



PRESS RELEASE

RESEARCH FINDINGS ON PRACTICES OF STATE BUDGET PUBLICITY AND CITIZEN PARTICIPATION IN BUDGET PROCESSES REVEAL THE NEED FOR COLLABORATIVE EFFORTS FROM ALL RELEVANT STAKEHOLDERS

Ha Noi, 29/08/2023 - The findings come from the research titled *“Research on Policies and Practices of State Budget Publicity and Citizen Participation in Budget Process”* conducted by the Viet Nam Center for Economic and Strategic Studies (VESS) and the Center for Development and Integration (CDI) with the substantive advice from the Budget Transparency Alliance for Progress (BTAP) and the United Nations Development Programme (UNDP) in Viet Nam. The Australian Department of Foreign Affairs and Trade (DFAT) and the Embassy of Ireland have co-funded the research through UNDP in Viet Nam.

The research aims to increase citizen participation and transparency in the preparation, approval, implementation, monitoring and settlement of the state budget in Vietnam, contributing to promoting comprehensive and people-cantered governance. The research results will be used to provide comments on amendments to the Law on State Budget 2015. The study conducted a review of Vietnam’s legal documents on budget publicity, accountability of government agencies and citizen participation in the budget cycle. Based on finding the correlation between indicators such as the Provincial Open Budget Index (POBI), the Provincial Governance and Public Administration Performance Index (PAPI) and the Provincial Competitiveness Index (PCI), the research team selected several provinces for field trips to collect, analyse and point out the gaps between policies and actual implementation.

Legal provisions for state budget publicity in Vietnam and the gaps between policies and actual implementation

The research results show that the legal provisions related to budget publicity, accountability and citizen participation in state governance in general and in the budget cycle in particular are relatively adequate, but there are still some gaps between legal documents and actual implementation. With the current regulations and guidelines related to the issue of state budget publicity at all levels in the Law on State Budget 2015, Decree 163/2016/ND-CP and Circular 343/2017/TT-BCT, people have little or no time to access and learn about the draft budget estimate to contribute comments and criticism on the budget, as it is difficult to determine the timing for publicizing this document. This is because there are no regulations on the specific date of publicity. Moreover, the period for publicity from when the document is sent to the People’s Council delegates until the People’s Councils at all levels meet and issue resolutions is only five days, which is too short. It can be said that the meaning of publicity is non-existent. In addition, there are currently no regulations on the responsibilities of the People’s Committees of communes, wards and towns for compulsory publicity of commune budget information, including information on non-state budget financial funds on the websites or web portals of the commune level. This affects the availability of budget documents, as the People’s Committees of

communes, wards and towns are only responsible for posting commune budget documents for a period of at least 30 days from the date of posting. The lack of synchronization of budget forms and reports according to the guidance of Decree 31/2017/ND-CP, Circular 343/2016/TT-BTC and the guidance of the Ministry of Finance at the Fiscal Transparency Portal causes difficulties for officials during the implementation and waste of resources. Another critical issue is that there is still no sanction to deal with the issue of non-publicity/delay in publicity of budget documents in accordance with Vietnam's law. This leads officials/civil servants to underestimate the importance of publicizing the budget documents as required.

Practice of state budget publicity at all levels in the localities

The fieldwork results in the two provinces Dien Bien and Ba Ria - Vung Tau reveal that improvement as well as good practices in budget publicity are limited at the provincial level - mainly due to pressures of competition on indices. The difference in budget publicity practices in the two provinces is more evident at the district and commune levels and in the villages/hamlets/residential groups/neighborhoods. In Dien Bien, where most budgets at all levels depend on support from the Central budget, the practice of publicity at grassroots levels has not been serious. The field evidence shows that the publicity of documents is of a confrontational nature, serving the purpose of the research team's survey and not yet for the purpose of providing information to the people. In Ba Ria-Vung Tau, where people contribute a lot to the budget, the implementation of budget publicity at the district and commune levels basically meets people's needs and requirements for information, though there are still some limitations.

Assoc. Prof., Dr. Nguyen Duc Thanh, Founder of the Viet Nam Center for Economic and Strategic Studies (VESS), Leader of the research team said: *"The improvement and good practices of budget publicity in Vietnam currently are only at the provincial level – mainly due to pressures of competition on indices to save face for the localities. The in-depth field survey made us realize that what we all lack is a transparency culture, in which people see transparency as a need, and the government sees it as an obvious obligation. Therefore, in addition to many fundamental and long-term methods to promote a transparency culture, in the immediate future, it is necessary to improve publicity and transparency through the practice of budget publicity at lower levels, the district level first, as part of an assessment of the publicity level of the provinces, then the lower levels..."*

Mr. Nguyen Quang Thuong, Executive Director of the Center for Development and Integration, BTAP Coordinating Organization said: *"The research results show that the People's Committees and Departments of Finance of the provinces that have good practices of provincial budget publicity need to spread the spirit and culture of openness and transparency to the district and commune levels to ensure that district and commune budget information is also fully publicized in accordance with the regulations."*

Practice of citizen participation in the budget cycle

The Constitution 2013 clearly stipulates the people's right to participate in the management and monitoring of state agencies' activities and directly and indirectly in the process of social criticism. Article 16, Law on State Budget 2015 stipulates communities' monitoring of the budgets. However, at the level of the law and sub-law documents, there are no specific regulations on the people's direct participation in state governance activities on the budgets, but indirect participation through the representative mechanism. The fieldwork results also show this. People are provided with information and participate in commenting and monitoring the budgets through People's Councils delegates at all levels in constituency meetings or through heads of villages/residential groups in village/ residential group meetings. Nevertheless, in fact, according to people's reflections (in Dien Bien) and also

representatives of the commune authorities (in Ba Ria-Vung Tau), they are very afraid to express their opinions and contact the authorities, so they themselves do not want to participate, as they are afraid of trouble and inconvenience in work as well as in life. Another notable and particularly critical issue is related to the collection and expenditure of non-budget funds. Although there are legal provisions related to the publicity of non-budget funds, people can only fulfil their contribution obligations when they are encouraged to. The problem here is that citizens are not informed about where the funds are deposited, used and spent, and they do not know who to meet, where and how to inquire about these matters.

Ms. Do Thanh Huyen, Public Policy Analyst from the Governance and Participation Team at UNDP in Viet Nam emphasized that addressing gaps in state budget governance is essential because it protects citizens' right to information, discussion, oversight, and verification at various government levels. Moreover, monitoring how provinces make public of state budget planning and expenditure helps ensure that local governments comply with laws and policies regarding state budget transparency and citizen participation in state budget processes.

The study ***“Research on Policies and Practices of State Budget Publicity and Citizen Participation in Budget Process”*** along with indicators such as the POBI, the PAPI and the PCI has become tools to help provinces to refer to and measure the level of publicity and transparency in state budget management and the implementation of the Law on State Budget 2015. This helps to increase the trust of people and development partners in the budget management of provinces through transparency, accountability and participation in budgets./.

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