

CoST delegation to Vietnam

10-12 June 2009

Together with Jill Wells (CoST Secretariat) and William Paterson (Consultant), I visited Hanoi, Vietnam, during June 10-12, 2009. This was the last of my initial visits to the CoST pilot countries as Chairman of the International Advisory Group. Its purpose was to review the state of progress of the Vietnam CoST pilot, to pass lessons of experience from the other pilot countries, and discuss ways in which the CoST Secretariat and the IAG could provide assistance in accelerating the implementation of CoST in Vietnam. Meetings were held with officials of the Ministry of Construction and the Ministry's CoST Task Force; OSCAC (Central Steering Committee on Anti-Corruption); Government Inspectorate; Office of the Government; the Ministry of Planning and Investment; Representatives of the Engineering and Construction Industry; Citizen Representatives; as well as Representatives of DfID, the World Bank and the Royal Norwegian Embassy.

General Framework

CoST fits well with the Government's national anti-corruption program as recently set out in its 2020 Anti-Corruption Strategy. There is a great interest in having Vietnam participate, as a pilot, in the Construction Sector Transparency Initiative. Indeed, the Government is keen to see the program accelerate after having attended the CoST meeting in London in August 2008. The Government has recently conducted an Anti-Corruption Dialogue with its development partners which this year has focussed on the construction sector, in particular. Construction is considered one of the most important sectors for the country's development program, and its efficiency – including effective anti-corruption measures – is seen as key for improving development outcomes. Enhancing transparency is an important objective of the Government's anti-corruption strategy and the Central Steering Committee on Anti-Corruption, established in 2006, has the responsibility to direct, coordinate and promote anti-corruption activities throughout the country. The Prime Minister is the Head of the Steering Committee. Vietnam has an access-to-information law but its application remains limited. It is the intention to broaden the application of the law under the new Anti-Corruption Strategy. Full disclosure of information and data with respect to public construction projects, which is key to the workings of CoST, remains an issue to be discussed by the Multi-Stakeholder Group.

CoST Institutional Set-up

The responsibility for the CoST pilot has been assigned to the Ministry of Construction. A CoST Task Force has been established in the Ministry, under a Deputy Director, who is responsible for guiding and managing the pilot. The design of the pilot program is currently underway with the help of external consultants. The Task Force has recommended the recruitment of two full-time staff to form a permanent secretariat to assist the Task Force in the day-to-day implementation of the pilot program. A CoST Champion has not yet been appointed. Pending the formal approval of the CoST pilot by the Government, an interim MSG has been set up. The majority of its members are from the public sector, together with a small

number of representatives from the engineering and construction industry, and one representative of the Vietnam Fatherland Front which is an umbrella organization grouping about 30 registered mass organizations (women, workers, peasants, youth) and special interest groups (professional, medical etc.) According to the Ministry of Construction, *all* public sector construction projects will, in principle, be covered by CoST. This means that both donor-funded and locally funded projects will be subject to CoST. It also means that CoST will cover construction projects managed by ministries other than the Ministry of Construction, as well as projects managed at the municipal and local levels.

Donor Support

We met with the World Bank Country Director and the Head of Office of DfID. Both expressed support for the CoST approach which fits well with the increased attention to issues of transparency and accountability in their rapidly expanding assistance programs in Vietnam. Indeed, fighting corruption in infrastructure is seen as a major challenge. Both agencies welcome the strong commitment of the Government to implement CoST and would like their projects to be an integral part of the CoST process. The World Bank considers CoST an important element of its Governance and Anti-Corruption Strategy. The First Secretary of the Norwegian Embassy indicated Norway's support for the CoST pilot in Vietnam. Norway has had favourable experience with the multi-stakeholder approach under the Extractive Industries Transparency Initiative in other parts of the world.

Issues and Next Steps

There is much enthusiasm and commitment to implement the CoST pilot in Vietnam. CoST is being seen, potentially, as an important addition to the country's ongoing anti-corruption program. At this stage, the pilot is still in its preparation phase -- assisted by the design consultants. A full proposal for the CoST pilot is scheduled to be submitted to the Office of the Government as soon as possible, after which it is expected that the Prime Minister will give the decision to move forward. The Office of the Government is supportive of CoST -- as is the Ministry of Planning and Investment whose endorsement will also be required. But receiving the formal go-ahead may take some time. Given the limited time remaining in the CoST pilot program, the scope of the Vietnam pilot may need to be curtailed. Indeed, the Task Force indicated that the pilot might focus on a more limited number of construction projects, possibly covering 1-2 ministries only. It is thus important that as much preparatory work as possible be undertaken while the formal approval of the pilot is awaited. In particular, we suggested to the Task Force that the institutional set-up be further strengthened in order to accelerate CoST implementation once the pilot phase formally starts. In particular:

- The CoST Champion should be appointed as soon as possible. The Champion will be key in pushing CoST forward – building broad political support within Government and helping secure the cooperation of other ministries beyond the Ministry of Construction.
- Similarly, a formal Chair of the (interim) MSG should be appointed. This would support the leadership role that the MSG is expected to play in CoST implementation.
- The composition of the MSG may be re-visited. During our meeting with the industry representatives, and in our subsequent discussions with the Task Force, we discussed the need to include a representative of the association of consultants in the

MSG given their key role in the construction sector. Also, we discussed with the Task Force the possibility of extending the relatively small membership of civil society in the MSG. This could be accomplished by adding members from local NGOs and community-based organizations. Or, as an interim measure during the pilot phase, by creating a separate “satellite” group which would be given access to MSG information and whose input would be channelled back to the MSG. This would also help strengthen the capacity of civil society to play its role in the multi-stakeholder approach.

Moreover, we recommend that the Task Force move ahead with the base line study while awaiting the formal approval of the pilot. This would provide the Task Force with an opportunity to familiarise itself with the CoST approach and gain useful insights about the state of readiness to start implementation. In particular, it would be an opportunity to establish the actual availability of project information about which there is still uncertainty.

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