

The Case of PMU18 and Democratic Governance

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The corruption case in the Ministry of Transport has become a matter of concern to international aid donors and they have worked with governmental bodies to re-examine ways of using their money. What about the Government? The task is not only to re-examine the ways of employing foreign aid, but also to reform basically the systematic matters.

There are thousand PMUs in Vietnam and for a long time all governmental bodies, and the NA as well, have failed to discover loopholes in management mechanisms of PMUs. When the corruption case was brought into light, everybody is surprised at the fact that PMUs had no legal grounds – they are neither administrative units nor state-owned companies.

There are too many questions about the PMU corruption that are to be answered. Will the problem be

solved by simply removing or replacing them with other bodies? Why did the State supervision mechanism fail to discover such illegal organizations? How does the administrative machinery work when corruption is found in even the body responsible for fighting against corruption?

1. State-related business plus non-transparency results in corruption

It is not easy to imagine the only job the Ministry of Finance does is to record the ODA debt while the Ministry of Planning and Investment keeps an eye on this debt and the Ministry of Transport and PMUs can use it at will.

To a certain extent, most ministries are responsible for corruption cases. Besides Ministries of Finance, and of Planning and Investment – two leading roles in the PMU18 case –

other bodies, such as State Investigation Agency, State Auditing Agency, and Ministry of Interior, are involved, directly or indirectly, in the PMU18 and other corruption cases discovered recently.

It's time to review existence and operation of the mechanism in which ministries govern various organizations. They can't work as a footballer and a referee at the same time. Estimating performance of a governmental body must be a job for an independent or private agency, instead for another governmental body. The ministry-governed mechanism proves ineffective and obsolete.

To a broader extent, we should review roles of governing ministries towards state-owned companies. It's a paradox that a governing ministry, such as the Ministry of Transport, can allocate an ODA source up to 33,000 billion and deny all responsibilities when a corruption case is discovered. Similar cases in other industries, such as oil, power supply and telecommunications, have the same features.

The existence and intervention of governing ministries are totally unreasonable. Even a state-owned company must be an independent entity that operates according to the same market laws as other companies and it shouldn't be a cake to share among persons in high places. The role of the governing ministry is to introduce direction and plan, instead of managing direct the company as its holding company.

Many opinions have been given about ways of limiting the government intervention in the economy. Such intervention, although limited, has led to many shortcomings: poor performance of state-owned companies, waste of money and corruption. Such a situation forces us to think of an end to such intervention. Foreign experience shows that all kinds of government intervention only prove that the administrative machinery is ineffective and

the danger of corruption is bigger.

If we are content with some limits on the government intervention, that is, maintaining the ministry-governed mechanism, we have to get ready for bigger cases of corruption and waste of money.

2. Say no a fresh coat of paint on old things

According to an NA member, the ODA debt is included in state budget income and it requires a State Capital Management Corporation to control it. I think it's about time to depart from the mentality maintaining that the government capital should be controlled by a governmental body without participation of citizens and private sector. This mentality leads to no change in the management machinery. This means that the corruption is still possible but it goes from the act of exploiting some real property, such as project, to the act of exploiting or wasting financial assets (foreign debts or bonds). This waste may take various shapes and it's more difficult to discover it than development projects.

3. Democratic governance and anti-corruption campaign

Why is the private sector, especially professional companies, prevented from taking part in managing and supervising the employment of the ODA source? Fund management companies could do well this job and they certainly try their best to kill corruption. The existing system doesn't allow all classes to take part in and supervise works done by the State. Everything seems to happen behind closed doors. Governmental bodies try to constitute a circle. When an incidents occurs, they produce a bigger circle to cover the problem instead of allowing the public, and the private sector in particular, to take part in carrying out and supervising public works.

The Government wants to attract

foreign companies to Vietnam in order to make use of their managerial skills and technologies. So the task of supervising the use of the ODA source could be assigned to international auditing companies instead of relying solely on the State Auditing Agency. Until recently, the WB has sent experts to Vietnam to work with the State Auditing Agency and related bodies to protect WB-financed projects.

In many countries, central banks even hire private companies to manage their foreign exchange reserves and work out the most profitable portfolios for the reserves. The participation of these companies helps the central banks to avoid risks and losses caused by sudden falls of some hard currencies. This is a good example of the use of experts' services. In fields that require special skills and are vulnerable to corruption, such services are more necessary. I don't believe this approach is not applicable to PMUs and other fields in Vietnam.

In this way of thinking, we see that the Government need not establish so many ministries and many of them could be merged into a Ministry of Economy whose responsibility is to give advice to the Government. In Vietnam today, each ministry manages one industry. This means that the number of ministries will increase endlessly because the industry never stops developing. Tasks and jobs of various ministries tend to overlap, which causes many difficulties that the Government may never solve successfully. The current management mechanism comprises too many ministries and none of them bears full responsibility when something goes wrong.

We can learn a lot from foreign countries but we need not apply some foreign model to the task of managing the ODA source. Above all, the Government should develop the democratic governance in which the Government must enhance the trans-

parency and responsibility for explanation. If it fails to do so, all efforts to supervise the use of ODA source and other public expenditures made within governmental bodies will be fruitless.

According to the WB, good governance and maintaining law and order are basic principles of this organization in relations with its partners, especially corruption-ridden countries. These principles reflect themselves in three pillars: freedom of press; roles of the national assembly and civic society.

Under such dictatorial regimes as Indonesia, the press has been liberated after years of strict censorship. The freedom of press has been bringing much happiness and satisfaction to the public that had lost trust in the regime and fought against corruption. The puppet national assembly in this country has become a forum for all social classes and started to keep a close watch on the government.

The democratic governance also gives rise to a civic society in which civic organizations operating in information, educational, religious fields, among others, play important roles in the struggle against corruption and power abuse.

4. Conclusion

Corruption is a problem with development. Killing the corruption is an inevitable step on the way to development. To find out a new mechanism for PMUs is a problem but it is not the most serious one. The most radical approach is to encourage the whole society to take part in and supervise operations of the ruling machinery and replacing the ministry-governed mechanism with a civic society. Increasing the supervision of social forces at the government's expense is a sensitive matter that hasn't been discussed properly. When the public can't, or fail to, make the government observe and maintain the law and order, the corruption will keep damaging the development process ■