1. Workshop Context

1.1 Vietnam is a one-party State. Since the Doi Moi renovation process began over a decade ago, Vietnam has attempted to transform itself away from the Soviet model of economic and political organisation. This has occurred in the economic sphere, the diplomatic arena and, slowly, in the political landscape. An important element of the transformation is to devise a process of ‘rule of law’ as the basis of national governance. This places emphasis on the law making body of Vietnam, the National Assembly. The workshop was part of a UNDP project to strengthen the National Assembly. AusAID contributed to this effort and contracted CDI to assist by having former Australian treasurer John Dawkins and CDI Director Roland Rich participate in the workshop and advise AusAID of outcomes.

1.2 As noted in the AusAID terms of reference:

“During its October 2001 session, the National Assembly (NA) adopted a series of amendments to the 1992 Constitution and other laws related to the organisation and functioning of State organisations. A major focus of these amendments is to reinforce the "rule of law" principle, enhance transparency and public participation as well as empower local governments so as to promote their responsiveness to people’s needs and improve their performance. In particular, there is an urgent need for improved management of public finance, along with the enhancement of capacity within representative and legislative bodies of the State - especially in view of the proposed revisions to the Budget Law and the Grassroots Democracy Decree.

The Vietnamese Government has recently also launched a comprehensive Public Administration Reform (PAR) Master Programme to create a breakthrough for further economic achievements and social progress. One of its key areas of focus is on Public Finance Reform.

In recognition of the importance of "Public Finance" as the means to pursue developmental goals, UNDP has offered support in response to a request from the National Assembly's Committee of Economic and Budget Affairs (CEBA)
for technical assistance in the formulation and implementation of a comprehensive capacity development program at the level of the main public finance stakeholders (National Assembly; People's Councils; Office of the National Assembly; State Audit of Viet Nam; and Ministry of Finance), focusing on budget oversight functions. The strengthening of budget oversight and management functions by both legislative and executive bodies has become an important element in the overall public finance reform process. This would include, among other things, the formulation, implementation, monitoring, overseeing, accounting, auditing, and reporting of budgets, and public finance-related policy formulation.

As part of the proposed programme, UNDP has sought support for a comprehensive initiative aimed at strengthening the overall functioning of the National Assembly, the People’s Councils (PCs) and the skills of their elected members. This request arose in the context of an ongoing project supported by the UNDP and the Danish Government - VIE/98/H01 “Strengthening Representative Bodies with special focus on Provincial Peoples’ Councils”, and more broadly the successful partnership established between the Office of the National Assembly (ONA), UNDP and bilateral donors since 1996 in supporting the development of a more effective Legislative Branch of the State.”

1.3 The Danang Workshop was to allow Vietnamese MPs, ONA officials and members of local People’s Councils to interact with foreign counterparts and experts in three days of focused discussions. A sub-theme of the workshop was to assist the planning of future assistance in this field. The workshop was partly funded by AusAID.

1.4 Attached is the list of participants and the workshop program. As noted, AusAID contracted the Centre for Democratic Institutions (CDI) to arrange appropriate representation at the workshop. CDI engaged Mr John Dawkins to participate. He was a Commonwealth parliamentarian for 18 years. He spent 12 years in the ministry as Finance Minister, Trade Minister, Employment Education and Training Minister and finally Treasurer. CDI Director, Mr Roland Rich, also attended the workshop alongside the Chargé d’Affaires of the Australian Embassy, Dr Ralph King, and the AusAID second Secretary, Mr Russell Miles.

1.5 It was noteworthy that a number of the Vietnamese participants had visited Australia under previous AusAID programs and were therefore familiar with aspects of Australian governance practices. Included among these was Mr Ngo Anh Dung, Vice-Chair of the Foreign Affairs Committee of the National Assembly. He undertook a study tour of the Australian parliament in late 2000 organised by CDI.

2. Issues

2.1 One of the very positive aspects of the workshop was the relative openness of the presentations from the Vietnamese side. They led to more frankness on the part of the visitors. In many ways this assisted the process of getting to the bottom of issues. It also made the underlying problems that much clearer and more daunting.
2.2 Several issues arose repeatedly in the course of the workshop including fundamental questions about the powers and role of the National Assembly and its place in the system of Vietnamese governance. These issues were often illustrated by reference to the role of the National Assembly in the budgetary process. Another recurring issue concerned decentralisation and grass roots democracy, which led to discussion about the relationship of the National Assembly to the public at large.

3. **Powers of the National Assembly**

3.1 The 25 December 2001 Amendments to the Constitution of the Socialist Republic of Vietnam (promulgated on 7 January 2002) made some important changes to the way in which Vietnam is be governed. Article 2 was amended to describe Vietnam as “a law-governed socialist State” and Article 3 added to the objectives of the State the need to achieve an “equitable, democratic and civilised society.” Thus the concepts of rule of law and democracy did not feature in the 1992 constitution but are now added.

3.2 Under Article 84 of the constitution (as amended), the National Assembly enjoys formidable ostensible powers:

“The National Assembly has the following obligations and powers:

1. To make and amend the constitution, to make and amend laws; to work out a programme for making laws decree-laws.

2. To exercise supreme control over conformity to the constitution, the law and the resolutions of the National Assembly, to examine the reports of the country's President, the Standing Committee of the National Assembly, the Government, the Supreme People's Court, the Supreme People's Office for Supervision and Control;

3. To decide the country's plan for socio-economic development;

4. To decide the national financial and monetary policies; to decide the draft State budget and distribution of the central budget; to approve the State budget settlement; to establish, change, or abolish taxes;

5. To decide the State’s policies on nationalities and religions;

6. To regulate the organization and activity of the National Assembly, the country's President, the Government, the People's Courts, the People's Office of Supervision and Control and the local administrations;

7. To elect, release from duty, remove from office the country's President and Vice-Presidents, the Chairman of the National Assembly, the Vice-Chairman and members of the Standing Committee of the National Assembly, the Prime Minister, the Chief Judge of the Supreme People's Court, the Chairman of the Supreme People's Procuracy; to ratify the Prime Minister’s proposals on appointment, release from duty and dismissal of Deputy Prime Ministers, ministers and other members of the government; ratify the State President’s proposals on the list of the members of the Council of National Defence and
Security; to cast a vote of confidence on persons holding positions elected or approved by the National Assembly.

8. To decide on the establishment and abolition of government ministries and government organs of ministerial rank; to establish, merge, divide, or adjust the boundaries of provinces and cities under direct central rule; to set up or disband special administrative-economic units;

9. To abrogate all formal written documents issued by the country's President, the Standing Committee of the National Assembly, the Government, the Prime Minister, the Supreme People's Court, and the Supreme People's Office of Supervision and Control, that run counter to the constitution, the law, and resolutions taken by the National Assembly;

10. To proclaim an amnesty;

11. To institute titles and ranks in the people's armed forces, in the diplomatic service and other State titles and ranks; to institute medals, badges and State honours and distinctions;

12. To decide issues of war and peace; to proclaim a state of emergency and other special measures aimed at ensuring national defence and security;

13. To decide fundamental policies in external relations; to ratify or denounce international agreements that have been signed in person by the State President; ratify or denounce other international agreements signed or acceded to at the proposal of the State President;

14. To hold a referendum.”

3.3 The amended powers of the National Assembly are implemented by the Law on Organisation of the National Assembly (No.30/2001/QH10 of 25 December 2001 promulgated by Order No.02/2002/L-CTN of 7 January 2002).

3.4 Yet Members of the National Assembly repeatedly made the point that while the constitutional powers were particularly wide, the real powers of the National Assembly were considerably constrained in reality. They were constrained by a number of practical matters but perhaps most importantly by the fact that the direction of State policy is set by the Communist Party of Vietnam.

3.5 If Vietnam is to realise its ambition to be a ‘law-governed State’, the role of the National Assembly must grow to match some of its listed powers. There are already signs of greater priority being given to the National Assembly in that the number of full-time MPs has doubled to 125 out of 500. There will be at least one full-time MP from each province. The staff of the Office of National Assembly has tripled over the last 15 years to reach 400. Even so this is well below the standards in the rest of the region where bicameral parliaments and full-time MPs are the norm.

3.6 In the presentations from Vietnamese officials, the following basic problems in discharging the powers of the National Assembly were listed;
• Many MPs but few politicians
• MPs lack effective public communications skills
• Poor management of parliamentary affairs
• Insufficient understanding of parliamentary rules and processes
• Poor legislative process
• Unclear concept of oversight role
• Lacking experience in organisation of committee work
• Limited research and analysis capacity
• Poor skills in legislative drafting

4. Role of the National Assembly

4.1 As with most parliaments, the National Assembly has important policy, legislative, oversight and constituency roles. As noted the powers provided to fulfill these roles are wide. The reality, that the National Assembly lacks political power, casts a question mark over the exercise of all these powers and limits the way it can exercise its roles.

4.2 It was made evident at the workshop that the policy role was quite limited. The Party processes provide the nation’s policy direction though there is increasing space for debate on these issues and the National Assembly is becoming an important forum for such debate.

4.3 The legislative role was also limited in that most legislation currently originates from the Executive Branch. The National Assembly passed many laws but the MPs themselves were not fully satisfied that they had been given sufficient scrutiny. There was insufficient expert support from the Secretariat. Government ministries were not always as forthcoming as they might be. The capacity to initiate legislation was very limited by poor legislative drafting capacity.

4.4 The constituency role was one that MPs wished to see grow in the future. At present there were considerable difficulties in discharging it effectively. The fact that one quarter of the chamber comprised part-time MPs with other important duties to attend to limited the effectiveness of the constituency role. The lack of office structures for MPs in the provinces was another problem with many MPs having to receive constituents in their homes. The powers of the MPs were also limited in this role under Articles 52 and 53 of the Law on Organisation of the National Assembly. MPs may receive complaints but have no resources to undertake investigations. They may urge settlement of problems and seek a further review from the agency in question if not satisfied. Only if they detect a violation of law may they bring the matter to the Standing Committee of the National Assembly.

4.5 The idea that MPs act as a type of ombudsman is unlikely to be effective. MPs lack the expertise, resources and independence of ombudsman institutions in other countries.

4.6 The limited effectiveness in these three roles puts considerable weight on the National Assembly’s oversight role. The legislative power can be used as an effective instrument of oversight. The National Assembly also has considerable powers of
interpellation of ministers and officials under Article 49. It is in this role that training programs and strengthening projects can have the greatest impact.

4.7 Vietnam’s increasing integration in the regional and world economy through instruments like the Asean Free Trade Agreement, the Bilateral Trade Agreement with the United States and the forthcoming membership of the WTO is another factor putting pressure on Vietnam to modernise and democratise its systems.

5. Budget and Audit

5.1 The National Assembly feels itself under great pressure to pass the annual budget. It receives the document in the Committee for Economic and Budgetary Affairs (CEBA) in October and the full National Assembly is required to make a decision on the budget in its second annual session ending in late November. The role of the National Assembly in this process seems to encompass aspects of policy direction, equalisation as between the provinces, oversight of ministry budgets and supervision of expenditure.

5.2 Briefings from Vietnamese officials described the budget process as cumbersome and overly formal. They decried the passive role expected of the National Assembly and complained about its inadequate resources and capacities.

5.3 The main solution proposed was to redirect the National Assembly away from the minutiae of budget processes and have it concentrate on macro revenue and expenditure issues and the main policy directions. It could do this while decentralising responsibility for local budgets to the People’s Councils. This would require the preparation of better budget documentation from the Ministry of Finance that would crystallise the issues, and more skilled ONA staff to assist MPs on this process. It also requires more capable MPs in CEBA. It would also require better use of information technology to link the National Assembly to the provincial People’s Councils.

5.4 There was also considerable debate about the audit role in the course of the workshop. The audit function is relatively recent in Vietnam as this role used to be undertaken by the Party’s inspection units. The relationship between the audit body and the National Assembly also had to be clarified. As things stood, the State Audit reported to the government not the National Assembly. There were proposals within the National Assembly therefore to have its own audit staff to allow for better supervision of budget expenditure. One of the Australian interventions, supported by other participants including the representative from the Inter Parliamentary Union was to follow best international practice and have the audit office report directly to the National Assembly.

5.5 Underlying the discussion of the budget and audit roles was the frustration that the National Assembly could simply not relate implementation of policies to the specific budget processes. There was a process of developing more outcome based budget processes for this purpose. John Dawkins put forward an idea that such a process should be road tested in a particular sector and he recommended the education sector as an area that was responsive to budgetary direction. An associated idea was that MPs should be more specialised and thus more expert at working out the true meaning of the budget allocations in specific sectors.
6. **Decentralisation**

6.1 The participation of representatives of People’s Councils at the workshop allowed participants a glimpse of their functioning. The most eloquent description was of ‘a body with a head and no arms and legs’. Because People’s Councils only had one or two full-time members, it is almost impossible for them to fulfil the tasks set. People’s Councils typically had no offices and no technology beyond a telephone. There is an urgent need for greater resources if the People’s Councils are to become more effective. Otherwise the ambitious goals set for greater decentralisation and for the implementation of the Party’s ‘Grassroots Democracy Decree’ could not be achieved.

6.2 The basic idea of the Grassroots Democracy Decree is to give local people a greater say on matters of direct relevance to them. These include issues such as zoning laws, land use rules, development plans and local government money raising and expenditure. The idea of more participative and transparent decision-making is clearly attractive to local people. But the process needs to be underpinned by competent local government at the commune, district and provincial level.

6.3 A corollary is that the people need to be armed with more information and skills to fully participate in decision-making. This raises issues of civics education and voter education programs as well as broader issues of literacy and compulsory primary schooling.

7. **Donor Support**

7.1 Assistance to the National Assembly as part of a broader program of governance assistance is quite popular among donors. The UNDP aspires to play a coordinating role and to commit further UNDP resources to the task. Jordan Ryan and his team along with the ONA organised the workshop well and are undertaking planning for further activities. There is a certain logic in having a coordinating body in this field if for no other reason than as an information vector for other donors. Among the ideas floating around were further such workshops bringing together Vietnamese MPs and foreign counterparts. Ryan also offered to arrange briefings for MPs on subjects (AIDS prevention, Millennium goals etc) on which the UN is taking the lead.

7.2 DANIDA has been active in the field and has worked closely with UNDP in the past. It can be expected to continue to do so with the one caveat that the change in government in Copenhagen may have an impact on the size of the aid program and thus on the Vietnam program.

7.3 CIDA has shifted a large part of its Vietnam programming to the governance sector. The Canadian participant was from CIDA’s Policy Implementation Assistance Project. CIDA was also active in organising workshops for women parliamentarians. CIDA can be expected to continue to search for high visibility activities dealing with matters of broad policy.

7.4 SIDA works through the Swedish Parliament in this field and the Parliament was represented by two officials at the workshop. The extension of the Swedish
program is being negotiated and it can be expected that Sweden will continue to emphasise a program targeted at MPs.

7.5 Other donors include France, which is focusing on finance management questions and also working through the French Senate, Germany working through the political party foundations and directly through the Federal Parliament, DFID, the Inter-Parliamentary Union and the European Union.

7.6 AusAID has undertaken many governance related activities in Vietnam and will focus further on this field in future including working with the National Assembly.

8. Program

25 June
Arrival, Registration and Preparation
Welcome Buffet Dinner at 8:00 pm hosted by Mr. Vu Mao and Jordan Ryan

26 June
The General Policy Framework
8:35- 8:50 Opening speech. Mr. Vu Mao. Chairman of the Office of the National Assembly’s topic: Opportunities and challenges for the development of the National Assembly and People’s Councils during the period 2003-2010
8.50- 9:00 Key note by UNDP. Mr. Jordan Ryan UNDP Representative in Vietnam Nam
9:00- 9.15 Introduction to the workshop program, methodology and organizational matters - Dr. Si Dung
9.15-9.25 Introductory remarks by John Dawkins, former Treasurer of Australia

Session 1
Improving the functioning of representative bodies in Vietnam through institutional strengthening, training and the exchange of best practices
9:25- 10:00 Dr. Nguyen Si Dung. Director ONA’s Center for Information, Library, and Scientific Research
Topic: Policy issues in Vietnam
IPU Representative - International Best Practices
10:00- 10:30 Coffee Break
10:30- 12:00 Working group session. 2 mixed groups. Minutes to be made and distributed
12:00 Lunch- Buffet

Session 2
Improving Budget oversight capacity of National Assembly and People’s Councils in Vietnam
14:00– 14:45 Dr. Nguyen Van Phuc, Director, ONA’s Department for economic and budgetary issues
International Representative - Best Practice
14:45- 15:00 Coffee Break
15:00- 16:45 Working group session. 2 mixed groups

27 June
Integrative working approaches on Legislative Assistance
8:30- 8:35 Introduction to the objectives and methodology for the second day of work (5 min.). Distribution of minutes and group reports from the previous working group day to all participants (in English and Vietnamese)
Session 3  Developing interagency work to support Legislative oversight functions in Vietnam

8:35- 9:15
• Panel “The impact of Constitutional amendments, the grassroots democracy initiative and expected amendments on the Budget Law on the functioning of the National Assembly, the People’s Councils and their relationships with executive bodies at all levels”.
• Presentations of each of the key concerned parties (10 min each): NA, CEBA, ONA, Ministry of Finance, State Audit Agency, People’s Councils

9:15- 10:00
• International Good Practices on interagency work in support of Parliamentary oversight functions.
• Short Presentation by an international consultant based on previous comments of the morning, combined with an open discussion guided by the same consultant. Mr. Perrier

10:00- 10:30  Coffee Break
10:30- 12:00  Working group session. 2 mixed groups. Minutes to be made and distributed

Session 4  Next steps on Legislative Assistance to Vietnam
14 – 15: 30  Project Oriented Working groups session. 2 specialized groups
Open discussions on the key questions to be considered + Rapid Needs Assessment.
Group 1 - Dr. Nguyen Si Dung- Chair + Lenni Montiel. Group 2 - Dr. Nguyen Van Phuc + Emmanuel Cuvillier

28 June  Conclusions
8:30
• Introduction to the workshop program, for the closing session (5 Min)
• Distribution of minutes and group reports from the previous working group day to all participants (in English and Vietnamese)

8:35- 9:20  Report on Conclusions and suggestions for the project design. Group 1 – Dr Nguyen Si Dung (15 min)
Open discussion (20 min)

9:20- 10:05  Report on Conclusions and suggestions for the project design. Group 2 – Dr Nguyen Van Phuc (15 min)
Open discussion (20 min)

10:05- 10:20  Coffee Break
10:20- 10:50  Foreign guests and agencies views on their areas of interest and modalities to support Vietnamese Legislative Development (up to 5 min. each)
10:50-11:10 Speech from a foreign guest.
11:10- 11:30 Closing Ceremony. Speech from UNDP-Speech from Dr Si Dung – General Coordinator of the workshop