Vietnam Fights Corruption: Towards More Inclusive Initiatives?

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EXECUTIVE SUMMARY

- Corruption has evolved alongside Vietnam’s transition away from central planning during the era of đổi mới and taken the shape of bribery in service delivery, appropriation of state property, and privatisation of state power.

- To fight corruption, the Vietnamese Communist Party and the government has adopted two approaches that have transformed the one-party state:
  
  ▪ the state-centred approach targets officials and the state management system inherited from the central planning period by utilising state agencies as drivers for change and promoting transparency and public integrity at systemic and individual levels, and;

  ▪ the party-centred approach targets senior Vietnamese Communist Party officials implicated in grand corruption practices and uses key organs within the party to reform a perceived decline in member integrity and organisational apparatus.

- Given the interwoven nature of the party-state and sector-specific political economies of corruption, both approaches could be strengthened through improved coordination and full-fledged, sector-specific measures.

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INTRODUCTION

Vietnam has adopted both state and party-centred approaches in its fight against corruption. Each approach assumes different targets, risks, measures, and institutional set-ups. The state-centred approach developed under Prime Minister Nguyen Tan Dung (2006-2016) views the management system inherited from the central planning period as the main risk for corruption. Some oft-cited challenges specific to the inherited system are overlapping mandates, cumbersome administrative procedures, unclear divisions of responsibility, and inadequate inspections and reviews. The state-centred approach directly targets the state management system and its officials, and therefore promotes transparency and public integrity at systemic and individual levels. It also utilises state agencies as drivers for change. In contrast, the party-centred approach developed under General Secretary Nguyen Phu Trong (2011-present) views the decline in Vietnamese Communist Party (VCP) member integrity as the main risk for corruption. It targets senior party officials implicated in grand corruption practices. The party approach uses key organs within the VCP to reform party personnel and the organisational apparatus. Though the targets are different, the goal is the same; and measures adopted by both approaches are reshaping Vietnam’s one-party system in significant ways.

This paper explores post-central planning anti-corruption efforts in Vietnam by first examining the nature of corruption and then the assumed causes, targets, measures, and institutional set-up of each approach. Briefly, it argues that corruption in Vietnam developed in the changing political economy of the post-central planning era with the rise of patronage networks throughout the state apparatus. Given the interwoven nature of the party-state and sector-specific political economies of corruption, both approaches could be made more successful through improved coordination and full-fledged, sector-specific measures.

NATURE OF CORRUPTION

Corruption in Vietnam has evolved into multiple forms of bribery in service delivery, appropriation of state property, and privatisation of state power. Since the 1990s, citizens and businesses have made informal payments, or “grease”, to obtain better administrative and social services. State officials have benefitted from abuses of power from matters as small as private use of public vehicles to matters as large as equitised state-owned enterprises and management of natural resources. During the past decade, corruption expanded to include the privatisation of state management power. This is now evident in law enforcement, law drafting, policy-making, personnel management, and policy implementation.1 “Grease”, appropriation, and privatisation of state power reinforce one another and sustain systemic corruption.

These three forms of corruption that emerged with Vietnam’s transition away from central planning became an integral part of the doi moi era. They were fostered by institutional factors such as the concentration of management power and economic resources within party-state institutions. Slow development of the rule of law and weak accountability encouraged abuses. As decentralisation expanded, sub-national party-state officials acquired substantial new responsibilities. Economic factors incentivising state public investment and state resource allocations also contributed to corruption risk. The pervasive central-planning culture of xin cho, or “asking and giving”, whereby the lower echelons sought favour and protection from upper echelons in exchange for their support and loyalty,
also added to this. “Interest groups” that abuse state power for shared private gain have also increased. In some sectors, corruption results from monopolies and weak accountability or simple demand-supply imbalances. Corruption also evolves differently in rich and poor localities. These differences further complicate the landscape of corruption.

Corruption challenges one-party rule both politically and economically. Patronage networks threaten VCP cohesion, legitimacy, and state effectiveness. Pro-democracy activists and vocal party members have made abuse of power and ineffective governance their major points of criticism of the one-party state.

**STATE-CENTRED APPROACH**

Features of the state-centred approach can be seen in the Law on Anti-Corruption passed by Vietnam’s National Assembly in November 2005, with amendments in 2007, 2012, and 2018 refining targets, key measures, and responsible state agencies. Further elaborations are contained in secondary legal documents.

The Law on Anti-Corruption (2005) identifies “persons with positions and/or powers” as targets, including groups such as public servants, officers from the defence and security sectors, managerial officials in state enterprises, and persons assigned official duties. Since 2018, the scope of anti-corruption has extended to the non-state sector, focusing on persons with positions of power in enterprises or organisations. Acting in the spirit of a Penal Code, the legal framework criminalises all corrupt acts.

Anti-corruption is a collective undertaking by state agencies. The Central Steering Committee Against Corruption, headed by the prime minister, directs, coordinates, inspects, and follows up on implementation. The Office of the Central Steering Committee was created in 2007 to support the committee, and in 2008, steering committees were created at local levels. This system was active until 2013, when it was transferred to the VCP. Specialised anti-corruption units in the Supreme People’s Procuracy, the Government Inspectorate, and the Ministry of Public Security coordinate inspection, investigation, and prosecution. At the sector level, ministers and ministry sub-unit heads are responsible for prevention and detection and are accountable for any corrupt practices found in their organisations. The legal framework emphasises the role of the Government Inspectorate, a ministerial agency, in anti-corruption, inspections, complaints, and settlements. Each ministry has its own inspectorate reporting to both the Government Inspectorate and its own ministry. Members of the VCP are required to follow corruption and conflict of interest rules. State agencies are supported by some work from the State Audit of Vietnam, the Supreme People’s Court, the National Assembly, and especially the Judicial Committee. Additionally, while Vietnam’s legal frameworks advocate involvement of society-based and professional organisations, the role of these entities has developed only slowly.

Vietnam’s corruption prevention measures are designed to curb abuses of power in the state management system. Prevention focuses on transparency, standardisation of norms and criteria for budget allocation and spending, development of codes of conduct, asset declaration, public administration reform, use of information technology in state management, and protection of whistle-blowers. For example, state agencies are required to disclose information on laws, policies, and implementation. At the individual level, codes of conduct address nepotism, informal payments, and conflicts of interest. Codes against
nepotism bar family members of public officials from contributing capital to, doing business with, or serving in human resource or finance positions for enterprises under their management. 12 Other codes regulate gift-receiving to minimise informal payment opportunities.13 At a systemic level, codes of conduct mandate periodic transfers of officers in public management or finance positions, and that they and their family members declare assets. 14 Furthermore, the Vietnamese government implemented various public administration reform measures aimed at reducing the regulatory burden on companies. In 2011, the National Assembly passed the Denunciation Law which increased whistle-blower protection and granted whistle-blowers the right to have their personal information kept confidential. The implementation of the Law on Anti-Corruption is reinforced by the National Strategy for Prevention and Combating Corruption towards 2020, which advocates five objectives for improving public management: transparency in policy formulation, law development, and law implementation; improved public service regimes and quality; open economic management and business environment; efficiency and effectiveness in inspections, monitoring, audits, investigations, prosecutions and trials; awareness-raising; and increasing society’s role in anti-corruption.15 Vietnam’s anti-corruption efforts are supported by expanded international cooperation in the prevention and combating of corruption, including the ratification of the United Nations Convention Against Corruption in 2009.16

Vietnam’s one-party state has been transformed as a result of anti-corruption measures. It has become more transparent in policy and law-making as legal document drafts are now publicised and circulated for public comment.17 Frameworks have also been developed to simplify administrative procedures and expedite services for businesses and citizens. Moves to support the simplification of procedures are seen in the organisation of one-stop shops as mechanisms for delivering administrative services and reducing transactions under the umbrella of Project 30 (2008-2010). From a comparative perspective, Vietnam’s online information disclosure reaches levels close to those of high-income countries.18 Between 2007 and 2013, when the state-centred approach was in full swing, Transparency International’s Corruption Perception Index showed that the perception of corruption in Vietnam improved slightly, with a score between 2.6/10 and 31/100. Similarly, the World Bank’s Doing Business Index suggested similar improvement from 2008-2010.19 On prosecution and detection, the Office of the Steering Committee Against Corruption reported at the Tenth Anti-Corruption Dialogue in 2011 that between 2007 and 2011, an average of 280 corruption cases, involving more than 600 people, were prosecuted per year, and that there was a downward trend in corruption at that time.20 As can be seen from these details, the one-party state has been transformed, if only slightly, in a positive direction.

Despite some positive changes, Vietnam has yet to make the state-centred approach fully operational. While anti-corruption efforts have curbed petty corruption between state officials, businesses, and citizens, grand corruption has been overlooked. The institutional set-up also has limitations, especially in anti-corruption agency independence and in its preventive and investigative powers. While the legal framework strengthens the inspectorate system, it remains under the selective control of its respective agency heads. It is these challenges to the state-centred approach that General Secretary Nguyen Phu Trong’s party-centred approach addresses.
PARTY-CENTRED APPROACH

General Secretary Nguyen Phu Trong’s party-centred anti-corruption drive, orchestrated fully after the 12th National Party Congress of the Vietnamese Communist Party in 2016, is a major departure from earlier efforts. It not only targets high-ranking party officials implicated in grand corruption cases, but also considers the moral decline of party members and the rise of interest groups within the VCP as a liability. The general secretary relies on different party organs to carry out anti-corruption work, such as the revival of the Central Committee for Internal Affairs and the Central Steering Committee for Anti-Corruption, which have been placed under his leadership since 2013. The party-centred approach consists of four main pillars of action: detection and prosecution; organisation; personnel rejuvenation; and prevention and sanction against position-buying. These four pillars are to be concretised in the process of preparing VCP personnel for the 13th National Party Congress tentatively scheduled for 2021.

As its name indicates, the party-centred approach focuses on the VCP apparatus and its members. Led by General Secretary Nguyen Phu Trong, the Party detected and prosecuted grand corruption cases involving high-ranking officials under his đờt lò, or “burning to ashes,” campaigns. From 2016 to 2020, the VCP disciplined over 70 retired and incumbent high-ranking party officials, 18 Central Committee members, 17 military generals, seven provincial-level party chiefs, five ministers, one deputy prime minister, and even one Politburo member. Additionally, in October 2017, the Sixth Plenum of the Central Committee Party officially launched a reorganisation of the party and state structure, the second pillar of the party-centred approach. In the process, “problematic party and government units” were dissolved or merged, and their personnel rearranged. One instance that received extensive publicity was the Ministry of Public Security, which dissolved six central bureaus involving 60 central bureau-level agencies, 300 central office-level units and, at the provincial level, some 500 district-level and 1,000 sub-units. At the provincial level, party committees have taken the initiative to reduce contact points between departments, sectors, and districts to limit overlaps in management areas.

The reform of cadre work, the third pillar of the party-centred approach, consists of three elements. The first is VCP Directive 90 and 214, passed in August 2017 and February 2020 respectively, which detail qualifications for positions of leadership in the party, government, National Assembly, the Vietnam Fatherland Front (VFF), the courts and the procuracy, as well as for party committees and provincial chiefs. Criteria include political, moral, educational, technical, and health qualifications. The 13th VCP Congress will be the first to use Directive 90 in the election of new leadership. The second element is the clarification of decentralised responsibilities in cadre work and the appointment and introduction of cadres as candidates to party committees at different levels. This move is crucial in light of the opaque 1992 framework that had caused difficulties in tracing series of decisions made concerning personnel. The third element is cadre development planning to 2030. In May 2018, the 7th Plenum Resolution set targets for 2020, 2025, and 2030. Some key innovations in cadre work are the promotion of non-local individuals to positions of provincial and district chief, and a balanced age ratio. All three elements will improve recruitment and rejuvenation in cadre work reform.

The fourth pillar is the prevention and handling of position-buying. Regulation 205, passed in 2019, focuses on the strengthening of internal control mechanisms. These include: rotation of individuals in positions of responsibility every five years or earlier as necessary,
prohibition of family members in management positions in the same organisation, mandatory reporting of irregularities, and confidentiality of personnel files. Regulation 205 has a separate section on position-buying and power trading. It rewards whistle-blowers and imposes sanctions on violators and accomplices alike.\textsuperscript{28}

The four pillars of this party-centred approach are critical especially since previous reforms of the country’s public administration and civil service had not included the VCP apparatus. General Secretary Nguyen Phu Trong’s strategy is bound to bring about some concrete results. Prosecutions have already undercut existing patronage networks. Directive 90 and Directive 214 qualification criteria have already made the selection of senior party leaders more transparent and closer to the principle of merit. A long-term plan for cadre rejuvenation will raise enthusiasm in the younger generation. Non-local party and district chiefs will reduce the scope and scale of patronage networks within provincial and district party-state offices. Finally, internal controls, whistle-blower protections, and harsh disciplinary actions will prevent and better handle \textit{chạy chức}, or the buying of positions, that were pervasive at the 12th Party Congress.

As path breaking as this strategy is, every new path has its challenges. The first is consistent implementation at party committees and different governance levels within the context of decentralisation. Good timing will require active party committees and active monitoring. The second challenge is the technical requirements involved in some of the organisational work. Although Vietnam has periodically pursued organisational restructuring, there has not been a standardised approach.\textsuperscript{29} Furthermore, the party-centred strategy may not be sufficient to curb corruption in the long run. Leadership transition and rejuvenation will need to go hand-in-hand with reform and rejuvenation of the state management system itself.

\textbf{TOWARDS INCLUSIVE INITIATIVES?}

Given the interwoven nature of the VCP and the state, both the state-centred and the party-centred approaches have great potential to contribute to Vietnam’s anti-corruption endeavours. While General Secretary Nguyen Phu Trong’s “burning to ashes” drive is a positive start for renewing and reforming VCP leadership, Vietnam needs to continue to simultaneously strengthen its state-centred anti-corruption measures in order to promote the transparency, integrity, and accountability of state management.

Furthermore, given that the political economy of corruption varies between sectors and localities, the VCP and its party committees may consider sector-specific measures that will rejuvenate sector management over the long run. More inclusive initiatives designed to renew party leadership, improve state management, and reform sector-specific political economies with high corruption risk have the potential to further advance Vietnam’s anti-corruption efforts.

\footnote{1 The rise of corruption was acknowledged early. Council of Ministers’ Decision 240/HDBT dated 26 June 1990 confirmed that “there have emerged a large number of corruption cases under various forms leading to violations of state property, of the collective, and of the people”. Prime}
on the one hand and giving bribes or brokering bribery for settlement of affairs of enterprises or organisations.


Acts of corruption in the non-state sector include embezzling assets and taking bribes on the one hand and giving bribes or brokering bribery for settlement of affairs of enterprises or organisations on the other. The Government Inspectorate, ministerial inspectorates, and provincial inspectorates...
will inspect the implementation of the anti-corruption law when presented with a clear sign of violation. For a summary of key stipulations, see “Anti-Corruption”
8 Specifically, the GI Anti-Corruption Bureau is responsible for: (1) inspection of the implementation of the LAC by ministries, municipalities and provinces; and (2) the building of a corruption database and reports on corruption for the National Assembly. The Ministry of Public Security’s Bureau of Corruption and Criminal Investigation handles the investigation of corruption crimes and relies upon representative units set up throughout the country.
9 Decree 107, dated 22 September 2006, regulates the responsibilities of heads of organisations and entities that use state assets and budget.
10 Decree 47, dated 27 March 2007, describes the involvement of Vietnamese society in anti-corruption, stipulating the rights and responsibilities of the VFF, the press, professional associations, people’s inspectorate boards, and individual citizens in anti-corruption activities.
12 See Law on Anti-Corruption, 2005.
13 Decision No. 64/2007/QD-TTg promulgating regulations on giving, receipt, and handover of gifts by state budget-funded agencies, organizations and units and cadres, public employees and servants.
14 On rotation, see Decision No. 158/2007/ND-CP of the government, dated 27 October 2007, on the list of work positions subject to periodic change and the terms for changes for cadre, public employees and servants. On conflicts of interest, see Decree No. 102/2007/ND-CP of the government, dated 14 June 2007, specifying periods during which cadres, civil servants and employees may not do business in the domains under their previous management. For asset declaration, see Decree 37/2007/ND-CP of 9 March 2002 on asset and income transparency and Decree No. 78/2013/ND-CP on transparency of assets and income. A useful study on Vietnam’s asset declaration system is UNODC (2019), Income and Asset Declaration in Vietnam: Country Analysis. https://www.unodc.org/documents/southeastasiaandpacific/topics/anti-corruption/Vietnam_Article_23.html. With the promulgation of the 2018 Law that also includes anti-corruption in the non-state sector, Decree No. 59/2019/ND-CP, dated 1 July 2019 elaborates on a number of articles and measures for implementation. According to Article 23 of this Decree, the duration in which office holders are prohibited from establishing, holding managerial or executive positions in sole proprietorship, limited liability companies, joint-stock companies, partnerships and cooperatives after resigning is 6 to 24 months, depending on their managerial domain. The office holding agencies, organisations, units or individuals must not by any means receive gifts from agencies, organisations, units or individuals involved in their work or under their management.
16 Vietnam endorsed the Anti-Corruption Action Plan for Asia and the Pacific and joined the South-East Asian Parliamentarians Against Corruption (SEA-PAC) in 2004 and ratified the UNCAC in 2009.
18 As measured by the Provincial webpage: Openness of Vietnam’s Provincial Competitiveness Index (PCI), and several indicators of the United Nations E-Government Survey (E-GOV).
Nonetheless, the World Justice Project indicates that Vietnam has low performance in terms of availability of official information upon request. See World Justice Project, https://worldjusticeproject.org/


23 Ibid.


26 Decision 44 QD/TW dated 14 November 1992 on cadre management concentrated decision-making at the central level but did not delineate responsibilities of party committees at central and sub-national levels.


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