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Transparency of the State Budget in Vietnam in the Context of the Digital Economy

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Abstract:
The objective of this paper is to systematize the theoretical framework of the digital economy and budget transparency at the national and provincial levels in Vietnam. Since then, the author has conducted an assessment of the current state of the digital economy and budget transparency at the national and provincial levels in Vietnam today. Finally, the article proposes solutions to improve budget transparency and increase the added value of the digital economy in Vietnam's economy.

Keywords: *Budget transparency, Digital economy, Provincial local government.*

1. Introduction

The digital economy, driven by Information and Communication Technology (ICT), has emerged as a significant contributor to economies worldwide. Transparency in the public sector is one of the important tasks of all countries and governments at all levels. The activities of public administrative agencies must be transparent and public, ensuring the legitimate rights and interests of citizens. The process of social digitalization on a large scale also affects public authorities, opening up new opportunities to improve the transparency of public administration, especially the transparency of the State budget. The research focuses on the digital economy and the current state of budget transparency at the national and provincial levels in Vietnam.

Whether the digital development strategy and scientific achievements of domestic and foreign scientists are the main factors promoting the transparency of public authorities, especially the transparency of the State budget.

2. Theoretical framework on digital economy and State budget transparency

2.1. Concept of digital economy

The digital economy has been mentioned since the 1990s to reflect the rapidly changing nature of technology and the use of technology by businesses, manufacturers, and consumers. Then there are many different views on the digital economy such as: (1) The perspective on resources, Tapscott, 1996, *"the digital economy is defined based on the perspective of technology, data or information processing tools and the perspective of human resources combining intelligence, creativity or skills supported by information technology*"[1]; (2) The process perspective (Kling & Lamb 2000, Mesenbourg 2001) *"the digital economy is the use of technology to support business processes such as transactions/trade"*[2]; (3) Structural perspective: (Brynjolfsson & Kahin 2000, G20 DETF 2016) "economic transformation" and DBCDE 2013, European Parliament 2015 *"part of the digital economy is to define a new Web-based or network-based structure"*[3].

[1] https://archive.org/details/digitaleconomy00dont
[2] https://books.google.com.vn/books?id=tgw8EAAAQBAJ&pg=PT83&lpg=PT83&dq=Kling+%26+Lamb+2000,+Mesenbourg+2001&source=bl&ots=GnUnpBlL5S&sig=ACfU3U1gyYkNHHPqzX_aamogmQPyrZLh3w&hl=vi&sa=X&ved=2ahUKEwi6r__14fKAAxXasVYBHZXjCc0Q6AF6BAgWEAM#v=onepage&q=Kling%20%26%20Lamb%202000%2C%20Mesenbourg%202001&f=false
[3] http://www.g20.utoronto.ca/2016/g20digital- economy- development- and- cooperation.pdf.

Most recently, in 2020, the Organisation for Economic Co-operation and Development (OECD) has introduced a more comprehensive definition in defining the concept of unity and measurement of the digital economy:

"***The digital economy includes all economic activities that rely on or are significantly enhanced using digital inputs, including digital technologies, digital infrastructure, digital services, and data.***"[4]

With this concept, the digital economy refers to all producers and consumers, including the government who are using digital inputs in economic activities. With this approach, the activity within the scope of the digital economy is determined based on considering the degree of application of the digital inputs that create the product. The concept of the digital economy introduced by the OECD aims to support statistical agencies to accurately measure and ensure the comparability of the digital economy, and at the same time more fully reflect digital interactions that are not recorded as economic activities, beyond the scope of measurement of the gross domestic product (GDP) target. Thus, digital activities not only impact the economy but also impact many aspects of social life.

2.2. Transparency of the State budget

According to Article 4 of the 2015 State Budget Law, "*The central budget is the state budget revenues decentralized to the central level and the state budget expenditures under the expenditure tasks of the central level*". "*Local budget means state budget revenues decentralized to local levels to enjoy, additional revenues from the central budget for local budgets and state budget expenditures under the spending tasks of local levels*".

According to the European Commission, budget transparency is the full disclosure of relevant fiscal information in a timely and systematic manner. According to the Vietnamese Dictionary, transparency means transparency and clarity, accordingly, budget transparency must not only be public, but also clear, not hidden, without trouble, so that all parties interested in the budget can understand. In fact, budget transparency has a broader meaning than publicity, because the information that is disclosed must meet other requirements to ensure transparency such as: Information must be easy to understand, accessible, timely and easy to use for the public.

According to the Law on the State Budget (2015) and Circular 343/TT-BTC on State budget transparency, the state budget is managed uniformly according to the principles of democratic centralization, openness, transparency with assignment, decentralization of management, attaching powers and responsibilities of state management agencies at all levels. Accordingly:

**The contents of budget transparency are as follows:*

Regarding the contents that must be made public, the law clearly stipulates that the draft budget estimate is submitted to the National Assembly and People's Councils at all levels, thereby creating conditions for people and social organizations to supervise the budget management from the stage of estimating and allocating budgets for the country's socio-economic development goals. At the same time, the disclosure of budget estimates from the stage of submission to the National Assembly and People's Councils at all levels helps to make the budget transparent in line with international practices, especially the Open Budget Index (OBI) of the International Budget Partnership (IBP). high requirements for budget disclosure from the stage of budget draft to be submitted to the National Assembly and People's Councils at all levels. For provincial local governments, the POBI index is used by the BTAP budget transparency alliance from 2017 to now.

At the same time, the new law also requires the publicity of the implementation of budget estimates, along with budget explanatory and explanatory reports. The addition of the content of publicity of the budget implementation situation helps the monitoring of public information continuously from the stage of estimating, implementing estimates and finalizing the budget; At the same time, reports explaining estimates, implementation of estimates and budget settlement are accompanied by budget disclosure data, helping publicity to be associated with transparency and strengthening the accountability of agencies and units in the management and use of the state budget.

For the results of the implementation of the recommendations of the audit agency. The law requires the disclosure of audit results reports, as well as the results of the implementation of audit recommendations,

[4] https://one.oecd.org/document/SDD/CSSP/WPNA(2019)1/REV1/en/pdf

to help the implementation of audit recommendations to be serious and strengthen people's supervision of the implementation of recommendations and conclusions of the State audit agency.

* *Regarding the time of budget disclosure:*

According to the provisions of the law, the time for budget disclosure has been shortened compared to current regulations. Specifically, the report on the proposal of the state budget estimate must be publicized within *5 working days from the date the Government sends it to the National Assembly deputies* and the People's Committee to the People's Council deputies. The state budget estimate report has been decided by a competent authority, the state budget settlement report has been approved by a competent authority, the state budget audit results, and the results of the implementation of the recommendations of the State Audit Office must be publicized within 30 days from the date the document is issued (instead of 60 days as it is now). Reports on the implementation of the state budget on a quarterly and 6-month basis must be publicized within 15 days from the end of the quarter and 6 months. The annual report on the implementation of the state budget shall be made public when the Government submits it to the National Assembly at the year-end session and the next mid-year session.

3. The current situation of budget transparency and the digital economy in Vietnam

3.1. Transparency of the State budget at the national and provincial levels in Vietnam

To assess the level of transparency of the State budget at the national level, the Government uses the budget transparency rating (OBI). Vietnam's OBI score in 2021 reached 44/100 points. The global average score for budget transparency in OBI 2021 is 45 points. The rating score for public participation reached 17 out of 100 points. This shows that the availability of publicly available budget information is still limited in Vietnam and the public has little participation in the budget process. The ranking score on budget supervision reached 80/100 points, of which the National Assembly's supervision reached 75/100 points and the State Audit Office's supervision reached 89/100 points. The global average score for budget monitoring is 52 out of 100 points.

Since participating in the OBS survey in 2010, the Government and the Ministry of Finance of Vietnam have made efforts to implement commitments on disclosure of information on the management and use of public resources so that people can participate in budget discussions with reforms in law and budget governance institutions in a more transparent direction. Vietnam's Budget Disclosure Index (OBI) tends to increase with each assessment period.

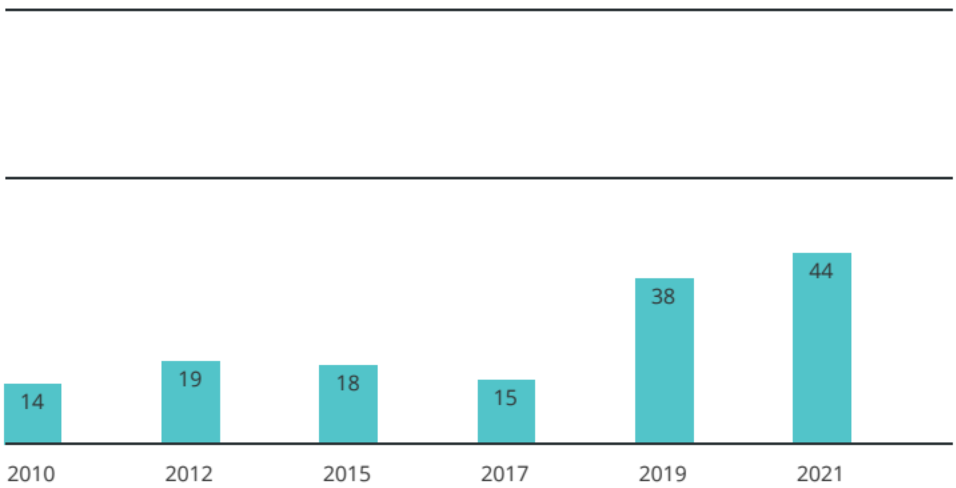

Figure 1. Vietnam's budget disclosure level in 2010-2021

Source: BTAP, 2021

Vietnam's budget documents in the OBS 2021 survey have been more fully publicized than the OBS 2019 survey. The score on the completeness of budget documents has increased compared to 2019. The Citizens' Budget Report and the Annual Budget Report (at the end of the period) are the two documents that have improved the most in terms of public content compared to 2019.

From the above results, it can be seen that the orientation for budget development and the Draft Budget Estimate to be submitted to the National Assembly, the Audit Report are three documents that have been made public incompletely.
At the provincial level, according to the results of the POBI 2022 survey, the average index score on provincial budget disclosure reached 69.42 points out of a total of 100 ranking conversion points. Compared to the results in 2021, the average score of the POBI index in 2022 decreased slightly by 0.11 points. In 2022, there are 33 provinces that have FULLY disclosed documents and information on the state budget, an increase of 2 provinces compared to 2021. The number of RELATIVELY complete public provinces is 21 provinces. The number of provinces with INCOMPLETE disclosure and LESS disclosure is 4 and 5 provinces, respectively. Details of the results of the public ranking of the provinces' budgets are as follows:
The above results show that the level of full publicity has increased in 6 years of implementing POBI from 0 to 2017, by 2022 there will be 33 provinces that have fully disclosed the budget transparency information of provincial local governments in Vietnam.
Next, the article analyzes the level of budget transparency of the provinces according to the overall POBI data over the years as follows:

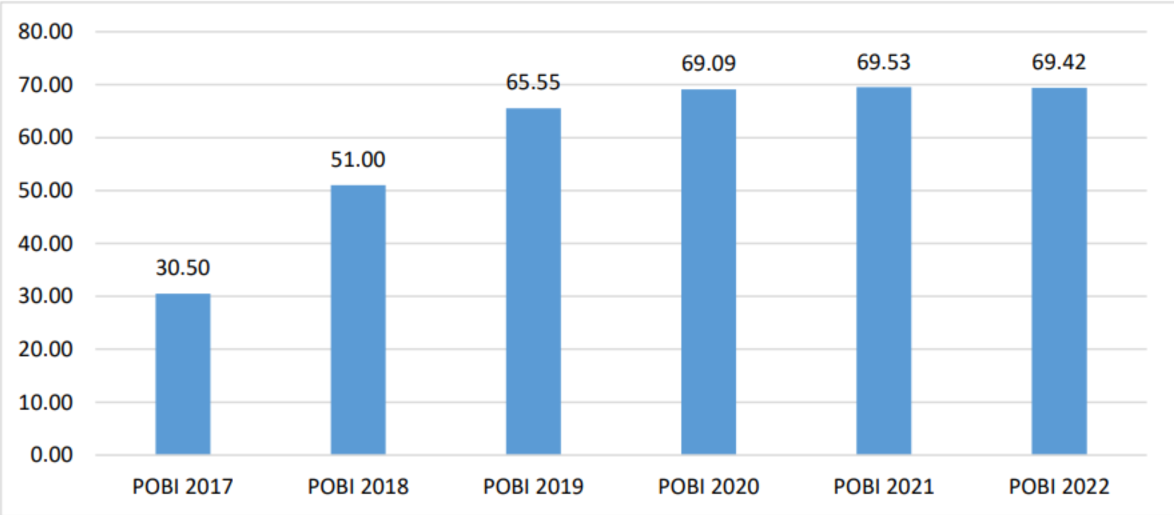

Figure 2: POBI survey average over the years, 2017-2022

Source: POBI Survey Results 2017-2022

The results show that the average budget transparency index at the provincial level has improved over the years from 30.5 points in 2017 to 69.42 points in 2022. The score in 2022 has decreased slightly compared to 2011 due to the addition of a number of new indicators in the scoring method in 2022.
The results of the detailed analysis show that Ba Ria Vung Tau is the province with the highest state budget transparency index in the country and Thanh Hoa and Lam Dong are the 2 provinces with the lowest budget transparency index in the country.

Next, the article conducts an analysis by economic region. The results show that the Northern Midlands and Mountains are the regions with the highest average POBI scores in the country in 2022 (79.35 points). If in POBI 2021, the Central Highlands is the region with the highest improvement in average score compared to the rest of the regions, the results of POBI 2022 show a sharp decline in the average score of provinces in the Central Highlands, even lower than the average of POBI 2020. In 2022, the average score of the Central Highlands provinces is 47.82 points, down 16.2 points compared to POBI 2021 and 7.5 points lower than POBI 2020. The regions with the average POBI score in 2022 decreased compared to 2021 include the North Central Region, the South Central Coast and the Mekong Delta.

Thus, it can be seen that the results of POBI 2021 marking show the strong rise of the Northern mountainous provinces, the Mekong Delta and the Southeast (the opposite compared to 2021).

3.2. The current situation of the digital economy in Vietnam

According to the General Statistics Office (2023), the proportion of added value of the digital economy in GDP in the years from 2020-2023 is 12.66%, 12.88%, 12.63% and 12.33%, respectively. The average proportion of added value of the digital economy in GDP in 2020-2023 will reach about 12.62% and in 2023 it will be 12.33%, of which the core digital economy sector contributes 7.42% (accounting for 60.19%), and digitization of other industries contributes 4.91% (accounting for 39.81%). The proportion of added value of the digital economy in GDP tends to decrease due to the decrease in the manufacturing of electronic products, computers and optical products (accounting for more than 30% of the total added value of digital economy activities) due to a decrease in world demand. In addition, the value-added service industries created by the application of information technology in production and business activities as well as in management and administration tend to increase. This shows the Government's efforts in promoting the development of information and communication technology, the digitalization activities of economic sectors are increasingly strengthened, especially the service industries with an increasing trend of digitalization, helping the proportion of the service sector contribute to the added value of GDP from 6.53% in 2020 to 6.65% annually 2023.

Table 1: Results of measuring the value-added contribution of the digital economy to GDP in 2020-2023

Unit: %

	2020	2021	2022	2023
Amount	**12,66**	**12,87**	**12,63**	**12,33**
1. Agriculture, Forestry and Fisheries Sector	0,05	0,05	0,05	0,05
2. Industrial and Construction Sector	6,08	6,22	5,97	5,63
3. Service area	6,53	6,60	6,61	6,65

Source: General Statistics Office[5]

In addition to the core digital economy sectors, some industries have a high average added value of the digital economy in 2020-2023 such as: Wholesale and retail trade accounts for about 13% of the total added value of the digital economy; The average production and distribution of electricity, gas, hot water, steam and air conditioning in the years from 2020 to 2023 is estimated at about 4%; Production of products from prefabricated metals accounts for about 2%; Radio and television activities account for about 2%; Financial services activities are about 2%. Some industries have low digitization activities and almost do not implement digitization such as veterinary activities; social assistance activities; concentrated care and nursing activities; production of tobacco products; Pollution treatment and other waste management activities... (accounting for about 0.002% of the total added value of the digital economy).

The activities of the core digital economy have made important contributions to the growth of the digital economy as well as the economy in general in Vietnam, some provinces and cities have developed core digital economy activities such as Hai Phong City, Bac Ninh, Bac Giang, Thai Nguyen provinces, etc Vinh Phuc... However, due to the economic characteristics of each locality, the proportion of added value of the digital economy in GRDP in provinces/cities is different. In 2023, out of 63 provinces and centrally-run cities, there are 5 provinces and cities with a proportion of over 20%; 8 provinces and cities have a proportion of 10-20%; 48 provinces and cities have a proportion of 5-10% and only 2 provinces and cities have this proportion of less than 5%.The results show that Ba Ria - Vung Tau Province has always

[5] The digitization value is calculated based on the coefficient of the updated IO table in 2020 according to 88 economic sectors and the results of the survey to collect information on making interdisciplinary balance sheets and calculating the intermediate cost coefficient of the General Statistics Office in 2021 and information on the application of information technology in production and business activities as well as public management and administration in the survey countries conducted by the General Statistics Office.

ranked first in the country in the transparency of the state budget of the provincial local government, but the contribution of the digital economy to GDP is the lowest in the country (ranked 3rd in the country from the bottom up). Meanwhile, Bac Ninh province has the highest contribution of the digital economy to GDP in the country and Tay Ninh province has the lowest contribution in the country.

Overall, the digital economy is increasingly developing and contributing more to growth, especially the digitalization of industries and fields that tend to increase. This shows the efforts and determination of the Government, all levels, sectors, localities, the business community and people in strongly applying information technology in production and business activities as well as management and administration, making an important contribution to the national digital transformation. developing the digital economy and digital society in Vietnam.

Finally, the digitization and transparency of public authorities at different levels of government such as national and provincial levels are specific to each country and each locality. Digitalization is more affected by the level of economic, scientific and technological development; and openness – by the institutional development of civil society.

4. Solutions to promote budget transparency and increase the value of the digital economy in Vietnam

In the context of the industrial revolution 4.0, the application of information technology and digital transformation is growing strongly, which will contribute more to the transformation of the growth model, as well as transparency of financial, budgetary and public management information. In order to improve the efficiency of the digital economy and promote the transparency of the State budget, the article proposes some solutions as follows:

First, to raise social awareness of the role of the digital economy in the economy as well as the role of State budget transparency.

Currently, awareness, demand and action according to the trend of the digital economy as well as the need to know and understand the transparency of the State budget are not complete in society. Promoting the development of the digital economy and transparency of the State budget in Vietnam requires the active and active participation of both the political system, the business community and the people. Therefore, it is necessary to promote information and propaganda, create changes in the trends, roles and orientations of digital economy application in socio-economic development, as well as increase budget transparency, people's participation in the budget cycle as well as the government's hypothetical responsibility.

Second, strengthen cooperation and coordination between the General Statistics Office and ministries, sectors and localities

Ministries, branches, localities and relevant parties strengthen connection and information sharing for the compilation of digital economy measurement indicators and State budget transparency indicators. In addition, the General Statistics Office continues to study and update methods of measuring the digital economy and international budget transparency, thereby completing Vietnam comprehensively and fully in different aspects.

Third, pay attention to building institutions to allocate appropriate resources, promote the application of the digital economy in economic activities and management and administration, especially the management of the State budget

Ministries, departments and branches will soon issue guiding documents to mobilize and use resources to promote the development of the digital economy and transparency of the State budget to achieve the set goals. Localities are interested in allocating resources, supporting information collection for the compilation of indicators related to the digital economy and State budget transparency in provinces and centrally-run cities, especially e-commerce activities and people's participation in the budget cycle.

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