

Contents

Preface

Abbreviations

<u>Chapter 1: Introduction</u>	1
1.1 Internship at the Royal Netherlands Embassy	1
1.2 Public Administration Reform	1
1.3 Central problem and research questions	3
1.4 Theoretical framework	3
1.5 Methodology	4
1.6 Set up of the thesis	6
<u>Chapter 2: Vietnam, the country and its history</u>	7
2.1 General information about Vietnam	7
2.2 History in a nutshell	8
2.3 Macroeconomic crisis and reform towards a market economy	9
2.4 Political system	12
<u>Chapter 3: Theoretical framework, Public management reform</u>	15
3.1 Why public management reform and what is it about?	15
3.2 Reforms explained: a model for public management reform	16
3.3 New Public Management	19
3.4 New Public Management in practice	21
3.5 New Public Management in developing countries	22
3.6 Concluding	25
<u>Chapter 4: The Public Administration Reform strategy</u>	26
4.1 The first wave of Public Administration Reform	26
4.2 From PAR to the PAR Master program	29
4.3 Implementation	32
4.4 Donor involvement in the PAR Master program	35
4.5 Sustainability and challenges: view from the donors and the Government	37
4.6 Concluding	38

<u>Chapter 5: Public Administration Reform in the Ministry of Agriculture and Rural Development</u>	41
5.1 The Ministry of Agriculture and Rural Development	41
5.2 Overview of PAR in MARD activities	41
5.2.1 period 1995-1997	41
5.2.2 establishment of project VIE/98/004	43
5.2.3 period 1998-2000	44
5.2.4 start of the project VIE/98/004	45
5.2.5 assessment	46
5.2.6 context and implementation	49
5.2.7 end of the first phase, an evaluation	51
5.3 Action planning, a new approach	52
5.4 Concluding	55
<u>Chapter 6: Public Administration Reform in Vietnam: an analysis</u>	57
6.1 Introduction	57
6.2 PAR in Vietnam in NPM perspective	57
6.3 Filling in the boxes	59
6.3.1 the first cluster	60
6.3.2 the second cluster	60
6.3.3 the third cluster	63
6.4 An answer to the central problem	64
<u>References</u>	67
<u>Appendix</u>	69
Appendix A: list of interviewed persons	70
Appendix B: interview guides of the qualitative interviews	71

Abbreviations

ADB	Asian Development Bank
CPV	Communist Party of Vietnam
DARD	Department of Agriculture and Rural Development
DOP	Department of Planning
FAO	Food and Agriculture Organization
GoV	Government of Vietnam
HCMC	Ho Chi Minh City
HRD	Human resources and development
MARD	Ministry of Agriculture and Rural Development
MoF	Ministry of Finance
MoHA	Ministry of Home Affairs
MoJ	Ministry of Justice
NPM	New Public Management
OMARD	Office of the Ministry of Agriculture and Rural Development
OOG	Office of the Government
PAR	Public Administration Reform
PC	People's Council
PPC	Provincial people's committee
PSC	PAR Steering Committee
PSF	PAR Support Facility
RNE	Royal Netherlands Embassy
SARD	Station of Agriculture and Rural Development
SBV	State bank of Vietnam
SOE	State Owned Enterprise
TPR	Tripartite review meeting
TQM	Total quality management
UNDP	United Nations Development Program

Chapter 1: Introduction

1.1 Internship at the Royal Netherlands Embassy Hanoi

In 1999 the Dutch Government decided to drastically reduce the number of developing countries that received financial aid from the Netherlands. The rationale for this decision was to increase the effectiveness and efficiency of the financial aid and to build up an intense and sustainable bilateral relationship with poor countries to reduce poverty. It was thought to be more effective to divide the financial sources over a few countries than to spread them out over a lot of countries.

The Dutch government at that time in 1999, selected 17 countries to build up with a long-term bilateral relationship. To be selected the countries had to meet the requirements set by the Dutch government. These requirements were:

- the extent of poverty, poorest countries were the first to receive
- good governance
- good socio-economic policy

Vietnam qualified as one of these countries and to enhance aid effectiveness it was decided to concentrate the bilateral co-operation with this country in three sectors: Forestry and biodiversity, water-management, and health. To further increase aid effectiveness, aid was moving from isolated projects to a so called sector-wide-approach which means that there should be worked in multi-year and multi-donor projects. The Netherlands Embassy in Hanoi is actively working within the three sectors mentioned before and follows the principles of the sector wide approach in the implementation of its sector programmes. These sector programmes need to be based on sufficient ownership by relevant stakeholders to enhance their sustainability.

From January till May 2003 I have worked as a trainee at the Royal Netherlands Embassy in Hanoi, Vietnam at the economic and commercial section. Vietnam, associated by many people with poverty, war and communism, at first sight seems to be a strange country to go to, to do an internship for a research thesis in public administration, but the following paragraph will explain why Vietnam is an interesting country for public administration research.

1.2 Public Administration Reform

Due to wars and, later, economic embargoes by the western world, Vietnam was hit hard by an economic crisis. To fight this crisis, the Government of Vietnam launched in 1986 a reform strategy named “Doi Moi” which means renovation, and is roughly said the transition from a centrally planned economy to an open market system.

The results that have been achieved during the first ten years of “Doi Moi” are impressive, high economic growth and particularly strong economic performance has been achieved; the economy has been transformed to a more open system. To continue this economic growth and strong economic performance the Vietnamese Government realised that also the country’s administrative system needed to be adjusted and reformed to the new demands of an open market economy. Since then Public Administration Reform (PAR) had the mandate of rehabilitating the national economy. It was (and is) seen as a vital link between economic growth and poverty reduction and as an essential condition for the country’s further integration into the international economic markets.

PAR in Vietnam means the transition from a public administration system that was adapted to the centralized planning mechanism to one that gradually adapt to an emerging market-based economy with socialist orientation. Therefore the Government adopted in 1995 a Public Administration Reform (PAR) program. The general aim of this PAR program is to establish a democratic, strong, professional, transparent, modern, effective and efficient administrative system. The program was focused on three main areas:

- organisational reform
- institutional reform
- human resource reform

In the period 1995-2000 a series of PAR pilot projects, funded by various donors, were started at the central and local level. The idea was to “learn by doing”; the pilots were meant to perform small-scale tests that, if proven successful, would be replicated at national scale.

The Netherlands Embassy also funded PAR pilot projects at the provincial level: the PAR project in the province of Quang Binh (1996-2001) and at the local level: the PAR project in the city of Hai Phong (1998-2002). However these PAR tests were not very successful, the Government of Vietnam was not very familiar with facilitating change, the Government recognised this problem and established in 1998 the PAR Steering Committee (PSC), chaired by the Prime Minister, but despite this initiative it did not bring about much coherence between the various projects.

In 1999, the United Nations Development Program (UNDP) reviewed the PAR process together with Germany, Denmark, the Netherlands and the Asian Development Bank (ADB).

This review was completed in 2000 and set the basis for a PAR strategy for the period 2001-2010; it was named the PAR Master program. The PSC requested the donors to continue their support to the PAR process (PAR Master program) to be co-ordinated by UNDP. This PAR Master program brought together for the first time all the Government’s intentions, targets and modalities for adopting reforms for the administrative system.

In September 2001 the Prime Minister approved the PAR Master program that contains four major components:

- institutional reform
- reform of organisational structures
- human resource management and development
- financial management reform

The Netherlands Embassy, together with other donors, is supporting the PAR Secretariat in implementing the PAR Master program. Furthermore the Netherlands Embassy is supporting a large PAR project in the Ministry of Agriculture and Rural Development (MARD).

The Government of Vietnam decided that MARD would be the first ministry for which donor support would be requested to implement reforms under the new strategy. This was because of the fact that MARD is a large ministry and is central to the quest for poverty alleviation and economic growth. Ninety percent of Vietnam’s population live in rural areas and 75 percent depend on agriculture for their livelihood. The project can be categorised under organizational reform, the second component of the PAR Master program.

The project has as its main objective:

“To improve the functioning of MARD’s administrative system in order to increase its effectiveness and to promote socio-economic development in rural areas.”

The Netherlands Embassy decided to fund the PAR in MARD project, because two out of the three embassy’s priority area’s (forestry/bio-diversity and water management) are the responsibility of MARD.

1.3 The subject researched: central problem and research questions

The enormous reforms in Vietnam are subject to a deeper analysis in this thesis. Purpose of the research is to get an insight in Vietnam’s public administration reform program and to compare if this reform program has the same characteristics as the public management reforms carried out in the western world, which are often based on New Public Management principles. Research has shown that it is very difficult to introduce public management reforms and NPM principles in developing countries and based on the experiences in Vietnam, an answer will be given why it is so difficult to introduce public administration reforms in Vietnam and New Public Management principles.

As Public Administration in Vietnam is a very broad and complex subject, which cannot be fully analysed within the scope of this thesis, a central problem and four research questions have been developed which are used as a framework for analysis.

The central problem is as follows:

Why is it difficult to implement public administration reforms and New Public Management principles in Vietnam?

To give an answer to the central problem, four research questions have been developed:

- 1). Public management reform, what is it about?
- 2). What is the strategy for Public Administration Reform in Vietnam?
- 3). How is PAR designed in the Ministry of Agriculture and Rural Development?
- 4). How does the PAR process in Vietnam relate to the objectives and practice of public management reform and New Public Management and what are the difficulties in implementing these reforms?

1.4 Theoretical framework

The theoretical framework of this thesis is about public management reform, this theoretical framework will be used to analyse the public administration reforms in Vietnam in chapter 6.

Public management reform came up in the 1980s in the Anglo-Saxon countries and later on it spread out to continental Europe; it is seen as a new way of running the public sector by adopting management techniques that are derived from the private sector, this to make the public sector more effective and efficient. This new approach to public sector management is also referred as New Public Management.

Because so many countries have been subject to reform in the last 20 years, public management reform is often titled as a new global paradigm. However, the extent of adoption of reform principles varies between countries and is often influenced by country specific characteristics. Pollitt (2000) has developed a model to analyse public management reforms in a particular country. With this model the main forces, motivations and constraints that influence the process of management reform in a country can be analysed.

The model contains three main clusters which are socio-economic factors, the political system and the administrative system, and within these main clusters there is a division into specific “boxes”.

Although many countries have carried out public management reforms, there is not much knowledge about the outcomes of public management reform, evaluation material is difficult to retrieve and if it is available it usually only takes into account some factors to analyse the results, and therefore it is difficult to make general conclusions about public management reform in practice.

In the early years only western countries reformed their public sectors, but recently also developing countries carry out public sector reforms, but these countries are facing specific difficulties in reforming the public sector. Some authors have given explanations why it is difficult for developing countries to carry out public management reforms and their opinions will be discussed.

1.5 Methodology

It is not possible to describe the whole process of public administration reform in Vietnam, because it has so many aspects and it would be too complicated and too much for this thesis to describe it all. Therefore, the subject is limited and a central problem and four research questions function as a framework for analysis. In this paragraph will be explained how the central problem and the research questions are answered. To answer the four research questions, many data needed to be collected. The data that was needed to give an answer to the research questions and the central problem in this thesis is collected by using the technique of the study of documents and interviewing.

The study of documents is known as document analysis. Analysis of documents distinguishes itself from other methods, like interviewing and observing, because information is collected from the second hand and that means that the information that is used, has been used before for other purposes. The material what has the interest of the researcher by this type of data-collection are the contents of books, newspapers, magazines, reports, letters, films etc.

(Hakvoort, 1995: 144).

Interviewing is a technique, which is frequently used within public administration research and other social sciences. Interviewing for scientific research is used to get trustful information about the object of study. The information that is collected from interviews are opinions, judgements, memories and convictions of the people that are questioned. There are three types of interviews that can be distinguished:

1. An interview that is not standardized (or free interview), the interviewer doesn't use a questionnaire and the interviewer doesn't try to push the conversation in a certain direction.
2. A qualitative interview (or focused interview), this type of interview is more standardized, the interviewer uses a list with the topics he or she wants to talk about. On this list there are no fixed questions and there is no order for the topics that will be discussed.

3. A standardized interview (or structured interview) has a questionnaire with questions that are made in advance, the questions and the order of the questions is fixed.
(Hakvoort, 1995: 134)

In this thesis two techniques of interviewing have been used to collect data, which are free interviewing and qualitative interviewing. The interview guides of the qualitative interviews can be found in appendix B.

The first research question deals with public management reform and will be answered in chapter three of the thesis, being the theoretical framework. To answer this research question many books, collected from the library, have been studied about public management reform, New Public Management, New Public management in developing countries etc. Also articles published in scientific magazines (like *Public administration and development* and *economisch statistische berichten*) have been used to answer this research question.

The second research question is about public administration reform in Vietnam. To answer this research question information has been collected from documents, interviews and meetings. The documents that have been studied were program documents from UNDP, documents from the Netherlands Embassy and documents from the Government of Vietnam.

To collect more specific information about the subject and the role of the Netherlands Embassy in the PAR process, some unstructured interviews were held with the head of the development cooperation from the Netherlands Embassy and the head of the economic and commercial section from the Netherlands Embassy.

Also meetings about the subject have been attended, like the PAR annual meeting in February 2003, this was a meeting organized by the Ministry of Home Affairs of Vietnam to give an update about many PAR projects. Participants were representatives of the donor community who were funding PAR projects and representatives from the ministry of Home Affairs and other relevant ministries involved in the PAR. Another attended meeting was the inception seminar on the PAR Master program support facility organized by the Ministry of Home Affairs in April 2003. Participants were representatives from the donor community who support the PAR Master program and representatives from ministries who are involved in the PAR Master program. At this meeting everybody was updated and the inception report on the PAR Master program was presented and explained. The meetings were attended to collect more information about PAR and to get a better insight of the content and progress of the various projects. But as a participant, the meetings were also used to analyse the respective roles of the donors and the Government in the PAR process and to create an opinion about the commitment to the PAR from both parties.

The third research question is about Public Administration Reform at the Ministry of Agriculture and Rural Development (MARD). To answer this question information has been collected from documents, interviews and meetings. Documents that have been studied to answer this research question include documents from UNDP, the Netherlands Embassy and the Ministry of Agriculture and Rural Development. Qualitative interviews were held with the senior technical adviser of the PAR in MARD project to get to know more about the project and the history of PAR in MARD and to identify his opinion about the Action Plan; with the national project manager of the PAR in MARD project to get to know more about the process of PAR in MARD and his opinion about the Action Plan; with the associate expert of the PAR in MARD project to get to know more about the Action Plan, and with two senior civil servants of MARD to ask their opinion about the Action Plan and to get more insight in the process of development of the

Action Plan (this Action plan will be explained in paragraph 5.3). Unstructured interviews were held with the programme officer governance and public reform unit and with the secretary of the PAR in MARD project, with them the project was discussed and they provided more information about how the project was developed. For some interviews with the Vietnamese people I made use of a translator.

Meetings that have been attended were the Tripartite review (TPR) meeting at MARD in January 2003 and the LPAC meeting at the UNDP office in May 2003. The TPR meeting was a meeting to review the first phase of the project and has been attended to collect information about the content of the project and about its progress, paragraph 5.2.7 describes this meeting in detail. The LPAC meeting was a meeting organized by UNDP and participants were people from UNDP involved in the PAR in MARD project and representatives from the Netherlands Embassy. At this meeting the first phase was analysed and the content of the second phase was discussed.

Research question number four will be answered based on what has become clear from the previous research questions. No material needed to be studied to answer this question; it is an analysis and will lead to an answer to the central problem.

1.6 Set up of the thesis

Below is written down a summary of what will be discussed in the coming chapters.

Chapter 2 is an introduction to Vietnam. In this chapter some country facts are described and a brief overview is given on the history of Vietnam to have some background information, furthermore the period of macro-economic crisis is discussed what can be seen as a major input and source for the current reforms. Finally the political and administrative system of Vietnam is discussed to get insight in the various institutions at the central and local level, and attention is paid to the relation between these institutions.

Chapter 3 is the chapter that describes the theory, what will be discussed in this chapter is already written down in paragraph 1.4.

Chapter 4 describes the process of public administration in Vietnam, from 1995 onwards. The early PAR strategy will be discussed and paragraph 4.2 is about the strategy that sets out the goals for 2001-2010, the PAR Master program. Furthermore attention is paid to implementation issues, sustainability of the program, and donor involvement. The chapter ends with a concluding paragraph that analyses the strategy and identifies the difficulties.

Chapter 5 describes the public administration reforms in the ministry of agriculture. Attention is paid to early PAR initiatives (period '95-'97, '98-2000); the project PAR in MARD with Dutch funding, an assessment of PAR in MARD and a new approach to PAR, the paragraph ends with some concluding remarks on the strategy and the difficulties.

In chapter 6, the different boxes of the model are filled in according to the characteristics of Vietnam, to analyse which factors are of major influence in Vietnam's reforms. After that the public administration reforms in Vietnam are compared with the key features of New Public Management, to analyse if the PAR in Vietnam are characterized by NPM style reforms. Finally the difficulties with reform in Vietnam are outlined, leading to an answer to the central problem.

Chapter 2: Vietnam, the country and its history

This chapter is an introduction to Vietnam, topics described are: country facts, history, macro economic crisis and reforms, which underlie the public administration reforms, and Vietnam's political framework.

2.1 General information about Vietnam

The Socialist republic of Viet Nam (which means people of the south (of China)) is located in Southeast Asia; the country is bordered by China in the north, Laos and Cambodia in the west, the Gulf of Thailand and the South Chinese Sea in the south and the Gulf of Tonkin in the east. Vietnam has a surface of 326,797 square kilometres.

Map:



(Encarta,1999)

The countries population is an estimated 79.7 million people. 84% of the population is ethnic-Vietnamese, 2% is ethnic Chinese and the rest are members of over 50 ethno-linguistic groups, who live mainly in the central highlands and the mountainous regions in the northwestern part of the country.

There are four main religions in Vietnam which are Buddhism, Taoism, Confucianism, and Christianity, but Buddhism, practiced by 55% of the population, is the dominant religion.

Vietnam is one of the poorest countries in the world with an estimated per capita income of 441 US dollars per year. The countries' two main cultivated areas are the Red River Delta in the north

and the Mekong Delta in the south, but the rest of the country consists mainly of mountains and hills.

Vietnam is a predominantly agricultural country and only one-tenth of the population works in industry. Vietnam's main export products are rice, coffee (Vietnam is the second biggest coffee producer in the world), tea, rubber, sugarcane, coconuts and cashew nuts. The capital city and political centre is Hanoi located in the north of the country, but the country's economic centre and biggest city is Ho Chi Minh City (HCMC) also known as Saigon which is located in the south, other big cities are Haiphong (northeast) and Danang (central). (Florence & Storey, 2001)

2.2 History in a nutshell

From early on Vietnam has a stirring history, marked by many years of foreign occupation.

For over a thousand years (from 200 BC-900 AD) Vietnam was ruled by the Chinese. The Vietnamese learnt a lot from these Chinese oppressors, for instance the use of dikes and irrigation works to cultivate their land for rice growing. The Vietnamese also took over a lot of Chinese habits and also their religion (Buddhism), nowadays many Chinese influences can still be found in the Vietnamese society.

From 1859 onwards the French who, were interested in Vietnam's minerals and agricultural land, colonised the country for almost a 100 years. The French also controlled Laos and Cambodia and named the whole area "Indochina". In those days Vietnam was separated in three parts to weaken the unity of the country. The French left a big mark on Vietnamese society, they introduced their own laws, their baguettes and the Chinese style writing was changed into the Roman alphabet, which turned out to be very profitable nowadays, making it easier for the Vietnamese people to learn foreign languages. There was a great resistance against the French oppression and one of the most successful groups of anti-colonists were the Communists led by Ho Chi Minh, later known as Viet Minh.



Ho Chi Minh, symbol of revolution in Asia, and a very important and honoured person in Vietnam. (Encarta, 1999)

During the second World War, when France had fallen to Germany, Indo-China was taken over in 1941 by Japanese troops and again it was the communist-dominated Viet Minh, supported with funding from the United States, who did something significant to resist the Japanese occupation. So by the time the Japanese withdrew themselves from the country in 1945, it was the communist leader Ho Chi Minh who declared Vietnam as an independent state, and named it the Democratic Republic of Vietnam.

Soon after this Vietnam again was occupied, this time by anti-communist Chinese troops. Ho tried to defeat them, but when he could not succeed he agreed with the return of the French to get rid of the Chinese troops. The French were about to stay for 5 years in return for recognising Vietnam as a free state within the French union.

In name the French got their influence back in Vietnam, but the existence of the French caused a lot of tension and a French-Viet Minh war was inevitable. After 8 years of fighting the Viet Minh controlled much of Vietnam, and in May 1954 the French troops were defeated by the battle at Dien Bien Phu, which meant the end of almost 100 years of French influence.

At the Geneva Accords in 1954 it was decided to split the country in a communist north and a non-communist south and that elections would be held in 1956 with the purpose to reunite both parts again into one country. The south was now ruled by a government under the leadership of Ngo Dinh Diem, a fierce anti-communist. Despite the promises made at the Geneva Accords, the elections did not take place, because Diem did not recognise the Geneva Accords anymore with the argument that in a (partly) communist country, free elections were not possible. Ho Chi Minh's plan was to make Vietnam a communist country and he was supported by the Soviets, but the United States wanted to prevent communism from spreading around and supported South-Vietnam in the war (starting in 1960) against the North. Soon after, American troops were sent to Vietnam and the Vietnam War started, ending in 1975 with the fall of Saigon, whose name was immediately transformed by the communists in Ho Chi Minh City. The success surprised the communists and they had hardly any idea how to deal with the integration of the two country parts whose social and economic systems were totally different.

In July 1976 Vietnam was reunited and named the Socialist Republic of Vietnam and with that reunification a period of over a hundred years of foreign occupation, twenty years of division and 30 years of destructive wars had ended. (Florence & Storey, 2001)

2.3 Macroeconomic crisis and reform towards a market economy

The united country which was now governed by one government who followed the Marxist-Leninist ideology could now start to build up its economy.

Vietnam's economic development in the last 50 years can be divided into three main periods. The first period from 1945-75 can be described as a war economy, the period 1975-1988 as a period of severe economic crisis and the period 1986-nowadays can be described as one of major reforms both economically and politically.

The challenge for the new government was to unify and build one economy upon two war-weary economies, which were also based on two different economic systems; a capitalist economy driven by market forces in the South and a socialist centrally planned economy in the North. The northern economy needed to be strengthened and the southern capitalist economy needed to be transformed into a socialist one. A socialist economy is one where there exist only two types of production ownership: mass ownership by the people, understood as state ownership, and collective ownership. The capitalist type-ownership by the private sector- is not recognised or discriminated. However this task of unification of the two economies was not as easy as the Government thought and hoped it would be, and the country entered a period of ten years of macroeconomic crises. A range of factors both internal and external contributed to this crisis. Inexperience in the management of a modern economy, administrative inefficiency, red tape and corruption and deficiencies in the economic model itself due to fast socialisation were major causes, but also ambitious growth targets, distortions and sectoral imbalances. These bad

conditions were further strengthened by cuts in foreign aid, economic embargoes of the international community and the involvement of Vietnam in the war in Cambodia.

The serious economic crisis left the Government little than to reconsider its approach to meet the economic crisis. The first signs of this new approach were seen at the Fifth Plenum of the Communist Party of Vietnam (CPV) in July 1976, where the party for the first time acknowledged individual interests alongside collective interests.

With this acknowledgement the Communist Party launched a series of “new economic policies”. These new policies encouraged private initiative in producing and producing more products for export. This trend to reform was further strengthened at the Sixth Plenum of the Communist Party of Vietnam in 1979; private enterprises were given more freedom to operate independently from the state. The most radical change that time was seen in the agricultural sector, attempts were made to liberalise the sector and individual households were given more freedom to sell their products on the market and they were allowed to cultivate their own land. Now the state officially recognised three basic forms of property: state, collective and individual. Overall, the new policies stressed a slowing down of socialist transformation in a lot of sectors, which therefore means less central planning. Unfortunately, the new policies that were intended to save the desperate situation were not immediately implemented, and that led to a deterioration of the already desperate situation.

In December 1986 the government introduced against a background of hyperinflation and structural economic imbalances a comprehensive reform program with the objective to liberalise and deregulate the economy. This was a breakthrough, because these reform plans showed the recognition by the government of the failure of central planning and it marked a major turning point in the development of the economy. The reform strategy was named “Doi Moi” which means “renovation”; a transition from a centrally planned Stalinist command economy to a market economy with socialist direction. (Fforde & de Vylder, 1996)

The major objectives of the reforms were (Harvie & Tran, 1997: 49):

- To develop the private sector
- To increase and stabilise agricultural output
- To shift the focus of investment from heavy to light industry
- To reduce the role of state enterprises
- To focus upon export-led growth, based upon the experiences of Vietnam’s dynamic regional neighbours
- To attract foreign investment, seen as essential for economic development

From 1987 a number of the reforms were implemented and this was further accelerated in 1989, onwards into the ‘90s, when they became more and more comprehensive and rapid.

It was such a big change at high speed that it looked like a sort of shock therapy approach.

The early stage of “Doi Moi” was characterised by a focus upon a number of key areas, which were (Harvie & Tran, 1997: 54,55):

Agricultural reform, radical changes in pricing and the management of agriculture in 1987-1989 increased the freedom of producers and stimulated the agricultural production. Farming cooperatives were no longer considered to be the centre of production; instead farming households became the essential production unit. Membership of a cooperative became optional

and rights of full land use, inheritance and transfer were recognised by the state. These measures led to an increase in farm output and Vietnam emerged as the world's third rice exporter.

Price liberalisation, the essential renovation of policy in this field was the recognition of the market mechanism and market prices in a multisectoral market for all commodities. The prices directly determined by the state were limited to transport, communication and energy.

Financial reform, in 1988 the government restructured the banking system and redefined the functions of the State Bank and specialised commercial banks.

Trade liberalisation, to improve the country's trade performance the dong was devaluated in 1988, narrowing the spread between the official and parallel market rates. In 1989 a new tariff schedule was introduced, while quotas on import and export were lowered. Priority was given to the development of goods for export as one of the key programs in the structural adjustment of the economy.

Foreign investment reform, in January 1988 the government promulgated the law on foreign investment. All sectors of the economy, in principal, were open to foreign investors and special incentives were attached to investments that promoted exports.

The successes of these reforms and pressing external developments in the late 1980's forced the government to continue the reform process and to totally transform the system of central planning to an economic system driven by market forces, but to make this transition possible further specific reforms were required. Implementation of these necessary reforms therefore happened in a number of areas to stimulate the development of a market driven economy.

The areas that were focused upon were (Harvie & Tran, 1997: 57,58,59):

Exchange rate devaluation, in December 1989 the official exchange rate was devaluated and was brought almost equal to the (black)market rate.

Interest rate reforms, in the fight against inflation the interest rates were raised to positive real levels in 1989.

Fiscal reforms, the government undertook ambitious reforms in fiscal management, for example the tax system was undergoing a reform program with new taxes like housing and land tax, personal income tax and later on profit tax.

State enterprise reforms, budgetary subsidies were eliminated and managers were no longer obliged to achieve centrally determined production targets, but got greater autonomy in determining where their output was sold and from where input could be obtained on the basis of market prices.

External economic policy reforms, the highly restricted trade regime with state monopoly was lifted. All sectors have been encouraged to participate in foreign trade, with both state and private enterprises having easier access to imports and more incentives to export.

Reform of the legal system, Vietnam demonstrated an effort in the creation of a legal framework to facilitate the functioning of a market economy, with for example the introduction of a foreign investment law, a land law and a bankruptcy law.

Social reform, the reform program was expected to contribute to a transitional rise in unemployment and therefore the government initiated programs such as retraining schemes and soft loans for the small-scale private sector.

During the first ten years of “Doi Moi” Vietnam managed to increase the per capita income, to banish starvation and to attract foreign investors and the country had an economic growth of 8-9% per year. (Fforde & de Vylder, 1996)

2.4 Political system

Vietnam is a communist country, which means that there is a one-party system. “Democratic centralism” is the principle governing the organization and functions of all the State organs, according to which decisions are made centrally.

The organisation of public administration at the central level

The National Assembly is the highest agency representing the people, the highest authority of the State and the highest legislative body; there are no other parliamentary assemblies. It decides on the basic domestic and foreign policies, the socio-economic tasks, national defence and security issues. The National Assembly is elected for 5 years by direct universal suffrage. Legally speaking there is no separation of powers. The National Assembly is the legislating organ and its powers extend to modifications of the Constitution on which it alone decides and it selects the country’s President and Prime Minister. The Assembly also has the power to remove and appoint the judge of the Supreme Court.

The Government (GoV), is the executive organ of the National Assembly and the highest administrative body of the State. It consists of the Prime Minister, deputy Prime Ministers, ministers and head of organs at ministerial level. The Government is accountable to the National Assembly and is responsible for the overall management of the State and the implementation of the Constitution and laws. The Government’s responsibilities are a mix of executive functions, such as policy making and administrative functions.

The country’s president is the head of the state and is elected by the National Assembly from among its members and he has to represent Vietnam in internal and foreign affairs.

The National assembly is assisted by the Council of State, a 13-member collegial organ selected by the Assembly from among the deputies, it may remove and appoint the deputy Prime Ministers and the ministers and supervises the activities of the Supreme Court and the Government. Its second role is to provide the president.

Communist Party leadership role

Article 4 of the Constitution: “the Communist Party is the only force guiding the state and society”. Thus the Communist Party decides on the general orientations or guidelines to be proposed to the National Assembly and to all the administrative authorities. The members of the Government and of the most important administrative authorities are chosen amongst Party members to a very great extent. The Party is entitled to check on their work, to make sure the work it is entitled to their principles. Its structure at the central level (Central Committee,

Politburo and Secretariat) reminds of the structure of the public authorities (National Assembly, Council of State and Council of Ministers). The central committee is the highest organ and has 125 full members, but the Politburo is the most powerful institution. Their members are elected by the central committee and they oversee the Party's day-to-day functioning and it has the power to issue directives to the Government. Since the death of Ho Chi Minh there hasn't been a Party president. The Communist Party's role can be compared with the role that a party with a large majority might exercise in a western democracy. Without intervening directly in operation of the administration system such a party gives its major political guidelines and places representatives at the key positions.

(Vasavakul 2002; www.mofa.gov.vn)

In 1992 the Constitution has been revised with the intention to create a state structure more appropriate for a mixed economy. Changes included a clearer specification of hierarchies of control within the state executive and a more effective role for the National Assembly in law making and oversight. This development shows the acknowledgement of the separate nature of public administration as an important part of state activity and the growing importance of the idea of 'rule by law' in the organization of state affairs. Leading advocates of reform have argued a clearer separation of party and state, to distance the administration from the politics of the Party's leading role, but in practice the Party has not given up its direct participation in the activities in the state institutions. Most senior officials are Party members and at the absolute top all of them are and the Party organization exercises close control over the careers of all senior state officials. (Painter, 2002: 262,263)

Organization of public administration at the local level

The local level in Vietnam does not have an organ that consists of both legislative and executive arms. Instead localities have a People's Council (PC) a representative body at local level and a People's Committee (PPC) an executive body at local level. There are three levels of local authorities:

1. The level of the provinces and municipalities

At present there are 61 provinces and four municipalities (Hanoi, Danang, Haiphong and HCMC) both at the same level.

2. The level of districts

At present there are 512 districts

3. The level of communes

There are more than 10000 communes

Generally each territorial level is organized like the central level and includes:

A *People's Council*, this is an organ elected by the population for 5 years by direct suffrage, resembling on local level the National Assembly at central level, so a representative body at local levels. The People's Council is basically "the local organ of state power". It elects and removes the member of the People's Committee, which is its executive organ.

The Council makes the general decisions concerning its territory - particularly in connection with drawing up local plans and voting the budget. Its power is laid down in the Constitution. It has a permanent organ consisting of the president, vice-presidents and a secretary, providing for the organization of the Councils activities.

A *People's Committee*, this is an organ elected by the People's Council for also 5 years and is similar to the Council of Ministers at the central level. It is the executive organ for implementing the Council's decisions so it is the State's administrative organ in the district.

The relationships between the People's Council and the People's Committee are rather similar to the one's existing between the National Assembly and the Council of Ministers.

Own *administrative departments*, set up by the People's Committee and directly subordinate to it.

Local authorities cannot carry out any public administration functions unless the responsibilities are explicitly assigned by national legislation. In this regard the *Law on Organisation of the People's Council and the People's Committee (1994)* and the *Ordinance on the concrete Tasks and Powers of the People's Council and People's Committee at Each Level(1996)* were promulgated in order to provide the basic legal framework for local government organization and operation.

The Budget Law (1996, 1998) formalized the fiscal arrangements between different levels of government, assigning important budget responsibilities to local authorities, especially at the provincial level.

The 1992 Constitution stipulates that the elected People's Council is the "local organ of State power" which in turn elects the People's Committee as its executive organ. But in practice, there are a number of obstacles for People's Councils to carry out this function effectively. While the tasks of the People's Council's are increasing in importance as well as volume, they are poorly equipped in terms of basic resources, skills and infrastructure. People's Councils normally meet twice a year, and these meetings take place after the meetings of the National Assembly and that gives the impression that the contribution of the People's Council to policy discussions at the national level is not substantial.

The relations between the different levels of government are complicated in many ways. First the People's Councils at all levels are supervised and guided by a committee of the National Assembly and the Government. Second the People's Committees are accountable both to the People's Councils at the same level, as well as to the next highest executive body (either a People's Committee or the Government, depending on the level). Third some central ministries have branch offices in each locality, which are administratively placed under the People's Committees, but which functionally report to the higher authorities along the line of command in each ministry. Fourth, most tax revenues belong to the central Government, and the local administrations receive revenue allocations according to centrally dictated norms.

In practice however, revenue allocations and expenditures at local level are not strictly controlled by the central authorities and tend to be determined by a series of negotiations between different levels of government.

It is clear that these arrangements are very complex and one of the objectives of the PAR program is to provide more clarification in the relation between the central and the local level; there is a need for more effective devolution of power and decision-making authority. The problem on the part of the central Government regarding decentralization is caused by the fact that there is not yet enough capacity within local authorities in order to make them efficient public service providers. Problems with efficiency and accountability can be traced back to the

low morale of underpaid local officials and a lack of training, as well as the absence of a proper structure of local government. (Vasavakul 2002; www.mofa.gov.vn)

Chapter 3: Theoretical framework, Public Management Reform

3.1 Why Public Management Reform and what is it about?

During the last two decades the governments of many countries, both developed and developing, are reviewing the roles of the civil service, local authorities and public enterprises. Reviewing took place because in many countries the public sector had failed to be the driving force for national development and especially in developing countries it is sometimes a force that can block economic development. Due to those circumstances, citizens and public officials began to realize that the public sector should be reduced in size or made more efficient, or a combination of both, because governments were clearly not well organized, poorly managed, very costly and ineffective and inefficient. Citizens were also getting more demanding about the services offered by the public sector and wanted to be treated as respected customers like they were treated in the private sector. Against this background, the entire western world moved to a trend of public administration reform, and according to Minogue (1998: 19,20) this was based on three general stimuli:

Finance: Rising government expenditure coupled with poorer than anticipated economic performance has inspired a fundamental questioning of the effectiveness of large public bureaucracies.

Quality: Citizens are customers of government and notice that the service provided by the private sector is much better than they receive in the public sector. They become unsatisfied with government performance therefore a refocus and change of service delivery to the citizens is necessary.

Ideology: Due to changes in the political, social and economic environment of the public sector new ideas and issues appeared and this reform wave of new ideas itself brings about pressure for change.

The wave of administrative reforms started in the early 1980s in the United Kingdom, then spread to the United States, Australia and New Zealand and further on to Scandinavia and continental Europe. Recently also developing countries are reforming their public sectors and are subject to sometimes impressive reforms. All the administrative reforms tend to be more or less managerial reforms and point in the same direction and that is the adoption of business management techniques, a greater service and client orientation, the introduction of market mechanisms and competition in public administrations. (Kickert, 1997). It can be concluded that public management reform principles have been adopted worldwide in various economic and political systems, being the new global paradigm for public administration. However, the extent of adoption by various countries of the principles has varied, because the extent of adoption is frequently influenced by country specific characteristics.

Now that is described why public management reform came up as a new global way of thinking of how the public sector should be managed, what is it actually about?

A definition of public management reform is given by many authors who have written about this subject, but one of the most comprehensive definitions is the one given by Pollitt (2000:8)

“Public management reform consists of deliberate changes to the structures and processes of public sector organizations with the objective of getting them to run better.”

In this definition public management refers to the activity of public servants and politicians and to the structures and processes of executive government. Furthermore public management is in contrast with the old public administration because of the adoption of private sector management techniques. Regarding reform, with its many definitions and alternative terms, it is best in this context to talk about the reshaping of something that already exists. Structural change may include merging or splitting of public sector organizations. Process change may include the redesign of the systems by which, for example, applications of passports are handled or the setting of quality standards for health care. Management reforms are changes to the systems by which public servants are recruited, trained, appraised and promoted.

After this explanation of what public management reform is, who are involved in these reforms?

First of all public management reforms need the support of leading politicians, like presidents, prime ministers and ministers of finance. Furthermore senior civil servants are crucial actors in reform programs, although it can be argued that they are the ones who can be also resistant to any form of change, they are the ones who generate the ideas set out by the leading politicians and are responsible for implementation of intended reforms. Besides the politicians and the senior civil servants there is a group of outsiders who play a prominent part in reform processes; these are the management consultants, independent think tanks and academics.(Pollitt, 2000: 19,20)

3.2 Reforms explained: A model for public management reform

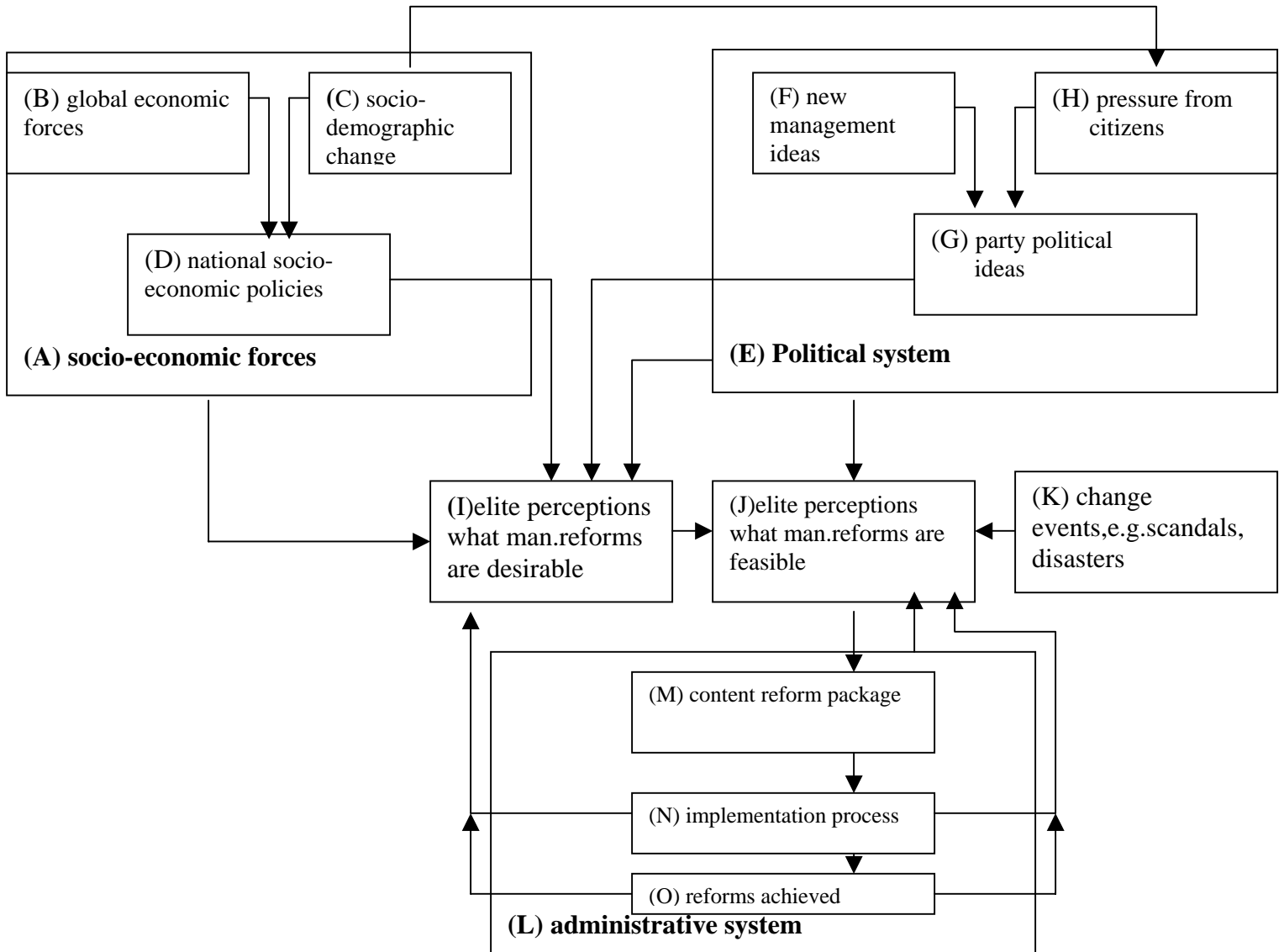
Previously has been discussed that public management reforms have appeared worldwide, but that the content of reforms differ in various countries according to country specific characteristics. To get more insight in the main forces that are of influence in public management reform the model designed by Pollitt (2000) can be used. The purpose of the model is to provide a framework by showing the broad forces which are at work in driving and restraining change. From and within the model a detailed set of typologies and more specific theories can be developed which can classify and explain specific patterns and trends, both within individual countries and among groups of countries. (Pollitt, 2000: 25)

The model (shown on the next page) has 12 “boxes” and three main factors which are:

- 1) socio-economic forces
- 2) political system
- 3) administrative system.

Each factor is more or less influential in a particular country and each factor can vary not only in strength but also in nature.

The model:



(Pollitt, 2000:26)

At the heart of the model lies the process of elite decision making, because public management reform, especially in central governments, is usually a process that begins in the upper levels of governments.

There is a distinction (**box I and J**) between what reforms are desirable and what reforms are feasible. There are obstacles (economic and conservative) that resist change. Besides the elite decision making, there are three large groups of elements:

Box A, B, C and D are a group of economic and socio-demographic factors.

Box E, F, G, and H represent a group of political and intellectual factors.

Box L, M, N and O are a group of administrative factors.

The interplay between these groups of factors make that management changes emerge.

The boxes explained

Now a description of the various boxes will be given (Pollitt, 2000: 25-37).

The first cluster are economic and socio-demographic factors.

Box A represents the general set of these factors, some of them are structural, which means deep-rooted and long lasting, for example the population of a country. Others can be more short-term, like short-term economic cycles. Some of these are likely to have a definite impact on state administrations, and it is these which are identified in box B, C and D.

Box B represents the influence of global economic forces, this can be a very dominant force, because due to globalisation of markets and the growth of international corporations and international trade, the control that governments have over their economic policy can decline.

The intensification of international competition obliges governments to give greater attention to the competitiveness of their country and countries are unlikely to compete effectively if they are weighed down by high taxes or heavy bureaucracy.

However, Pollitt (2000) says that is widely argued that global economic forces are an important reason for administrative reform, but the pattern of management change has differed from country to country, which suggests that the effects of global markets are not uniform. Furthermore he says that the timing of reforms in particular countries frequently do not correlate closely to economic crises, so there is no direct cause and effect.

Economic forms of globalisation do seem to have a major influence on institutional change, but it acts through a number of intervening variables. These other variables are crucial in determining the precise shape and timing of the reforms in particular countries. Finally he says it should be noted that economic pressures themselves do not translate in management reforms. Reformers need plans on how the public sector should be governed and markets can provide the pressure for that but they do not supply the ideas and plans.

Box C socio-demographic change is an important pressure. It refers to pressures that arise from changes in the lives of people, like life expectancy and changes in family pattern. These changes can have an increasing or decreasing effect on state-provided services.

Box D contains national socio-economic policies.

The second cluster of influential factors are those concerned with the political system.

Box E represents the general, structural features, which make management reforms more or less straightforward. For example a reform process is likely to be less combative in countries that are characterised by a consensual political system and coalition governments, than countries that have a two-party system.

Box F is the influx of new management ideas into the public sector, brought in mainly by management consultants. Usually management ideas are not translated in a pure form directly into specific reforms, but they flow into a pool of ideas, which are made use of by political and administrative elites (box I and J).

Box G identifies the party political ideas as an influence on management change. Political parties have ideas on how they want to govern and these include issues of structure, style and process. For example a party may decide to decentralize and put power closer to the people. Party political ideas may be more or less ideologically charged.

Box H represents the pressure of citizens. However, Pollitt (2000) argues that citizens seldom put direct pressure on the state institutions, discontent or opinions are normally expressed to the mass media or political representatives. But that public opinion can create pressure for reform and while the views of citizens seldom seem to be the driving force for particular reforms, there can be circumstances in which they constitute an important background force.

Box K is a box that stands outside the three groups of main factors and it represents the unpredictable things as natural disasters, epidemics etc.

The third cluster is the one dealing with the administrative factors.

Box L describes the administrative system in general, which is often difficult to change in more than incremental ways.

The contents of reform packages in **box M** are the product of interaction between the desirable and the feasible coming out of box I and J.

The process of implementation, **box N**, is probably the most important stage of the reform process and it the complexity of the implementation processes is increasing. More and more programs are delivered through complex networks of organisations. These networks may include different levels of government, voluntary non-profit organisations etc. Another problem that can arise with implementation is that individual reforms, though they are good in themselves, may contradict other reforms which are carried through at the same time. Implementation is also crucial in the sense that it can directly feed back to the elite decision-makers ideas about what to do next-whether to continue along a given path or change the track.

Finally **box O** represents the achievements that occur from the process of reform. These may or may not, bear a close resemblance to the original aspirations of the political elite. But the outcomes feedback, like implementation, into earlier stages of the process and than in particular to the elite perceptions of what types of change are desirable and feasible (**box I and J**). In practice it is difficult to identify what the exact results are from a reform process, this point will be further explained in paragraph 3.4 of this chapter.

3.3 New Public Management

As mentioned before in the first paragraph of this chapter, from the early 1980s on, there were innovations in the management of the public sector, with the introduction of new management techniques drawn from the public sector and this new trend started in the Anglo-Saxon countries. This changing approach to public sector management is also referred as “New Public Management” (NPM), a name that became frequently in use due to the publications of Christopher Hood (1991, 1995) on the subject, like “A public management for all seasons” or “Contemporary public management: a new global paradigm?”

To achieve better results within the public sector, NPM focuses on reforming the public sector and improving the state’s administrative capacity (Liou, 2001: 542); modern management based reforms are also used to promote the development of organizational learning and innovation while it emphasizes attention to application and outcomes. The failure of past reform efforts are recognized and used as learning tools, feedback, additions to the administrative knowledge base and evaluations are used to avoid past errors.

Some key features of the New Public Management can be identified and are listed below (Liou, 2001: 541; Pollitt, 2003: 27; Kickert, 1997: 18):

- Market type mechanisms for the delivery of public services.

- Emphasis on service quality and consumer orientation.
- A shift in value priorities from universalism, equity, security towards efficiency and individualism.
- A shift towards more measurement and quantification, especially in the form of systems of performance indicators and/or explicit standards.
- A preference for more specialized flat, autonomous organizational forms rather than large multi-purpose, hierarchical ministries or departments.
- Creation of semi-autonomous agencies for service delivery.
- A shift towards competition between the separate units offering the services.
- A widespread substitution of contracts for formal hierarchical relationships.
- Devolving authority, providing flexibility.
- Improving the management of human resources.
- Optimising information technology.
- Improving the quality of regulation.

The “substitution of contracts for formal hierarchical relationships” is one of the most distinct features of the New Public Management. By contracting is meant the writing and enforcing of private law agreements. The New Public Management replaces the traditional public administration networks with a long chain of contracts. It places the contract in the centre of public governance, and not authority as in the traditional approach to public administration.

(Lane, 2001: 159)

The New Public Management has been subject to a lot of debate, and some of the statements are outlined in this paragraph.

First of all there is the question raised by Hood (in: Kickert, 1997: 18) and others about the novelty of the New Public Management trend, he argues that “the emperor’s new clothes look remarkably like the old principles of classical business management”, and Pollitt (in: Kickert, 1997: 18) concludes that new public managerialism mainly consists of the classic management principles of Taylor from the beginning of the century. Also it has been argued that the New Public Management has the same characteristics as “old public administration” based on the Weberian bureaucracy, this is true to some extent, but needs some more explanation.

Although many countries have carried out reforms that are drawn from the New Public Management menu, the type of administrative system determines to what extent NPM principles are adopted. Basically public administration systems are guided either by the *Rechtsstaat* model or by the Anglo-Saxon model of public interest. In the *Rechtsstaat* model the state is an integrating force within society and its focal points are the preparation, promulgation and enforcement of laws. The *Rechtsstaat* model is closely related to the ideal type rational/legal

Weberian bureaucracy, a centralized bureaucracy, pre-occupied with rules and regulations and hierarchical chains of command.

The public interest model accords to the state a less dominant role within society and is more seen as an unavoidable evil, that has no more powers than absolutely necessary.

(Pollitt, 2000: 53).

To continue, New Public Management is often contrasted as “new” against “old”. The old in this context must be seen as the traditional bureaucracy against which the new modern public administration stands out as “better”. This traditional bureaucracy is perceived as rigid and bureaucratic and no longer well functioning in the rapidly changing, information-rich, knowledge intensive society of the past twenty years and this type should be replaced by a more flexible, fast moving, performance oriented, modern organization. This argument is highly promoted by Osborne and Gaebler for instance in their book “Reinventing government” published in 1992. However, they stress the negative side of such a bureaucracy (rigidity, centralization) but ignore the positive side like continuity, honesty and commitment to equity in dealing with the citizen. (Pollitt, 2002: 59)

Therefore, NPM in its purest form is most likely to be found only in the leading NPM countries (read Anglo-Saxon countries) like Australia, the UK and New-Zealand, because of their different type of administrative system (public interest model). The countries in continental Europe are more connected to the *Rechtsstaat* model and although they have been subject to NPM style reforms, their reforms are partly built on the positive features of the Weberian bureaucracy, that is why it is sometimes argued that NPM has the same characteristics as “old” public administration. To illustrate this, one of the features of NPM that is listed above is “A shift in value from universalism, equity, security towards efficiency and individualism”. This shift is not likely to be found in the countries linked to the *Rechtsstaat* model. Reforms in this context are better referred as public management reforms. According to Kickert (1997: 33) public management reform is broader than the businesslike interpretation of running the government and it is not only a matter of business management, client orientation and market competition (read: effectiveness and efficiency) but it is also a matter of legality, legitimacy and other values. Of course the two overlap to a high extent, but New Public Management is more businesslike and is more focused on a reduced role for government.

To return to the NPM debate there is and has been also a lot of debate if New Public Management is a global, general model that can be copied in every country like Osborne and Gaebler (1992) argue in Minogue (1998: 19) “there is a inevitable and global movement to a single NPM model”, or that it is just the adoption of management techniques who have to be adjusted to the specific features of a country and that there is no one and only framework like Dunleavy and Hood (1994) argue in Minogue (1998: 19) “futures in this area are multiple not single.” Finally, Budding en Groot (2003) argue that despite the fact that people talk about “the NPM” there is no leading theory, but that New Public Management consists of a loose mix of ideas of how the public sector should be managed. The New Public Management shifts easily between public choice theory, principal agent theory and transaction cost economics.

3.4 New Public Management in practice

Regarding NPM in practice Pollitt (2003: 50,51) argues that it is difficult to draw general lessons about it. On the one hand it is clear that NPM has worked well for some services in some

jurisdictions in some times, but it is hard to distinct the general benefits of it, because there exist so many variables, like political and administrative cultures, available resources, the type of function undergoing reform, quality of the managers that implement the reforms and so on, that influences the practice of management reform. Many studies of the practice of management reform take only into account some of these factors to analyse the results so it is hard to tell whether or not these results can be generalized and sometimes clear evaluations of the reforms are not even available.

But to give a slight overview of the practice of reform, a few country experiences of OECD countries will be described and in the next paragraph some experiences with NPM in developing countries will be described.

In New Zealand the government achieved what was probably the most comprehensive set of public management reforms of any OECD country. Unlike many other countries the New Zealand government undertook two broad evaluations of the reforms. Both came to positive conclusions, while it also identified some areas of concern. For example major; the range of policy advice to ministers broadened, there is much greater flexibility of employment and more performance information in the public domain.

The less positive results were that the costs of the reforms were high and that greater focus on outputs has been achieved, but sometimes at the expense of some loss of attention to outcomes.

The implementation process was vigorous and continuous, key civil servants played a central role and also management consultants and other experts brought in from outside were very often used. (Pollitt, 2000: 256,257)

In the United Kingdom the government is not very much restricted by law in carrying out reforms. So when it determines to carry something through, it usually can and many large-scale reforms have been put in place. The reforms in the UK have been continuous and intense; public sector employees have become accustomed to constant restructurings, downsizings and “new initiatives”. Much of the change has been driven from the top.

The conservative governments of '79-'97 were not enthusiastic about carrying out large-scale evaluations of their management reforms. Ministers argued that reform was essential and desirable and that formal public evaluation might prove delay and distraction.

(Pollitt, 2000: 274).

In Germany the modernization of public administration should be perceived as a “bottom up” revolution, there are hardly any reform initiatives at the federal level.

Local governments put into practice: result oriented budgeting, cost calculation of administrative products, decentralized resource accountability, customer orientation, outsourcing, contracting out and privatisation.

Also in Germany there is no evaluation of the outcomes of reform at the various levels of government. The implementation and initiation of changes is through pilot projects rather than by a comprehensive approach, this creates problems of dual structures.

(Pollitt, 2000: 240)

In Australia the government carried through a series of significant public management reforms and they also committed themselves to extensive evaluations.

Real change has been achieved, for example the culture of public service has shifted, state assets have been privatised, outsourcing techniques have been applied and cost-consciousness skills

have been sharpened. On the other hand progress has often been significantly slower than expected.

The implementation of public management reforms has been a fairly centralized process, and the style could be sometimes rapid and at other times gradual and incremental.

(Pollitt, 2000: 203)

3.5 New Public Management in developing countries

As described above evaluation material on industrialized country experience with NPM is scarce, material on developing countries is even scarcer, it is fragmentary and there are only a few analytical studies. This is not because governments in developing countries are reluctant to research and scrutiny. It is because governments lack money for research and, until very recently, donors were busier with issues of governance, financial aid and human resources than with evaluation. There is also not much independent research going on by academics and much of the research and consultancy income derives from the donors. (McLaughlin, Osborne, Ferlie, 2002: 228).

Despite this; to get an idea of the practice of NPM in developing countries some experiences are written down (McLaughlin, Osborne, Ferlie, 2002: 231, 232, 233).

Contracting out of common services has occurred in for example Ghana and Zimbabwe. In the health sector a survey of experience in India, Mexico, Thailand and some other countries, found evidence of a variety of services being contracted out. But the contracting out in developing countries is often constrained by incapacity. Considerable problems were found in management of the contracts; like problems with paying of contractors on time and keeping records of contracts that were negotiated. A study of experience in India, Pakistan and Senegal found problems caused by unclear performance specifications and failure to enforce contract terms. Steps to improve the quality of public services through management mechanisms such as Total Quality Management (TQM) (TQM includes for example surveys about citizens needs, description of quality indicators, development of procedures to cut waiting time etc.) have been taken in a number of countries like Brazil and Malaysia. Attempts to increase the participation of citizens have been widespread with for example the setting up of a Public Complaints Bureaux in Malaysia and the carrying out of service delivery surveys in India, Jordan, Uganda. Mexico.

What has been the experience in practice? The carrying out of service delivery surveys was usually not owned by government and did not ultimately lead to service improvements. In Mexico, reforms that emphasized customer service were distorted by the president's insistence that the centralized, hierarchical one-party system should not be disturbed. In Malaysia there was a discrepancy between the appearance and the reality of service reform. Total Quality Management there has been partly an attempt by government, but it was noticed that initiatives in general were as deeply dyed with Muslim as with NPM rhetoric.

As there is not much evaluation material available, some general conclusions about NPM in developing countries have to be pieced together from few sources, and Manning (2001: 300) argues that it becomes clear that New Public Management has not become the only public management paradigm in developing countries as will be explained later on in this paragraph, but there have been significant reforms that were drawn from the New Public Management menu, so that NPM has left its mark. Manning (2001: 302,303) is not very optimistic though and argues that NPM in developing countries does not bring about as much as it does in the western states and gives three likely explanations why NPM has delivered less in developing countries.

The first statement he makes is that public expectations of government in developing countries are fundamentally different than those found in western democracies. As has been said before, the pressure for public management reform was partly a result of the rising expectations of citizens about the services offered by the public sector due to improving experiences as costumers in the private sector and the New Public Management programs are partly based on public concern about the standards to be expected from government and the idea behind that it is worth complaining about a lack of good services. However, the public expectations of service quality in developing countries are low and citizens are unlikely to feel that complaining about the quality of services is worth the effort. Manning argues that the public expectations of service quality in developing countries are low and that citizens have the feeling that it is not useful to complain about low standards of service delivery. This statement is very questionable, because there is no good reason to assume that citizens in developing countries do not complain. People in developing countries certainly do complain about government performance, especially at the local level, for example about corruption and the distribution of land, and this sometimes leads to serious fights and demonstrations. (Painter, 2003: 264)

The problem is that it is difficult for citizens in some countries to have their voices heard at the central level of government, because many countries are heavily supported by donors and then their sound is often overruled by the louder voice of the donor community.

Secondly, the NPM elements of performance contracts and decentralized authority assume a formal world, based on “old public administration disciplines” (like in the rational/legal Weberian bureaucracy). In particular, NPM assumes that the budget on paper operates as the defining statement of mutual expectations between central agencies and line departments and that staff are constrained by standards of behaviour. The critique here is that the NPM proponents did not explain how these things came about, but just relied on them as being there, being the basis for their reforms. In many NPM-like reforms in developing countries most of the “old public administration disciplines” like for instance predictable resourcing, credible regulation of staff and credible policy are absent, but they are required for contract-like arrangements. It is not to say that these principles of “old public administration “ cannot be introduced, but this will take time and is actually also a historical process, so quickly introducing them will be very difficult. But these “old public administration” principles are fundamental and without them there are few reforms that can gain traction.

A third reason for the underperformance of NPM in developing countries is the marginal nature of its impact under any circumstances anyway. It has been said before; it is very hard to tell what has exactly been improved as a result of reforms.

Also Minogue (2001: 33,34) is not very optimistic about the practice and outcomes of NPM in developing countries. He argues that the NPM model is comprehensive but oriented more to the cost-cutting, tax reducing concerns of northern states than the capacity building and developmental concerns of developing states. The pessimism he brings about is based on some main lessons from experience:

1). In developing countries privatisation has more rhetoric than substance, because it sits uneasily with local economic systems and political cultures.

Despite the privatising orientation of reforms, in developing countries there remains a crucial role for government in managing effective responses to the social and economic needs of their populations. Governments in developing countries may reduce their levels of central direction but they will continue to be responsible for the design and implementation of

effective public policies, especially in relation to economic transformation, poverty reduction, improved agricultural performance, provision of employment, supply of social services and environmental protection.

2). Contracting out does not work in developing countries. Any review of public management developments in any developing country in any region shows that hierarchical bureaucracies have not been substantially replaced by chains of interlinked contracts. Most government functions remain performed by vertically integrated bureaucracies who work pretty much the same as Weber's old public administration.

3). There is a need to strengthen core administrative systems, and especially the strategic centre. This means working towards the creation of a well-resourced, professional civil service capable of managing both policy direction and operational delivery.

4). There is a need to build implementation capacity. Many studies identify failures of policy capacity and design as a defect in government systems, especially in developing countries.

5). Attention should be paid to effective use of human resources, so clarification of roles and responsibilities both for organizations and individuals. Training is a crucial mechanism for the transmission of new skills and values.

McCourt (2002: 234) concludes that there are significant instances of NPM implementation, but he says that on the other hand the extent of implementation is modest and still in its infancy in many places. Then he raises the question why the scale of NPM implementation has been so modest. An answer to this is that NPM is not the only public management paradigm in developing countries. For example in countries where corruption is a real problem and service provision is corrupt the citizens will probably prioritise the honesty of service delivery over its quality. So more emphasis on process than on outcomes and that is better met with a Weberian bureaucracy than by NPM style service provision. Another factor that crowds out NPM are domestic circumstances, think about the AIDS epidemic that hits many developing countries, conflict situations and poverty/starvation. With problems like these, it is not strange that implementing NPM is not on the top of the priority list. Besides the reasons named above there is another important factor why NPM has not been implemented more widely in developing countries and that is political commitment, this causes the failure of a lot of public policy initiatives from donors, including initiatives in the area of public management.

3.6 Concluding

In this chapter public management reform and New Public Management have been discussed.

It becomes clear that the two overlap to a high extent, but that pure NPM style reforms are most likely to be found in the Anglo-Saxon countries. Other countries have adopted from the NPM menu, some more than others depending on country specific characteristics, but their reforms are for some part based on the positive features of the Weberian bureaucracy and should therefore be placed in the broader context of public management reform.

For developing countries the interest in public management reform is not only based on the desire to introduce modern management techniques to make the administration system more efficient and effective in the delivery of services to the public, but also on the need for an administrative apparatus adequate for performing the important roles of government in managing the economy.

While nobody would deny that developing countries need to create a greater efficiency in their systems of government, they are likely to use only some aspects of the New Public Management. A reduced role for government as the New Public Management proposes does not seem likely for developing countries, so New Public Management will probably take shape with introducing new management techniques, but at the same time strengthening of the “old system”, without significantly reducing the role of the government. Donors, who are almost always involved in assisting a country’s reforms with financial aid, or technical assistance, should keep this in mind as well. Many reforms are initiated by donors but they often forget that “old public administration” principles are not fully established in developing countries. They tend to copy what works in the western world to developing countries, but they should undertake a political analysis of the developing country requirements and characteristics before they start.

Chapter 4: The Public Administration Reform Strategy

4.1 The first wave of Public Administration Reform

As already shortly described in chapter 1 and chapter 2, in 1986, the Communist Party committed itself to economic renovation and open-door policy or “Doi Moi” (renovation).

Vietnam was moving from a centrally planned economy to a more open market-based economy. With the experiences in former Eastern European countries in mind, the Vietnamese authorities feared and realised that when there is no strong government and an efficient administrative system an economic reform on the scale that they had planned was not possible and would lead to the opposite, a breakdown of the economy.

Therefore Public Administration Reform was identified and confirmed in the resolution of the 7th Party Congress (1991) as the central reform measure for the state apparatus, and a new type of public administration was set up and increasingly developed.

In May 1994 the Government issued Resolution No. 38/CP that directed all agencies to simplify and adjust administrative procedures of various services that are provided to the people. In June 1994 the Government of Vietnam officially launched a program for Public Administration Reform. In January 1995, the 8th Plenum of the Communist Party of Vietnam supported PAR and the Government issued a plan of action dated March 20, 1995 which identified priorities for:

- Organisational reform.
- Institutional reform.
- Human Resource and Development.

The first Government PAR program could now start and the main objective of the PAR programme was vaguely described as:

“to strengthen and improve the role and functioning of the state in a market economy”.

(UNDP, 2000: 4; www.UNDP.org)

The main objective was already very vague and there were neither clear objectives identified nor success indicators to measure results. The only statement that was made was that the main

objective should be achieved by strengthening the state machinery and institutions, strengthening the legal framework, the development and management of human resources and the financial management of financial resources.

During these first years of reforms the PAR program had according to the Government some major achievements and these are written down in a Government document issued February 2001. The major achievements are described in this document as follows (Government of Vietnam, 2001):

- The institutions in the public administration system (at all levels) made important improvements in focusing on state management functions.
- Gradual steps were taken in transforming old administrative institutions and setting up new ones, all in line with the transition towards a market oriented economic mechanism with socialist orientation.
- Gradual steps were also taken in restructuring and adjusting the machinery of the central government and local administration at the various levels so that these became more streamlined, smoother and more effective.
- Progress was made in personnel management i.e. recruitment, performance evaluation, promotion, recognition, disciplinary action, training and retraining.
- The contents and modality of leadership by the Party over the State administration system made some changes which helped both enhance the leading role of the Party and bring into play the responsibility and pro-activeness of public administration at the various levels.
- Socialist democracy was strengthened in various fields, which promoted and enhanced the role of the people in contributing to the building of public administration.

Despite these achievements PAR in practice was confronted with major challenges in building an integrated and strong public administration system and in improving the effectiveness and efficiency of state management. The public administration system remained heavily influenced by the former centralized and bureaucratic management mechanisms, and a new approach to PAR was necessary for more effective implementation. This led to the establishment of a PAR Steering Committee (PSC), it is composed of senior officials of the Government ministries and agencies that play a key role in PAR and the PSC is chaired by the Prime Minister; the committee is responsible for overall monitoring and guidance of the PAR process. The PSC is supported by a PAR Secretariat, which is responsible for research, proposing the agenda and preparing reports. In 1999, the 7th Plenum of the Communist Party concluded that there was an urgent need to examine and readjust the functions, responsibilities and structure of Government ministries, ministerial agencies and local government agencies. In December the National Assembly voted for an amended Law on Organization of the Government, it provided for a more streamlined administration system with a reduced number of ministries and with clearer roles and functions, as well as for further decentralization to local government, this was a major improvement to move forward with the PAR. To accelerate the reforms and to bring PAR in line with economic and social reforms, the PSC in 1999-2000 undertook a review of PAR in the past ten years; the

review was carried out with the support of various donors and under coordination of UNDP. (UNDP, 2002: 5)

The major PAR review highlighted a number of shortcomings regarding PAR and these shortcomings are written down in the Government paper issued February 2001. Below are written down the PAR shortcomings as described in this document (Government of Vietnam, 2001) :

- The state management functions and responsibilities of the public administration system in a market-oriented economy with socialist orientation remain to be defined clearly and properly.
- The system of administrative institutions is still not adequate, not uniform, overlapping and inconsistent, hence their feasibility is low; administrative procedures are still cumbersome and complex in many areas of activity; in particular in economic management and in the delivery of services to people; social order and discipline are loose and law enforcement is far from strict.
- The organizational structure of public administration is cumbersome and bureaucratic, its operating modalities are centralized and compartmentalized as well as not smooth, there are not yet appropriate financial mechanisms and policies for the operation of public administration and public service delivery agencies.
- Civil servants have weaknesses and shortcomings in their professional capacities, administrative skills, their sense of responsibility has declined and their working styles have shown slow change; corruption remains widespread among the civil servants.

These shortcomings had a number of causes and the Government of Vietnam acknowledged the following as main reasons for the difficulties carrying out the PAR (Government of Vietnam, 2001):

There were many guidelines, policies and laws which had been developed under the centralized bureaucratic system and which had not been revised or replaced when the Public Administration Reform started. PAR itself required uniform changes as well as reforms in the entire political system led by the Party. However in reality the implementation of various PAR measures was constrained by the slow progress in the reform of the organizational structure and operation of the political system while PAR was not closely linked to legislative reforms. There were also weaknesses in the competencies, capacities, administrative skills of the old centralized bureaucratic system, which had a big impact on the ways of thinking and working of many civil servants. On the other hand PAR was confronted with major obstacles because of its direct impact on the benefits of many central administrative agencies, local administration institutions and personnel working in these institutions and agencies. Among the civil servants there was inadequate awareness and mental preparedness for the reform of the state machinery and PAR and there existed many inadequacies and shortcomings with regard to organizational, personnel and salary policies, which were not good enough to accelerate the reform programme.

However the subjective factor played the main role. The slow progress and lack of effectiveness of the PAR process was first and foremost because of the weaknesses and shortcomings in the guidance and leadership by the Government, Prime Minister, central ministries and branches and local people's committees which led to lack of consistency, uniformity, commitment and will in undertaking the PAR process.

The review was completed in 2000 and lessons learned were identified and written down in the Government document (Government of Vietnam, 2001):

- PAR is a complex exercise, which relates to many sectors and branches. Therefore, it is essential that PAR is carried out in a uniform manner within the overall renovation of the political system and must be linked to the renovation and rectification of the Party and reform of the State machinery and of the various components of the public administration system.
- PAR must be closely linked to economic renovation in each reform step, area and place in order to create synchronization between and stimulus to PAR as well as the renovation of the economic management mechanism.
- PAR is a sensitive and difficult undertaking that requires the leading agencies to have a consistent view and uniform guiding principles. The guidance of PAR must be centralized and unified with a strong determination and commitment.
- PAR must be carried out in a uniform manner, from the top to the bottom, and vice versa. At the same time, attention and encouragement must be given to local and grassroots initiatives and experimental activities.
- PAR must be based on realities of Viet Nam, with its own characteristics, traditions, and identity. At the same time, PAR must benefit from appropriate application of international knowledge and experience on organization and management operations.
- PAR must have a strong motivation to inspire and enable the achievement of the objectives set out for it. The motivation of PAR must be established in a systematic and uniform manner, in line with Vietnam's conditions and circumstances.

The Government document that is quoted above and from which the achievements, experiences, shortcomings and lessons learned regarding PAR in the past are derived is named the official Government strategy for public administration reform for the period 2001-2010 (the next paragraph explains more about this strategy).

The achievements mentioned in this document are very vaguely and some are questionable, because it does not really specify what has been achieved, it remains all very general, like “The institutions in the public administration system (at all levels) made important improvements in focusing on state management functions” and “Socialist democracy was strengthened in various fields...” it doesn't say anything about what kind of improvements and how socialist democracy was strengthened.

The lessons learned are also written down very vague and in typical “Government language” (“the motivation of PAR must be established in a systematic and uniform manner, in line with Vietnam's conditions and circumstances”). But what is on the other hand remarkable about this document is that the shortcomings, causes for the shortcomings, risks and challenges are written down quite frank for a (Vietnamese) government paper. Whether or not true, it gives the impression that PAR is taken seriously by the Government and that they are not afraid to question their own performance.

4.2 From PAR to the PAR Master program

With the experiences of the past ten years in mind and the results of the review, the Government decided to formulate a long – term and comprehensive PAR Master program for the period 2001-2010 which should be more clear and more specific and leading to a reform of the entire public administration system by 2010.

The overall goal for the PAR in the period 2001-2010 is described as follows (Government of Vietnam, 2001):

“To successfully build a democratic, strong, gradually modernized, effective and efficient public administration system which operates in line with laws, reflects the leadership by the Party and responds to the right of the people to be masters of society.

The organization and operation of the public administration system will be fundamentally in line with the market-oriented economy with socialist orientation, while its civil servants will have appropriate capacities and ethical qualities in order to respond to the requirements of the cause of national building and development.”

To achieve the overall goal the PAR Master program identifies four key reform areas:

1. Institutional reform
2. Organizational reform
3. Cadres and civil servants
4. Public Finance

Furthermore the PAR Master Program identifies seven sub-programs:

1. Development and issuance of legal documents¹
2. Revising tasks, functions and organizational structures
3. Staff downsizing
4. Quality improvement of cadres and civil servants
5. Salary reform
6. Improvement of financial management mechanisms for administrative and public service delivery agencies
7. Modernizing administrative systems

To ensure effective implementation in these areas, the PAR Master program identifies the following principles to underpin all efforts at PAR implementation:

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

(Ministry of Home Affairs/UNDP, 2002)

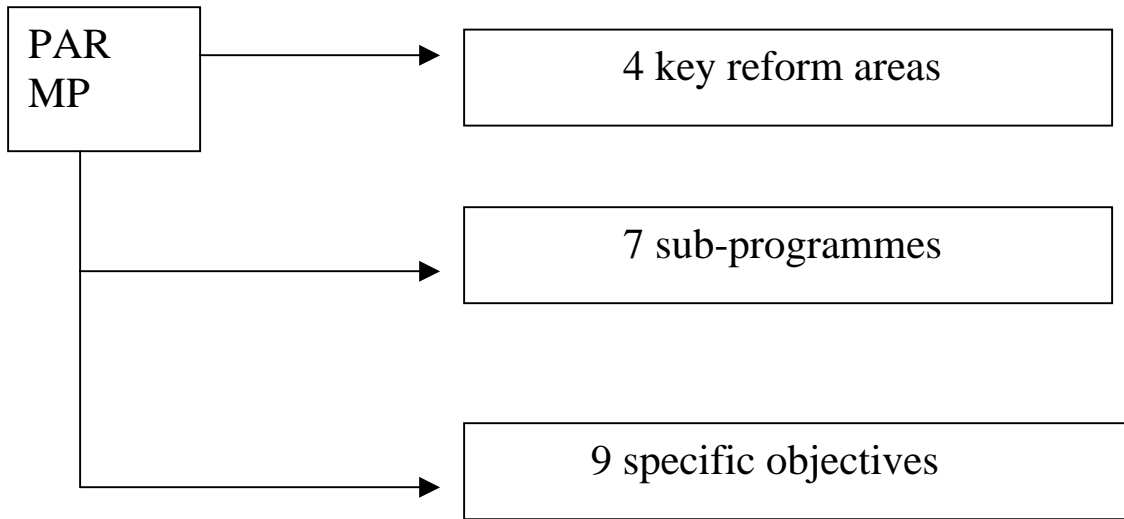
¹ Legal documents are laws, decrees, resolutions, directives etc.

Regarding these 7 sub-programs four lead agencies are designated for PAR, which are the Ministry of Justice, the Ministry of Finance, the Office of the Government and the Ministry of Home Affairs. They are responsible for producing 7 action plans to realize these sub-programs and they are also responsible for implementation. Among these the Ministry of Home Affairs is the lead agency responsible for the implementation of four action plans and for coordinating reform area three and four, within this ministry a special PAR department has been set up, as well as in the Office of the Government.

Within the PAR Master program also nine specific objectives are identified (Ministry of Home Affairs/UNDP, 2002):

1. Efforts will be made to renovate the processes for the development and issuance of legal documents, overcome compartmentalization in the preparation of legal documents by ministries and branches, strengthen the responsibility and accountability of each and every public institution which takes part in the process of institutional development, enhance democracy and mobilize the intellectual capacity of all sectors of population, in order to eventually improve the quality of normative legal documents.
2. The administrative procedures, which are bureaucratic, cumbersome and troublesome to businesses and people, will be fundamentally abolished; new administrative procedures, which are of transparency, simplicity and convenience to people, will be developed.
3. Restructuring of state machinery to focus on macro-management and regulatory roles.
4. Institutions in the public administration system will be assigned functions, tasks, authorities and responsibilities, which are clearly defined and appropriate. A number of activities and public services, which are not necessarily to be handled by government agencies, should be transferred to enterprises, social organizations, private organizations and non-governmental organizations.
5. By the year 2005, new key regulations on decentralization of administrative management between the central and local levels, and between the different levels of local authorities will have been developed and put into operation. The functions, tasks, authorities and organizational structures of urban and rural administrations will be clearly defined.
6. By the year 2010 the contingent of cadres and civil servants will have a reasonable size, possess professional qualities and be modernized. They will have adequate qualities and qualifications to discharge their public duties and be dedicated to serve the cause of national development and people.
7. By the year 2005, fundamental reforms will have been undertaken with regard to the salary of cadres and civil servants, so that these will become the main driving force for the civil service system and be adequate to maintain their life and the life of their families.
8. By the year 2005, the financial mechanism will have been reformed suitably for administrative agencies and public service delivery agencies.
9. The administration system will be substantially modernized. Administrative agencies will be provided with modern equipment, able to serve timely and smoothly state management

requirements. A complete computerized Management Information System of the government will be put into operation.



To create an enabling environment for this further and deeper reform the Government undertook a number of measures to establish a flexible legal environment. These included amendments on the Constitution and the Law on Organization of the Government. Also the approach to PAR had shifted. Until the late 1990's the Government's approach to PAR was a step-by-step approach, but now with the launch of the PAR Master program the Government shifted its approach to a method of learning-by-doing. This is an approach of experimenting, studying, reviewing and replicating new management models and ideas. Learning by doing means testing a reform idea and when it is successful the reform will be replicated nation wide through a new law or amendment. The development of the PAR Master program was finished mid 2001 and approved by the Prime Minister in September 2001.

4.3 Implementation

Another difference (besides from step by step to learning by doing) between the "old" PAR program and the PAR Master program is the movement from a piecemeal approach (various scattered PAR projects and initiatives) to an integrated approach (PAR carried out simultaneously in various sectors), and it has a strong emphasis on implementation and action. The success or failure of the program (or any other reform program) lies partly in a good, comprehensively designed strategy, but most important the success or failure depends on the implementation of the intended actions described in the strategy.

Being aware of this crucial point the Government has adopted modalities for directing the implementation of the PAR Master program (Ministry of Home Affairs/UNDP, 2002):

- A coordinated mechanism has been designed to advise and guide PAR efforts at national level.
- Implementation is carried out by all the relevant central and local government apparatus at all levels (especially the lead agencies)
- Action programs are designed to focus PAR efforts through all the line ministries

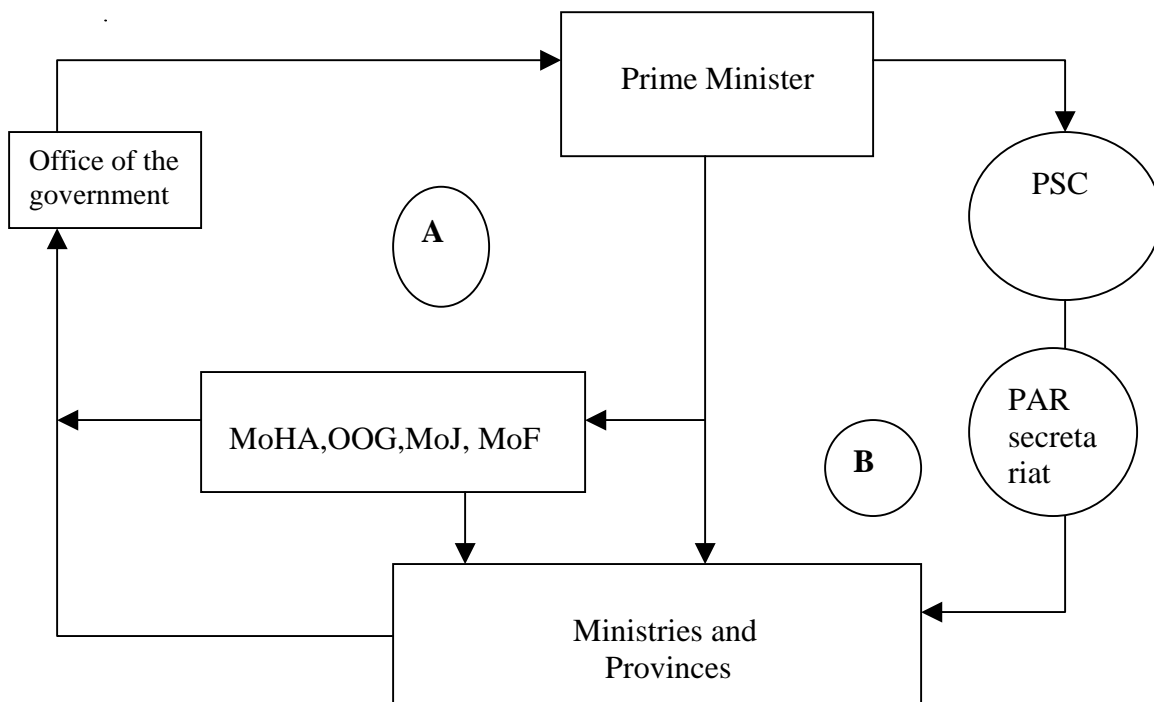
- There is feedback on learning by doing, between local and central levels (for instance in meetings)

Before we move on with implementation issues, the key agencies that are responsible for implementing and coordinating the PAR Master program are once more mentioned for clarification:

- a.) The PAR Steering Committee: the PSC assists the Prime Minister with steering the implementation of public administration reform.
- b.) The PAR Secretariat: the secretariat supports the PSC with research, proposing the agenda and preparing reports. It also assists with monitoring and urging administrative agencies at central and local levels, in developing and implementing PAR sub-programmes, projects and work plans.
- c.) Four lead agencies: The PAR Master program designated 4 lead agencies (Ministry of Justice, Office of the Government, Ministry of Home Affairs and Ministry of Finance), they are responsible for producing 7 action plans for implementing the PAR Master program. The 4 lead agencies act also as focal points to coordinate the implementation of the Action Plans.
- d.) PAR departments in the Office of the Government and Ministry of Home Affairs.

For implementation there is a horizontal and vertical implementation mechanism designed.

First the vertical implementation, each ministry and province is responsible for planning their own PAR efforts and for putting them into action, according to the framework set out in the PAR Master program. They are required to formulate annual and 5-year PAR plans and they have to write annual reports on implementation progress to the Prime Minister and to the PAR Steering Committee. These annual plans together with the PAR plans are the main instruments by which the Government monitors, assesses and directs the progress of PAR. The diagram shows the *vertical* implementation structure:



Part A shows the lines of execution from the Prime Minister to the implementing agencies (ministries and provinces). They have to formulate and carry out their own annual and 5-year PAR plans. There is another execution line from the Prime Minister to the lead agencies, which have to formulate their Action plans in line with their sub-programmes.

The lead agencies as well as the ministries and provinces, are reporting back about respectively the action plans and the annual reports on implementation, to the Prime Minister via the Office of the Government.

Part A is a normal mechanism to execute a policy decision from the Prime Minister, plus a mechanism for the Prime Minister to approve and check implementation status directly through its own office.

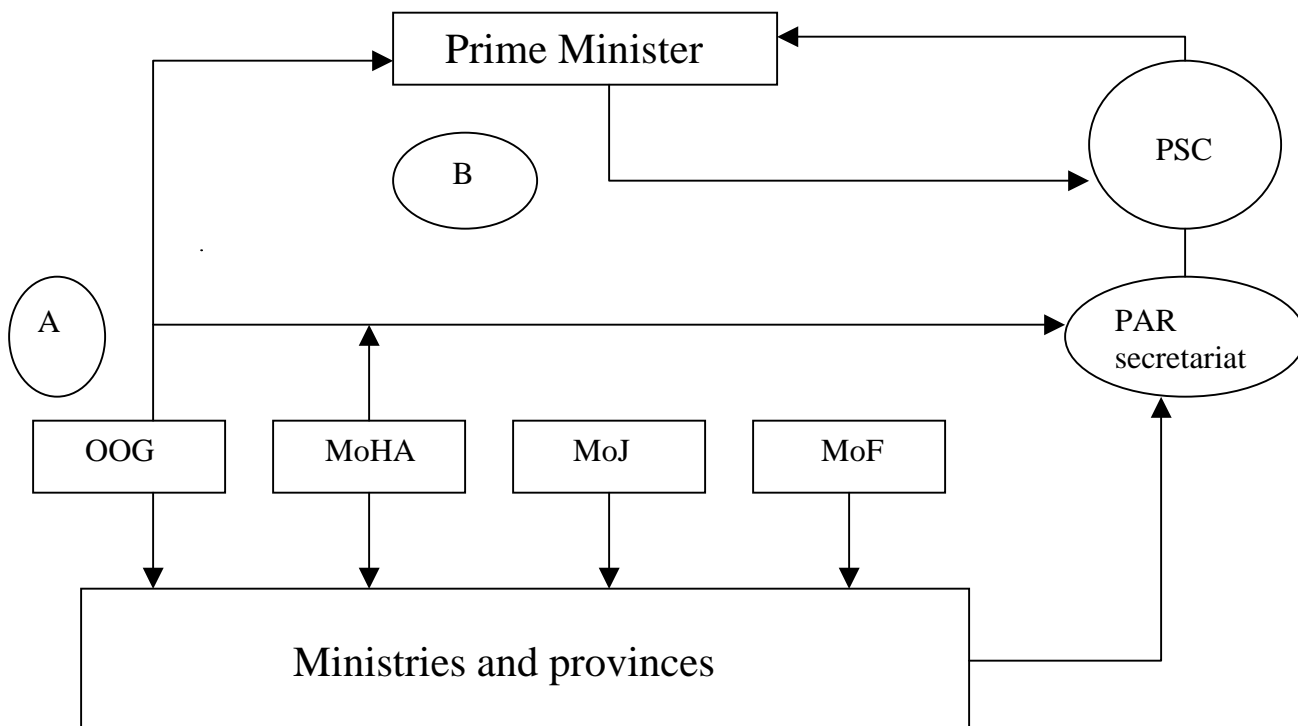
Part B shows the vertical steering mechanism via the PSC and the Action Plans produced by the four lead agencies.

The second part of the implementation mechanism is about oversight and coordination.

The *horizontal* elements for implementation are:

- Each ministry and province has a PAR Steering Committee to assist with co-ordination advice on implementation and this PSC also looks after pilot initiatives and research.
- The central agencies act as focal points to coordinate the related agencies with the implementation of the approved action plans.
- The Ministry of Home Affairs and the Office of the Government monitor the progress and results.
- The Ministry of Home Affairs mobilizes the domestic and external resources.

The diagram shows the horizontal implementation structure:



Part A focuses on operational coordination. The 4 lead agencies have to act as focal points to coordinate the implementation of the action plans.

Part B is a mechanism for steering and oversight. It consists of a PAR Steering Committee, which is chaired by the Prime Minister and supported by a Secretariat. They do not have an executive role, but they function as an institution for research and they report on specific issues. (Ministry of Home Affairs/UNDP, 2002)

To summarize the above, the vertical dimension drives the implementation of the PAR master programme through 7 action plans (related to the seven sub-programmes) to ensure that desired national targets, outcomes and outputs are incorporated by the ministries and provinces into their PAR programmes. The horizontal dimension pulls common themes together to ensure that strategic results for the PAR Master program as a whole will be achieved. The diagrams are quite confusing, but at least it shows that much attention is given to implementation within the PAR master program, how it works out in practice is another thing, and despite the nicely designed framework, the policy document for the PAR Master program provides some indication for implementation but is very short in details “how to handle.”

There are a lot of issues to overcome for successful implementation mainly dealing with coordination, motivation, resistance, capacity and resources. What makes implementation complicated is that Vietnam is a developing country. Civil servants are often poorly paid, many of them have second jobs to get enough income for living and corruption is widespread. Why would these people care about implementing reforms? As it is already difficult to motivate the civil servant in a developed country to change his style of working, it is even harder to motivate the people in a developing country; they already have a low income and with the restructurings they also have a chance to be replaced to another function or that they loose their job.

As said before implementation is one of the crucial points in a reform program, and the biggest challenge for the PAR Master program lies in the implementation of the policy.

4.4 Donor involvement in the PAR Master program

Donors have been involved in the PAR process on a bi-lateral basis since the mid ‘90s both at the central and local level in many projects. These projects have supported a number of ministries and local governments in their pilot initiatives, who were a test case. If proven successful they were replicated on a national scale. The pilot projects were not always very successful, partly because the Government was not familiar with facilitating change, but UNDP (coordinator for donor activities) acknowledged that there were also inconsistencies from the donor side (UNDP, 2002: 12):

- Projects are most of the time designed by foreign consultants who want to see quick results and are not fully aware of the long –term nature and incremental process of PAR.
- Project implementation was many times on an ad-hoc basis, with projects that were scattered between sectors, administrative levels and geographical areas. This all hampered effective implementation of the reforms.
- There were major constraints in information dissemination and experience sharing and finally, inadequate donor-coordination lead to duplication.

For the sustainability of the PAR Master program donor involvement is important; the Government is not familiar with new management techniques and the donors can provide technical and financial assistance. But in the project document of the PAR Master program it is written down that donors involved in the PAR Master program need to meet the following requirements to avoid situations as in the past (UNDP, 2002: 12):

- There is a need to create an effective partnership arrangement between the Government and all the donors involved in the implementation of the PAR Master program.
- There is a need to support the Ministry of Home Affairs in its advisory function of the Government and PAR Steering Committee.
- There is a need to ensure a program approach, applied in the formulation, implementation, monitoring and evaluation of all PAR programs and projects.
- There is a need to ensure co-coordinated, dissemination and replication of appropriate PAR experiences in the country.

A program (management) approach means the coordinated management of a portfolio of projects, this to achieve a range of results. It focuses on tasks and efficient utilization and allocation of resources to achieve specific outputs. With a project management approach projects are guided, prioritized and coordinated to support the delivery of overall reform objectives. This program management approach is visualized in the implementation structure shown in paragraph 4.3.

Following the adoption of the PAR Master program, the Government asked for support from UNDP in managing the implementation of the program, because the Government recognized that it has limited experience with managing a market-economy and a modern public administration system. Preparations between UNDP and the government were made to establish a support project to the Master program.

In November 2002 the Government signed a multi-donor project “Support to the implementation of the PAR 2001-2010 Master Program”, coordinated by UNDP; Canada, the Netherlands, Norway, Sweden and Switzerland have committed themselves to join in this project and the project duration is 2002-2005. The establishment of the PAR Support Facility (PSF) will help the Ministry of Home Affairs (lead agency for PAR) in its coordination function for the implementation of the PAR Master program.

The project will assist with (Ministry of Home Affairs/UNDP, 2002: 12):

- Further developing the 7 action programmes
- Developing a monitoring and evaluation system
- Establishing a funding facility to support PAR initiatives
- Strengthening the implementation capacity of MoHa and other involved agencies
- Enhancing information sharing on PAR implementation and results

To achieve these objectives, each objective has been defined with clear functions and output targets in a project document.

As described before, in the past there were many difficulties with donor involvement in many projects, but with the PAR Master program also the role of the donors changed. The donor activities must now all fit in the specifications of the PAR Master program and because of the large scale of the reforms it is necessary that the donors co-ordinate their activities and that the funds provided are used in a efficient and effective manner. This project can be an effective

coordination and funds pooling mechanism for the PAR Master program. Due to experiences in the past the Government is very conscious about keeping control of the agenda and it makes strategic, cautious use of donor funds and technical assistance.

The PAR Master program was discussed in the PAR annual meeting in February 2003 and in the inception seminar on the PAR Master program support facility in April 2003. Both meetings were attended by people from the relevant ministries involved in the PAR and representatives from the donor community.

The PAR annual meeting was a very time-consuming meeting (one full day) where the stakeholders were informed about the progress of various PAR projects by presentations who were given by ,for example, the vice-minister of MoHA and the director of the international cooperation department of MoHA. Textbooks were given in advance and the “presentations” were mostly reading out loud what was written in the textbooks. If this was too complicated for the speaker (as it was in English) he spoke in Vietnamese and the translator read in English what was written in the textbook. During the lunch break (one hour and a half) there wasn’t a merging of the two groups (donors/Vietnamese) and only at the end of the meeting there was time reserved for questions from the donor community. Although much attention was paid to the organization of the meeting (nice location, modern material, translators) it was not very fruitful as it was just mentioning all sorts of facts and program outputs.

The inception seminar on the PAR Master program support facility was more informative as the majority of the speakers were representatives from the donor community, giving good power point presentations. In this meeting the content of the PAR Master program was discussed.

At both meetings it was remarkable to see that only some people from Vietnamese side showed real interest in the PAR. They were well prepared, gave good presentations and asked questions. But the majority of the people (whose function in the PAR became never really clear) did not seem very interested. They chat with each other, pick up mobile phones (switching of is not an option, if you are called it shows that you are an important person) and leave the room whenever they want to. Sometimes the officials from the Government side get even paid (envelopes were distributed) for being present. Looking at that the question rises if PAR is top priority, as the donor community often argues.

When I talked to the head of development cooperation and the head of the economic and commercial section from the Netherlands Embassy about the PAR Master program, they mentioned that the PAR Master program is an effective program in the sense that donor funds can be used together to achieve common goals instead of working separate on various projects. Furthermore it was said that projects are risky, because the Government of Vietnam is very unpredictable. They can block or slow down the process of reform easily when they think it is going too fast or when sensitive issues are coming too near.

4.5 Sustainability and challenges: view from the donors and the Government

Donors involved in the PAR Master program are optimistic about the sustainability of the PAR Master program, it is argued that PAR is top priority on the reform agenda of the Vietnamese Government, because PAR is under direct authority of the Prime Minister. They think sustainability is likely to be achieved due to the following (UNDP, 2002: 25):

- The Vietnamese government has demonstrated strong national ownership over the PAR, especially when developing the PAR Master program.
- Learning from earlier PAR experiences, in this project a clear road map has been identified with specific and concrete output targets, baselines and indicators.
- Assistance through the project will directly serve the implementation of the PAR Master program and at the same time build sustainable capacity for managing the implementation of the PAR Master program.
- The project promotes an integrated and collegial team environment in which skills and know-how can be transferred from international staff to national staff, it thereby enhances ownership and sustainable capacities within the government.
- MoHA will receive substantial technical and financial support to assist the Government in the overall implementation of the PAR Master program.

Despite all this, they acknowledge that there are explicit risks regarding the PAR Master program (UNDP, 2002: 25,26):

- The ministry of Home Affairs, the focal point of the whole PAR implementation has a lack of qualified staff.
- There is lack of good co-ordination among the different sub-programmes, lead agencies and ministries/provinces.
- Delays in implementation and changes of the government can happen.
- PAR is not implemented in ways that produce tangible benefits for the people's lives, particularly the poor.
- Lack of transparency in management of the reform programme and that can leave donor funded projects ignorant of progress made and of difficulties that are perceived in other sectors.
- Funds that are not mobilized on time.
- Lack of timely recruitment of qualified international consultants.

In UNDP projects documents like the one quoted above, it is common to write down an overall risk rating. The project "Support to the implementation of the PAR 2001-2010 Master program" is rated at medium risk, because of the high sensitivity of the PAR Master program, the lack of full clarity about the future role of the state, the likelihood of resistance to change, limited management capacity and the possible difficulties in establishing effective Government-donor working relationships.(UNDP, 2002: 26). Looking at the rating, I think the PAR Master program is not a medium risk, but a high risk strategy, lack of full clarity about the future role of the state and the likelihood of resistance to change are fundamental problems for the PAR, I will return to this in chapter 6.

Also the Government of Vietnam in the official Government document of the PAR Master program demonstrate a view of the risks and challenges of PAR (Government of Vietnam, 2001). They argue that the biggest challenge to development efforts is the low level of the national economy and the big gap in development levels between Vietnam and other countries in the world. It is acknowledged that within the public administration system it has not been possible to curb red tape and corruption among a section of cadres and civil servants. The existence of habits from the centralized, subsidized, bureaucratic system have taken deep roots in the thinking, working styles and practices of civil servants, in particular those who have still interest in this old system and that will create obstacles to PAR and make it very difficult for PAR to get over the

influences and constraints of the old mechanism and to adapt itself to the market-based management mechanism.

In the meantime PAR will be carried out with limited knowledge and experience in state management and in the development of a market-oriented economy with socialist orientation, so a learning by doing approach is necessary and most useful in this situation. Therefore, the shift from the old public administration system, which commanded and controlled, to a new one which delivers services to people and business from the various economic sectors will require that PAR is carried out on a very large scale, in a continuous and long-term manner and that requires patience from country side and donor side. As Vietnam is in a process of an economic transition towards a market based management mechanism, market factors are still taking shape and it would take some additional ten years for market institutions to establish themselves firmly and operate effectively.

4.6 Concluding

In this chapter the content of the PAR Master program has been discussed and in the previous chapter the key features of New Public Management were outlined. If these are compared, some elements of NPM can be found in the PAR Master program.

Objective number 2 of the PAR Master program states that “...new administrative procedures which are of transparency, simplicity and convenience to the people will be developed” this shows that there is a focus on service quality and consumer orientation.

Objective number 4 of the PAR Master program is about “... activities which do not necessarily need to be handled by Government agencies are transferred to enterprises, private organizations etc”, this shows that market types mechanisms for the delivery of public services are planned to be introduced.

Objective number 5 of the PAR Master program is about “... key regulations on decentralization of administrative management between the central and local level will be developed, this shows the devolving of authority and providing flexibility.

The PAR Master program also pays attention to the management of human resources and optimising ICT. To create an enabling environment for the reforms the Government undertook measures to establish a flexible legal environment, and in general much attention is paid to legal reforms, which relates somehow to the NPM feature of improving the quality of regulation. Regarding measurement and quantification in the form of systems of performance indicators and/or explicit standards; especially the donor funded PAR projects pay a lot of attention to this. In the project documents baselines and success indicators can be found, so also in the project document of the PAR Master program support facility.

The PAR Master program is an ambitious program, it sets out a strategy for reform in four key reform areas, aiming at a more efficient public sector to support economic growth and poverty reduction. PAR does not only involve institutions at the central level, also the local levels are subject to reform. Difficulties in carrying out PAR in Vietnam are multiple, this will be further discussed in chapter six. Now some concluding remarks are given about the PAR Master program itself.

I think the program is a challenge itself, the Government emphasizes the fact that it is essential that PAR is carried out in a uniform manner within the overall renovation of the political system, but the whole strategy is questionable (why not focus on a few sectors first?) and might be too ambitious. A reform on the scale that they have planned involves the whole public administration system and this is a very complex, difficult, long term undertaking.

The approach to PAR is described as a program management approach, focusing and coordinating a range of projects to achieve a range of results, this sounds plausible and if it works out in practice it would be very effective, but coordination of all these projects will be difficult. This point was also highlighted by UNDP when stating the risks for the PAR Master program: “there is lack of good co-ordination among the different sub-programs, lead agencies and ministries/provinces”. With the program management approach all the institutions (mostly ministries) involved in the PAR must head in the same direction. However, the ministries formulate their own annual plans for PAR and these are derived from the Government PAR plan, so the question rises if everybody will head in the same direction, as the ministries are quite autonomously in developing their own plan. The PAR Steering Committee is established to guide and monitor this whole process, but it is doubtful if this PSC has enough capacity to do this enormous task.

As the strategy on paper (although nicely designed) already raises questions, the actual implementation will be the crucial point, this point was already discussed in paragraph 4.3 when discussing the implementation structure, it is essential for good implementation that there is enough capacity, commitment and resources.

For carrying out PAR, donor assistance is very useful for some aspects like capacity building, because the Government (currently) doesn't have enough financial resources and expertise. However donor involvement can also be a challenge for the PAR Master program. The PAR Master program is supported by a group of various donors, an advantage of this is that there is a coordination mechanism for PAR (no scattered projects) and funds can be mobilized as was also mentioned in the interviews with the people from the Embassy. But this multi-donor project is also very time consuming, because the donors must also all head in the same direction and that will take a lot of (meeting) time. Furthermore, donor funds are heavily dependent on national budgets for development aid (from their countries) and if there is a cut in these budgets so that donors cannot fulfill their obligations, it challenges the sustainability of the project.

Finally, the Government mentioned in the Government document that PAR should be carried out in a continuous and long-term manner, and that it requires a lot of patience from both the Government side and the donor side. Time will tell if the Government and the donors have this patience and also the possibilities and will to commit themselves to a ten-year project/process. This probably won't be such a problem for the donors, but more for the Government. It becomes clear from the meetings that it is doubtful if the people are really committed to the process and willing to fully support reforms in practice, although on paper they *say* they do.

Chapter 5: Public Administration Reform in the Ministry of Agriculture and Rural Development.

5.1 The Ministry of Agriculture and Rural Development

The Ministry of Agriculture and Rural Development (MARD) is a rather new ministry formed in November 1995. The ministry is a result from the merger of three pre-existing ministries namely the ministries Agriculture, Forestry and Water Resources. The merging has been a result of the early undertaken PAR initiatives in 1995-1996 by the central Government. In this period the total of ministries had been reduced from 27 to 22.

The main reasons for this merging of the three ministries were:

- The need for more co-ordination in the field of agriculture, forestry and water resources.
- To better use the knowledge and experience of civil servants.
- To work more cost efficient.

The former three ministries together had a total of 34 departments and after the merging there were only 18 departments left, also the number of employees had been reduced with 20 per cent. During this process of merging, almost all the legal documents needed to be revised. The Government's decree 73 (1995) described how to restructure this new ministry, with a focus on organisational and institutional change.

At the same time also re-divisions were carried out at the provincial, district and commune level. Each of the three ministries had offices in the provinces, districts and communes and all of these have been re-organized into one office per local area; the Department of Agriculture and Rural Development (DARD) at provincial level and the Station of Agriculture and Rural Development (SARD) at the district level. The DARD assists the provincial Peoples Committee to implement state management functions of agriculture and rural development in co-operation with other provincial departments such as Department of Planning and Investment, Department of Construction, and Department of Transportation. The SARD assists the districts Peoples Committee. In the new construction MARD is the highest authority, it consists of seven departments (Vu departments) and nine professional management departments (Cuc departments) who assist the minister in carrying out control. The MARD gives directions to the DARD, and the SARD has to follow directions given by the DARD.

A well functioning of the Ministry of Agriculture and Rural Development is very important for Vietnam's economic growth and poverty reduction, because Vietnam's economy is heavily dependent on agricultural activities. Agriculture accounts for 25 % of the country's GDP, contributes up to 30 % of export value and provides 72% of total employment and about 80% of the population of Vietnam lives in rural areas. Being such an important ministry the Government decided that MARD would be the first ministry to receive donor support. (UNDP, 2000: 5)

5.2 Overview of PAR in MARD activities

5.2.1 Period 1995-1997

PAR in MARD activities have been carried out since 1995 when the Government launched his first official programme on public administration reform. PAR activities in MARD are identified in annual plans, these annual plans are derived from the Government's national plan on PAR. Reviews are held each six months and based on that the plan for the new year is written. In 1996 a PAR Steering Committee in MARD was established and chaired by a Vice-Minister, leaders from departments and offices of MARD joined as members. These members were assigned to be in charge of several units to guide the implementation of PAR. In 1997, a PSC Secretariat and task forces were established in each department to assist their respective directors in implementing administrative reform activities. The PSC, together with its secretariat are the main management bodies of reform activities, responsible for drafting PAR plans and providing conditions and guidance for their implementation in task forces and departments.

In these early years (1996-1997) PAR programs were established by the PAR Steering Committee; objectives were described as follows (Ministry of Agriculture and Rural Development, 1997):

- Accomplishment of administrative institutions (including administrative procedure reform).
- Arrangement of an organization structure.
- Provision of training activities for staff.

Regarding administrative strengthening, MARD carried out the formulation programs of legal documents of the three ministries. Many decrees, Prime Minister decisions and directives were sent to the government for approval. This to aim at improving state management and developing of production and business. At that time MARD already took advantage of international support in PAR activities and there were two projects on PAR in operation: a project for supporting forestry administrative reform funded by Germany and a project supported by UNDP about forestry policies and legislation. Furthermore another project on supporting administrative reform in MARD was established and the Netherlands promised for their financial support.

MARD paid attention to restructure its organization to fullfill all the functions and tasks that were stated in Decree 73. However, there were great concerns from the leadership of MARD about the implementation of administrative procedure reform. While some progress was made in administrative and organisational reform, the ministry still faced many problems. The three ministries were physically integrated but practically they were not and they still worked very autonomously. There was no harmonization between the different policy fields and that lead to in-transparent decision making and ineffective use of budgets. Also the staff working in the new ministry remained heavily influenced by the working thoughts and regulations of their previous ministry. The PSC recognized this and in 1997 the PAR Steering Committee undertook a review and identified the following areas for investigation (UNDP, 2000: 5,6):

- Reviewing and improving existing administrative procedures, legal documents and regulations for a better administrative institutional system.
- Revision of tasks and functions of some departments and non-commercial units in line with new institutional structure.
- Upgrading of staff qualification in terms of professional, language and computer skills.
- Establishing a computer network strategy for ministry management.
- Strengthening of the work of the ministry's inspection service to improve administrative procedures and handling of complaints.

5.2.2 Project establishment of project VIE/98/004

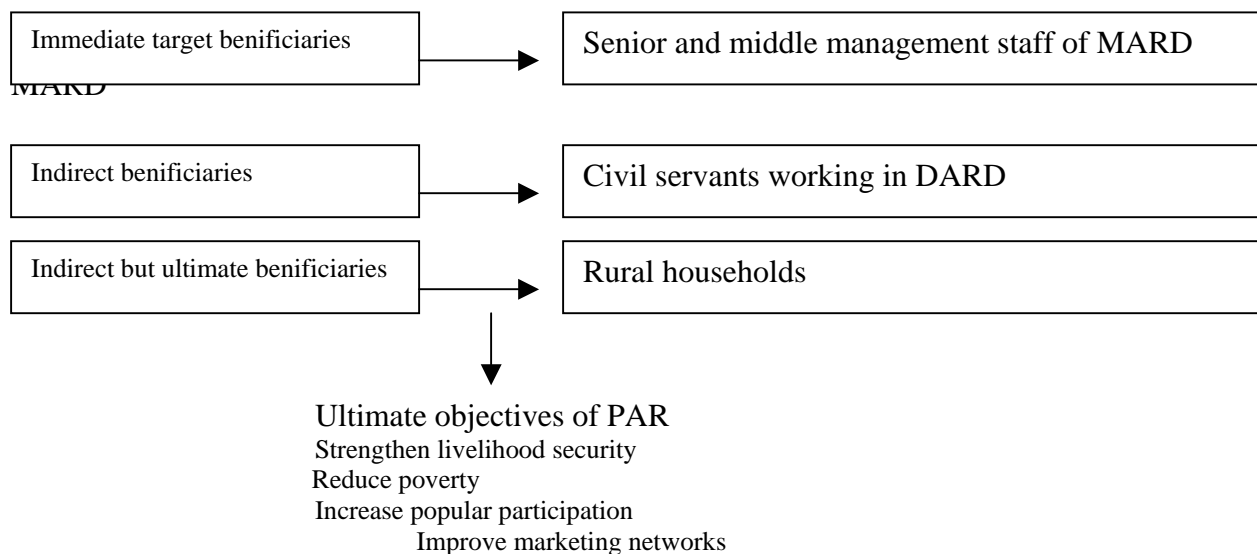
With the areas of investigation as a baseline, an expert from the Food and Agriculture Organization (FAO) of the United Nations executed short missions to Vietnam from September 1998 to October 1999. This expert formulated a draft project document for a project named VIE/98/004 "Support to Public Administration Reform Programme at the Ministry of Agriculture. The general aim of this project was formulated as follows (UNDP, 2000: 1):

“To increase the efficiency and effectiveness of the Ministry of Agriculture and Rural Development: to improve the functioning of the administrative system within the Ministry of Agriculture and Rural Development so that it can effectively promote socio-economic development in rural areas of Vietnam.”

Based on the areas of investigation he decided that the PAR project will have three components upon which all the activities will be based (UNDP, 2000: 18,20,22):

1. *Clarifying the roles and responsibilities of MARD in relation to those of other government agencies involved in rural development activities and in relation to those of the DARDs.*
This will lead to the development of a set of legal instruments being drafted and promulgated in terms of instructions, decisions, decrees which will specify the competence and jurisdiction of MARD, DARD and People’s Committees in relation to the state management function and the service functions which flow from it.
2. *Development of institutional and human resource capacity to carry out PAR in MARD.*
This includes capacity development for the staff of the core departments of MARD to improve their knowledge of different aspects of PAR and capacity development for the relevant officials of MARD and DARDs to enable them to implement the new definition of their respective roles.
3. *Providing a finalised information exchange strategy for the management operation of the Ministry as well as for the communication between MARD and the local authorities.*
This will be based on an assessment of the capacities of the existing systems/networks and the needs for further strengthening of information exchange capacities.

The target beneficiaries of the project are (Bollinger, 2001: 10):



5.2.3 Period 1998-2000

In this period MARD's annual plans were now formulated by the Department of Planning and Personnel (DOP) and the Office of MARD (OMARD), MARD's public administration reform program during the period 1998-2000 was focused on the following issues (Ministry of Agriculture and Rural Development, 1997):

Administrative institutions

- Efficiently reviewing and systemizing legal documents (laws, decrees etc.) in line with the government and MARD's program by the end of 1998.
- Study and formulate policies in agriculture, forestry, water resources management in order to promote farmers to invest in planting agricultural and forestry plants.
- Study and formulate encouraging policies for foreign economic sectors, organizations and individuals, to create a consumption market for agricultural products.
- Study and formulate policies to produce great impacts on land allocation and forest contract, to bring benefits for local residents and organizations.
- Provide decentralization of management for provincial People's Committees with regard to forest protection and management, according to territory areas.

Organizational structure

- Proposals were done to the government about MARD's administrative reorganization, based on following principles:
- Unify economic ministries and sectors: the government will decide on models of Departments, Sections, Offices, Inspection, based on their own economic characteristics of the sectors.
- Organize professional units of science to study fundamental sciences and application linked with production.
- MARD will carry out state management functions that will be shown in planning, examining and inspecting activities and its policies.

Staff contingent

- Making plans for training activities for those who will have worked for a long time in the ministry.
- Promotion of information technology application in administrative management.
- Providing training activities for civil servants in politics, state management, foreign languages, informatics, expertise and profession.
- Providing encouragement policies for cadres to work in rural areas, particularly for those who are scientists in agricultural techniques.

These focal points or objectives are not very clearly described in this Government paper and results over this period appeared very difficult to retrieve and besides they are not available in English. Some results are listed below, but they are very modest and vaguely described.

- Legal documents of the whole sector have been checked, improved and supplemented and the implementation ability of inspection units and legal units were improved.(administrative institutions)

- Overlapped issues and unclear tasks have been discussed among various departments and sections(organizational structure)
- Resources were mobilized for staff training and capacity building, step by step the staff was enriched with younger, more qualified staff.(staff contingent)

So it does not need a lot of explanation, looking at these objectives and modest results, that there were many remaining issues to overcome. For example decentralization of management between MARD, its units and localities was not clear; work regulations were not effective, civil servants qualifications were not corresponding to management requirements etc. (Ministry of Agriculture and Rural development, 2002)

5.2.4 Start of the project VIE/98/004

As described before in 1997 an FAO expert wrote a draft project document for a project “support to public administration reform in MARD” and the Netherlands promised financial support to carry out this project, which was about to have a duration of two years. Time passed by since the promulgation of the project, but in February 2001 the project could start with the arrival of the Senior Technical Adviser (STA) of the project. The project officially should have started in June 2000, but it took some time to find a qualified STA (an earlier selected candidate withdrew himself). The STA wrote an inception report on the project. At that time there had been several evaluations of UNDP funded PAR projects. As the PAR in the MARD project was a new project, it was able to make use of lessons learnt from other PAR projects. Lessons learnt regarding project formulation and design were taken into account (Bollinger, 2001):

- Many later difficulties in projects come from problems encountered during the identification and the formulation phase. Any project formulation should be able to answer the following basic questions: what are the problems? (where are we now?); what needs to be done? (what are our objectives?); how to get there? (how do we go about it?); how do we stay there? (how can our achievements be sustained?).
- Donors and beneficiaries should pay greater attention to the design of PAR projects. Usually, feasibility studies, diagnostic analyses or comprehensive surveys are not carried out during the formulation phase.

Lessons learnt regarding project realignment and refocus:

- Outputs of the project should be clearly defined, so that they reflect the intended impact. Activities of the project under each output should be streamlined to strategically link and relate to the desired outputs and impact from these activities.
- Training activities are not the ends in itself but only one of the means. In other PAR projects, substantial resources have been invested in raising awareness and skills development to enhance “learning” which is not related to institutional change. Though there has been a lot of training carried out, there does not seem to be any comprehensive Training Assessment carried out based on “needs”.

With these lessons learnt in mind, the project document was thoroughly examined. The project document of project VIE/98/004 was acknowledged to be designed insufficiently and it lacked

clear definitions of expected results, the information the FAO expert provided was sometimes too specific and sometimes too general. It was difficult to implement the proposals, because there were no “how to’s” described and there was no logical framework.

5.2.5 Assessment

Although shortcomings with in PAR MARD were examined before and recognised, there had never been a clear assessment of PAR in MARD. With support of the project (in the inception phase) in December 2001 an assessment was carried out to examine all the PAR activities in the ministry. This was done under the lead of an international consultant but together with senior civil servants from the ministry itself. This assessment could be of great use for the project but also for all other projects carried out in the ministry.

The self assessment appeared to be very useful and identified many issues about PAR in MARD, listed below are the main outcomes (Nevala-Lofkvist, 2002: 7-21) :

A) PAR planning is disintegrated

The PAR program is described in detail in the annual work plan of MARD, where overall responsibilities are assigned to the minister and a vice-minister; although work plans suggest clear cut implementation activities following the PAR programme, annual reports on PAR suggests that planning of PAR implementation involves a number of formal vertical processes directed from a number of sources:

- Issuance of legal documents following annual plans of the National Assembly
- Ministerial issuance of legal documents and policies
- Ministerial issuance of internal regulations
- Regulations issued by government
- Programmes issued by government

B) Reform priorities are following the government PAR agenda, with limited coherence with perceived needs amongst management.

Interviews and questionnaires show that there is a discrepancy between perceived priority needs and prevailing administrative reform practices. This discrepancy lies in the fact that substantial and complex reform measures are initiated in MARD without sufficient consideration for the kinds of competence based capacities required amongst staff to sustain reform activities. Inadequate competencies amongst staff to carry out PAR in MARD is rated the third obstacle in implementing PAR in MARD amongst staff.

C) Lack of common direction of PAR in an overall reform context

Although activities of administrative reform in MARD are identified in annual reports on PAR activities, structural and procedural reforms need a common direction. This to ensure that reform activities are integrated throughout the organization. Now there is no common direction for reform in MARD. Activities are separated from an overall performance context and reform activities do not work to a common end. With these scattered activities, monitoring of performance becomes difficult.

D) Administrative reform activities are segregated from other sector programmes aiming at socio-economic development

Annual work plans identify administrative reform as an individual programme, separating it from other core, sector-related programmes.

E) Awareness and support to the direction of PAR in MARD unveil a culture of resistance to change amongst both management and staff.

A majority of the management and staff in the ministry are aware of administrative reform in general and most managers are aware of the PAR Master program. But, awareness and support to the direction of PAR in MARD raises two fundamental paradoxes: First, management and staff said to be aware of PAR; the number one obstacle of administrative reform in MARD is perceived to be insufficient information on implications of reform. Second, management and staff support the direction of administrative reform in MARD, the second principal obstacle for implementing PAR in MARD is resistance to change. Looking at the paradoxes you can see that in interviews people give “appropriate” answers, but that in practice the opposite is more true.

F) Lack of communication of implications of PAR affect staff motivation and morale

There are no information channels for PAR in MARD.

G) Lack of commitment, guidance and resources for implementing reform constrains the ministerial capacity to carry out PAR.

Lack of commitment and direction from leadership leaves staff insufficiently equipped to carry out required tasks of PAR. Staff are given unrealistic demands, trying to cope with inadequate and ambiguous guidelines, lack of resources and frequent changes in work plans due to unclear time frames.

H) Incentives for work with administrative reform are perceived poor amongst staff.

The working conditions of staff assigned to work with administrative reform is not sustainable. Although interviews with task forces exhibit committed staff, staff's ability to cope with additional work in the long run will affect incentives to work with PAR.

I) Whilst there is a support organization in place for PAR in MARD, output is limited and varies between and within bodies.

Output of the PSC and its secretariat has been limited. Some reasons for this are:

Members have been selected without consulting them on the assumptions (roles, tasks, responsibilities) for their membership in these bodies.

Selected members are senior staff committed elsewhere, to regular department tasks and other commissions (membership in other committees) within MARD.

Selected members retire.

J) Guidelines, when stated, are formal, generally phrased and principally "advisory"

Guidelines for implementation are often generally phrased and inadequate guidelines for implementation affect the performance of staff at all the levels. Current practice shows that:

Implementation is based on the work procedures of the implementing department.

Implementation depends on resources available in the department at the time of implementation.

K) MARD is relying on donor support in all aspects of both reform management and implementation.

Interviews with leadership showed that practices of PAR are relying on external donor-supported projects. The reliance on donor support does have a significant impact on the progress of PAR in

MARD. As the current capacity to carry out administrative reform is low to meet urgent needs, the strategy of MARD is to rely on donor support in all aspects of reform implementation.

However, the dependence on donor support is a worrying development. If the strategy of MARD is to rely heavily on donor support in all aspects of PAR implementation (planning, implementing, co-ordinating, developing, disseminating evaluating, etc.), these projects need to be carefully tailored in order to ensure sustainability and communication channels between project staff and decision-makers. If this is the strategy for the future, the integration of projects with donor funding needs to be approached consciously. MARD needs to identify ways in which prevailing and future international co-operation projects can be strategically linked to support MARD in reform activities.

Summarizing the above, PAR in MARD faces many difficulties and the top three of problems are:

- 1) insufficient information on objectives, requirements and content of reform
- 2) resistance to change
- 3) inadequate competencies amongst staff to carry out PAR in MARD

Human Resource Development (HRD) can be seen as a cornerstone for administrative reform. However, the way in which HRD was provided so far did not sustain reform developments. In building a sustainable PAR capacity in MARD, capacity requirements in terms of staff competencies is crucial. This involves staff competency requirements identified for managing administrative reform, but also for its implementation, i.e. new roles identified for MARD staff achieving socio-economic targets, with the delegation of authority to lower levels, new management skills and so on.

Making use of the lessons learnt from UNDP evaluations and the self assessment, the project document was revised and provided now with clear objectives, outcomes, outputs, key activities, success indicators, means and constraints/assumptions.

To get a slight overview what the project is about the components 1, 2 and 3 are listed below once more, with their main outcomes, and key activities (UNDP, 2000: 25, 26, 27):

Component 1

Clarifying the roles and responsibilities of MARD in relation to those of other government agencies involved in rural development activities and in relation to those of the DARDs

Outcomes

*New roles and responsibilities of public services in agricultural sector are defined
Major objectives, functions and tasks of the ministry and each of its department are clearly defined. Considerable contributions to the process of re-organizing the agricultural sector at the local level is done with special attention to de-concentration of tasks when it is possible.
Experiences and lessons learned in the PAR in MARD are summarized and submitted to the Government for consideration.*

Key activities

A functional analysis of the MARD is carried out, defining all the major objectives, broken-down into different functions, and these functions broken-down into operational tasks corresponding to their functions.

Drafting a guidelines document defining the role of the MARD in the agricultural sector (which agricultural services must be delivered by the State, which should be carried out by the private sector only and which should be set up by a mixed organization).

A second part of the document will present the roles to be played at the central level and those at the local level and the concrete relationship between central and local level.

Component 2

Development of institutional and human resource capacity to carry out PAR in MARD.

Outcomes

Awareness raised, management skills increased and capabilities for the staff of MARD and DARDs to meet the demands of their new roles developed

Key activities

To map current PAR content and practices and assess PAR capacity (human resource and institutional)

To collect psycho, socio and economic data on the needs' of farmers and other stakeholders of MARD (qualitative and quantitative needs)

To carry out training seminars after a thorough needs assessment of a few categories of civil servants

Component 3

Providing a finalised information exchange strategy for the management operation of the Ministry as well as for the communication between MARD and the local authorities.

Outcomes

MARD adopted the IT Master Plan and begins implementing its IT infrastructure in accordance with the approved architecture, directions, and recommendations outlined in the Master Plan. MARD departments, DARD and other external organizations utilizing the pilot Intranet and systems established by the project pilot implementation for effective data collection, processing, storage, retrieval and exchange of information, administrative and legal documents.

Key activities

Interview senior management of MARD, senior staff of OMARD, selected MARD departments, a number of key DARDs and external organisations and produce a draft IT Master Plan for MARD. Present the draft IT Master Plan to MARD senior management and secure its finalisation and agreement.

5.2.6 Context and implementation of the project

Since the promulgation of the PAR Master program, PAR in MARD has four pillars for reform:

1. Institutional reform
2. Organizational reform
3. Cadres and civil servants
4. Public finance

As concluded above, human resource development is one of the prerequisites for successful administrative reform. Therefore the project VIE/98/004 is focused on capacity building. The PAR in MARD project can be located in programme number 2 of the PAR Master program (organizational reform) but it is basically a capacity building project supporting the ministry in capacity building to enable it to do the tasks that they have to do.

Besides capacity building the project (outputs) is also related to four of the nine objectives of the PAR Master program (UNDP, 2001):

To objective number three 3: Restructuring of state machinery to focus on macro-management and regulatory roles. (re-define the role and functions of MARD).

To objective number 4 Institutions in the public administration system will be assigned functions, tasks, authorities and responsibilities, which are clearly defined and appropriate. A number of activities and public services, which are not necessarily to be handled by government agencies, should be transferred to enterprises, social organizations, private organizations and non-governmental organizations. (redefine the role of DARD and SARD, the provincial and district agencies, but also other local agencies related to MARD).

The project is also partly corresponding to point 2: The administrative procedures, which are bureaucratic, cumbersome and troublesome to businesses and people, will be fundamentally abolished; new administrative procedures, which are of transparency, simplicity and convenience to people, will be developed. (renovate the development, issuance, improvement and quality of legal texts).

The project is finally corresponding to point 9: The administration system will be substantially modernized. Administrative agencies will be provided with modern equipment, able to serve timely and smoothly state management requirements. A complete computerized Management Information System of the government will be put into operation (development of information technology in the public administration system).

The project is an UNDP-assisted project but with national execution (the project is executed by MARD staff only). This method has been chosen because national execution is supposed to be a “learning by doing” exercise for the development of a national management capacity in the sector of agriculture. Thus, national execution will ensure that the project is managed in an integrated manner and will promote long-term sustainability and a broader impact on the development process in agriculture. The main organs of MARD that are responsible for success of the project are:

The national project director, he is the director of OMARD. The director provides leadership, supervision and he participates in project decision-making. He works on a part-time (!) basis for the project, and hopefully he is not too busy with his other job.

The national project manager, he is a principal expert of OMARD, he will facilitate the correspondence with the national project director. The national project director works full-time and is paid from the project budget.

The project support unit, it is composed of the national project manager, an accountant, a translator, a secretary, staff from other departments in MARD and the STA.

The MARD PAR project will be implemented by the Office of MARD (OMARD) and the Department of Planning (DOP) and other relevant departments (Department of policy and Department of international cooperation).

It was recognised by the project that implementation of PAR is a time-consuming assignment. Therefore the duration (2 years) and resources available for the project are only an initial step in the reorganisation process of the ministry. Additional support and resources are necessary in order to secure the sustainability and progress of this first initiative. The project agreed that if tangible results are achieved during the project life and if the project is considered successful, it could be necessary to plan a second phase.

5.2.7 End of the first phase, an evaluation

At the end of the first phase of the project in January 2003, there has been a review of the project and at the Tripartite review meeting (organised by the ministry) the project was discussed. A Tripartite review meeting is a meeting where representatives of the ministry, UNDP and the donor community (in this case the Netherlands Embassy, because they are the only donor financing the project) meet. Much attention was given to the organisation of this meeting; the meeting room was equipped with modern material like microphones/headsets and two translators translated the discussions in English and Vietnamese. Many flowers and a big photo of Ho Chi Minh completed the scenery. It was apparently that important that a camera crew filmed during the whole meeting (sometimes these tapes are even shown on national television). It gives the impression that the ministry takes the PAR very seriously and this is true to some extent, the people directly involved in the PAR project like the national project director and the national project manager showed high commitment; they asked questions and gave very professional power point presentations. However, the majority of the people again did not seem too interested, it was more or less the same situation as at the PAR annual meeting described in chapter four.

Anyway, below are listed the main outcomes of the meeting, based on my own notes:

Achievements

- Support from MARD leadership and committed staff
- Co-operation with other ministries in achieving outputs (Ministry of justice/finance)
- Monitoring & Evaluation systems are in operation

Challenges

- Project activities rely on external processes (think about Government decisions or the promulgation of new laws) which challenges flexibility
- MARD's civil servants conceive co-operation with the project as additional work
- Staff awareness is limited

Overall evaluation:

- The project worked well in 2002 and was well designed and implemented
- MARD is one of the most advanced ministries in PAR planning
- Project activities well in line with other MARD reform plans
- 9 out of 10 outputs will be achieved by the end of February
- PAR in MARD is the most successful PAR project ever on ministerial level
- Co-operation with leadership ensures project alignment with PAR agenda

As not all the outputs had been achieved during the duration of the project, it was decided that there was going to be an extension phase till the end of June to complete all the outputs, but most important was that the project was subject to a second phase, because of successful results and

again the Netherlands provided financial support for this project and continued the cooperation with UNDP.

The justification for this second phase by the donors was:

- PAR piloting in MARD is government priority
- MARD leadership readiness and support to the project
- Critical contributions to PAR in MARD during the first phase of the project
- Second phase is a move from conceptualisation and establishing a baseline for PAR in MARD; to implementation and is therefore a logic follow-up to the first phase.
- Conscious focus on building and sustaining MARD PAR implementation capacity.
- Continued dissemination of project approach, tools and methodologies.

So the first phase was more *conceptual*; establishing a baseline for PAR in MARD. This was done through a series of diagnostic studies and proposals, such as analysis of central and local functions, administrative reform capacities, a training needs assessment based on PAR requirements and preparation and experimental implementation of a strategy on information exchange for state management purposes. The second phase will be the *gradual implementation* of the above undertaken activities. In the second phase there will be a greater focus on sustainability and capacity development at the local level.

A remaining problem is staff awareness and the fact that civil servants in MARD perceive the project as additional work. In the second phase efforts will be made to change the overall perception of MARD that PAR activities are extra work and the project experiences should be shared at the local level and by other ministries. These issues were also discussed at the LPAC meeting at the UNDP office in May 2003. This meeting was attended by people from the Netherlands Embassy and people from UNDP involved in the project. A presentation was given by the Senior Technical adviser of the project, he looked back on the results of the first phase and discussed the planned outputs for the second phase. Furthermore the content of the project document of the second phase was discussed once more, because the Netherlands Embassy wanted some revisions regarding gender issues and the budget was analysed.

The second phase has four major objectives (UNDP, 2003: 1):

1. Strengthen the capacity of MARD to rationalise the organisational structure at central and local level to reflect public service delivery requirements of the sector.
2. Strengthen institutional and human resource capacities of key departments in the implementation of the ministry PAR Action Plan (see next paragraph)
3. Support to the implementation of the “information technology development and application strategy to support state administration management” to improve effectiveness and efficiency of the sector.
4. Contribute to the strengthening of PAR management capacity by sharing information on methods and tools to other key PAR agencies.

5.3 Action Planning: a new approach

The outcome of the assessment (described in 5.2.5) also lead to a new approach to PAR implementation. With the promulgation of the PAR Master program, new challenges and opportunities for MARD occurred. So far PAR annual plans, based on the Government’s

national PAR plan, were developed and implemented by two departments in MARD. These annual plans were not very clearly and effectively designed; they did not provide an action plan for MARD PAR activities and that made it difficult to estimate and provide adequate resources for implementation; responsibilities were unclear and there were no timeframes for activities. The direction and leadership for PAR activities was not unified but guided by MARD leaders and heads of department.

Implementation followed traditional working methods; this means for example:

- favouritism (family members are recruited by leading persons)
- no movement of staff, people do the same job for years
- no assessment of personnel, no checks on well-functioning

Also, it became clear that the focus on two departments would not be effective in the long run. It will pressure existing capacities in the departments too much, and with the focus on two departments potential capacities provided by other departments are not used. Therefore in processing PAR in MARD it was acknowledged that there should be a shift from traditional working methods to project based management, introducing western style methods like for example job descriptions, assessment of personnel, movement of personnel.

As a result an Action Plan was developed, following a *project management* approach. At the beginning of the development of the Action plan the following questions were identified:

What is the problem?

What do we want to achieve?

Who will do it?

How are we doing it?

What is the role of MARD leadership?

How can donors support it?

The Action Plan was developed by MARD employees (senior staff of the lead departments) themselves under coordination of an international consultant (the one who also carried out the self assessment), these MARD employees will function as diplomats for the Action plan in their department and need to instruct the civil servants working under them. To make these people familiar with the new approach study tours have been and will be organized to western countries. For example a study tour was organized to the ministry of agriculture in the Netherlands. These tours are organised with the idea that practical examples convince people to change their former working style.

The Action plan is related to the 4 pillars of the PAR Master program, organizational reform, institutional reform, human resource management and development, public expenditure reform and has a fifth pillar; modernization, this includes simplification of work procedures through the use of common databases and use of internet and intranet in MARD management.

It provides a work program for the period 2002-2005 with objectives to be achieved by that time. The Action Plan was approved by the Government and put into operation in 2002. The project VIE/98/004 second phase supports the Action Plan as it covers three of the 5 pillars and therefore some outputs stated in the Action Plan will be reached by the project.

Advantages of this new approach are:

- The application of a project management approach allows implementation to be supported by operational standards and work procedures (inherent to project management) including procedures for planning, organising, co-ordinating, reporting, monitoring and evaluating of performance.
- Separate administrative activities become streamlined working towards common objectives
- Roles and responsibilities are clarified between bodies and members
- Work processes for implementing bodies become standardised following similar structures of planning and reporting
- Mechanisms for planning and integrating lessons learnt from implementation become strengthened, improving capacities of problem-solving and decision-making

Disadvantages of the project management approach are:

- Implementation will most likely be slower in the short term, both in terms of management and implementation of sub-projects. Objectives need to be identified; structures need to be re-instituted; work process standards needs to be developed; resources need to be committed.
- Staff need to be trained.
- Everyone needs to agree to the approach and appreciate his or her role, together with the organisation.

In paragraph 1.5 was described that interviews were carried out to identify opinions about the Action Plan. According to the co-developer of the plan, the international consultant, it is a very good plan. She argued that it is user friendly designed, objectives of PAR are closely linked with respective responsibilities at department and unit level and objectives are split into small manageable outputs. Furthermore the outputs are supported by key activities that need to be undertaken by implementing agencies and timeframes and (human) resources are estimated for each key activity.

Also the Senior Technical Adviser of the PAR in MARD project thinks it's a very good plan and does not expect any difficulties in the implementation, if the manager (read: senior staff of the leading departments) says to the civil servants that they have to change their way of working, they will, civil servants are very committed to higher senior people he says.

The national project director of the PAR in MARD project thinks the Action Plan is very easy to understand and therefore to implement, but he is worried about the actual implementation, because civil servants have to change their approach of working, but to establish awareness of the Action plan and to get used to the new approach, training is provided for 4/5 months to explain everything to the civil servants.

Two people, respectively from the Department of Planning and the Office of MARD, who co-developed the plan and are communicators for the plan, are also satisfied with the plan, but they also think that implementation will be very difficult. People have to change their working style, job descriptions will change and this will lead to replacement of people and sometimes to additional workload. They think a solution to this is to communicate a lot in order to create awareness, but if people can't catch up with the process, their jobs will be changed into other organizations/fields.

I have to make a remark about the interviews; initially I approached five people from the Ministry who were involved in the development of the Action plan. They all agreed on the interview and appointments were made; for some reason three of them cancelled at the very last moment, so there were only two left. When I carried out the interview with a person of MARD, the STA of the project was also there. I had the impression that, because the STA attended, only favourable answers were given to the questions, despite the fact that he mentioned that he foresaw difficulties in implementation, he remained very modest in his critique. When I carried out the interview with another person of MARD; the national project director attended and the translator, so only Vietnamese people, and this interview was far more frank and open minded. I think this can also partly explain the paradoxes described in point E of the self- assessment; maybe the people tend to give more favourable answers to western people (experts), if this is because they're shy, afraid or just want to be polite, I don't know, fact is that it makes it difficult to get the right information.

To end this paragraph, it is very remarkable, but not surprising, to see that the international consultants don't see any major problems, but that the people from the ministry who have to deal with the plan (when the consultants are already gone), see difficulties regarding the most important thing of a strategy (argued before in chapter 4): actual implementation. So although the plan is really nice and clearly designed, many difficulties in actually carrying out the plan will probably remain.

5.4 Concluding

What has become clear from this chapter is that Public Administration Reform in MARD is, like the PAR Master program, a very complex exercise, that will probably take many years.

Challenges to this exercise were mentioned in the paragraph that described the self-assessment, listing a top three of obstacles regarding public administration reform:

1. insufficient information on objectives, requirements and content of reform
2. resistance to change
3. inadequate competencies amongst staff to carry out PAR in MARD

Other highly ranked difficulties are commitment of leadership and donor involvement.

Most of the challenges are not only challenges to PAR in MARD but challenges to the whole PAR process in Vietnam (resistance to change, commitment of leadership), I will return to this in chapter 6.

The problem of insufficient information on objectives, requirements and content of reforms is not a fundamental problem it can be handled with projects like VIE/98/004 and the set up of a communication system. For this kind of problems, projects and international support is very useful. Inadequate competencies to carry out PAR in MARD is a more difficult problem. Human Resource Development is a cornerstone for administrative reform in MARD, the PAR in MARD project is a useful project to support HRD in the ministry. Projects like VIE/98/004 focus on training activities and again projects and international support can be very useful for these kind of obstacles. But training is a time consuming activity, costs a lot of money and people must be motivated to get trained. Therefore to gain enough capacity to carry out the PAR in MARD requires patience, but is fundamental for the reform process.

Looking at donor involvement, it was argued (result of the self assessment) that the dependence on donor support is a worrying development and that projects therefore need to be carefully

tailored in order to ensure sustainability and communication between project staff and decision makers. That is true, but the project VIE/98/004 already recognised this and involved MARD staff to a very high extent, so I don't think this is a big problem. I think problems regarding donor involvement are partly the same as discussed in the concluding paragraph of chapter 4; the funds are dependent on national budgets (in donor countries). In the PAR Master program various donors are involved so if there is a cut in national budgets it is less dangerous for continuity of the project. In this project there is only one donor who finances the project, so there is a higher risk for continuity. Another challenge regarding donor involvement is that the international consultants sometimes don't stay during the whole project. They leave (or have to leave) or are being replaced by another one (who has a different working style). This is not good for continuity of a project and this is also the case in the PAR in MARD project. The STA who has been involved in the PAR project from the very beginning, cannot stay during the whole second phase (this was the situation in May 2003, the content of the project is constantly adjusted, so it is possible that this decision will be cancelled, depending on the developments). The STA's contract will end somewhere halfway the project, because there was no budget and it was argued that by that time staff of MARD will be able to do it themselves, because it is a project with national execution, following a learning by doing approach. My opinion is that this is good approach, it creates awareness and responsibility by the MARD staff, but I think people should be cautious they tend to think that the staff of MARD can do it themselves after such a relative short period of technical assistance. This might be too optimistic.

In general, the project VIE/98/004 is a good project to support PAR in MARD. MARD is the first ministry that receives donor support and the project is a pilot project that will be replicated on national scale if proven successful. So far the project worked well and a range of results have been achieved in the first phase of the project in a relative short period of time, also the staff working on the project from both donor and MARD side are very committed and that makes that the project is a positive example for the future of PAR.

Looking at the Action Plan, it has many advantages (as listed in paragraph 5.4) and I also agree that it is user friendly and easy to understand, but to overcome the difficulties of PAR in MARD, the crucial point will be the implementation of the plan. It is much as with like the implementation structure of the PAR Master program, it looks nice on paper, but many difficulties need to be overcome for successful implementation. Also difficulties in coordination between the various departments of MARD can appear, and it is again questionable if the PSC is able to do its task of guiding and monitoring.

Chapter 6: Public administration reform in Vietnam, an analysis

6.1 Introduction

This chapter is an analysis of public administration reform in Vietnam. In paragraph 6.2 attention is paid to PAR in the context of New Public Management to identify if the reforms in Vietnam are NPM style or that they should be placed in the broader context of public management reform. In paragraph 6.3 the boxes of the model are filled in according to the situation in Vietnam to identify what factors are of major influence in the reform process.

Paragraph 6.4 is the last paragraph and gives an answer to the central problem as described in chapter 1.

6.2 PAR in Vietnam in NPM perspective

In the concluding paragraph of chapter 4 the content of the PAR Master program was compared with the key features of NPM and it was concluded that some elements of New Public Management can be found in the public administration reform strategy. However there are also key features of NPM that cannot be found in the objectives of the reforms. These are:

- A widespread substitution of contracts for formal hierarchical relationships.
- A shift in value priorities from universalism, equity, security towards efficiency and individualism.

First the point of contracting out, in paragraph 3.5 some opinions of authors about NPM in developing countries were outlined. Manning (2001) in paragraph 3.5 explained that performance contracts are not possible in developing countries, because “old public administration” disciplines (like the positive features of the Weberian bureaucracy) are absent, but that these are required for contract-like arrangements. Minogue (2001) concluded that contracting out doesn’t work or is not implemented in developing countries, because reviews of public management reforms in developing countries showed that nowhere hierarchical bureaucracies were replaced by contracts. Unfortunately he doesn’t give an explanation what factors make that contracting out doesn’t work out in developing countries and it became clear from the examples of NPM in practice by McLaughlin, Osborne and Ferlie (2002) that contracting out has occurred in developing countries.

Public administration reform in Vietnam is a strategy by the Government and the Government is not reduced as almost irrelevant and replaced by chains of interlinked contracts. Contracting out will probably not be tried in Vietnam, because the Government has a very strong influence and it is not likely that in the near future this authority will be replaced and that the Government is not the centre of governance anymore.

Secondly, the point of value shifting from universalism, equity and security towards efficiency and individualism. Minogue (2001) argues that in countries that are facing serious problems (for example corruption), values like honesty, security, legitimacy, and accountability are more important than efficiency and quality, and that these values are better met with a Weberian bureaucracy, than by NPM style service delivery. He concludes that therefore NPM is not the only public management paradigm in developing countries.

Looking at the situation in Vietnam, there hasn't been a shift in values towards individualism and efficiency. Painter (2003: 261) concludes that: "In some respects, the aim of the transition is captured by standard depictions of the modern legal-rational Weberian bureaucracy. In the Vietnamese context this is theorized as the creation of a neutral, universal, administrative state, as distinct from a class state".

Also Vasavakul (2002: 56) argues "...the reform of the public administration system in Vietnam is based on the assumption that it is possible to build a public administrative system that is impartial, as distinct from a class state. This principle is close to Weberian bureaucracy and is probably based on observations of experiences in early industrializing countries".

In paragraph 3.5 more statements were made about NPM in developing countries and now I will discuss them once more, to compare them with the situation in Vietnam.

It was argued by Minogue (2001) that privatisation has more rhetoric than substance in developing countries, because it doesn't fit easily in local economic systems and political cultures. In this thesis not much attention has been paid to privatisation as part of the reform program, but the following will give an impression about privatisation in Vietnam, showing at the same time that in a way Minogue is right when he says that it is difficult to fit privatisation in the political culture.

In the first eight years of "Doi Moi" (1986-1994) many of the small State Owned Enterprises (SOE) were restructured by merger or they were liquidated. Later on the number of SOE's declined from around 12,000 in 1990 to about 5300 in 2000. Privatisation is difficult because the Party (senior party officials) have interest in the commercial activities of SOE's and they use their state power to protect the commercial interests of enterprises and their own personal positions. Official policy declares that the enterprises that are the most successful and strategic will remain in the hands of the state. (Painter, 2003: 263).

Looking at this Minogue is right with his point-at least for Vietnam- that privatisation doesn't fit in the political culture. Privatisation is a sensitive issue because sometimes it is better for the state officials and SOE's managers themselves if enterprises are not privatised.

Furthermore Minogue (2001) argued that New Public Management is more focused on the cost-cutting concerns of northern states, than the capacity building and developmental concerns of southern states. He thinks that reform in developing countries should be focused on the creation of a professional civil service, building of implementation capacity, and the effective use of human resources. I think he is right at this point, developing countries are facing problems/situations that are absent in developed countries and therefore their reforms should focus on things like capacity building. Then later on in the process the efficiency aspect can become more important. However, the donors may think otherwise and tend to copy what works in the western world to developing countries without realizing that their initiatives may not work out in these countries because they are so different from developed countries.

It is clear, looking at the content of chapter 4 and 5, that in Vietnam the reforms are focused on the issues named above and not only on cost-cutting issues.

Concluding

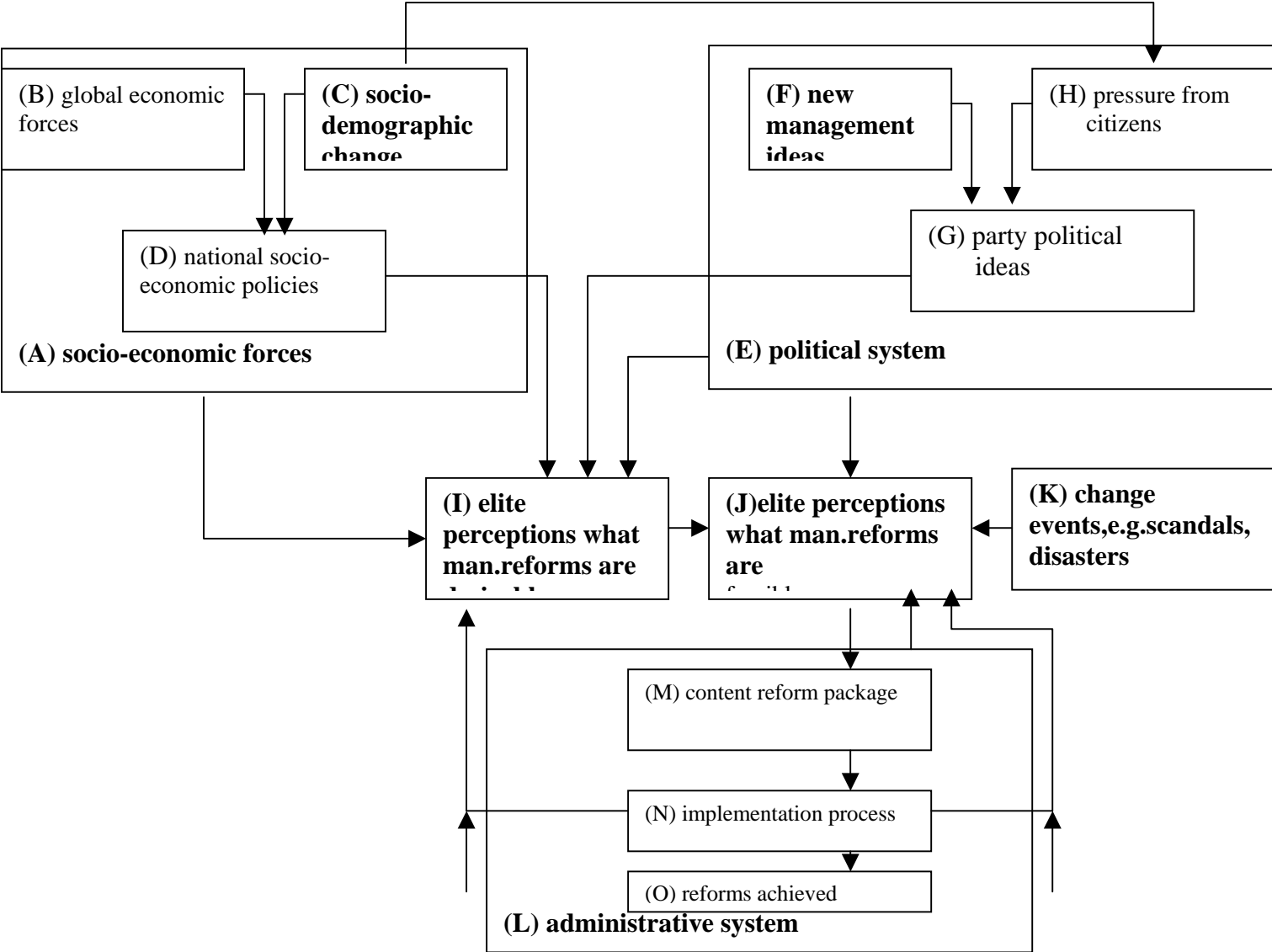
In paragraph 3.3 it was mentioned that there is a distinction between New Public Management and public management reform, although they overlap to a high extent. While NPM reduces the role of government and is focused on pure business management, public management reform is not only about effectiveness and efficiency but also other values are important and it is broader than only managing the public administration system like a business. These other values are mainly the positive features of the Weberian bureaucracy like honesty, continuity

and equity. It was also argued that pure NPM style reforms can be found in the Anglo-Saxon countries, while public management reform is more found in countries that are guided by the *Rechtsstaat* model, mostly located in continental Europe.

In the last paragraph of chapter 3 it was concluded that a reduced role for government as the NPM proposes is not likely in developing countries, but that NPM takes shape by introducing new management techniques (which can be NPM style) while strengthening the public administration system without reducing the role of the government. In Vietnam this is also the case, PAR in Vietnam is not subject to pure NPM style reforms. Vietnam has picked some elements from the NPM menu, but the most distinct features of the New Public Management cannot be found in the reform program. Public administration reform in Vietnam is about introducing new management techniques (due to the presence of donors) but at the same time the administrative system and Government powers are strengthened. This against a background of the own interpretation of the principles of the Weberian bureaucracy as Painter (2003) and Vasavakul (2002) argued. Therefore, public administration in Vietnam should be placed in the broader context of public management reform with some elements of New Public Management.

6.3 Filling in the boxes

In chapter 3 a model of public management reform developed by Pollitt (2000) has been described. After the explanation of the content of the various boxes of the model in chapter 3, now the boxes are filled in according to the situation in Vietnam to analyse what factors are of importance and influence in Vietnam’s reform process.



6.3.1 The first cluster (boxes A, B, C, D)

(A) Socio-economic forces:

Socio-economic forces in broad context do not have a significant influence on the reform process.

(B) Global economic forces:

In chapter 2 the macro economic crisis and the reforms have been discussed. In 1986 the Government launched the reform strategy named “Doi Moi” against a background of hyperinflation and economic imbalances. These were partly caused by internal effects, but also global forces like cuts in foreign aid and economic embargoes by the international community had an enormous impact on the bad economic situation, the “Doi Moi” strategy was a reaction to this. And, as said before, the economic reforms needed to be supported by public administration reform to continue economic growth.

In chapter 3, Pollitt (2000: 29) argues that the timing of reforms in particular countries frequently do not correlate closely to economic crises, so there is no direct cause and effect. Economic forms of globalisation do seem to have a major influence on institutional change, but it acts through a number of intervening variables. These other variables are crucial in determining the precise shape and timing of the reforms in particular countries.”

I think that in Vietnam the timing of reform is closely related to economic crisis and public administration reform is an indirect result of the crisis, so in these circumstances there has been a direct cause and effect. Another global force for reform is development aid given by western countries. They bring in money and expertise and therefore they have a big influence on the reform process.

(C) Socio-demographic change:

Socio-demographic change does not have an impact on the reform process.

(D) National socio-economic policies:

Currently macro-economic policy is focused on stabilisation, maintaining budget discipline and controlling inflation. One of the reform areas of the PAR Master program is public finance, in this context the Ministry of Finance started a public finance management initiative, this program comes to terms with issues like controlling the Government budget, risks with State Owned Enterprises, debts. Therefore national-economic policies have an influence on the reform process but not significant. (RNE Hanoi, 2002)

6.3.2 The second cluster (boxes E, F, G, H)

(E) The political system:

Vietnam is a centralized state and democratic centralism is the principle that governs the organization and functions of all the organs of the state. The National assembly has 500 deputies and it is the highest authority and the legislating organ, there is only one parliamentary assembly. The Government (composed of the Prime Minister, deputy Prime Ministers, ministers and head of organs at ministerial level) has executive functions and administrative functions. The Government manages the state and implements the Constitution and other laws and is officially the institution that develops policy.

However the policy-making process in Vietnam is very complicated and in order to understand how donors can affect policy, it is important to have understanding of the policy-making process. Van Donge & White (1999: 17-24) have listed the issues under five headings:

1). A policy dialogue assumes that there is a policy position defended by the Government, but policy making in Vietnam appears to be more reactive than pro-active.

Vietnam's policy making and reforms are crisis driven and the worse the situation the better it appears to be for reform. Often reforms are already rooted in experiments which had been underway and then suddenly got the scope to continue.

2). Form often replaces substance in Vietnamese policy making.

The more policy discussion is broad and general, the less substantive policy contents is and there is in Vietnam a tendency to reason in broad and general terms. This results in the fact that there is awareness of the issues, but there is little attention for responding by, for instance, legislation to actual problems and the implementation of laws through legal administration. Policy is often clear, but issues of practice and implementation remain un-addressed.

Van Donge & White mention in this context that the donor community has the opinion that there have only been reforms on paper.

3). Sharp distinctions between categories are often not applicable to the Vietnamese situation.

Van Donge & White mention in this context the distinction between public and private. These two are interwoven especially when looking at the SOE's where entrepreneurial success often depends on Party membership.

4.) The policy making process is diffuse

The Vietnamese situation is characterised by consultation and consensus, but policy dialogue needs clear partners and those are difficult to find. On the one hand there is over centralisation corresponding to the principle of democratic centralism, but on the other hand there is consensus. Once a decision is made it needs to be supported by all people involved.

This becomes more clear with the following example: The State bank of Vietnam (SBV) stress their independence, but at the same time they mention many consultative procedures. Monetary policy is officially made by the SBV in consultation with the Ministry of Finance and the Ministry of Planning and Investment, but also the fiscal and monetary council of the deputy prime minister and the authority on monetary policy in the National Assembly were mentioned for bringing in advice.

More general policy making seems to be characterised by a range of agencies giving policy advice and a number of institutions working on proposals. This makes that decision-making is very in-transparent and it is difficult for donors to identify who has responsibility for what issue and where the power is concentrated.

5). The Communist Party

Box G will describe the influence of the Communist Party.

(F) New management ideas:

New management ideas are brought in by a range of international consultants and experts, who can demonstrate their views and put them into practice with the support of donors. Pollitt (2000) argues that management ideas are seldom translated in its purest form into specific reforms, but that they flow into a larger pool of ideas and that the political and administrative elites of a country pick from it. This is not exactly the case in Vietnam, the Government does not have the knowledge and expertise about introducing reforms and carrying them out and they rely heavily on donors in the reform process. The Government sets out the strategy, but in the sectors where technical assistance is requested, the international consultants and experts can almost directly translate their ideas into specific reforms.

It becomes clear from the previous chapters that donors play a significant role in Vietnam's reform process so new management ideas have a strong influence.

(G) Party political ideas:

Vietnam has a one-party system and the Communist Party is the only force guiding the state and society; the Party has a major influence that can be felt at every level of society and political life, but Van Donge & White (1999: 23) mention that it is very hard to specify what their direct influence is in society and what the moral credibility of the Party is. Fact is that almost all the members of the important administrative institutions and the Government are chosen amongst Party members and the Party controls the Government to ensure their work is in line with the principles of the Communist Party. In the reform process a prominent part is played by the Party central committee (the highest organ of the Party), they play a key role in official appointments and implementation decisions (Painter, 2003: 263).

As already described in chapter 2 attempts were made to separate Party and state, but in practice it doesn't work out well and the Party still exercises close control over all the state institutions, so the reform process is heavily influenced by Party political ideas.

(H) Pressure from citizens:

The pressure from the citizens for reform is fed by corruption and mal-administration, for example the distribution of land to friends and family and using tax revenues for private purposes. As a result there have been protests, mainly at the local level. These protests have resulted in demonstrations and inactivity, and sometimes it erupted in serious violence.

(I) Elite perceptions of what management reforms are desirable:

Due to the fact that Party and state are still interwoven and that there is a range of policy advisers it is difficult to identify the elite and who is really responsible for the reforms. Officially it is the Government, but it is more likely that Party members and powerful advisers are the real elite because they have so much influence and it is not to say that they support the reforms.

In most western countries desired reforms are limited to a few issues; Vietnam has a reform agenda that proposes reforms for the whole administrative system; affecting many sectors and focusing on many issues, as stated in the PAR Master program. For clarification they are once more mentioned: legal reform, revising tasks, functions and organizational structures, staff downsizing, quality improvement of cadres and civil servants, salary reform, improvement of financial management mechanisms for administrative and public service delivery agencies; modernizing administrative systems.

(J) Elite perceptions of what management reforms are feasible

Public administration reform in Vietnam is, as stated above, officially an initiative from the Government and Government reformers show commitment to the program. However, the process of reform was first focused on developing the strategy and identifying challenges, shortcomings etc, now that the program has come to actual implementation, the pace of reform is slowing down. Government and elite notice that the reforms will also reach the centre of Government and will have a direct impact on the state structure. As a result delays in implementation occur and the possibilities to introduce new initiatives are more limited than before. Sensitive issues like salary reform and administrative reorganization are not included in the donor assisted programs.

(K) Change events:

Change events are events like epidemics, natural disasters, scandals etc, basically those factors that are unpredictable. There are no change events that have had an immediate, large effect on the public administration reform program.

6.3.3 The third cluster (boxes L, M, N, O)²**(L) The administrative system:**

Vietnam's administrative structure consists of four levels central, provincial, district and commune. In the description of box L in chapter 3 it was mentioned that the administrative system was difficult to change in more than incremental ways.

In Vietnam however a huge reorganization of the central and local government institutions took place in a relatively short period of time. The number of ministries fell from 33 in 1981, 28 in 1987, 27 in 1992 to 22 in 1995. At the provincial level the 1989 Law on Local Government reduced the number of provincial administrative offices from 40/50 to 17/22 per province. At the district level the number of offices was reduced from 20/25 to 10/15. (Vasavakul, 2002: 24)

(M) Contents of the reforms package:

The contents of the reform package is enlarged over time. When the reforms started in 1995 there was a focus on organisational reform, institutional reform and Human Resources and Development. With the launch of the PAR Master program 2001, financial reform was added to the list and the reforms were more specified into seven sub-programmes.

As chapter 4 is fully focused on the reform strategy and contents of the strategy, it will not be repeated in this box.

(N) The implementation process:

As described in paragraph 4.3 the implementation process has been and will be very difficult. This is caused by factors like lack of commitment, lack of capacity to implement reforms, opinion of staff that PAR is additional work. Also the Government document issued February 2001 gives some remarks about implementation of the PAR strategy. In this document it is argued that implementation of the PAR is constrained due to the slow progress in the reform of the organizational structure and operation of the political system and because PAR is not linked to legislative reforms. Another factor that constrains implementation is the lack of guidance and leadership of the authorities and this leads to a lack of consistency, commitment and will to implement reforms.

(O) Reforms actually achieved:

The achievements of public administration reform so far are listed in the Government document of February 2001, these achievements have been described in paragraph 4.1. It was concluded that the achievements were vague and did not really specify what had been achieved, there were no tangible results. This was caused due to problems with implementation. Regarding the PAR Master program; as it just started no major outputs have been achieved yet.

² The boxes M, N and O, focus on the content of the early national PAR program and the PAR Master program, so not on the content of the reforms in the ministry of agriculture and rural development.

Concluding

Looking at the boxes you can see that box B (global economic forces) and box C (socio-demographic change) influence box D (national socio-economic policies) and that on the other side of the model box F (new management ideas) and box H (pressure from citizens) influence box G (party political ideas).

In Vietnam the global economic forces have a major influence on national socio-economic policies and these have an influence on the reform process, socio economic policies (read: economic reform) have been an incentive for public administration reform, the process of state restructuring has its origins in the “Doi Moi” policies.

In Vietnam new management ideas and pressure from citizens do not have a big influence on party political ideas, and this shows that the model better fits a (western) democracy. The Party is the dominant force and it is not the force that can be influenced, it is a force that itself influences others. In box G it has been discussed that the Party has a major influence in society and political life and because of its influence in political life it influences the reforms.

Both national socio-economic policies and party political ideas influence the elite perceptions of what management reforms are desirable and feasible (box I and J). Here again we face a different situation than in a (western) democracy; the Party political ideas do not have a strong influence on box I and J, box I and J are the Party itself, previously it was concluded that almost all members of the Government and high administrative authorities are chosen amongst Party members, so party political ideas determine what management reforms are desirable and feasible.

The elite perceptions of what management reforms are feasible determine the contents of the reform package, this results in implementation, the implementation process determines what reforms are achieved. Reforms achieved are reviewed (for instance in the PAR annual meeting and the Tripartite review meeting) and they are input for the elite perceptions of what management reforms are desirable.

New management ideas do not have a big influence on party political ideas as the model shows, they have however a significant influence on the reform process, but more directly on the content of the reform package and implementation. The Government has the ideas about the reform menu, but they are not familiar in managing change, the “how to’s”.

Donor involvement (technical assistance) is influential in the content of the reforms and the implementation process.

6.4 An answer to the central problem

In chapter three attention was paid to public management reform, the key features of New Public Management and experiences with NPM in western and developing countries.

According to the situation in Vietnam it was concluded that some key features of New Public Management can be found in the reform program, but that the most distinct features of NPM are absent. Also a model was described in chapter 3 and filled in in chapter 6 showing that Party political ideas have a strong influence in what management reforms are desirable and feasible and that new management ideas have a significant influence on the content of the reform package.

In chapter 4 the strategy for public administration reform was outlined and in chapter 5 the PAR program in MARD was described. In the concluding paragraphs of the chapters 4 and 5 attention was paid to the challenges for public administration reform and these were further discussed.

These challenges can be summarized as follows:

- coordination of the programs to work effectively towards a common end,
- insufficient information on the objectives, requirements and content of reform,
- donor involvement,
- implementation because of lack of capacity, resources, motivation

Although these challenges cannot be underestimated, they are not fundamental problems. The factors resistance to change and commitment of leadership are the major challenges for public administration reform and two underlying factors have influence on that. These two are leadership of the Communist Party and the diffuse power structure.

Communist party leadership

It was frequently mentioned in the interviews that I carried out and the conversations that I had with people, also the literature about PAR in Vietnam describes it; in Vietnam there remains a contradiction between communism and open market policies. Within the political elite there are reformers and conservatives and when the public administration reform strategies were developed, there has been agreement on change and on open market policies to support economic growth. Also on the other hand the Government and the Party don't want to loose their power and as public administration reform is located in the upper levels of Government this produces contradictory political forces within the state. As Painter (2003:262) points it, "...there is a struggle for control over state owned resources because some party members and state actors engage in appropriation and wealth-creation through their state positions and at the same time, the Party centre is also concerned to regulate such activity and moderate its consequences in so far as they affect Party legitimacy in the wider society"

This political struggle has (and will have in the future) a big influence on the reform process. Although the Government is now committed to the process, compared to the beginning of the process of reform in 1995, the pace of reform is already slowing down as the sensitive items are coming near. When the Government has the idea that the reform process is going to fast and breaks into their own interests, they can easily block the process of reform or slow it down, for instance in delaying the issuance of legal documents and regulations that are needed to move on with the PAR.

Diffuse power structure

In the Government document issued February 2001 was mentioned that *the state management functions and responsibilities of the public administration system in a market-oriented economy with socialist orientation remain to be defined clearly and properly* and that *the organizational structure of public administration is cumbersome and bureaucratic, its operating modalities are centralized and compartmentalized.*

In box E it was mentioned that policy making in Vietnam is complicated and the five factors given by Van Donge & White (1999) explained why this is complicated. One of the significant factors was that policy making is diffuse because Vietnam has a decision making culture of consultation and consensus and that policy making is characterised by a range of agencies giving policy advice. This results in the fact that responsibilities are not clear and decision-making is in-transparent.

In chapter 1 of this thesis the central problem was described as:

Why is it difficult to implement public administration reforms and New Public Management principles in Vietnam?

To return to the central problem, it is difficult to implement public administration reforms and New Public Management principles in Vietnam, because the country specific characteristic of the major influence of the Communist Party makes that the most distinct features of New Public Management are difficult to introduce.

What makes it difficult to implement public administration reform in general is that the functions and responsibilities of the different state organs are not clearly identified and that it is therefore difficult to identify who has responsibility for what issue and where the power is concentrated. As public administration is located in the upper levels of Government this results in a struggle for power at the central level and this produces contradictory political forces within the state what makes that public administration reform in Vietnam is a difficult and complex process.

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