

U4 Expert Answer



Overview of corruption and anti-corruption in Vietnam

Query

What is the status of corruption and anti-corruption in Vietnam?

Purpose

To inform anti-corruption initiatives we are considering conducting in partnership with the Government of Vietnam.

Content

1. Overview of corruption in Vietnam
2. Anti-corruption efforts in Vietnam
3. References

Summary

In spite of improvements over the past years, corruption is still considered widespread throughout the country and Vietnam still lags behind other Asian countries in terms of control of corruption and most governance indicators. Corruption affects different sectors such as health, education, construction, land management as well as natural resources and the extractive industries. The private sector is also affected by cumbersome legislation, which provides both incentives and opportunities for corruption.

Against this backdrop, the government has taken a number of steps to address governance and corruption

challenges. The Anti-Corruption Law, adopted in 2005, criminalises several types of corruption, establishes asset disclosure requirements for governmental officials, and whistle-blower protection. A number of institutions which aim to fight corruption are now in place, including the Office of the Central Steering Committee for Anti-Corruption, the Government Inspectorate, the People's Procuracy, and the State Audit of Vietnam.

However, the sources consulted, as well as the Vietnam Government, acknowledge that these efforts have not brought about expected results, particularly due to a large implementation gap and lack of enforcement. In addition, as civil and political freedoms are limited, the capacity of media and civil society organisations to hold government accountable for its actions and decisions is restricted.

1 Overview of corruption in Vietnam

The Vietnamese nation state is the result of a long anti-colonial and anti-imperialist struggle for independence after the Vietnamese communist party gained power through a war of national liberation (Bertelsmann

Author(s): Maira Martini, Transparency International, mmartini@hotmail.com

Reviewed by: Marie Chêne, Transparency International, mchene@transparency.org and Robin Hodess Ph.D, Transparency International, rhodess@transparency.org

Date: 27 January 2012 **Number:** 315

U4 is a web-based resource centre for development practitioners who wish to effectively address corruption challenges in their work. Expert Answers are produced by the U4 Helpdesk – operated by Transparency International – as quick responses to operational and policy questions from U4 Partner Agency staff.

www.U4.no

Foundation, 2010). In the 1980s the communist party decided to move from a socialist 'command' economy to a market economy, and socio-economic conditions have improved since then. Nevertheless, the country still faces many challenges including the ones imposed by high levels of corruption. In this context, corruption is seen as a major threat to the legitimacy of the Party, and as a key impediment to socio-economic development (NORAD, 2011). The government has on several occasions acknowledged the need for reforms with the aim of enhancing accountability and hence reducing corruption. Since 2005, the government has been working to strengthen the country's anti-corruption legal framework (Freedom House, 2010).

Extent of corruption

Several quantitative and qualitative studies suggest Vietnam remains confronted with challenges of rampant corruption and weak implementation of anti-corruption laws. In the 2011 Corruption Perceptions Index, Vietnam performed below average with a score of 2.9 on a 0 (highly corrupt) to 10 (highly clean) scale. The country ranked 112 out of 182 assessed countries worldwide and 21st out of 35 countries in the Asia Pacific region.

The World Bank's Worldwide Governance Indicators (2010) confirm Vietnam's poor performance on control of corruption as well as on the other areas of governance assessed (Rule of Law, Government effectiveness, Regulatory quality, Voice and accountability, Political Stability and Absence of Violence¹), showing little or no improvement over the years. For instance, between 2004 and 2010 there was no significant change in any of the six areas of governance assessed. The control of corruption indicator increased from 22.9 in 2004 to 33 in 2010 (on a 0 to 100 scale, with higher values corresponding to better outcomes), but this improvement is not statistically significant.

Although companies surveyed by the World Bank Enterprise Survey do not rank corruption among the most important obstacles for doing business in Vietnam, more than 50% of them reported being

expected to give gifts to public officials 'to get things done' (World Bank, 2009). Similarly, almost 59% of the firms interviewed by the Vietnam Provincial Competitiveness Report believe that the payment of informal charges is common among firms like their own (USAID and VCCI, 2010).

Citizens also share the perception that corruption remains a problem in the country, with 62% of Transparency International's Global Corruption Barometer Vietnamese respondents believing that corruption has increased in the 3 years preceding the survey (Transparency International, 2010). Nevertheless, there is a balanced assessment of the government's efforts in fighting corruption as 37% of urban Vietnamese find it to be effective and 34% find it to be ineffective (Transparency International, GCB 2010). Moreover, the study also shows that the Communist Party and the government are the most trusted institutions to lead the fight against corruption (according to 46% of the respondents - Transparency International, 2010).

Forms of Corruption

Petty and bureaucratic corruption

In recent years, in an effort to reduce bureaucratic corruption and improve the business environment, the Vietnamese government has implemented a series of reforms (e.g. PAR - Public Administration Reform) aimed, among other things, at reducing the regulatory burden on companies. These include measures such as simplifying company establishment procedures, reducing permit requirements, as well as the establishment of 'one-stop-shops'. While these reforms are reflected to some extent in the country's improved performance in the Global Competitiveness Report 2012, the number of procedures and time required to start a business, for example, remains fairly high (WEF Global Competitiveness Report, 2012).

According to the business community, regulations are frequently changed without previous communication and they are often applied in a non-transparent manner (Bertelsmann Foundation, 2010). The current system strongly relies on patronage and personal relationships with members of the ruling party (Bertelsmann Foundation, 2010). Facilitation payments, for instance, are a recurrent practice with more than 50% of the companies surveyed within the framework of the World Bank and IFC 2012 Enterprise Survey reporting being

¹ According to the Worldwide Governance Indicators (2010), the Voice & Accountability indicator receives a score of 8.5 (on a 0 to 100 scale), Regulatory quality receives 31.1, Rule of Law, 38.9; Control of Corruption, 33; Government Effectiveness 44, and Political Stability, 51.4

expected to make informal payments or give gifts to public officials (World Bank and IFC, 2012).

Citizens' experience of corruption to access public services is also high in Vietnam. More than 40% of the 2010 Global Corruption Barometer's respondents declared having paid a bribe to at least one of nine different service providers in the 12 months preceding the survey. Since more than 7% of the respondents did not have any contact with any of the services providers, the actual experience with corruption among service users might be much higher (Transparency International, 2010).

Nepotism and Cronyism

Nepotism and favouritism are also considered a serious problem in the country. Appointments to the police sector, judiciary and across the public administration are often based on family ties or close relationships with the communist party. State officials are also known to use their authority in order to secure contracts for family members (US Department of State Investment Climate Statement, 2011). Reforms introducing merit and a position-based structure in the civil service are part of the current Public Administration Reform (PAR), and, if effectively implemented, they have the potential to address favouritism and nepotism in appointments and recruitment processes within the public administration (NORAD, 2011).

Sectors most affected by corruption in Vietnam

Evidence suggests that corruption pervades many of the country's key sectors and institutions. According to the perceptions of Vietnamese urban citizens, the police is perceived to be the sector most affected by corruption (scoring 3,8 on a 1 to 5 scale), followed by education (3,3), public officials (3), judiciary (2,8) and the business sector (scoring 2,6) (Transparency International, 2010).

Public administration

According to the 2010 GCB, 88% of urban Vietnamese perceive public officials and civil servants to be corrupt (but only 13% perceive them to be extremely corrupt). Government accountability as well as the administration and civil service are assessed as very weak in the Global Integrity Report 2009. The public administration lacks institutional and technical capacities which, combined with the existing overlaps and duplication of responsibilities, unclear leadership, as well as a weak

prioritisation, result in an inefficient use of public resources and assets (World Bank, 2010).

As mentioned above, some changes introduced by the Public Administration reform (PAR) have reduced administrative complexity and thus have helped reduce corruption opportunities. However, the overall impact of the reform on anti-corruption levels has not been substantial (NORAD, 2011).

In particular, **public procurement** is considered one of the sectors most susceptible to corruption. In 2009, the total annual amount of public procurement was approximately VND 388,985 trillion (US\$ 20.47 billion), accounting for more than 22% of the Vietnamese GDP that year. A study conducted by Towards Transparency, together with TI-USA and CIPE (2011), concludes that the number of competitive tenders in the total value of awarded government procurement contracts declined significantly between 2008 and 2009. In 2008, more than 72% of contracts were awarded through competitive bidding, while in 2009 only 53% of procurement contracts followed a competitive bidding process.

In this context, about 44% of companies expect to provide a gift to secure a government contract (IFC/World Bank, 2009) and, according to the USAID Vietnam Provincial Competitiveness Report 2011, 41.4% of companies report paying commissions on government contracts. Business executives surveyed within the framework of the 2010-2011 Global Competitiveness Report give favouritism of government officials towards well-connected companies and individuals when deciding upon policies and contracts a score of 3,4 on a 1 (always show favouritism) to 7 (never show favouritism) scale.

There are also corruption challenges in other areas of public administration such as **tax collection and licences and permits**. Global Integrity (2009) reports that tax laws are not uniformly enforced and small and medium-sized companies are generally more vulnerable to corruption with regard to tax administration. While 41% of companies feel that negotiating with tax officials is an essential part of doing business in the country (Vietnam Provincial Competitiveness Index 2010), almost 20% of households who had contact with tax revenue services in 2009 reported having paid a bribe in the last three years (Transparency International, 2010).

Judiciary

While there is a law guaranteeing the judiciary's independence, in practice, according to the Global Integrity Report (2009), courts are controlled by the party at all levels and the majority of judges are appointed based on personal relationships rather than on legal expertise. Similarly, the Bertelsmann Foundation report on Vietnam (2010) states that the judiciary lacks transparency, consistency, impartiality, and, therefore, does not comply with international standards. The lack of independence of the judiciary was also highlighted as an important constraint by the NORAD evaluation report (2011).

Corruption in the judicial system is cited by 28% of domestic investors as one of the main reasons preventing them from using courts to resolve business disputes (USAID: Vietnam Provincial Competitiveness Index, 2010). Similarly, Vietnamese citizens surveyed for the Global Corruption Barometer perceive the judiciary as the fourth most corrupt sector in the country.

Police

In Vietnam, according to the Global Corruption Barometer (2010), 95% of the citizens surveyed perceive the police as corrupt and 49% of those who had been in contact with the police reported paying bribes. Citizens also often report paying between USD 3 and USD 30 as bribes to the traffic police (Global Integrity Report 2009).

It is noteworthy that young people experience significantly more corruption with the police than adults. 37% of young people surveyed by Towards Transparency - Transparency International's national contact in Vietnam- (2011) who had experienced corruption said this was in relation to avoiding a problem with the police, as opposed to 19% of adults.

In addition, nepotism and favouritism are also widespread within the police. According to the Global Integrity Report (2009), appointments of police posts are often based on personal relations or purchasing of positions rather than on merit.

Health Sector

The Vietnam Household Living Standard Survey 2008 results show that 85% of citizens perceive serious corruption in central health services, while 65% perceive corruption in local health services. The prevalence of corruption in the health sector is also

confirmed in the GCB (2010), where 29% of users of medical services reported paying bribes.

A study conducted by Transparency International, Research and Training Centre for Community Development, Boston University School of Public Health, and Towards Transparency concluded that informal payments – known as 'envelope payments' – became a common practice in the health sector when the country moved towards a market economy in 1986. However, from 2000 onwards such payments became more frequent as the government adopted several measures, such as the adoption of a model of private management mechanisms in public hospitals, which increased the opportunities for informal payments. In addition, the lack of transparency in public health services management, weaknesses in system management, and the lack of investigation also opens opportunities for corruption (Towards Transparency; Transparency International, 2011).

Education

The education sector is also perceived as one of the most corrupt sectors in Vietnam by 89% of the 2010 GCB respondents. Consistently, it was also found to be the sector with the second highest percentage of actual experience with corruption as 36% of those who have been in contact with the sector reported paying bribes.

Towards Transparency has conducted in-depth research to assess the main forms of corruption in the education sector, their causes and main consequences. The report identifies a number of activities that are particularly vulnerable to corruption, including corruption in the construction of schools and in the provision of school books and other teaching supplies; payment of bribes by schools and teachers in exchange for awards recognizing false achievements and credentials; payment of bribes by students and parents to obtain good marks and enrolment in desired schools and classes; misappropriation of money intended for student support, among others.

Environment, Natural Resources and Extractive Industries

Vietnam currently has the sixth largest wood furniture manufacturing sector in the world, and the demand for timber has increased significantly during the past years. In 2007 the government restricted logging in Vietnam, escalating the country's reliance on imports of timber, particularly from Laos (Environmental Investigation Agency, 2011).

While, in theory, Vietnam's timber trade regulations require that only timber from a legal origin is imported, in practice this is not taken into consideration (Environmental Investigation Agency, 2008). Reports have found a persistent illicit log trade between Laos and Vietnam, regardless of Laos' ban on raw timber exports (Environmental Investigation Agency, 2011). Consequently, corruption in the forest sector is rising. Bribery of officials has become routine and logging quotas have been awarded through an opaque process where preference is given to well-connected individuals and companies, including the Vietnamese military (EIA, 2011).

Likewise, oil, gas and extractive industries have been developing swiftly in the past years. The country is endowed with more than 60 types of minerals, such as bauxite, titanium, rare earth, and limestone. In 2009, these sectors accounted for approximately 25% of state budget revenues (Vietnam Chamber of Commerce and Industry, 2011). However, there is a lack of transparency and accountability related to information on incomes and expenditures of extractive industries as well as no clarity in relation to commission fees and environmental protection charges in the oil and gas sector, which may leave room for corruption to flourish (Vietnam Chamber of Commerce and Industry, 2011). Both areas are considered by stakeholders as 'secretive' as there is only little public information available (Global Compact Network, 2010).

Land Management

Corruption in land administration and management in Vietnam is also considered to be problematic as stated by the Vietnamese Government in the National Anti-Corruption Strategy. Studies have identified several risk factors in the process of land acquisition and land allocation. For example, the complexity, discretion and secrecy involved in the process of issuance of the *Land User Certificate* could encourage corrupt behaviour, as investors resort to paying bribes to land officials in exchange for information privileges and for expediting procedures (Embassy of Denmark, the Embassy of Sweden and the World Bank, 2011). The report also highlights cases of individuals and organisations illegally selling land or bribing local public officials to legalise land occupation.

A study conducted by Van der Molen and Tuladhar in 2006 also concludes that corruption with regard to land administration and management is common, particularly in the forms of abuse of power (e.g. to award favourable positions, expedite related

formalities), misuse of state projects such as forestation or resettlement areas, and demands for bribes or gifts in order to decide upon land allocation, land rights transfer, etc.

Additionally, 25% of urban Vietnamese who had contact with land services in 2009 have reported paying bribes (Transparency International, 2009). The World Bank Development Report (2010) shows that 20% of people surveyed who had used the service of issuance of Land Use Rights Certificates since 2006 perceived the level of corruption within such services as 'average', while 15% perceived it as 'serious'.

According to the report commissioned by the Embassy of Denmark, the Embassy of Sweden and the World Bank (2011) a combination of policy reforms, greater transparency, and enhanced accountability would help reduce the threat of corruption related to land management. The government is working to improve the legal framework for land administration in the country. For instance, the Law on Land (2003) has enabled the creation of a more transparent environment and has addressed former discrepancies in land policy and land administration between North and South², but stronger implementation as well as transparency and accountability are needed.

2 Anti-corruption efforts in Vietnam

Overview

In terms of anti-corruption efforts, it is widely recognised that the anti-corruption legal framework has improved significantly over the past few years with the adoption of the Anti-Corruption Law in 2005 and the National Strategy on Anti-Corruption to 2020, which constitute major steps forward. According to a study conducted by the Embassy of Finland and CECODES (2008), Vietnam has the most wide-ranging law in terms of thematic scope in Asia.

² Please see interview with a senior advisor of the Ministry of Natural Resources and Environment (2008): http://www.gim-international.com/issues/articles/id1177-Land_Administration_in_Vietnam.html

However, as there is little publicly available information on the outcomes of the government's efforts against corruption, there is no indication that these efforts have brought the expected results. The challenge now is to ensure that the laws are effectively implemented and enforced so as to increase the faith and trust of the people (Freedom House, 2011; Global Integrity, 2009; Bertelsmann Foundation, 2010). The Vietnamese Government has acknowledged these challenges and has assessed where the main problems preventing the country to evolve lie.³ This recognition of the negative impacts of corruption on both Vietnam's future prosperity and the Party's own legitimacy is an important milestone in the fight against corruption.

Legal Framework

The anti-corruption legal framework in Vietnam is considered strong by the Global Integrity Report (2009). Improvements have also been highlighted by the recent US Department of State's Investment Climate Statement (2011). According to this publication, the current legal framework is among the best legal frameworks for anti-corruption in Asia.

However, the assessment of different institutions, including of the Party⁴, the Government and members of the National Assembly is that the results of anti-corruption policies and efforts have been limited. The lack of implementation, weak enforcement of the laws and the lack of information regarding the work conducted by the anti-corruption agencies are seen as one of the greatest challenges in the fight against corruption in the country (Freedom House, 2011; Global Integrity, 2009; US Department of State Investment Climate Statement, 2011).

³ When enacting the National Anti-Corruption Strategy 2020 it was highlighted by the government that *"the main causes of the above-mentioned situation are the fact that the system of policies and laws has not been well synchronized or well aligned; the strengthening of agencies and organizations in the political system still fails to keep up with the development of the socio-economic life; the personnel of public officials and civil servants are still unprofessional, the ethics of a significant portion of public officials and civil servants is downgraded; the implementation of guidelines, policies and solutions for preventing and combating corruption that were put forward during the past few years still fail to meet the requirements and expectations, with poor effectiveness, especially there is the lack of a comprehensive long-term strategy or plan for preventing and combating corruption"*

⁴ During the XI Congress of the Communist Party in 2011 it was officially recognised that corruption is still pervasive.

The **Anti-Corruption Law 2005**, revised in 2007, criminalises attempted corruption, passive and active bribery, extortion, bribing of foreign officials, abuse of office, and money laundering (Global Integrity Report 2009). The law focuses extensively on public sector corruption, and corruption in the private sector – which is considered a problem in the country - has not yet been properly dealt with.

The law also sets out rules on **Asset declaration** for politicians and civil servants and requires all ministries, sectors and localities to develop specific rules and regulations to encourage public participation in anti-corruption activities. In 2011, a governmental Decree (n. 68/2011 – ND-CP) established the obligation of publicizing all property and income declarations within agencies or units. While the law does not require public disclosure of the information, it can still help to identify wrongdoings (Transparency International; Towards Transparency, 2011).

While **whistle-blowing protection** is provided for in the Anti-Corruption Law of 2005, there is no internal mechanism (e.g. phone hotline) for reporting corruption cases. Civil servants must report it directly to the head of their agencies, and according to Government Decree No. 47, whistleblowers must give their name and address, detail the corrupt practice and submit documentation to support it (CECODES, FORMIN, 2008). The Global Integrity Report on Vietnam (2009) concluded that cultural factors, social control, as well as insufficient legal protection for whistleblowers could be preventing many citizens and public officials from reporting on corruption. In November 2011, the government approved the Denunciation Law which increases whistleblower protection when denouncing wrongdoings. According to the law, whistleblowers have the right to have their personal information kept confidential (Art. 7).

There is still no law providing for **access to information**, and as the country has a one party system, there is no regulation on political party financing. **Conflict of interest** is partially regulated by the Anti-Corruption Law, which requires members of the government to disclose their assets, and several public institutions have adopted **Codes of Conduct**. However, there is no specific regulation regarding members of the government and public officials receiving gifts and hospitality. Neither are there regulations on post-public employment (Global Integrity Report, 2009). The use of public funds for gifts and hospitality in contravention of

law is strictly forbidden by a 2006 Prime Minister Directive (No. 26/2006/CT-TTg).

In 2006, the Communist Party passed its Resolution 04 which is considered by the experts consulted as an important document on the strengthening of Party leadership on anti-corruption and anti-waste. Members of the Communist Party are also required to follow corruption and conflict of interest rules as stated under the “19 things that the Members of the Party cannot do”.

With regard to **procurement**, progress has been made over the past years, particularly with the adoption in 2005 and its amendment in 2009 of *The Law on Procurement* (Law No. 61/2005/QH11) and several other directives. However, this set of legislation is considered fairly complex which makes implementation as well as the understanding of the law difficult for both public officials and businesses. Another weak point is that most of the decrees and decisions either were not translated to English or were translated by different bodies, creating conflicting versions (TI-USA, *Towards Transparency*, CIPE, 2011).

In 2009, the government adopted the **National Anti-Corruption Strategy Towards 2020**, which explicitly recognises the role of openness and transparency in reducing corruption, and includes an action plan (World Bank, 2010). The National Anti-Corruption Strategy calls for sector-specific approaches in fighting corruption and contains five measures: (i) enhancing transparency of authorities and agencies; (ii) completing the economic management regime; (iii) building a fair and competitive business environment; (iv) improving supervision, surveillance, investigation and prosecutions of corruption cases; (v) raising society’s awareness of its role in the fight against corruption. It is too early to tell whether the strategy has been effectively implemented.

As previously mentioned, the public administration reform has been helpful in reducing corruption opportunities. As part of the reform, Project 30 has already simplified almost 5,000 administrative procedures, which in turn helped citizens and businesses cut over 37% of their expenses with such procedures, accounting for approximately 1.44 billion U.S. dollars each year (Transparency International; *Towards Transparency*, 2011).

In 2009, the government took another important step to raise corruption awareness with the establishment of compulsory corruption training at all educational levels

(Decision No. 137/2009/QĐ-TTg) (Transparency International; *Towards Transparency*, 2011).

International cooperation in the prevention and combating of corruption has also been expanded; Vietnam ratified the **UNCAC** in 2009, adopting an implementation plan in the following year. The country has participated in several regional and world forums against corruption, has endorsed the **Anti-corruption action plan for Asia and the Pacific** in July 2004, and has joined the South-East Asian Parliamentarians against corruption (SEA-PAC). The country has also signed but not yet ratified the **UN Convention against Transnational Organised Crime**.

Institutional framework

While Vietnam does not have a unique independent anti-corruption agency in charge of designing and monitoring the implementation of anti-corruption measures, as well as of prosecuting corruption cases, several institutions have an anti-corruption mandate. However, those agencies are considered very weak by the Global Integrity Report (2009) as they lack independence, proper funding, and well-trained/qualified officials.

The Central Steering Committee against Corruption

The Central Steering Committee against Corruption was created by the 2005 Law on Anti-Corruption and is chaired directly by the Prime Minister. It is mandated to guide, coordinate, and oversee the Government’s anti-corruption efforts. The Office of the Central Steering Committee for Anti-Corruption (OSCAC) was created in 2007 to support the work of the Committee and currently counts more than 100 staff. However, according to the Global Integrity Report (2009), the office still faces challenges regarding appropriate funding and its weak enforcement capacity.

In 2008, Steering Committees were created at the local level. As they were established under the responsibility of the provincial executive power (Provincial People Committee), discussions on their actual independence were raised around their creation.

The Government Inspectorate

The Government Inspectorate is a government ministerial agency which manages corruption inspections, complaints and settlements. The Inspectorate was created in 1956 but only began to

have a clear corruption mandate in 2005. As such, it functions also as an **Ombudsman** and has an **Anti-Corruption Bureau** which is responsible for the investigation of corruption complaints. Each Ministry has its own “inspection” which reports to both the Government Inspectorate and their own Ministry’s hierarchy, meaning that in practice these inspectorates have only powers of suggestion rather than powers to impose their findings and conclusions. Inspection reports could be improved, as they are not always available to the public, and in many cases the content of these reports are not comprehensive (Global Integrity Report, 2009).

It is worth highlighting the Anti-Corruption Dialogue, an initiative established in 2007 by the Prime Minister Nguyen Tan Dund. Twice a year the Government Inspectorate organises an Anti-Corruption Dialogue with the international donor community and other stakeholders. The Dialogue is an opportunity for the participants to discuss corruption issues and solutions in different sectors. Previous dialogues have focused on the role of media, and on corruption in the construction, health, education as well as land management sectors.

The Inspectorate, in partnership with the World Bank Vietnam, also organised in 2011 the “Vietnam Anti-Corruption Initiative Program 2011” (VACI 2011). The program supports, through innovation grants, innovative ideas to minimize corruption, strengthen transparency and bring a better living environment for people. The idea is to create a forum for sharing experience and knowledge on the legal framework of anti-corruption as well as the experience on strengthening public integrity and law implementation for effective anti-corruption. The Program is also planned to be conducted in 2013 and 2015.

The People's Procuracy

The People's Procuracy is in charge of prosecuting cases of corruption. It is comprised of the Supreme People's Procuracy Department of Prosecution and Corruption Investigation which was set up in September 2006. The Procuracy is mandated to initiate public prosecution following investigations as well as to ensure implementation of the law by all levels of government and citizens. The Prosecutor-General is elected and removed by the National Assembly at the proposal of the President. According to a report presented at the 10th Anti-Corruption Dialogue in November 2011 by the Office of Steering Committee against Corruption, in the period between 2007 and

2011 an average of 280 corruption cases, involving more than 600 people, were prosecuted per year.

The State Audit of Vietnam

The State Audit of Vietnam (SAV) is the supreme audit institution in the country, responsible for verifying the accuracy and legality of the state budget. The SAV reports directly to the National Assembly, and has expanded its mandate in the past years. Donors are currently involved in several programmes aimed at strengthening the capacity of the SAV, and, according to a World Bank study (Vietnam Development Report, 2010), improvements in the qualitative dimension of audits are already being made. In the first six months of 2008, auditors uncovered fraud worth approximately 61 million US dollars and wrongdoing in economic management of about 20.5 million US dollars. During this period, almost 400 people had been charged with corruption-related offences (Bertelsmann Foundation, 2010).

Nevertheless, the Global Integrity Report (2009,) states that the institution is not fully independent from the ruling party, and the government does not always act on its findings. SAV also lacks proper funding and qualified officials.

Other stakeholders

Media

Although improvements have taken place in the past few years, Vietnam still lacks a comprehensive legal framework for media and communications. The existent law on media (Media law, 1990, revised in 1999,) should be strengthened allowing alleged cases of corruption to be more widely reported. The law also placed several restrictions on establishing a print media entity or a broadcast network. For instance, print media for news coverage can only be established by state owned organisations (Global Integrity, 2009). According to Freedom House's 2011 Freedom of the Press Report, almost all print media outlets are owned by or are under the control of the Party (CPV), government organs, or the army.

The role of the media in the fight against corruption is recognised (i.e. the media is cited by urban Vietnamese as the second most trusted institution to lead the fight against corruption – Transparency International, GCB, 2010), and it has significantly increased in the past years. Journalists frequently report on local corruption cases (e.g. corruption involving low-level officials is

usually reported), and in the past years, corruption cases involving high-rank officials were also reported (e.g. PMU 18, Nam Cam, etc). Nevertheless, several bloggers have been arrested because of discussing sensitive issues, including corruption (Global Integrity Report, 2009) and in 2008, two journalists were arrested and convicted for "inaccurate reporting and abuse of power" after reporting on a high-level corruption case – the so-called PMU 18 case⁵ (BBC, 2008). Measures such as replacements of editors or removal of press licenses may also be used to intimidate the media (BBC, 2008; World Bank, 2010).

Issues such as religious freedom, human rights, political reforms or criticism of government leaders are commonly targeted for official censorship (Global Integrity Report, 2009). The need for improvements with regard to the media is confirmed by the Reporters without Borders Worldwide Index (2011/2012) where Vietnam ranked 165 out of 178 countries. According to the report, in 2011 the government tightened the regulations on journalists and bloggers (Reporters without Borders, 2011).

Civil society

Progress has also been made in relation to the role played by civil society organisations in the country. Studies and experts have highlighted an increasing openness and willingness on the part of the government to engage with civil society actors (Freedom House, 2010).

There are several laws and directives regulating Vietnam's civil society organisations and recent amendments to the legal framework have contributed to opening up to more areas of permitted civil society activity (Asian Development Bank, 2011). Yet the government still holds wide discretionary powers in deciding whether to register an organisation, especially if this organisation works on sensitive issues (Asian Development Bank, 2011).

According to the Bertelsmann Foundation Report (2010), the country still has a blurred distinction between state-civil society and political and non-political state-sponsored organisations. Good governance and anti-corruption organisations, for instance, are often

required to join a government or Communist Party organised entity, which is usually affiliated to the Front for the Fatherland (a major force in civil society, comprising more than 40 member organisations) (Global Integrity, 2009).

Nonetheless, Vietnamese civil society is slowly taking on a greater role in advocacy, including in the governance and anti-corruption area. (Bertelsmann Foundation, 2010). Several organisations are active in this sector. Transparency International's national contact in Vietnam – Towards Transparency – has been in close cooperation with a number of local stakeholders from academia, media, the business community, other civil society organisations, as well as with the Vietnamese government. For instance, both Transparency International and Towards Transparency have participated and presented at the Anti-Corruption Dialogue in 2011.⁶ In addition, in collaboration with donors and the Government Inspectorate, Towards Transparency has also been organising roundtable discussions on corruption issues ahead of the Dialogues.

Another association which is currently playing a role in monitoring how public money is being spent is the Ho Chi Minh City Union of Science and Technology Associations (USTA). During the 2003 and 2006 period the association evaluated 80 infrastructure and other construction projects. For instance, its investigations into a plan to move Saigon Airport reportedly saved the city 26 billion VND (approximately 1.25 million U.S. dollars) (DFID, Embassy of Finland, 2008).

⁵ The PMU 18 scandal involved accusations of embezzlement, bribery, nepotism and gambling at the Vietnamese Ministry of Transport. Please, for more information see: <http://news.bbc.co.uk/2/hi/asia-pacific/4874600.stm>

⁶ Please see: http://transparency.org/regional_pages/asia_pacific/transparency_international_in_vietnam/activities/strengthening_the_anti_corruption_dialogue

3 References

Anti-Corruption Law (No. 55/2005/QH11) passed by the National Assembly on 29/11/2005

Asia Development Bank, 2011. *Overview of Civil Society organisation: Viet Nam*.

BBC News, 2006. *Vietnam Ministry hit by scandal*. 4 April 2006.

Bertelsmann Foundation, 2010. *Transformation Index (BTI) 2010*. <http://www.bertelsmann-transformation-index.de/en/bti/country-reports/laendergutachten/asia-and-oceania/vietnam/>

CECODES, Embassy of Finland, 2008. *ANTI-CORRUPTION IN VIETNAM: THE SITUATION AFTER TWO YEARS OF IMPLEMENTATION OF THE LAW*
<http://www.finland.org.vn/public/download.aspx?ID=38961&G UID=%7B96721A6B-F87E-4B53-9342-5FDACC26B097%7D>

CECODES, the Viet Nam Fatherland Front (VFF), and UNDP Vietnam, 2011. *The Provincial Governance and Public Administration Performance Index (PAPI)*.
<http://www.papi.vn/about-papi>

Chêne, M., 2008. *Drafting a national anti-corruption strategy for Vietnam*. U4 Expert Answer.
<http://www.u4.no/publications/drafting-a-national-anti-corruption-strategy-for-vietnam/>

DFID and Embassy of Finland, 2008. *Forms of Engagement between State Agencies & Civil Society Organizations in Vietnam* VUFONGO Resource Center,

Embassy of Denmark, Embassy of Sweden and the World Bank in Vietnam, 2011. *Recognizing and reducing corruption risks in Land Management in Vietnam*.
http://www.business-anti-corruption.com/fileadmin/user_upload/pdf/Recognizing_and_Reducing_Corruption_Risks_in_Land-English.pdf

Environmental Investigation Agency (EIA), 2008. *Borderlines*.
<http://www.eia-international.org/borderlines-2>

Environmental Investigation Agency (EIA), 2011. *Crossroads: The Illicit Timber Trace between Laos and Vietnam*.
<http://www.redd-monitor.org/wordpress/wp-content/uploads/2011/08/EIA-Crossroads-report-FINAL-low-1.pdf>

Freedom House, 2010. *Countries at the crossroads – Vietnam*.
<http://www.freedomhouse.org/template.cfm?page=140&editio n=9&ccrpage=43&ccrcountry=206>

Freedom House, 2011. *Freedom in the World – Vietnam*.
<http://www.freedomhouse.org/template.cfm?page=22&year=2011&country=8164>

Freedom House, 2011. *Freedom of the Press – Vietnam*.

Global Compact Network Vietnam, 2010. *A Review of the social and environmental conditions of industries in Vietnam against the Global Compact Principles*.

Global Integrity, 2009. *Global Integrity's Vietnam Country Report*. <http://report.globalintegrity.org/Vietnam/2009>

Heritage Foundation, 2012. *Index of Economic Freedom - Vietnam 2012*. <http://www.heritage.org/index/country/Vietnam>

Ministry of Foreign Affairs-Denmark; SIDA, no year. *Implementation Assessment of the Anti-Corruption Law: How far has Vietnam come?*

Nawaz, F., 2008. *Corruption in fast-growing markets: lessons from Russia and Vietnam*. U4 Expert Answer.
<http://www.u4.no/publications/corruption-in-fast-growing-markets-lessons-from-russia-and-vietnam/>

NORAD, 2011. *Joint Evaluation of Support to Anti-Corruption Efforts Viet Nam Country Report*. Report 6/2011. Evaluation Department.
<http://www.oecd.org/dataoecd/18/9/48912883.pdf>

OECD, 2011. *Country risk classification 2011*.
<http://www.oecd.org/dataoecd/47/29/3782900.pdf>

Reporters Without Borders, 2011. *Press Freedom Index. – Vietnam*.

Vietnam General Statistical Office, 2009. *Vietnam Household Living Standards Survey 2008 Report*.
<http://www.socialsecurityextension.org/gimi/gess/RessShow Ressource.do?ressourceId=19860>

Vietnam Chamber of Commerce and Industry (VCCI), 2011. *Extractive Industries Transparency Initiative (EITI) - Solution to Sustainable Development*.
http://vccinews.com/news_detail.asp?news_id=23299

Towards Transparency et al., 2011. *Youth Integrity in Vietnam: Piloting Transparency International's Youth Integrity Survey*.
http://www.transparency.org/regional_pages/asia_pacific/transparency_international_in_vietnam/publications/research_and_surveys

Towards Transparency; Transparency International, 2011. *Forms and Effects of Corruption on the Education Sector in Vietnam*.
http://www.transparency.org/regional_pages/asia_pacific/transparency_international_in_vietnam/publications/research_and_surveys

Towards Transparency; Transparency International, 2011. *Towards a transparent and Quality healthcare system: a qualitative study on the causes, perceptions and Impact of informal payments in health services in Vietnam*.
http://www.transparency.org/regional_pages/asia_pacific/transparency_international_in_vietnam/publications/research_and_surveys

Transparency International; Towards Transparency, 2011. *Survey Report: In Support of the Government's Self-Assessment of the Implementation of the United Nations Convention against Corruption (UNCAC) in Vietnam in 2011*.
http://www.transparency.org/regional_pages/asia_pacific/transparency_international_in_vietnam/publications/research_and_surveys

Transparency International-USA; CIPE; Towards Transparency, 2011. *APEC Procurement Transparency Standards in Vietnam: The Need to Move from Law to Practice*. <http://www.cipe.org/publications/papers/pdf/TI-Report-Vietnam.pdf>

Transparency International, 2006. *NIS Study Vietnam*.
http://transparency.org/policy_research/nis/nis_reports_by_country

Transparency International, 2010. *Global Corruption Barometer*.
http://www.transparency.org/policy_research/surveys_indices/gcb/2010

Transparency International, 2011. *Transparency Corruption Perceptions Index (CPI)*.
<http://cpi.transparency.org/cpi2011/results/>

US Department of State, 2011. *Investment Climate Statement Vietnam*.
<http://www.state.gov/e/eb/rls/othr/ics/2011/157384.htm>

USAID, 2010. *Vietnam Provincial Competitiveness Index 2010*.

Van der Molen, P.; Tuladhar, A. 2006. *Corruption and Land Administration*.

World Bank, 2010. *Vietnam Development Report: Modern Institutions*
<http://siteresources.worldbank.org/INTVIETNAM/Resources/VDR2010.pdf>

World Bank, 2009. *World Bank Enterprise Survey*.
<http://enterprisesurveys.org/~media/FPDKM/EnterpriseSurveys/Documents/Profiles/English/vietnam-2009.pdf>

World Bank, 2010. *Worldwide Governance Indicators*.
http://info.worldbank.org/governance/wgi/sc_chart.asp

World Bank/IFC, 2012. *Doing Business*.
<http://www.doingbusiness.org/~media/fpdkm/doing%20business/documents/profiles/country/VNM.pdf>

World Economic Forum, 2011. *Global Competitiveness Report 2010-2011*.
http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2010-11.pdf