

Local Government and Country Development in Vietnam

Pham Van Diem
International Cooperation Department
Government Committee
on Organization and Personnel
Vietnam

Local Government and Country Development in Vietnam

Introduction

Everyone recognizes that the local authorities play a very important role both in the political system and in the State administrative machinery. The latter is achieved through local democratic promotion and improvement of social, economic and cultural dimensions at the local level. Good governance at the local level seems to ensure the successful implementation of State policies. Based on this perception, the Vietnam Government has always taken into account the appropriate approach in launching administrative reforms which have been carried out simultaneously at both the central and local levels. Within the range of activities and initiatives to be undertaken, the focal point of public administration reform at the local level should be the enhancement of local democracy and the promotion of decentralization. This objective develops the autonomy and proactive nature of local authorities as well as benefits from the expected advantages of local level governance.

Improving the performance of the local authorities and giving them greater autonomy in decision-making, developing the socio-economy and increasing the people's living standard through the creation of enabling environment for local governance are some of the main contents of public administration in Vietnam.

Local Authority System in Vietnam

In accordance with the 1992 amended Constitution, the State administrative apparatus comprises four levels of which three relate to local authorities. The local levels are: province/centrally administered cities, district (both urban and rural), and commune/ward. Existing at each level are the People's Council, which serves as the deliberative organ, and the People's Committee acting as the executive committee.

Pursuant to the 1994 amended Law on Organization of People's Council and People's Committee, the *People's Council* is a State power organ in the locality representing the will, aspiration and mastership/master right of the people. The people, through universal suffrage, elect its members to a five-year term of office. It is responsible to the people in the locality and State organ (executive) at the higher level. Meanwhile, the *People's Committee* is the executive arm of the People's Council, or in other words, a State administrative apparatus in the locality. It takes charge of the enforcement of laws and other regulatory documents issued by higher-level State organs, as well as the resolutions and decisions approved by the People's Council of the same level. To carry out their assignments and responsibilities, the People's Council is assisted by sub-committees dealing with specific areas, while on the other hand; the People's Committee is staffed by professional and specialized departments. The People's Committee members are elected by the same level's People's Council

and the election result is ratified by the head of government agency at the higher level. These departments are coordinated by a "double subordination" system, i.e., horizontally to the People's Committee and vertically to upper level specialized department and, ultimately, to the respective central ministry. This constitutes one of the principles applied to the State management function, that is, to combine accordingly the territorial management on the one hand (local administration) and the sectoral management on the other hand (line ministry).

The local authorities at all levels are in charge of conducting debates, taking decisions and setting out necessary measures aimed at ensuring the strict implementation of resolutions and decisions of higher-level State organ appropriate to the specific conditions/situation and living standard of the localities. Accordingly, there are six primary areas on which the local authorities should focus on. They are as follows: 1) economic development, 2) culture and education, 3) social life and security, 4) technology and environment, 5) religion and minority affairs, 6) enforcement of laws, and 7) improving and capability- building of the local authority. The above-mentioned areas should be specified and translated into forms and activities to meet the requirements of each level corresponding to their respective pressing needs.

Presently, the number of provincial administrative units in Vietnam is 61 of which there are 57 provinces and 4 centrally administered cities (Hanoi, Ho Chi Minh, Hai Phong and Da Nang). At this level, there are 3,462 elected members of provincial People's Councils, of whom 729 are females (21% of total). There are approximately 60,000 civil servants who work in the provincial specialized and professional departments. They are recruited through examination and have permanent jobs in the public agencies. They have knowledge of the laws and they manage specific professional sectors as specialized staff meant to assist the leadership of the province in the discharge of its duties.

The provinces and cities are further divided into 618 districts and equivalent units (cities and municipalities) of which 503 are rural districts, 33 urban districts, 62 municipalities and 20 cities. At this level, there are 19,127 members of District People's Councils, of whom 4,015 are females (accounting for 21%). The district level civil service employees number about 46,125 and they are also recruited through examination. These are generalists, rather than specialized, staff due to the characteristics of their jobs that cover a wide administrative range. Their workload is not much and the staff size is strictly limited.

There are 10,492 communes/wards, comprising of 8,919 communes, 1,012 wards and 561 townships. The People's Councils at this level total 226,627 members, aside from 229,152 cadres at the communal level who get monthly allowances. Out of this number of cadres, 41,896 are specialized staff members working in four areas of responsibilities such as civil registration, land management (cadastre), finance and legal affairs. As already mentioned, these people get a monthly pay that is increased every two or three years depending on their educational level. As set out by the law, all members of the People's Committee should be members of the People's Council.

Current Situation of Decentralization in Vietnam

The Vietnamese Government has initiated a number of administrative reform policies during the past five years as an integral part of its so-called Renovation process. In fact, the reform of public administration has been an efficient instrument in fueling the country's stable economic growth. Public administration reform, however, has not yet been able to meet the requirements of the country's renovation process. Although the State apparatus has been undergoing reform to a certain extent, it is still characterized by a centralized and highly bureaucratic mechanism, with cumbersome structure and many tiers. Public administration performance is apparently low in both efficiency and effectiveness. The management and operational mechanism of public administration from central to local levels is deeply hierarchical and are mutually bound thus constraining the implementation of government policies at the grass-roots level.

In addition, public administration in the urban areas is ought to be different from that of the rural areas with respect to service recipients, peoples' intellect, psychology, habit, industrial/centralized character and high integration of the urban community. However, these differences have not been sufficiently studied to warrant the rationalization of organizational structures for urban and rural areas.

Decentralization from central to local governments and among the different levels of local authorities has been, in fact, implemented with certain accomplishment during the different stages of the country's socio-economic development. However, decentralization, both at the macro and micro levels, reveals a number of gaps and constraints which lead to difficult implementation, confusion and bottlenecks. The main causes are as follows:

The functions and duties to be transferred to lower levels have not been clearly defined or not fully implemented. This has resulted in a situation where the coordination between different levels is absent and disputes of authority arise where line ministries and central agencies, as well as various levels of administration, sometimes try to shift responsibilities to one another. This "congestion" is likely handled and/or caused by "beg and offer" mechanism at the central level and fragmentation and localism at the local levels.

On the one hand, the ministries and central agencies are also perplexed by the theory and practice of decentralization; hence, they have difficulty in implementing the system's guidelines to local authorities. Also, they lack adequate resources, appropriate mechanisms and incentives policy. These, therefore, present a big challenge in promoting decentralization with more efficiency and tangible results.

The competence of civil servants and cadres at the local level is also still limited. This restricts the performance of the local authorities vis-à-vis the new functions and duties on decentralization entrusted by the higher-level authorities.

Finally, there is a lack of a comprehensive legal framework (to include rules and regulations) on decentralization. The government has issued some regulatory documents related to decentralization but these are not timely and seemingly not

coherent. Normally, these legal arrangements addressed the decentralization of functions and responsibilities mainly from the central to the provincial level while those of the district and commune levels have not been adequately met.

Decentralization is completely new for Vietnam. It is a complex process that includes defining models, research work and studies, experiments, and historical lessons prior to wide scale replication in various areas of socio-economic dimensions. To ensure the successful implementation of decentralization in this situation, the adoption of a step-by-step approach is needed, as well as doing things through the "learning by doing" approach. The successful implementation of decentralization and devolution would be a catalyst to give impetus to public administration reform. Moreover, clarification of functions, tasks, and authority of the individual government agencies and local authorities at different levels are important tasks in public administration reform program. The appropriate decentralization approach based on specific conditions will help improve the performance of the public agencies at both the central and local levels.

Applied Principles in Implementing Decentralization

According to the country's viewpoint, there is a rational and clear distinction between legislative, executive and judiciary powers within the integrated powers of the State. For the relationship between the central government and the local authorities, the clear distinction of function, authority and responsibility in socio-economic management programs should be an issue of great importance in the overall administrative reform program. Nevertheless, the identification of principles is a prerequisite to define the areas and extent of decentralization.

In carrying out decentralization and devolution, we should take into account the following principles:

Decentralization should maintain the integrated power of the State. The power of the State is integrated and not divided, but the devolution of functions, responsibilities and authority should be realized for the public agencies both at the central and the local levels for better performance. The clear distinction of functions and authorities of the central government and the local authorities should be made in such a way to promote the macro management undertaken by the central government and, at the same time, to encourage the autonomy and proactive nature of the local authorities in making decisions on social and economic matters within the locality.

In view of alleviating the overlapping and duplication of functions, the responsibilities and authorities of individual government agencies and local authorities at all levels should be carefully reviewed. This analysis will gauge the advantages of each level and provides a recommendation on those functions that are handled well by the localities (better to be decentralized).

Decentralization should be consistent with the functions, tasks and responsibilities of the government agencies and local authorities to ensure smooth performance in terms of relevant expertise and full authority without segmentation or overlapp-

ing of power in decision-making. Consequently, the organizational structure of the specialized units at the local level should not reflect the same structure of the central government vertically.

Sectoral management and territorial management should be combined accordingly. This is the “double subordination” mechanism applied to the relationship between the central government and the local authorities. It is therefore necessary to make a clear distinction of which are under the sectoral management undertaken by the central government and which are under the territorial management conducted by the local authorities. This principle is introduced to ensure that the central government, the ministries and the government agencies are able to fully carry out the sectoral management function while highlighting at the same time the autonomy, initiative, creativity and accountability of the local authorities with respect to territorial management vis-a-vis the de-concentrated agencies in the locality.

To meet the requirement of the State management in the market economy, the functions and responsibilities of the administrative system have been gradually improved and supplemented. The most important result is that the State apparatus has shifted to exercise the State management functions. At the central level, the Government and its ministries have carried out macro management over the process of socio-economic development, with clarifications in terms of concept and practice. It has focused more attention on law drafting and policy-making. In connection with this directive, the Government has provided the guidelines to the ministries in formulating and implementing plans and strategies for overall national economic development and for each sectoral and territorial area. Further, the monitoring and supervision of policy implementation for the entire spectrum have been improved. The State management function of public agencies has been separated from the production and business management function of State-owned enterprises (SOEs) to ensure the minimum intervention of public agencies in the production and business operation. At the local level, the public agencies were also directed towards State administrative management as they focused on socio-economic development planning. The local authorities have rearranged their functional institutions and the SOEs in line with the new direction that emphasized the strengthening of steering, executing, monitoring and supervising functions as State management institutions.

Direction of Decentralization and Devolution in the Future

Decentralization and devolution process should be focused on the following areas: 1) planning, 2) budgeting and public finance, 3) organizational structure and personnel, 4) staff size and salary lump allocation, 5) land administration and 6) public service delivery.

Planning

The central government is in charge of designing and managing the socio-economic development master plans and national defense affairs. Based on the socio-economic master plan, the local authorities can initiate designing their own socio-

economic development plans for the locality. They also make decisions on economic structure, labor force allocation, production space as well as habitation area, etc., and to make efficient use of the area's natural and human resources in addition to attracting and mobilizing the external resources for socio-economic development promotion.

Budget and Public Finance

Presently, the local authorities are very much dependent on upper level authority in decision making for budgeting and financial matters under the "beg and offer" mechanism. Many functions and responsibilities that can be devolved to the local authorities still reside with the central government. Some pertinent researches should be conducted to determine a clear-cut distribution of responsibilities between the central and the local governments on revenue and expenditure in accordance with the State Budget Law. In addition, a number of norms and criteria on revenue and expenditures should be elaborated and issued by the central government that generally apply to most of the localities. In other special cases, the minimum and maximum level of revenue and expenditure should be controlled by the central government while the local authorities can reach a decision on the specific amount in line with their locality's condition.

The State Budget Law has now been implemented for almost four years. A comprehensive evaluation should, therefore, be undertaken and based on this, the necessary amendments and supplements to the law should be articulated to meet new socio-economic requirements and to make sure that the State budget can provide sufficient resources to maintain the smooth operation of administration from central to local levels. The policy of decentralization of the State budget should be undertaken while ensuring the basic principle of the integral unity of the State. Resources should be pooled to make the central budget a relevant financial tool, while ensuring the autonomy and competence of the local authorities.

In this connection, the authority of the National Assembly relating to the approval of the State budget appropriations should be amended in the direction where the National Assembly approves the total State budget and expenditures of the four levels of the government, the detailed budget estimates on specific sectoral areas (e.g. education, health care) and the detailed budget estimates of central agencies. Similarly, the provincial People's Councils will reach a decision on the budget of the province and approve the total detailed budget classified by areas within the province.

Organizational Structure and Personnel

At present, the establishment, merging, dissolution, function/duty assignment and devolution of management functions related to organizational matters are all under the authority of the central government and the line ministries. This centralized mechanism facilitates the unified organizational structure designed by the central government for the local authority system throughout the country. However, the organizational structure as designed is not completely relevant in terms of State

management and socio-economic development for all other zones such as mountain /highland, coastal, delta and urban areas.

Based on the current situation, decentralization and devolution in the future should head to the following direction:

In accordance with the principles and guidelines set by the government, the People's Committees acting as the local executive body are entitled to discuss and to decide the organizational structure of their locality based on the economic, social and security features in the hope of increasing their effectiveness and efficiency. The procedure involves the adoption of a proposed organizational structure by the local People's Committee and the subsequent approval by the higher Committee or, in the case of the provincial People's Committee, by the Central Government. Clearly, the objective is to transform the State apparatus to be more streamlined, effective and efficient. The present mechanism, on the other hand, presents a constraint on the local bodies that have to contend with their respective conditions and features.

To achieve a trade-off of the above situation, the Central Government may issue regulations that stipulate an organizational model to be compulsorily adopted at the provincial, district and communal levels (the "hard part"). For the "soft part", the local authorities based on their requirements and features will formulate their specific and respective structural design.

Staff-size Management in the Public Management Sector

The Government Committee on Organization and Personnel (GCOP) presently takes charge of staff-size management in the country's public sector. The staff size allocation for the local authorities is still under central government decision.

An organic link exists between staff-size management and organizational structure management. With decentralization and devolution, these two functions should be combined and conducted in an efficient manner by the local authorities. Along these lines, the local authorities should be allowed to handle the budget allocation for administration and salary that favorably result in downsizing the administrative machinery while allowing some savings in public expenditures. Such an approach will imbue greater autonomy to local authorities in both organization and staff-size management enabling them to further increase revenues and improve staff performance. Presently, many local authorities are interested in the lump sum budget contract mechanism, which appears to be useful in improving their efficiency and effectiveness.

Land and Transport Administration

At the macro level, the central government and the line ministries carry out the appraisal and approval of the Master Plan for socio-economic development and the land use plan using plans proposed by the local authorities. On this basis, the latter is entitled to be autonomous in land management and utilization at the locality.

The responsibility of the management and maintenance of national roads crossing the locality should be transferred to the provincial administration.

Public Service Delivery

The local authority is responsible to provide public service to the citizens in their community. The organization and management of public utility companies such as water supply, waste disposal, sanitation and environment, culture and entertainment should be devolved to the local authorities. To improve the quality of public service delivery, it needs the participatory/shared contribution of the service users. Thus, this "socialization" of public service involves the Government playing the key role while involving the individual citizens, business and civil society organizations.

Role of the Local Authorities in National Development

In the framework of the Renovation program known as the DOIMOI that started in 1986, Vietnam has introduced a comprehensive economic reform to bail the country out of serious socio-economic crisis. During this period, Vietnam began its transition as it shifted from a centrally planned economy to a market economy with State management. To facilitate this process, significant and far-reaching structural changes and policy reforms were carried out along with a few necessary measures. These have resulted in an impressive achievement of high growth within the range of 8 percent GDP per year during the past years. However, the regional financial crisis and the natural disasters that occurred continuously in recent years have led to declining growth. The Vietnamese Government, however, has been trying to maintain the positive economic growth and to continue reducing poverty as its primary concerns. In such a situation, public administration reform may speed up economic reform and socio-economic development.

With the increasing achievements of economic reform, the reform of functions and operational system of the State apparatus becomes an urgent need. In the absence of an administrative reform, the State apparatus will become an obstacle to economic reform. This is because by nature, economic reform has a close linkage with administrative reform and together, they forge an interactive relationship. In the Vietnamese case, economic reform is the key component of socio economic development and serviced by the reform of public administration. Public administration reform should not stop at the policy-making level, rather, it must also translate the policy into practice to local authorities at all levels. Therefore, the local authorities play an important role in the country's development.

Most reform initiatives also emanate from local authorities. As an example, the introduction of farming household contract in product-based contract system and the reorganization of the agricultural cooperatives on volunteer basis has contributed to increased crop yield. Because of this, Vietnam has now become the number two top rice exporter in the world. It is hard to imagine that previously Vietnam had a scarcity of food supply for a long period. Another initiative is the one stop service /single window system from Ho Chi Minh City which simplifies administrative procedures. This system favors the citizens in terms of transparency, service quality, promptness and agreeable conduct of civil servants. At present, the one stop service

model of Ho Chi Minh City has been cited and disseminated for replication to other localities.

In a market economy, the role of the State should focus on macro management with emphasis on economic development following the radical change of the country's economic orientation. However, the theoretical and empirical backgrounds on managing and operating the market system have not been clearly defined on different levels and areas. The government needs to further study and put in place the enabling environment for socio-economic development as the ultimate goal.

Decentralization is a high level development of local democracy. Recently, The Vietnam Government has introduced democracy at the grass-roots level. This was institutionalized by Government Decree No. 29-ND-CP/1998. The implementation of democracy at the grass-roots level is a catalyst in promoting decentralization and can create a favorable environment where people can actively participate in socio-economic decision-making process. The local authorities have to facilitate the introduction of this democratic policy with detailed instructions in accordance with the principle of "people know, people discuss, people execute and people supervise". The objectives of this decree are as follows: 1) display more and better people's ownership; 2) overcome shortcomings and weaknesses that have appeared during the Renovation process and reduce the bad phenomena attendant to a market economy; 3) display people's ownership to create great moral and physical power; and 5) institutionalize the principle "people know, people discuss, people execute and people supervise".

Conclusion

Decentralization and devolution are new undertakings in Vietnam. It is a complicated and difficult process and it is not really easy to obtain the anticipated outcomes. Despite the difficulties and constraints that can arise any time during the various implementation stages, we can adopt the approach of learning by doing, ultimately helping us find the right way to do things. Decentralization and devolution appear to be an efficient solution to promote the two-dimensional top-down and bottom-up approaches. This can help us improve the relationship between the central government and the local authorities and benefit from the advantages presented by each level of governance in the area of public service delivery. Decentralization and devolution will help speed up social and economic development and meet the requirements of the country's industrialization and modernization. We do believe that with the lessons learned from other countries and a close scrutiny in practical implementation as well as with strong determination, we will be able to achieve our far-reaching objectives. We should be change agents and we must successfully manage the change resulting from the twin trends of globalization and international integration.

References

International Colloquium on Public Administration Reform, Hanoi, 24-26 September, 1996.

- Resolutions of the Party Central Committee Plenum: 8th Plenum Resolution (7th tenure), 3rd, 6th, 7th Plenum resolutions (8th tenure).
- Papers from seminars on local authorities jointly organized by the GCOP and French Ministry of Interior, Hanoi, 1995.
- ASEAN Workshop on Strengthening Capacity for the Officers of Local Authorities, 14–15 November, 2000.
- Law on Government Organization.
- Law on Organization of People's Council and People's Committee, (1994).
- Decree 29/ND-CP on grassroots democracy and the regulation attached.
- GCOP Circular Letter No. 01.
- Reforming Government: New Concepts and Practices in Local Public Administration, EROPA Local Government Center, Tokyo, Japan.
- Review of Public Administration Reform-The Overall Report, Hanoi, June 2000.