

UCLG COUNTRY PROFILES

Socialist Republic of Vietnam

(Cộng hòa Xã hội Chủ nghĩa Việt Nam)



Capital: Hanoi

Inhabitants: 87.375.000 (2007)

Area: 331.690 km²



1.1 Basic data on the state structure, population, area

Vietnam is a socialist republic in south-east Asia with a population of more than 83 million and a land area of 331,690 sq km. Vietnam is a single-party state. The country's Constitution stipulates that the Communist Party of Vietnam is the force leading the state and society.

The National Assembly is the highest representative organ of the people and the highest organ of state power. The National Assembly has the power to elect, release from duty, or remove from office the country's President and the Prime Minister, and to sanction the proposals of the Prime Minister on the appointment, release from duty or removal from office of Ministers, among other things. The National Assembly has 498 popularly elected deputies, whose term is 5 years.

The country's President is the head of the state and represents the country internally and externally. The executive branch of

the government is headed by the Prime Minister who presides over the Cabinet consisting of the Prime Minister, Deputy Prime Ministers, Ministers and their equivalents.

1.2 Origin and main stages of development of local government

The origin of Vietnamese local government dates back to the feudal time when the village played an important role in the life of the local people. At that time, mandarins were assigned by the central government to the regional and provincial (*ky*) and district (*phu*) levels, but at the lowest level (*tong*), there were local representatives (*chanh tong, ly trung*) who ran the local activities. This lasted until the French colonial rule in the 19th and early 20th centuries.

After the Independence in August 1945, President Ho Chi Minh signed Decree-Law 63/SL of November 22nd, 1945 on the organisation of People's Council and Administrative Committee of communes, districts, provinces and regions, and Decree-Law 77/SL of December 21st, 1945 on the organisation of People's Council and Administrative Committee of cities and urban municipalities (*khu pho*). These two decree-laws provided that local authorities comprised four levels: regions (*kú*) (Northern Region, Central Region,



Southern Region), provinces, districts and communes. There were two levels of administration in the cities under the direct authority of the central government, namely the city level and the urban municipality level. While there were both People's Council and Administrative Committee at the city level, only Administrative Committee existed in the urban municipality level.

According to 1959 Constitution, the country was divided into provinces and cities under the direct authority of the central government; provinces were divided into district, provincial cities and towns; districts were divided into communes and townships. There were both People's Council and Administrative Committee in each of the units. Cities could be divided into urban municipalities with both People's Council and Administrative Committee. Since then up to now, there have been new constitutions of 1980, 1992 and further amendments, but the main structure of local government remains almost the same.

1.3 Notions of local government, decentralization, local democracy

The 1992 Constitution refers to local governments as administrative units. Local governments in Vietnam have a popularly elected council, People's Council, which is defined as the local organ of state power: it is accountable not only to the local people but also to the superior state organs. Its executive organ, People's Committee, on the other hand, is defined as the local organ of state administration, which is responsible for implementing the normative documents issued by higher level state organs as well as the resolutions of its People's Council. Vietnam is a socialist republic where democratic centralism is the principle governing the organization and activity of all state organs including the local governments.

Within this overall framework, however, Vietnam has been proceeding with its decentralization policy as the country moves towards a market economy. The center still exerts substantial control, but local governments are gaining more responsibilities and powers, particularly at the provincial level, since mid-1990s. Especially from 1998 the country has been exercising grassroots democracy which has considerably increased the voice and participation of the public in state affairs.

2. Territorial Organization

2.1 Government tiers and their nature

Vietnam has a three-tier local government system throughout its territory, consisting of provincial, district and commune levels. More specifically, there are different categories of administrative units at each level: the country is divided into provinces and centrally-controlled cities; provinces are divided into rural districts, provincial cities and towns; centrally-controlled cities are divided into urban districts, rural districts and towns; rural districts are divided into communes and district towns; provincial cities and towns are divided into wards and communes, urban districts are divided into wards.

As of 31 December 2004, there are 64 provincial level units (hereinafter provinces) including 59 provinces and 5 centrally-controlled cities; 662 district level units (hereinafter districts) including 25 provincial towns, 42 urban districts, 59 towns, and 536 rural districts; and 10,776 commune level units (hereinafter communes) including 1,181 wards, 583 district towns, and 9,012 communes. Each of these units has a representative organ (People's Council) and an executive organ (People's Committee).



The populations of provinces range from 5.7 million in Ho Chi Minh City to 0.3 million for Bac Kan province, the average being 1.3 million. Between 2000 and 2004, the number of provinces increased by 3, the number of districts by 40, and the number of communes by 265. Under the current public administration reform (PAR) certain criteria should be established to restrict further division of territorial units. The capital city, Hanoi, is one of the five centrally-controlled cities. An Ordinance on Hanoi Capital provides objectives, policies, distribution of responsibilities and decentralization of state management for

the development and protection of the capital. Also, as a centrally-controlled city, Hanoi government is entrusted with some additional tasks and responsibilities related to urban management, compared with provincial equivalents. Regarding such aspects as organizational structure and relations with other levels of government, however, Hanoi is basically subject to the same legal framework as other provinces and centrally-controlled cities.

2.2 Financial indicators

Below are some figures indicating increasing significance of local

Figure 1: Government structure of Vietnam

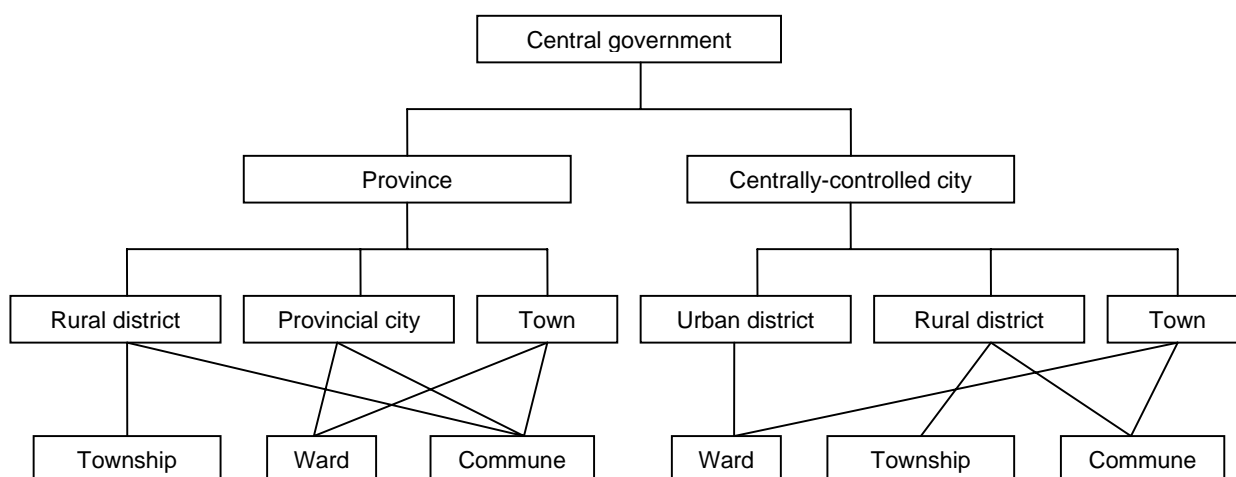


Table 1: Financial indicators for Vietnam, 1997-2002

Unit: Billion VND, %

	1997	1998	1999	2000	2001	2002
Total state expenditure	70,749	74,761	84,817	103,151	119,403	135,490
Local expenditure	28,039	31,808	39,040	45,082	56,043	64,573
% local expenditure	39.9%	42.5%	46.0%	43.7%	46.9%	47.7%
Total state expenditure/GDP	22.6%	20.3%	21.2%	22.6%	24.2%	24.1%
Current expenditure/GDP	16.3%	14.7%	13.8%	15.9%	15.9%	15.7%
Capital expenditure/GDP	6.2%	5.7%	7.4%	6.7%	8.3%	8.4%
State investment	53,570.0	65,034	76,958.1	89,417.5	101,973	112,237.6
Local state investment	23,515.3	28,284	33,143.1	35,914.2	41,236	57,106.9
% local state investment	43.9%	43.5%	43.1%	40.2%	40.4%	50.9%

Source: SRV & WB (2005), GSO (2005)



governments in state budget expenditure and public investment (see Table 1).

3. Local Democracy

3.1 Local political system

People's Councils at all levels are elected through universal and equal suffrage and direct and secret ballot. Voting age is 18. Elections of People's Council deputies take place once in every five years. The Law on Election of People's Council Deputies determines the number of seats for each locality based primarily on the population size. Voters are distributed into electoral constituencies, each of which shall not elect more than five deputies (Election Law 2003). Each voter is to choose as many candidates as the number of deputies to be elected at the electoral unit. Successful candidates are those who won more votes, and they must also get more than half of valid votes.

Vietnam is a single-party state, and as

such, the Communist Party is the only political party that can run candidates for elections. However, an individual does not need to be a Party member to stand for an election. Any Vietnamese citizen, upon reaching the age of 21, has the right to stand for election to the National Assembly and the People's Councils in accordance with the provisions of the law. All candidates are either nominated by an organization or self-nominated.

Before elections, policy documents are issued on desirable quality of People's Council deputies, and on desirable level of representation of different social groups in People's Councils. In the last election of People's Councils organized in 2004, a Prime Minister's Decision set targets to reduce the share of candidates representing state organs and increase candidates who are young (under 35), female, non-party member, or those representing different economic sectors. It is also required by the Election Law that the list of candidates for each constituency

Table 2. Election results for Vietnam

		Youth	Women	Non-Party	Ethnic minority**
Province	Target %	15%	25%*	15-20%	-
	% of candidates	21.0%	32.4%	24.4%	20.2%
	% of elected deputies	10.7%	23.9%	13.6%	20.5%
	% of elected deputies in the previous election	11.3%	21.1%	NA	14.1%
District	Target %	20%	25%	20-25%	-
	% of candidates	25.6%	30.7%	25.9%	19.6%
	% of elected deputies	16.0%	23.0%	14.6%	20.2%
	% of elected deputies in the previous election	15.2%	21.0%	NA	16.8%
Commune	Target %	25%	25%	25-30%	-
	% of candidates	26.9%	26.4%	42.0%	21.5%
	% of elected deputies	21.7%	19.5%	30.5%	24.4%
	% of elected deputies in the previous election	22.0%	16.6%	NA	18.8%

* Target proportion of female candidates in Ho Chi Minh City, Hanoi, Hai Phong, Da Nang is 27%.

** Target proportion of ethnic minority candidates depends on the proportion of ethnic minority population in the locality. Appropriate level of representation (not lower than the level achieved in the term 1999-2004) should be achieved.

Source: Central Committee of the Vietnam Fatherland Front (2004), Decision 49/2004/QĐ-TTG



have at least 2 more candidates than the number of seats. Under these guidelines, Election Councils, in which the Vietnam Fatherland Front plays a leading role, assume responsibility to screen nominations and finalize lists of candidates through a series of meetings (including those involving representatives of voters).

In the 2004 election, the candidate-seat ratio was 1.56:1, 1.54:1, and 1.55:1 for the provincial, district, and commune levels respectively. Self-nominated candidates accounted for 1.3%, 0.4%, and 0.2% respectively: of all the 1,065 self-nominated candidates, 312 won the seats, increased by 25 compared to the previous election.

Each People's Council elects the chairman, vice chairs and members of its executive organ, People's Committee. While People's Committee functions as People's Council's executive organ, it is responsible for implementing the Constitution, laws, normative documents of superior state organs, as well as the resolutions of the People's Council. The People's Committee chairman can be removed from office by decisions of the People's Council of the same locality, or of the chairman of People's Committee at the immediate higher level. On the other hand, the People's Committee chairman does not have the power to dissolve People's Council at the same level. People's Council, if its actions are seen as causing serious harm to the interest of the people, may be dissolved by People's Council at the immediate higher level: the decision to dissolve lower level People's Council must be approved in advance by People's Council at the immediate higher level.

While People's Committee (or its chairman) is not subject to a recall process, People's Council deputies, if they lost confidence of the people, may be dismissed by voters,

according to the Law on Organisation of People's Councils and People's Committees.

3.2 Citizen participation

In Vietnam, voter turnout in elections is generally close to 100%. Voter turnout in the last local election in 2004 was 98.7%.

As a form of more direct participation by people in local government affairs, the Party and the government have been promoting the promulgation and implementation of grassroots democracy regulations in each locality at the commune level. A government decree providing a framework for this policy stipulates areas in which people exercise their democratic rights in different manners, in accordance with the slogan "people know, people discuss, people implement, people monitor". According to this decree, for instance, the people are to discuss and directly decide on issues including policies and levels of contributions for the construction of infrastructure and public-welfare facilities (electricity supply, roads, schools, health stations, cemeteries, cultural and sport facilities); establishment of inspection committees for construction works built with the people's contributions; and protection of production and business, maintenance of security, order, social safety and environmental sanitation as well as other activities in communes and villages.

According to a report on the implementation of the grassroots democracy policy between 1998 and 2004, 100% of communes have implemented regulations on democracy, of which 38% are regarded as implementing them well. Overall, the report notes, the results of implementation of grassroots democracy regulations have contributed to enhancing understanding among political organizations and in the society on democracy and direct democracy;



promoted the socio-economic development and contributed to the maintenance of political security and social order and safety; and contributed to the development of the political system at the grassroots level. On the other hand, some weaknesses in the implementation are also recognized: some branches of the Party, local authorities, the Fatherland Front and other organizations do not yet have enough understanding and thus lack leadership in development and implementation of grassroots democracy regulations; implementation of grassroots democracy regulations in some units remains formalistic, and many provisions that have already come into effect are not implemented strictly; and regulations and local codes to implement grassroots democracy are generally lengthy, including articles which are not practical, difficult to remember, or difficult to implement.

While the commune is the lowest level of government, rural communes generally consist of a group of natural villages, and urban communes (wards) are divided into a number of resident groups. Villages and resident groups are semi-formal, self-governing institutions, which also perform a wide range of administrative duties under commune/ward authorities. Villagers/residents choose their leaders through elections, in which there is no official control of nominations. Villages/resident groups are allowed to have their own local codes to regulate social relations within the community, which are to be approved by district People's Committee chairman.

4. Central-Local Relationships

4.1 General issues

Vietnam's local governments operate according to the principle of dual subordination, which aims to coordinate between sectoral and territorial

management. Under this principle, People's Committee at each level is subordinated to both People's Council at the same level and the state administration organ at the immediate higher level. Sectoral departments which support the work of People's Committee are subject both to the guidance and inspection of higher level sectoral departments in the same sector on implementation of professional tasks, and to the guidance and management of the People's Committee at the same level on organizational, personnel, logistic and fiscal matters. People's Council is also subject to the supervision and operational guidance of the Standing Committee of the National Assembly and the guidance and inspection of the Cabinet in implementing normative documents of state organs at higher levels.

At the center, the Ministry of Home Affairs has the most general responsibilities regarding local government matters. Its portfolio includes the following tasks and powers in the area of local government organization: submit proposals to the Prime Minister on the principle and criteria for categorizing local governments, and on the establishing, merging, splitting, or adjusting local governments according to laws; examine and approve the results of election of provincial People's Committee members and submit for the Prime Minister's approval; manage training for People's Council deputies on law, state management, administrative management; assist the Cabinet and the Prime Minister in guiding and inspecting activities of People's Councils according to laws; instruct and guide People's Committees on the implementation of elections of People's Council deputies; guide and inspect People's Committees on operational mode of People's Committee; guide and inspect the implementation of policies regarding the cadres at the commune level; organize statistics on the number and quality of People's Council deputies and People's



Committee members at all levels, and on the number of administrative units at all levels. However, other ministries also directly deal with local governments in their respective areas of responsibility.

The Constitution stipulates that the establishment of People's Councils and People's Committees in administrative units is determined by law. There have been debates on whether to maintain the three-tier local government system throughout the country. Theoretically, it is possible to abolish People's Council, or both People's Council and People's Committee, at a level without Constitutional amendments.

4.2 Supervision of local government

As mentioned above, local governments in Vietnam are under general oversight of upper level state organs. The Law on Organisation of People's Councils and People's Committees stipulates that the People's Committee chairman has the power to approve the result of election of People's Committee members at the immediate lower level, and to rotate, suspend, release from duty, or remove from office the People's Committee chairman and vice chairs at the immediate lower level. The People's Committee chairman also has the power to suspend the implementation of or abolish illegal normative documents of People's Committee or People's Committee chairman at the immediate lower level; and to suspend the implementation of illegal resolutions of People's Council at the immediate lower level and propose People's Council at the same level to abolish them. Regarding the oversight upon People's Committee and People's Council at the provincial level, the Prime Minister has the equivalent powers as mentioned above.

According to the Decree on the Guidance and Inspection of the Cabinet in

Implementing Normative Documents of State Organs at Higher Levels, the Standing Committee of People's Council at each level is required to submit 6-monthly and annual reports on its activities to People's Council and People's Committee at the immediate higher level (in the case of provincial People's Councils, to the Standing Committee of National Assembly and the Cabinet); the Prime Minister, the President of the state, the Standing Committee of National Assembly, the Cabinet, sectoral Ministers can set up Inspection Teams to conduct inspection over People's Councils activities; People's Committee chairman (or the Prime Minister) can suspend the implementation of the whole or part of resolutions of People's Councils at the immediate lower level and propose the People's Council at the same level (or the Standing Committee of National Assembly) to abolish them or demand their amendment if those resolutions are found contradictory to the provisions of normative documents issued by higher level state organs; People's Committee chairman can dissolve People's Council at the immediate lower level if People's Council resolutions are found to be causing serious harm to the interest of the people and the state.

While, in practice, measures such as dismissal of People's Committee chairman or dissolution of People's Council are rarely used, the central government does conduct inspections on the legality of by-laws issued by local authorities. A Department of Document Examination under the Ministry of Justice was established in 2003, which is assigned the task of examining normative documents issued by People's Councils and People's Committees at the provincial levels as well as the Ministries. If a document is found contradictory to laws, the responsible agency shall be informed and asked to self-examine and take appropriate measures to redress the problem. If the Department does not



agree on the result of self-examination and measures taken, it shall report to the Minister of Justice. The Minister of Justice shall propose the Prime Minister to abolish the document (in case of documents of People's Committees) or to suspend its implementation (in case of documents of People's Councils).

In the financial area, local governments are also under broad supervision of upper level state organs. According to the Law on State Budget, the Standing Committee of the National Assembly has the power to repeal resolutions of provincial People's Councils on finance and budget if such resolutions are contrary to the Constitution, laws, resolutions of the National Assembly, ordinances and resolutions of the Standing Committee of the National Assembly. The Cabinet has the powers to issue regulations on examination of and decision on drafting and allocations of the local budgets, and on approval of final accounts of the local budgets; and to examine resolutions of provincial People's Councils on budget drafting and final budget accounts and other financial and budgetary issues. If the resolutions of the provincial People's Councils are contrary to provisions of the Constitution, laws, resolutions of the National Assembly, ordinances, resolutions of the Standing Committee of the National Assembly and legal documents issued by upper-level state agencies, the Prime Minister may suspend the implementation of such resolutions and propose the Standing Committee of the National Assembly to abolish them. People's Councils and People's Committees at various levels have equivalent powers over lower levels of local government.

In Vietnam, local governments are responsible for implementing normative documents issued by higher level authorities as well as by the local authorities. Field offices of central

ministries which are not subject to local authorities are exceptional, mainly in tax, police and army sectors.

4.3 Protection of local self-government rights and interest

According to the principle of democratic centralism, once a decision is made at a higher level, lower levels are expected to uphold the decision. Accordingly, no special mechanism to protect self-government rights and interest against actions of the central government is in place. There is no association of local self-governments or association of councilors.

5. Local Responsibilities

Respective expenditures at the central and local levels in different sectors are indicated in Table 3 (p. IX).

6. Local Finance and Management

The Budget Law (2003) stipulates three types of revenue sources for the state budget: revenues assigned 100% to central government, revenues assigned 100% to local governments, and revenues to be shared between the central and local governments. Sources of revenues assigned 100% to the central government include export and import taxes, VAT and excises on imports, taxes and other revenues from the petroleum industry, and corporate income tax on enterprises with uniform accounting. Sources of revenues assigned 100% to the local governments include land and housing taxes, natural resources taxes excluding those on petroleum activities, license tax, land use rights transfer tax, land rent, revenues from the leasing and sale of publicly owned houses, registration fees and most other fees and charges.



Sources of revenues to be shared between the central and local levels include VAT (excluding VAT on imports), corporate income tax (excluding corporate income tax on enterprises with uniform accounting), income tax on high-income earners, special consumption tax on domestic goods and services, and gasoline and oil fees. The rates for sharing revenues between different levels of governments are not fixed by the Budget Law. The Standing Committee of the National Assembly is to decide the sharing rates between the central and provincial governments for each period of three to

five years. The sharing rates are uniform for all shared taxes for each province, but they differ by provinces. Revenue sharing rates among local levels are to be decided by the provincial People's Councils.

In addition, communes, district towns, towns and provincial cities may mobilize voluntary contributions from organizations and individuals for investment in infrastructure construction in the locality. The provincial People's Councils have the power to decide on the collection of people's contributions. Revenues from such contributions are not adequately

Table 3: Respective expenditures at the central and local levels in different sectors

2002	Unit: Billion Dong (VND), %				
	Total	Central	Local	Central %	Local %
Total	135,490	70,917	64,573	52.3%	47.7%
Agriculture	6,993	1,454	5,539	20.8%	79.2%
Fisheries	478	104	373	21.9%	78.1%
Transport, Storage & Communication	18,720	8,305	10,415	44.4%	55.6%
Industry	5,690	3,967	1,723	69.7%	30.3%
(Electricity)	543	21	522	3.8%	96.2%
(Water)	416	5	411	1.1%	98.9%
Education & Training	22,596	3,310	19,285	14.6%	85.4%
Health	8,616	1,997	6,619	23.2%	76.8%
Social Insurance	13,177	11,198	1,979	85.0%	15.0%
Culture & Sports	5,140	1,679	3,460	32.7%	67.3%
Science, Technology & Environment	2,949	2,346	602	79.6%	20.4%
Administration expenditure	12,478				
Interest payment	6,008				
Others	32,645				

Source: SRV & WB (2005)

Table 4: Shares of different sources of total local revenues (2002)

	Unit: Million VND			
	Total local revenue	100% local taxes	Shared taxes	Transfer
Total	65,822,571	15,809,861	14,735,167	35,277,544
%	100.0%	24.0%	22.4%	53.6%
Maximum	7,560,202	4,607,815	2,195,020	1,798,383
Minimum	422,105	29,231	11,941	215,737
Average	1,079,059	259,178	241,560	578,320

Source: SRV & WB (2005)



covered by official budget documents, although the Law requires that all state budget revenues including contributions by organizations and individuals must be fully accounted for in the state budget.

7. Public Services and Local Staff

In accordance with the current legislation, all levels of local governments are involved in providing several public services such as education, healthcare, public transportation and water supply in a decentralized manner. While the central government is responsible for higher level services, the lower level services are the responsibilities of the different local government levels. For example, while the central government looks after curricula and materials of education to ensure the unity in the whole country and especially the tertiary and higher education, the provincial authority is in charge of secondary education, the district authority is in charge of primary education.

In terms of local staff, the revised Ordinance on Cadres and Civil Servants in 2003 include several posts at the communal level as civil servants. Although there are not sufficient data about the number, the total number of civil servants has increased. Apart from permanent staff working within the framework of the Ordinance, there are also those working on contract in accordance with government regulations.

The Ho Chi Minh National Political Academy and the National Academy of Public Administration are the national level training institutions for cadres and civil servants. While the former is responsible mainly for political and ideological training, the latter is in charge of civil service training in state management. The academies develop training programs and materials in accordance with the mandate

given, and provide training for middle and senior cadres and civil servants at both central and local levels.

In the locality, the provincial Political Schools (64 in total) are delegated to run training programs for lower level cadres and civil servants in accordance with the training program and materials developed by the national academies. The district political centers (more than 600) are responsible to provide training for grassroots (commune, ward and township) level cadres and civil servants.

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