor-in-chief of the *Vietnam Investment Review* holds the same rank as a general director within MPI.

7.2 Notable features

7.2.1 The production of knowledge and information

In this part, we consider three types of knowledge: statistical information, including data on the economy, population and society at national and subnational levels; research-based knowledge sourced according to research protocols; and practice-informed knowledge drawing on experiences of implementing policy and practice.

Statistical data

Vietnam has come a long way since the early 1990s, when the government budget was a state secret. State authorities are producing more regular survey data and there are many more sources of information than there used to be (Pincus, 2005). Samples are much bigger, the frequency of data collection is higher and tools available to collect and process data have improved. Since 2000, GSO has conducted annual surveys to assess the condition of business enterprises. Multi-year large scale surveys such as the PCI and the Provincial Governance and Public Administration Performance Index (PAPI), conducted by actors other than GSO – VCCI and CECODES, respectively – have contributed significantly to the availability and quality of data. The quality and accessibility of budget data have improved substantially, thanks to sustained efforts by MoF. Experimentation is underway on the production of governance indicators (Rama, 2008). However, concerns about data reliability persist, and acquiring data to inform policy thinking can prove difficult. We consider these two overlapping issues below.

Reliability

Interviewees suggested methods used to collect and interpret data remain largely opaque, and political considerations are said to influence production and presentation. Pincus and Sender (2006) highlight problems with the design of the Vietnam Living Standards Surveys of 1992/93 and 1997/98 and the 2002 and 2004 VHLSS, in that they likely underestimate the number of very poor. Specifically, poverty data systematically exclude large numbers of migrants to cities and industrial areas; failure to capture such people ‘in a rapidly urbanizing country in which the structure of the labour force is experiencing profound change, leads to questions concerning the intent, representativeness and accuracy of the surveys’ (p.7). The authors argue it is unfortunate that poverty analyses do not acknowledge that the VHLSS sample is limited to long-term, legally registered households, which they suggest indicates intent on the part of poverty analysts in the World Bank (with Vietnam being its second largest programme after Indonesia) and GoV to effect a particular picture of poverty reduction in the country. Harriss (2007) suggests that narratives – rapid growth and improved living standards in the case of Vietnam – have in effect influenced the collection and interpretation of statistical data.

Further, Gainsborough (2010b) casts doubt on the reliability of business enterprise data, including on turnover, profitability, employment growth and wages, which point to improved performance shortly after the instigation of SOE equitisation. He suggests the data, which are provided by companies themselves and released by government, are not scrutinised independently or reproduced through independent research, while the timing of publication of what look like good results suggests attempts to demonstrate the benefits of equitisation to those enterprises unwilling to put themselves forward. International comparisons are often difficult to undertake by virtue of the different methods used by international versus national sources to calculate figures such as poverty and growth rates. GSO, the World Bank and the ADB report different figures for gross domestic product growth (Nguyen et al., 2005).²⁵

²⁵ Another example relates to the poverty rate, which the World Bank and GSO report differently through the use of different standards. The adjustment of the poverty standard in Vietnam (in June 2005), even though it is not yet fully compatible with the World Bank standard, has changed the country’s poverty rate from 8% to 27% (Nguyen, 2005).

Accessibility

Acquiring data to inform policy thinking can still prove difficult. One interviewee (admittedly from a donor agency) seeking data on the number of female workers in the public sector was passed to four different ministries (as well as various policy departments within each), without getting a satisfactory response. Officials are said to be reluctant to share data and information with institutes other than their own. Some interviewees suggested perceptions of poor reliability were key factors in this. Data are often also withheld in the national interest. Some interviewees suggested that when information could be obtained it was at a cost (for which donor funding would be useful) and/or through strong personal connections. But this was not necessarily unusual, given that collecting data and comprehending their meaning takes time, effort and money. CIEM, in undertaking research on SMEs, was able to acquire relevant data from GSO only in exchange for a fee, paid for with World Bank funding.

Official data are often found on the websites of international organisations before they are shared with government counterparts. The State Bank rarely releases data on the money supply to other agencies, but has an obligation to hand such data to the IMF, which then tends to publish it. In some cases, other agencies and institutes are able to access data, but only after some time and through a third party.

Others suggested there were financial and political rewards for officials in producing their own datasets. Ministry officials can draw down additional allowances for both central and subnational ministry staff, which can help top up salaries as well as service networks of patronage. Senior officials can recoup their investment by selling information at a later date. It is not unsurprising that there is often intense competition between agencies over the right to produce data, especially as data production is often funded by donors. MoF and MoLISA conduct surveys covering similar sets of issues, as they do not want to surrender the function to GSO. Meanwhile, MoLISA insists on conducting the Labour Force Survey whereas GSO is officially charged with doing it. Ultimately, there are competing sources of information, which lack sufficient rigor in their production.

Lack of access to robust statistical data is often a major barrier to undertaking good research. VASS institutes assigned to undertake assessments of the economic and social impacts of Vietnam's accession to the WTO were not afforded access to information (as it was argued that international negotiations were ongoing and releasing such data would harm Vietnam's negotiation prospects). Impact assessments were subsequently based on several assumptions, hypothetical numbers and 'guesstimates' (CAF, 2006).

Research-based knowledge

Here, we consider the quality or methodological rigour of research knowledge produced by research institutes within ministries and academies of science, followed by an analysis of its independence or objectivity. We finish with an analysis of institutes' ability to work together to address crosscutting issues.

Methodological rigour

Jones and Young (2008) suggest that limited funding and lack of modernisation among research institutes is a significant problem, resulting in inadequate methodological capacities and weak analytical abilities among many researchers. A lack of funding, particularly before and during policy drafting processes, often means specific expertise required, but not found within the institute, cannot be hired, or field visits or surveys cannot be carried out. Some interviewees suggested research conducted was often unable to capture the complexity of various policy problems and, bearing in mind the institutional set-up, to provide policymakers with viable recommendations and information about the potential consequences, both intended and unintended. Rather, researchers tend to simplify and make vague recommendations.

Short timeframes are also a contributing factor. CIEM had to complete a first draft of a comprehensive nationwide assessment of the impact of Vietnam's accession to the WTO within three months. Research leaders may be given three to five days to produce a report on any one of a wide variety of topics. Without additional funding, and with little time, researchers are left to 'cook up something' based on limited available material found mainly on the internet.

However, some research institutes have a reputation for producing research of higher quality, including, but not limited to, CIEM (in MPI), ILSSA (in MoLISA) and IPSARD (in MARD).²⁶ Within MoF there are two particularly prominent institutes – the Institute of Financial Strategy and Policy and the Academy of Finance, as well as a Policy Advisory Group (PAG) (Box 5). These are located within large ministries that deal with priority issues under the government's economic, social, agriculture and rural development policies – which in turn attract large shares of the national budget. Some of the more policy-focused institutes within VASS, such as the Institute of Economy and CAF, are also said to produce more robust policy analyses.²⁷

Box 5: The MoF Policy Advisory Group

Established in 2006, and benefiting from support from UNDP, the PAG aims to carry out and coordinate public financial policy analysis and develop the capacity of MoF and related agencies to conduct public financial policy analysis. It comprises a head, members, consultants and collaborators. Members include those specialising in areas of macroeconomic policy both within and outside MoF. It meets monthly and can assign specific topics to a team of collaborators/consultants (both international and national, working on a contractual basis) who can undertake research and analysis. UNDP suggests the quality of expertise necessary to carry out assigned tasks successfully is scarce and the right mix of incentives and rigour in recruitment will have to be provided, and also that the leadership has begun to place increasing demands on the PAG for analysis and short-term advice, making it harder to plan longer-term research.

CIEM has made important contributions to the legal framework for doing business, including enterprise registration, corporate governance and investment approvals. It has also conducted evaluations of the impact of SOE reform. ILSSA is making increasingly important contributions on labour policies and social insurance, and the Institute of Economy and other policy-focused institutes in VASS have played a significant role in working to inform negotiations around WTO accession, and are undertaking poverty analysis and related social issues (Rama, 2008).

Interviewees suggested an institute's perceived effectiveness is attributable largely to its ability to attract significant project funding from donors or the private sector. Proximity to power is undoubtedly a key factor, as donors emphasise value for money. So too is leadership. With national and international sources of project funding available to the most senior members of an institute, previous and current directors have been particularly astute in using their institutes to woo funders, ensure some of the project funds are used to supplement salaries and those of their staff, build up staff capacity (through securing scholarships for their staff to undertake master's and PhD programmes abroad) and 'sell' their research to both government and donors, which has led to further funding and support.

²⁶ While departments of finance and international cooperation within ministries exert considerable influence on ministry research institutes with regard to financing, CIEM, given its history and prestige, has full autonomy in allocating budgets for individual research projects, without the need to seek approval from MPI (Dang, 2005).

²⁷ The Diplomatic Academy of Vietnam, under the Ministry of Foreign Affairs, is a member of ASEAN Institutes of Strategic and International Studies and the Council for Security Co-operation in the Asia-Pacific, which represent venues for policy discussions on security issues and are said to play a direct role in diplomacy with research institutes from across the Southeast Asian region.

Indeed, personal career success often depends on their ability to secure projects and money from outside, and not necessarily their ability to stimulate the production of new knowledge.

Box 6: Benefits for researchers who have studied abroad

Researchers from well-funded research institutions are likely to have:

- More access to research training opportunities, research grant competitions, scientific networks, conferences and workshops, national and international prizes and jobs, contracts and consultancies;
- Connections to capitalist economies abroad, in both East Asia and the West;
- Received new tools, technologies and advice on methodological and theoretical approaches that may not have been previously available;
- Greater ease in communicating in English; they are thus more likely to produce knowledge for international consumption by having their consultancy work published on websites and in international peer reviewed journals and books (Zink, 2011).²⁸

Staff from these institutes are said to be more qualified and have higher incomes and greater levels of motivation (but not necessarily more time) (see Box 6). This comes with greater levels of authority, which reinforces and increases the level of demand for their advice and services from top officials. In addition to requests for long-term research and answers to queries such as those posed by National Assembly deputies, researchers from CIEM, IPSARD and ILSSA are more likely to be tasked with preparing draft resolutions, bills, structural reform proposals and other documents for central authorities.

Although Box 7 shows donor practices have improved, there is a danger that donors ultimately draw top researchers into their own supply-driven agendas that produce work that is not particularly relevant to government priorities (Jones and Young, 2008). This may explain why research institutes were almost silent during the early stages of the global financial crisis and its impact on Vietnam towards the end of 2007 (Nguyen et al., 2011). Nevertheless, some institute leaders have been adept at seeking donor funding to help answer key policy questions. Some interviewees suggested that most donor-funded projects, if not immediately policy relevant, would contribute to a body of knowledge that could be drawn on in future (i.e. such research would, over time, play an enlightenment function – see Weiss, 1977).

Box 7: Moving towards a more collaborative approach in funding research institutes

Donors no longer take only a contractual approach to funding research. More funding is being channelled through government systems, and they are increasingly supporting policy research and formulation (drafting) processes; longer-term capacity development, including administration and institutional reform; and technical assistance through national, rather than foreign, consultants. Good practice is illustrated by UNDP's support to the MoF PAG, DFID's Governance and

²⁸ The transfer of new ideas and practices, acquired abroad, to the Vietnamese context is highly problematic. Researchers returning from abroad often take more than one year to readapt to working successfully in Vietnam. Leaders expect returning researchers to be generalists, capturing any opportunity to carry out a research project or consultancy that passes their way, irrespective of whether or not it is relevant to their research expertise (Zink, 2011).

Poverty Policy Analysis and Advice and IDRC's support to CAF. Some donors have been reluctant to provide core funding, which would, in effect, top up researcher salaries, as to do so would distort broader civil servant remuneration packages. Given that basic salaries are insufficient for middle-class lifestyles, this has encouraged recipients to adopt more creative accounting practices. Providing core funding to institutes will require a high degree of donor collaboration (so as not to double-fund certain institutes), may reinforce institutional particularism and will only promote more intensive relationships of mutual indebtedness, rather than providing researchers more space to produce higher-quality research.

Ultimately, government funding for basic salaries and infrastructure for these institutes will make up only a small fraction of the total funding they receive, with the basic salary package for a mid-level researcher making up about on average 30% of their own income, giving them a high degree of financial independence.²⁹ However, this has often led to staff in these institutes being overworked. Many have had to undertake routine administrative work, respond to *ad hoc* and often urgent demands from senior officials, draft policy or comment on drafts of other ministries (usually within short timeframes)³⁰ and undertake donor (and government)-funded project work in an often resource-poor environment.

In some instances, once project funding – increasingly being channelled through government systems – has been ‘disentangled’ from the (hierarchical) social relations that researchers are a part of (through, e.g., payment of debt and obligations), what is left is rarely enough to undertake work that is of sufficient quality.³¹ Researchers run the risk of having to recycle research results from previous projects,³² and donor-funded projects that cannot be completed successfully during one year owing to lack of funds could potentially be funded again in later years (Zink, 2011).

Although research funds are in principle disbursed only in return for satisfactory outputs, donor pressures to disburse money mean they often ‘turn a blind eye’ (Nguyen, 2005). A heavy workload and poor working environments often see the best researchers leave for opportunities in the private or international sectors (*ibid.*). It is unsurprising that Vietnamese researchers are said to produce less knowledge for international fields of science than researchers in many other Southeast Asian countries (Hien, 2010).

Independence and objectivity

Rama (2008) suggests that many of the institutes within government, including Vietnam's large social science research academy, VASS, have played a largely legitimating function, particularly before the reform era. Disciplinary-focused institutes were often tasked with reinforcing the Party's political philosophy, from the arts to economics to philosophy. Although there is a greater plurality of interests operating in the more open political environment, given research institutes' (both within VASS and within ministries) continued dependence on the government, both politically and economically, and the country's history (of enforced uniformity), researchers and their leaders are poorly equipped to engage with new ideas in a self-confident and critical way, and subsequently tend to think twice before articulating potentially critical research (Pincus, 2005). As a result, most institutes focus on

29 Certain conditions mean project funds cannot be spent on salaries. One way of overcoming this is to organise workshops and research at field locations distant from home. Researchers' field trips and the fees they collect as *per diems* and other bonuses associated with fieldwork are important supplements to income. But again, rules regarding *per diems* and maximum allowable costs for meals and accommodation during fieldwork are so low that the number of persons participating in any project often has to be inflated. The need to secure permission with official stamps and receipts from local government officials, hotels and restaurants all require further informal payments (Zink, 2011).

30 Unless a draft is controversial, researchers tend not to spend too much time assessing it.

31 In the context of a research institute, mid-level researchers may have to provide a monetary gift to institute directors to secure official signatures to bring in international funding.

32 Although synthesising previous work is often a key function of research institutes.

tactical issues and technical details and stay away from issues perceived as sensitive (Nguyen et al., 2005). CAF (2006) goes further to suggest there remains a tendency among policymakers to ask researchers to undertake research to support arguments and evidence in support of specific policies, rather than provide independent and objective research-based policy advice.

As mentioned there are exceptions, such as CIEM, which some respondents considered more willing to take on issues such as the appropriate role of the state as well as the direction of the socialist-oriented market economy (Nguyen et al., 2005). Its analysis on the whole tends to be critical, but it has to be cognisant of the language it uses, especially in relation to the ‘party line’. CIEM undertook research some years ago that contradicted MoLISA: the latter has argued that identifying poor households has been key to rapid poverty reduction, whereas CIEM found that the likelihood of poor households being targeted by poverty reduction programmes was only 50%. These findings were buried deep inside a long report, and it was unlikely that CIEM would broadcast them to the public – it would more likely feature in an informal and subtle exchange among top officials (more on this in the next section).

Critique does not necessarily challenge, but tries to pursue innovation within the existing framework. Institutes are unlikely to take on sensitive issues such as fuel subsidy reform, border disputes with China or corruption, even in exchange for donor funding. Nevertheless ‘risk-taking’ behaviour is probably shaped by historical, political and economic factors. That CIEM essentially developed the plans associated with *Doi Moi*, was once of equal rank to other ministries and has a long tradition of critiquing government policy, albeit subtly and behind closed doors, probably provides its leaders today with the power to be critical and listened to.

As mentioned, government funding makes up only a fraction of institutes’ total operational costs, which may afford them more political space, as government has fewer tools with which to discipline outspoken leaders. However, with donor funding increasingly being channelled through government systems, such benefits may be negated. While working with donors can often mean the recipient incurs fairly large transaction costs, given complicated and drawn-out administrative procedures, foreign funding can create spaces for more experienced researchers to train junior colleagues, who may be part of a new generation more likely to critique the *status quo* (Zink, 2011).

The political and economic distance some institutes enjoy might explain why, during the financial crisis, the prime minister sought regular updates, mainly from non-ministerial research organisations including institutes from VASS (the president of which reports directly to the prime minister rather than to sector-focused cabinet ministers) (Nguyen et al., 2011). Political umbrellas can also provide leaders with the power to speak out, but can also, over time, be dismantled, with new more powerful umbrellas emerging: a former president who ‘spoke out’ saw his prospects of promotion to vice minister or minister dashed. This is not to say that the likes of CIEM are not told to ‘quieten down’ when they do speak out.

Another factor that might constrain the effectiveness of an institute is the level of intra-institute debate. It is difficult for young researchers to maintain respectful behaviour and at the same time directly question, debate or object to the instructions of their seniors in the hierarchy. Nevertheless, projects funded by outsiders can create space for researchers to write, speak and organise effectively, in ways that can to some degree challenge those higher up. While costly, a researcher’s ability to produce knowledge is often dependent on having good relations with those higher up the hierarchy, and being generally well integrated in political and socioeconomic networks. This may have led to some research institutes such as CIEM having a more democratic culture, where views opposing those in the upper ranks of the hierarchy are aired more openly.

Collaborative work

Sometimes researchers within an institute are discouraged from working together. Given the often-excessive bureaucracy within institutes and the need to secure various permissions, researchers often try to minimise formal links between an externally funded project and the research institute in order to maintain a greater degree of control over the project. As a result, researchers can become individualistic in their work and, when they do find consultancy work, they tend to keep their activities secret from each other (Zink, 2011). This, coupled with institutional particularity, means researchers from different institutes are even less likely to work together formally on a research project. Policy research conducted thus tends to be narrowly framed, lacking links with broader national development priorities (Jones and Young, 2008). This is problematic, especially on issues such as food safety, environment and disaster preparedness, which required expertise and coordinated action from a range of ministries.

If private and informal relations are quite common on a small scale, formal horizontal networks, once established, tend not to remain active for very long. Conflicts of interest often prevent collaboration among research institutes. The Industry Strategy Institute, which belonged to the Ministry of Industry, proposed a tax reduction for imported cars in 2005 that conflicted with the interests of the Ministry of Transport (Nguyen et al., 2005). Box 8 provides an overview of externally funded formal networks that have tried to overcome this collective action problem. However, these have tended to resemble research programmes, with institutes not necessarily working together. The absence of legal status for a network results in one of the ‘members’ stepping up to channel funding to others, often creating tension among them.

Box 8: Formal donor-funded research networks

Examples of donor funded attempts to establish networks include the following:

- The Vietnam Development Forum was established in 2004 by a joint research project between the National Graduate Institute for Policy Studies in Tokyo and the National Economics University in Hanoi, to promote interactions between researchers and policymakers through workshops and seminars.
- The Vietnam Economic Research Network: Supported by IDRC since its inception in 2002, members have studied international trade, competitiveness, employment, poverty and inequality. The network quickly expanded to include researchers from across the country and established strong and credible links to policymakers and development practitioners.
- The MISPA Project was funded by the French Embassy, first for ICARD and then with IPSARD. Policy questions raised by policymakers of MARD were turned into research projects through MISPA’s research fund. Research groups nationwide can bid for these projects.

Practice-informed knowledge

Mass organisations like VCCI, in addition to their mobilisation role, are beginning to articulate the interests of their constituencies to GoV during the formulation of policies and laws. Appraisal reports have often been critical of the state when necessary. Stromseth (2003) argues that VCCI is ready to advance tough proposals on behalf of business interests. For instance, its synthesis report to the drafting committee and National Assembly in relation to the draft 1995 Law on Promotion of Domestic Investments described some measures as trivial and criticised the draft for placing too much emphasis on what the state provides and not what citizens might receive. The submission also included criticisms of a

more general nature, including how state offices often harass private business people and interfere in the production process. However, the official statutes for VCCI reflect its close and sometimes confusing relations with GoV. On the one hand, the statutes indicate that VCCI is ‘an independent, non-governmental organisation’ operating with financial autonomy; on the other, it carries out its activities ‘with support and under the supervision of the Vietnamese State’, and is required to conduct ‘activities which are assigned by the Vietnamese state’ (ibid:98).

7.2.2 Monitoring by the news media

On several ‘hot’ policy issues, open discussions are taking place in newspapers and on key internet sites, with people expressing opinions and suggesting different ideas. The Vietnamese press has reported business people, particularly those from the private sector, voicing strong complaints to the prime minister (or his deputies) around access to land, bank credit, taxes, restrictions on foreign trade and difficulties in establishing a business (Stromseth, 2003). Internet sites and blogs are an effective channel for journalists, and what might be termed ‘civil society’ activists, to express opinion. For example, they were vocal when land was taken away from a farming family and given to a company when local authorities realised how productive it was. However, Vu (2009) argues that particularly sensitive policies that challenge the legitimacy of the Party (such as border disputes with China and weakening of the economy) are rarely debated in public, and those who violate this principle are likely to be censured. Networks of internet bloggers that are overly critical of the Vietnamese government are usually prosecuted, and can have their server access curtailed (AFP, 2008; Cain, 2008).

Some newspaper editors continue to receive guidelines regarding issues to cover and how, issues to avoid and, by their absence from the discussion, issues that are not sufficiently sensitive to merit special oversight (Zink, 2011). Others continue to have weekly meetings with staff from the Party’s Ideology Department. These are no longer used to give editorial direction, but instead as a discussion forum. Nevertheless, some journalists, particularly at lower levels, employ self-censorship when they fear that overstepping opaque boundaries could lead to disciplinary action. The complex and contradictory regulatory environment the media operates in does not help: the Constitution allows for freedom of speech but also places the Party above the law and makes criticising it an offence. The Media Law states that no organisation or individual can limit or obstruct the operation of the media or journalists, but at the same time that the media is the mouthpiece for the Party (McKinley, 2009b).

Despite varying levels of state control, ambitious and conscientious reporters and editors often push the envelope whenever they can (Vu, 2009). Some media outlets tend to have more editorial space than others, especially those at greater physical distance from central government. Most of Vietnam’s progressive papers are based in Ho Chi Minh City, which, in a context of political decentralisation, has gained considerable power in relation to the centre. Political distance also appears to be crucial, as evidenced by the relative freedom exhibited by papers owned by mass organisations, particularly youth groups, which see censorship as less of a constraint on their work. During the Avian Influenza outbreak in the mid-2000s, the media was essentially used as a propaganda and mobilisation tool of the state, but a few outspoken newspapers in the south conveyed a more populist narrative, exposing the government’s attempts at a cover-up, reflecting the perspective of those the outbreak affected and scrutinising central and local officials (ibid.). For outlets not dependent on state funding, providing commentary on policy is increasingly difficult in a context where breaking news and sensational news stories are more likely to generate wide circulation, and crucially, advertising revenues.

When articulating policy issues and/or research findings, the nuance has tended to fall out of public debate. Some interviewees felt this was necessary, as readers would find such detail too complicated and reporters tend not to have sufficient technical training to

interrogate findings or explain complex social issues to readers. Furthermore, researchers are often frustrated when they perceive journalists to have misquoted them or taken their comments out of context. Some researchers said they spoke only to journalists they trusted, or were friends with, many of whom would share a draft of their report before it was published. This is in part influenced by Vietnam's under-funded and politically constrained journalism training institutes, which tend to produce graduates who are not necessarily ready for service. They have reasonable writing skills but limited knowledge of politics and economics, and are ill equipped to build contacts, deal with ethical issues or identify news stories (McKinley, 2009b).

Many media outlets suffer from a dearth of credible information. As noted above, if there is analysis, it is often debated strictly behind closed doors. In fact, very little analysis concerning important policy issues is made public. At the time of writing, there was considerable debate around interest rates, the availability of credit and the health of businesses. Many commercial interests wanted to see the State Bank loosen access to credit; others wanted to maintain interest rates to prevent a rise in inflation (which was high). Different media outlets had quoted different figures about the number of businesses going bankrupt, with little clarity about the source of the figures. As a result, with little hard evidence, GSO was asked to bring forward an annual survey to study businesses and the business environment in time for the May sitting of the National Assembly (interview, March 2012).

In another debate regarding the state electricity company and its social function, there seemed to be no assessment of the costs and benefits of subsidised electricity and the various ways in which social policies could be delivered, other than providing cheap electricity (at least not in the public domain). Only in a few cases do media outlets have the capacity to collect their own facts or conduct their own analysis. While politics is about the interaction of competing interests, in the absence of solid analysis public debates in the media have often failed to capture the complexity of policy issues and have often been used by certain government agencies to gather support for and further their interests (Zink, 2011).

7.3 Key observations

- Although there are now more sources of statistical data, concerns about reliability persist, while acquiring data from other agencies to inform policy thinking is still difficult. Competition for resources encourages the duplication of statistical datasets. Meanwhile, weak infrastructure, inadequate finances and poor motivation among researchers often result in an absence of, or poor quality, research during drafting processes. Government research institutes, situated within a number of the 'economic' ministries and within VASS, tend to produce higher-quality research. Working on high-priority policy issues and located close to the powers that be, they seem able to attract considerable donor financing and scholarships for their staff, who in turn are more likely to be better integrated into international research networks and benefit from various professional development opportunities.
- Donor (and additional government) funding is vital in topping up poor salaries, and often supports researchers to write and organise in ways that might challenge those higher up. However, although donor practices have improved, there is a risk that these institutes are more responsive to donor agendas than those of their own policymakers, leaving researchers overworked. While integration into social and political networks could provide researchers with a degree of space to do good work, it also means that, once project funds are 'disentangled' from social relations, the money remaining is not always sufficient to undertake rigorous research.
- Institutional particularism inhibits agencies from sharing material and working together to undertake joint research, while externally funded

networks fail to overcome this. As a result, policy research tends to be narrowly defined. This places more emphasis on more senior institutions, such as the prime minister's National Advisory Council on Monetary and Fiscal Policy, to address complex and wide-ranging policy problems. Such institutions tend to be inefficient. Against this backdrop, 'formal but not official' collaboratives, made up of trusted senior or retired officials and not necessarily 'experts' (without an office or the ability to do formal research), are a key feature of the upper echelons of policymaking circles.

- A desire among the Party's elite to avoid having its legitimacy threatened often shapes the way data and research are produced and presented, making senior researchers reluctant to present opinions that might differ from those of the regime, or ensure issues are framed technically, even if they have distributional consequences and clear implications for the role of the state. Some institutes have more room for manoeuvre than others. CIEM's historical trajectory and greater level of financial independence has given it more scope to be frank, albeit subtly and behind closed doors. While institutes provide an important platform, influence is a result of research leaders with strong personalities - often seen as 'bullet-proof' mediators - who can convince the highest ranks of the Party of the merit of new ideas without the risk of being labelled radical.
- Researchers have increasingly sought cooperation with the media to mobilise support for policy positions. In a minority of cases (where the legitimacy of the Party is unlikely to be threatened), media outlets have provided a forum to gather public opinion. However, this has mostly taken the form of intra-elite debate. Media outlets from the south, and those affiliated with mass organisations, tend to have more editorial freedom. Nonetheless, lack of access to credible information, coupled with poor fact-checking abilities, means journalists are often susceptible to being misinformed, intentionally or otherwise.

8 Implications for external actors

Drawing on some of these findings, we provide a ‘menu’ of suggestions for external actors to help them improve the way they design and implement their programmes; and support GoV to improve the quality of policymaking.

8.1 Improving programming

Understand how change happens with regard to specific issues: Improving living standards for the Vietnamese citizenry and preventing instability is crucial for the Party’s legitimacy and will require further improvements in the productivity of land and labour and an increase in the technological capabilities of national firms and farms. However, policy in the form of positions and elite actions is merely an intermediate step on a complex road that leads to outcomes and ultimately what happens ‘on the ground’. The question many have failed to help government answer is ‘How to get there?’ Understanding how and why outcomes emerge is a complex undertaking, but can and should be mapped on a case-by-case basis. Building on work started by UNDP on fuel subsidies, understanding potential winners and losers to reform and how the latter can best be compensated will be important, given the institutional set-up, assisting the move away from best practice recommendations to those that are ‘fit for purpose’. A number of recently published papers probe some of the political economy drivers of outcomes in relation to specific policy issues in Vietnam, providing suggestions as to how to alleviate specific bottlenecks. Examples include the Harris et al. (2011) study on scaling up rural sanitation in Vietnam as well as Forsberg (2011) on health care reform.

Identify ‘islands’ of high capacity: Several pockets of administrative capacity exist where state officials could potentially take implementation in hand in a deliberate way to relate more constructively to the needs of firms and farms (Booth and Therkildsen, 2012). Agencies tackling key economic issues and considered to be relatively efficient include MPI, MoF, MoIT, the State Bank, MARD and MoLISA, as well as research institutes within them such as CIEM, ILSSA and IPSARD. However, agencies tend to provide a platform for key members of the political elite, around whom others tend to rally and to whom they provide support.

Identify the right people: Identifying, working with and delivering projects through and with key personalities (or champions), particularly those considered visionary and whose incentives might align with those considered pro-reform, is important in promoting change. This is undoubtedly difficult, given that donors are usually kept at arm’s length and also may want to avoid being seen as overtly ‘political’. Key middle-level personnel such as general directors, research leaders and their deputies (noting that researchers are often considered the vanguard of Vietnam’s interaction with foreigners) and/or those who are members of ‘collaboratives’ for both party and state agencies need to be identified. Informal

advisory panels, such as AusAID's, made up of serving and retired senior officials and long-established Australian as well as Vietnamese staff, can play a significant role in doing this by developing networks, accessing policymakers and/or entering policy processes, if they have not already done so.

Understand counterpart interests: The funding attached to external actors' projects means most organisations and individuals are likely to cooperate. External actors therefore need to ensure projects respond to genuine political pressure, preferably from a range of government stakeholders. Large donor-funded programmes are often embedded in government systems, which promote higher levels of ownership and theoretically reduce transaction costs for recipients. However, GoV's strong negotiation position usually means donors are left with limited influence, 'champions' are not all that easy to identify and work with and finance is not necessarily spent precisely in the way that was agreed at the outset. If donors do become 'pushy', there is a risk that government may 'react'. Given the dominance of informality in the way things get done, actor incentives and interests need to be mapped and considered during negotiations before agreements are signed. Ideally, the design for projects should include appropriate mechanisms to mediate disputes and conflicts if and when they arise.

Provide the right kind of support: The right kind of donor support can help maintain and expand the space for apparently 'reform-minded' personalities to have a voice in the policy debate. Rather than channel large sums of money directly into GoV systems, this might mean initiating more projects that make use of technical assistance personnel, project staff or private organisations using donor funding but not delivering financial assistance. Although competition among donors may mean influence diminishes when smaller sums of money are concerned, UNDP and Sida have shown what can be done with relatively small sums of money (earlier noted challenges notwithstanding). The uncertainty of the political environment can help key 'champions' test new and different ideas and approaches, but they need to be equipped with analysis of how they might bring about change. This might include information on how key actors who oppose 'reform' might perceive their own interests, suggestions on how potential reforms could bring them benefits and how support could be built among other elites.

Support GoV proactively to ensure it can act when the time is right: Even if a roadmap for change emerges, forming a genuine pro-reform consensus will not be easy. However, periods of economic slowdown have tended to increase pressure for change, such as before the *Doi Moi* reforms were initiated in 1986 and during the Asian financial crisis in the late 1990s. At the time of writing, the Vietnamese economy was yet to fully recover from the global financial crisis of 2008. External actors should thus ensure GoV has the appropriate analysis available for leaders to draw and act on if and when necessary. Such support would be better coming with flexible administrative processes to enable them to respond to urgent and unexpected government needs.

Work with like-minded donors: The 50 donors working in Vietnam all providing various forms of support to both hardware and software should continue liaising with one another, particularly those that are 'like-minded' and working on similar issues. With regard to knowledge-policy links in Vietnam, donors could consider establishing a working group providing support to the production, use and interaction of knowledge for policy in Vietnam. This will enable donors to work more strategically, map out what is being done and where, identify gaps, engage in dialogue as to how best to address them and specialise in their respective comparative advantages.

Have realistic expectations about what can be achieved and use appropriate tools to measure 'success': Defining outcomes relies on behaviour change across a wide network of actors and social relationships. Attributing change to a particular intervention becomes very challenging. External actors must therefore be realistic about what they can expect to achieve. Nevertheless, they need to account for expenditure. Current tools, based on logic

and prediction, will likely fail to deal with the complexity of the policy context in Vietnam. Thankfully, there are methods that can be used to reconcile these tensions that complement existing project and programme management methods. These include Outcome Mapping and Social Frameworks, which are likely to be better able to address the need to foster, deliver and monitor sustainable behaviour change across a complex array of overlapping social relationships (see Shaxson and Clench, 2011).

8.2 Improving the quality of policymaking

As the analysis has shown, the behaviour and motivations of different actors are shaped by multiple overlapping incentives and constraints – both formal and informal – only some of which (the formal) external actors can address. Here, we suggest a number of ideas for improving the quality of policymaking. These are grouped under four headings: policy processes, knowledge production and interaction, knowledge use and developing capacity.

8.2.1 Policy processes

More strategic policymaking: Continue to provide support to policy formulation processes and longer-term capacity development that advances tools and approaches to make policymaking more strategic, and incorporate issues of implementation and enforcement (including local leaders' incentives). Work done to draw up and implement the 1999 Enterprise Law provides a good example. Tools have been developed in the UK to support government departments to address such issues, most notably the Lines of Argument technique, as well as horizon scanning (Bielak et al., 2008).

Wider and better consultation: Drawing on principles of democratic centralism and collaborative decision making, encourage more inclusive consultative processes, particularly drawing on voices from key local governments. Continue and expand support for policy development, interpretation and enforcement processes in selected provinces where knowledge is limited to research produced by internal institutes. Given the competition between agencies, there is merit in analysing the different approaches to mediating conflict and fostering coordination, which could shed light on those that are more appropriate.

8.2.2 Knowledge production and interaction

More demand-driven support to research institutes: While providing core funding may not be the solution, longer-term support, in excess of two to three years, can help drive up standards and enable researchers to make genuine contributions to national policy rather than be co-opted into donor agendas. This could include dialogue with GoV to give national research institutes a greater degree of autonomy in their personnel management, finances and organisation, and to encourage them to conduct and convey more neutral commentary.

Better impact assessments: Given the challenges of enforcing legislation, conducting high-quality policy analysis to inform the objectives of drafting laws is essential. RIAs are an important input, but this is only part of the solution. It is important to clarify whether RIAs are being commissioned to build a picture of the status of a policy issue, to demonstrate accountability and effectiveness of public expenditure or to support ongoing decision making and learning. Improving the supply of RIAs will require continued support to build methodological capacity, as well as ensuring sufficient resources are available.

Getting research out of practice: As officials and societal actors do not always work in ways that are sanctioned by the law, and as policy is often reactive, research institutes could have a strong role in undertaking action research projects to trial initiatives, before legislation is drafted, and to build coherent bodies of evidence to inform policy. The mentality needs to shift from getting research into policy to getting research out of practice (Parkhurst et al., 2010).

Ranking data and comparative research has appeared to be successful in ‘naming and shaming’ particular entities and promoting dialogue about change processes. VCCI helps compile the annual PCI and has started compiling a Ministry Effectiveness Index; CECODES, together with the Fatherland Front, compiles the PAPI. Support to similar initiatives, comparing economic (and social) indicators from Vietnam with those of its neighbours, could be explored.

Facilitating the presentation of new and different perspectives: National experts are essential – there is no substitute for their understanding of the local context and connections to national policymakers and researchers. However, the challenge is to bring new perspectives to the country context. Support could be provided to policymakers and research leaders to learn about ideas and experiences from other countries. Relationships between political and research leaders in Vietnam and prominent international research institutes and experts from East and Southeast Asia could be forged and strengthened.

Non-monetary support to informal groupings of researchers: In the face of complex multidimensional problems, knowledge generation needs to be oriented to the problems it addresses, rather than confined to specific research institutes. However, rather than attempting to fund formal networks, which have generally failed to overcome an institutional reluctance to work together, external actors could consider working with the grain and identify informal groupings with mutual interests, which can be supported through linking them with people, information and technology, and not necessarily money.

Research support to the most senior Party–state officials: Given poor inter-agency coordination, external actors could consider contributing to research capacity at the highest level. This might include strengthening OoG capacity to advise the prime minister, as well as working with informal collaboratives. However, lessons need to be learned from the activities of the prime minister’s Research Commission, which was disbanded in 2006.

Support to journalists from key media outlets to ensure they have better access to, and are more able to judge the validity and make better use of, information sources provide. Greater access will facilitate basic reporting responsibilities – such as fact checking – that can now prove extremely difficult.

Support universities, quasi-NGOs and business associations: Recent moves by the government to create formal links between universities and ministry institutes are encouraging. Building on this, external actors could consider helping develop a research culture within universities, which would help improve their overall quality and expand the size and diversity of the research community in Vietnam. Support could also be provided to quasi-NGOs such as DEPOCEN to undertake surveys and produce statistical data. There is also merit in supporting selected business associations such as VCCI to improve their representation function. This could include work to improve the quality of consultation processes and their ability to synthesise and disseminate information during policymaking processes.

Diversify knowledge production: This might generate competition among government, mass organisations and university and NGO research centres for policy attention, and might drive standards up (in the same way that the PCI and the PAPI have contributed to improvements in provincial governance). Although they might not have the formal links to the policy process, the political distance that universities (and quasi NGOs) have from government could have a significant impact on the content of economic policy. As these institutions are all fairly marginal in Vietnam’s political context, if they are supported external actors would likely have to acknowledge that this would entail a long-term commitment and a close engagement with shifts in the political economy.

8.2.3 Knowledge use

Training to improve policymaking and knowledge use: There are some isolated examples of good practice by a number of government officials and National Assembly deputies who have demonstrated strong abilities in considering information, as well as drafting and appraising policy. Further study, which could be undertaken to document this, could then be shared with other officials working on key policy issues, through targeted interventions including training on other aspects of policymaking such as planning and management techniques, analysing arguments, assessing the quality of research, participatory processes and the use and abuse of statistics, among other things.

Work with officials from both the Party–state and the National Assembly: Interventions could target middle-level officials such as general directors and their deputies, or members of key government agencies such as MPI, MoF, MARD and MoLISA, as well as powerful Assembly committees such as the Standing Committee, ECNA, the Law Committee and the Finance and Budget Committee (focusing on chairs and deputy chairs). Interventions could be channelled through ministry professional development programmes, the Government Committee on Organisation and Personnel, NAPPA and/or ONA.

Support curriculum development at NAPPA: Although politically sensitive and part of the government’s public administration reform work, opportunities to join other donors (such as Sida, ADB and UNDP) in supporting NAPPA could be explored, especially with regard to developing a curriculum to improve job performance, professionalism, leadership development, knowledge of state governance, change management, policy coordination and monitoring and evaluation.

Funding links between the Assembly and research institutes and experts: Although the National Assembly has signed an agreement with VASS to provide research and advice, unless such links are properly financed (as is the link between CAF and ECNA), given weak civil service incentives (affecting VASS researchers, for instance), information is unlikely to be of sufficient quality. External actors could consider funding links between other key Assembly committees, government research institutes and quasi NGO research centres. Given the informal nature of knowledge interaction, external actors may want to consider ‘pairing’ deputies with researchers, an initiative that has seen some success in the UK and Uganda.

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