Evidence-Based Policy Making at the Sub-National Level in Vietnam: A Case Study of Hochiminh City

Nguyen Van Phuc

HCMC Institute for Economic Research (IER)
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1. Introduction of IER

- Demand for Research at the Local Level
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Demand for Research at the Local Level

- Local governments face increasing complex socio-economic issues
- Most research institutes belong to ministries and ministry-level agencies
- Local research requires local knowledge
- The case of HCMC
Brief History of IER

- Established in 1988
- Belongs to HCMC’s People Committee (PC)
- In 2000, Economic Committee of HCMC Communist Party was integrated into IER
IER’s Staff and Funding

- By the end of 2005, 74 staff
- Research staff: 40
- Permanent staff: 75%. Contracted staff: around 25%
- PhDs and Masters account for about 60% of research staff
- Funding source: about 50% from HCMC PC and 50% from contracts
Main Research Areas of IER

- An advisory and consultant role to HCMC’s authorities in strategic development issues

- Development planning, macroeconomic issues, sectoral studies, factor markets, enterprise studies, institution-building, urban management, social issues.
Position of IER

- Report to HCMC’s Communist Party, People Committee, People Council
- Functions, organisation, personnel, and finance are decided by HCMC’s PC
- Collaborating relations with other city departments
- Cooperating with central agencies and other provincial agencies in carrying out research and information exchange
2. Research at IER

- Selection of research topics
- Carrying out of research
- Dissemination of research output
Selection of Research Topics

- Who can initiate a research project? Different levels: researchers, IER’s leaders, city leaders. HCMC PC’s decision

- The role of the Scientific Council

- Criteria to choose research projects: 1) applicability, 2) contribution to social science, 3) improved capacity of IER

- Contracted research
Carrying Out of Research

- Assignment of project leaders
- The role of a project leader
- Management of research projects
- ‘Quick-responding’ research
- Contracted research
Dissemination of Research Output

- In various forms

- Internal dissemination: seminars, academic meetings, informal discussions, sharing documents

- External dissemination: sending research output to HCMC PC, departments, research community, media; seminars, conferences; publications
3. Linking Research with Policy

- **Case 1:** The Establishment of HCMC Fund for Urban Development (HIFU)

- **Case 2:** Research on Economic Growth and its Implications for Policies

- **Case 3:** Decentralization Decree No. 93 for Ho Chi Minh City
Case 1: Establishment of HCMC Fund for Urban Development (HIFU)

Introduction:

- Research demand for HIFU
- Rapid growth required financial resources. HIFU was a possible solution
- The research must clarify feasibility for the establishment of the fund
Problem Identification/Agenda Setting:

- Initiated by city leaders. The fund as a tool to mobilise resources for the city gov.
- IER’s leaders were assigned to carry out the research
- It was implemented from the end of 1995 to early 1996
Case 1: Establishment of HCMC Fund for Urban Development (HIFU)

Research Process:

- Funding from HCMC PC
- Research team: IER’s researchers and city departments
- An action research
- No fresh research. Based on literature review and experiences
Case 1: Establishment of HCMC Fund for Urban Development (HIFU)

Contents of Research and Findings:

- Analysis of economic context of HCMC that led to recognising the urgent need for HIFU
- Literature review of investment funds
- Critical conditions must be met
- Two scenarios
- A detailed draft
Case 1: Establishment of HCMC Fund for Urban Development (HIFU)

Policy Formulation:

- Results were presented in seminars
- Opinions supported the project
- Revisions were made after comments
- A revised draft submitted to HCMC PC
- HCMC PC submitted it to central government
- After revisions, the PM approved.
Case 1: Establishment of HCMC Fund for Urban Development (HIFU)

Implementation and Results:

- The fund in operation since June 1996
- Rather successful, but not all objectives achieved
- Contributing significantly to mobilising financial resources for HCMC
- 12 local development funds established following the model of HIFU
Case 2: Research on Economic Growth and its Implications for Policies

Problem Identification/Agenda Setting:

- Initiated by IER’s leaders.
- Economic growth started to show decline
- Concerns on negative impacts of the Asian financial crisis
- Solutions to sustain growth were critical
Case 2: Research on Economic Growth and its Implications for Policies

Research Process:

- A ‘quick responding’ research
- Funding from HCMC PC assigned to IER’s president
- Research team: IER’s researchers
- Rigorous research. Theory and empirical data were extensively used
Case 2: Research on Economic Growth and its Implications for Policies

Research contents and findings:

- First part: general description
- Second part: Supply analysis
- Third part: demand and sectoral analysis
- Fourth part: conclusions and recommendations for policies
Case 2: Research on Economic Growth and its Implications for Policies

Research contents and findings:

- A critical finding: HCMC growth declined well before the Asian crisis. Thus, slowing-down growth in HCMC due mainly to internal reasons rather than external ones.

- Bold reforms needed: improvement of efficiency, SOEs reforms, banking reforms, domestic saving and public finance, promotion of exports, private sector development.
Case 2: Research on Economic Growth and its Implications for Policies

Policy formulation:

- Results were presented in seminars
- Findings received high attention. A deputy chairman came to IER to ‘hear’ on the results
- Research findings were circulated in HCMC Communist Party Plenum in 1998
- HCMC leaders showed more determination of reforms
Case 2: Research on Economic Growth and its Implications for Policies

Policy Implementation:

- Not as concrete as case 1
- Reforms of SOEs sped up
- Banking reforms
- Demand-stimulating program
- Public finance
Problem Identification/Agenda Setting:

- Initiated by city leaders
- HCMC is a very big city, but regulatory management is the same as any rural province. This limits the potentials of the city
- Central government also recognised this problem and asked HCMC to initiate
Case 3: Decentralization Decree (No. 93) for HCMC

Research Process:

- Started in late 2000 and finished in early 2001
- Funding from HCMC PC
- Research team: IER’s researchers
- Action research
- Fresh research. No similar research in Vietnam ever done
Case 3: Decentralization Decree (No. 93) for HCMC

Research contents and findings:

- The first part was on the issues relating to management and decentralization for HCMC
- The second part was a draft of the decree signed by the Prime Minister
- The key argument was that decentralization was critical to future development of the city
- The research team drew a draft for “a suitable management mechanism for HCMC”
Case 3: Decentralization Decree (No. 93) for HCMC

Policy formulation:

- Several rounds of seminars to get opinions and feedback
- 28 papers contributed, further elaborating on the research issue
- Two seminars in Ha Noi with ministries. Some differences remained with ministries, finally submitted to PM
- PM issued Decree 93 in December 2001
Case 3: Decentralization Decree (No. 93) for HCMC

**Policy Implementation:**

- Significant effects on the city. More autonomy
- 48 policy documents signed by HCMC’s PC to implement Decree 93 in the first two years
- Has reduced heavy workload of PC by decentralization to city departments and districts
- HCMC growth has picked up
4. Concluding Remarks

- Case 1 and 3 were initiated by policy-makers and case 2 by researchers.
- Case 1 and 3 as fresh research (though case 1 with some literature review; case 2: literature review and theory-based).
- Case 1 and 3 as action research and without data-intensive use; case 2 as rigorous research with intensive use of data.
4. Concluding Remarks

- Case 1 and 3 with wide consultation. More conflicting views needed more discussions.

- but case 2 with less consultation. The nature of research was more technical. Views were more unified.
4. Concluding Remarks

- Not all research projects of IER have been applied in policy-making. Evidence-based research is important.
- Direct access to top politicians makes it easier to apply research into policy.
- Research output has been more likely to be applied if they were initiated from city leaders.
4. Concluding Remarks

- Quality of research is critical, which creates legitimacy and credibility. However, constraints always remain.

- Wide consultation and participation of stakeholders is necessary for research output to be applied.

- Solutions and recommendations as specific and practical as possible.