

TWO YEARS AFTER THE BUDGET LAW

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At present, the administrative machinery in Vietnam is divided into four levels: central, provincial (including big cities under central government), district and village levels. Of these levels, the village authority (or ward authority in cities and it is referred to as village hereafter) is the basic administrative level that controls local socio-economic life and is authorized to make its own budget when carrying out its assigned tasks. The village budget is also in the national budget system and will be the main topic of this article.

mitting these adjustments to the People's Committee of the same level for approval and reporting them to immediate higher governmental body and financial authority.

- Assigning the tasks of raising budget revenue and covering budget expenditure to subordinate agencies according to decisions made by the People's Committee of the same level.

- Realizing local budget revenue and expenditure, cooperating with authorities of higher levels in controlling local budget revenue and expenditure and sending reports on budgetary issues to the General

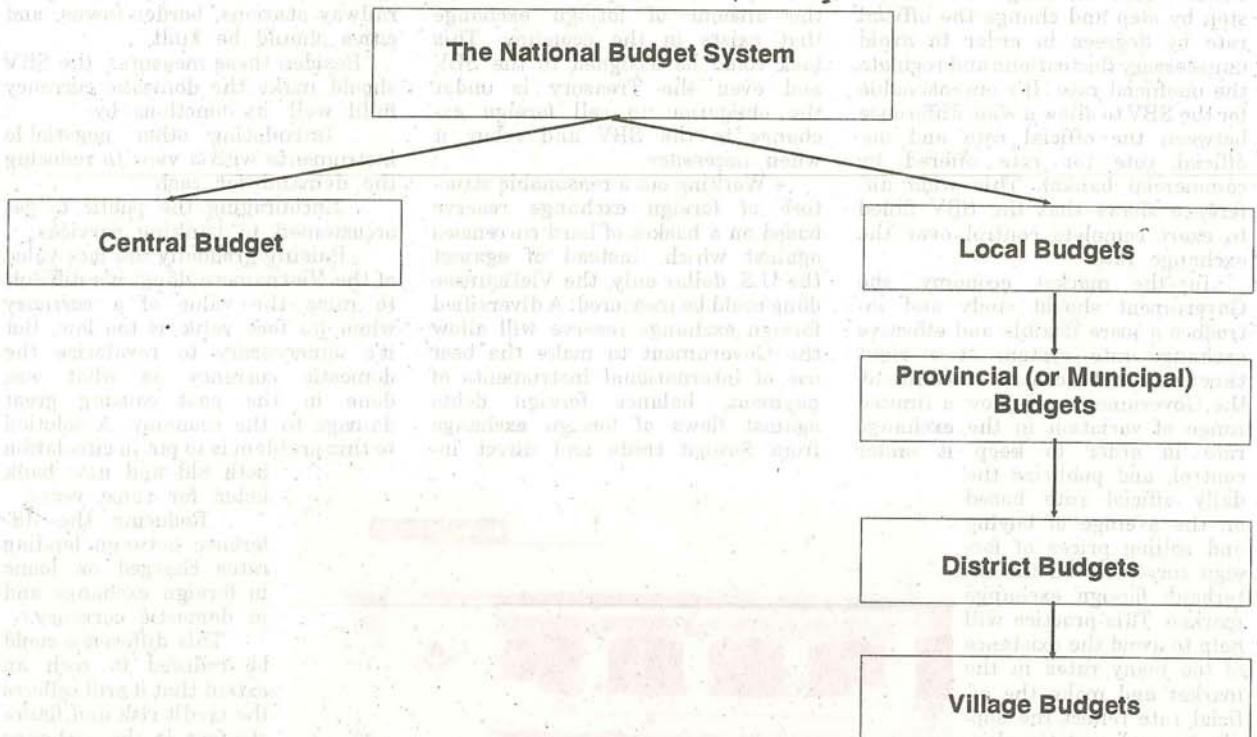
expenditures in detail.

+ Village authorities, to balance their budgets, had to make the best use of their receipts and reduce their spending.

+ There were no more unreasonable collections from local residents. Village authorities could only ask local residents for contributions with permission of the Government.

+ The control of budget revenues by the General Treasury according to Circular 41/1998/TT-BTC issued on March 31, 1998 helped village authorities control receipts and prevent deficit or embezzlement.

These achievements, in my opin-



We can see that the village budget plays an important role in implementation of tasks assigned to village authorities. According to the Budget Law promulgated on April 3, 1996, rights and duties of village government relating to its budget are as follows:

- Making the village budget, and making adjustments to existing budget if need be, and then sub-

Treasury as required by law.

Two years after the Budget Law, from January 1997 to January 1999, the budgetary control at village level has made progress to a certain extent. This reflects in the following facts:

+ Village authorities could balance their budgets because the Budget Law (Articles 37 and 38) had provided for all their revenues and

ion, are due to the following factors:

Firstly, after the Budget Law was promulgated, the Government and the Ministry of Finance issued decrees, circulars and decisions needed for enforcement of the Budget Law. Among them are Circular 14/TC/NSNN dated March 28, 1997 providing guidelines on control over village budget revenues and expenditures, and Decision 827/1998/QĐ.

BTC dated July 4, 1998 on the bookkeeping of village budget. These documents provided village authority with instruments for realizing the Budget Law at village level.

Secondly, in the process of realizing the Budget Law, the State President has made necessary amendments to the Law opportunely (Order 5 given on June 1, 1998).

The Government also issued Decree 51/1998/NĐ CP to make some adjustments to Decree 87/CP dated Dec. 19, 1996.

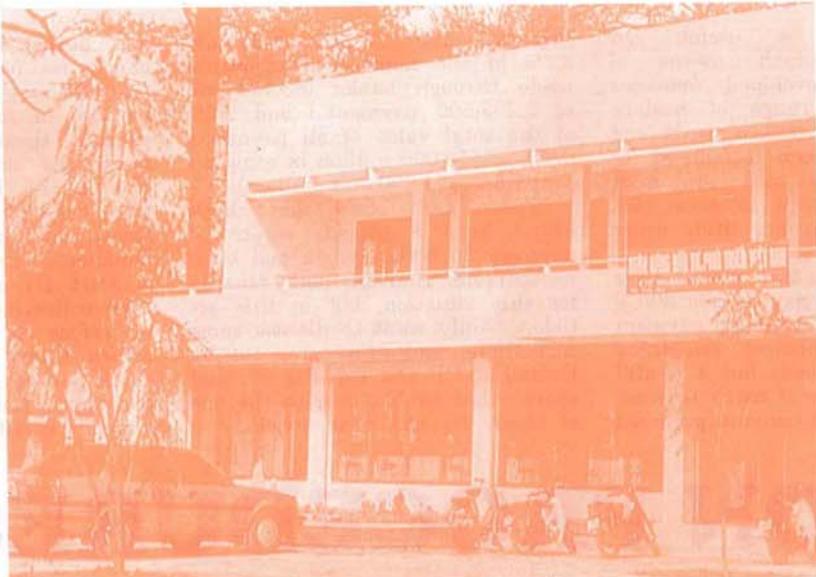
Thirdly, political stability and good economic growth produced good effects on the task of collecting taxes and other receipts for village budget.

Fourthly, the administrative machinery at village level has been beefed up. Skills of officials working in village governments have been improved. Most of village officials have taken courses in managerial skills and administration in administration schools organized by provincial governments.

Fifthly, the issuance of Government Decree 29/1998/ NĐ.CP providing guidelines on democratization of village administration (this Decree also forced village authorities to disclose information about village budget income and expenditure) also facilitated the task of raising budget revenue.

We also see that there are many obstacles to the process of realizing the Budget Law at village level besides the above-mentioned achievements.

As we know, village authorities have to cover a lot of expenditures because they undertake a wide range of tasks and activities while appropriations allocated to them are small and there are limits set by law on their spending. Village budget income, including receipts the village government is allowed to retain and appropriations from district government, is small and only enough for the village authorities to carry out their regular operations, such as defense and welfare.



Village authorities meet with difficulties in collecting certain receipts (such as land and housing taxes) from which the village authorities are allowed to retain a percentage, because many house owners refused to pay these taxes or fees and district and village authorities had no measure to deal with them effectively.

The Decision 827/1998/QĐ. BTC made on July 4, 1998 on the task of keeping accounts of village budget required that the book-keepers should be certified accountants, but they are usually underpaid, because according to Decree 09/1998/NĐ. CP dated Jan. 23, 1998 they could only get some allowances and aren't considered as civil servants.

In such a situation, we want to present here some measures to enforce the Budget Law at village level:

- To help village government to balance its budget, it could be allowed to work out its appropriation budget and, if need be, necessary adjustments to this budget later on during the fiscal year and submit the budget and suggested adjustments to the Village People's Committee, District People's Committee and District Finance Office for approval.

- The appropriation budget of the village should be made on quarterly basis and all receipts should be controlled according to regulations set by finance authorities. All receipts and expenditures should be lawful and inspected regularly. The task of keeping accounts and working out the appropriation budget should be done properly and strictly.

Regular reports on budget income and expenditure should be sent to the district government as required by regulation s.

- To increase the village budget income, necessary regulations on funds that the village government is

allowed to raise and put in use should be made. In fact, various funds under different names have been raised by village governments (defense fund, fund for children, social welfare fund, etc.) depending on goodwill of residents.

- The democratization of village administration according to Decree 29/1998/NĐ.CP issued on May 11, 1998 should be carried out as soon as possible. In this task, main stress must be put on the disclosure of following matters:

+ Annual appropriation budget and budgetary clearance of the village government.

+ Reports on revenues to and expenditures from funds raised locally for public works in the village.

+ Reports on projects in the village financed by the state, organizations and private persons.

+ Plans to raise funds for production development or job creation in the village.

- Rights and duties of the village People's Committee and People's Council relating to finance matters should be made clear.

- Training courses should be given to village book-keepers. Inspections of the budget enforcement at village level must be carried out regularly and better treatment should be given to these book-keepers.

In short, better budget enforcement at village level is of great importance because it will help to enhance effects of the Budget Law and village budget control, thereby making the best use of village budget income for interests of the community.