



Funded by the European Union



Ministry of Finance



Hợp tác
Đức

DEUTSCHE ZUSAMMENARBEIT

Strengthening of Budget Transparency in Viet Nam

The Challenges

Public budgets translate government's policies, commitments and goals into decisions on how much revenue to raise, how to raise it and how to use the funds to meet the country's needs. While budgets affect the lives of all citizens, they can have the greatest impact on the well-being of certain groups, such as the elderly, children, poor people, rural residents and ethnic minorities.

Viet Nam has passed a number of laws and policies that aim to promote increased public involvement at the local level in decisions on the use of public resources. However, these policies have yet to have the intended impact. In the 2015 global Open Budget Survey, Viet Nam scored just 18 out of 100 points on budget transparency. Citizens have little access to information on annual budgets and are often not able to influence how public funds should be spent. The inadequate disclosure of budget information also limits the capacity of elected bodies (the National Assembly and Peoples' Councils) to oversee the budget and its use. As a result, budget allocation is often unresponsive to the needs of poor people and other vulnerable groups.

The Approach

The European Union's (EU) Agenda for Change (2012) highlights the strengthening of budget transparency as one overarching precondition to foster sustainable development. Additionally, progress towards sound and transparent public financial management (PFM) is a prerequisite to be eligible for budget support by the EU.

On behalf of the Delegation of the European Union (DEU) to Viet Nam, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH implements the EU Public Finance Modernization Project (EU-PFMO) providing reform advisory and capacity building support to the Ministry of Finance and other stakeholders in public financial management. The objective is to strengthen the government's ability to implement its economic and social policies in line with transparent and accountable public financial management. Thereby, the reform of the State Budget Law (SBL) and secondary legislation to improve the legislative framework conditions for public financial management (PFM), notably budget transparency, in Viet Nam has been one key priority of the project.

Project name	EU Public Finance Modernization Project (EU-PFMO) – Capacity Building Support to the Ministry of Finance of Viet Nam implemented within the Macroeconomic Reforms/Green Growth Programme
Commissioned by	Federal Ministry for Economic Cooperation and Development (BMZ) with co-funding by European Union (EU)
Project region	Viet Nam
Lead executing agency	Ministry of Finance (MoF)
Duration	2014 – 2018

The Impacts

With the support of the project, the revised State Budget Law (SBL) has been adopted by the National Assembly (NA) on June 25, 2015 and will be effective from the fiscal year (FY) 2017 onwards. Among other major innovations as the introduction of medium term financial planning and fiscal decentralization, the revised SBL will significantly improve budget transparency and disclosure. Especially, Article 15 of the revised SBL stipulates the disclosure of the state budget and state budget procedures to the public. In this regard, future budget disclosure will comprehend, among others, information regarding state budget estimates, state budget execution, and financial statements as well as implementation of recommendations of the State Audit of Viet Nam (SAV).

The revised SBL will also strengthen the oversight of the general public as it prescribes the publication of a citizen budget by the government according to international standards. The Government has to ensure that the citizens have a firm understanding of the many ways the budget affects their lives. By presenting budget information in a more accessible and readable format, the citizen budget will foster greater understanding of how public money is being spent. The citizen budget will provide civil society all information it needs to participate as informed stakeholders in the policy-making process and hold the government accountable for how public funds are allocated.

The new legal provisions on budget transparency and accountability introduced through the project's advisory will potentially increase the country's Open Budget Index (OBI) score up to 53 points in 2017, which would be a major milestone in the reform of public finance reform in Viet Nam.

Published by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

Macroeconomic Reforms/Green Growth Programme
68 Phan Dinh Phung St., Hanoi, Vietnam
T + 84 4 3734 5196
F + 84 4 3734 5194

Author(s) Dr. Michael Krakowski/Input by Components

As of August 2016