



Round table 1: Overview of the tools of decentralisation

Vu Nguyet Van
Vietnam

Scope of decentralisation (1)

According to Vietnam State Budget Law, decentralisation consists of the following areas:

(i) Decentralisation in the issuance of policies relating to the state budget;

(ii) Decentralisation in the management of revenue

SOURCES (budget revenues wholly retained by the central government budget, budget revenues distributed between the central government budget and local government budgets, budget revenues wholly retained by the local government budgets) **and expenditures** (in case the central government delegates a specific expenditure to the local government, the central government must transfer the fund to the local government);

Scope of decentralisation (2)

(iii) Decentralisation in the budget management procedure (planning, implementation, allocation);

(iv) Decentralisation in inspection and supervision,...

Of the mentioned areas, decentralisation in the issuance of policies and the management of revenue sources and expenditures is the key areas.

Limits

The proportion of central government budget revenue in the total state budget revenue tends to decrease and therefore, its pivotal role in ensuring the execution of the country's obligatory expenditure and supporting local governments in balancing their budgets tends to weaken.

Specificities

- Local governments organise and ensure the implementation of the Constitution and laws in their respective localities; decide on the issues of socio-economic development in their territory; submit to the inspection and supervision of superior State agencies. The central government decides on nationwide issues.
- Revenue sources and expenditures are divided and allotted to the central government budget and local government budgets of various levels. When local governments are assigned to carry out some tasks of superior level agencies, they will be granted with additional funding to perform such tasks. The superior agencies also grants additional funding to the subordinate agencies to balance their budget.

Supports for decentralisation



- The Constitution
- The State Budget Law
- Law on Public Investment

Tools supporting decentralisation

Treasury and Budget Management Information System (TABMIS) with unified chart of accounts for recording economic events relating to revenues and expenditures in line with budget classifications, dividing revenues among budget of different administration levels, and providing reports on budget revenues and expenditures for central government, local governments and state organisations

VST's organisation structure to ensure the management of local authorities

- VST is organized from the central level to local level (State Treasury, provincial treasury, district treasury) in line with administration level in Vietnam. Each treasuries have the function to manage the corresponding budget funds, provide reports on budget revenues and expenditures,... which helps local governments organise their budgets.