

Two-tier local government governance in selected advanced countries: experiences and policy implications for Vietnam

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Abstract: *This study analyzes the two-tier local government models in France, Japan, Germany, and the United States to draw lessons for reforming the organization of state apparatus in Vietnam. Based on the theoretical foundations of local government organization, it clarifies the principles of decentralization, autonomy, accountability, and effective public governance. International experience highlights the importance of transparent institutions, financial autonomy, competent personnel, and the application of technology in governance. In Vietnam, the two-tier model has been implemented since July 1, 2025, under Law No. 72/2025/QH15, replacing the traditional three-tier structure. The article examines the challenges during the transition and proposes solutions to improve the legal framework, ensure substantive decentralization, enhance implementation capacity, reform public finance, strengthen oversight, and promote accountability - thereby contributing to building an effective, modern, and democratic local government.*

Keywords: *Two-tier local government; decentralization; devolution; substantive decentralization; fiscal autonomy; accountability.*

1. Introduction

Local government plays a pivotal role within the state administrative apparatus, directly carrying out administrative management and delivering public services at the grassroots level, thereby profoundly influencing governance quality and sustainable development. In the context of globalization and governance reform, many advanced countries such as France, Japan, Germany, and the United States have adopted a two-tier local government

model characterized by clear decentralization, self-governance, financial autonomy, and enhanced accountability. This model not only helps reduce overlaps in the administrative structure but also promotes innovation and improves management efficiency.

In Vietnam, although the two-tier local government model (province and commune) has been gradually refined, significant shortcomings remain in its organizational structure, authority, and

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coordination mechanisms. Therefore, studying the two-tier governance models of advanced countries to draw lessons applicable to Vietnam's context is essential. This research focuses on clarifying theoretical foundations, examining practical experiences, and proposing policy recommendations to enhance the effectiveness of local government operations in the current era of administrative reform.

2. Theoretical foundations of the two-tier local government model

Local government is an integral component of the state power structure, organized within specific administrative-territorial units to perform state management functions and deliver public services at the local level (Thao, 2022; Duong, 2018). According to the perspective of many modern studies as well as international instruments such as the European Charter of Local Self-Government (1985), local governments must be granted autonomy within the framework of the law to manage public affairs for the benefit of their communities (Council of Europe, 1985). The nature of local government is reflected in its representative function, its self-governing character, and the connection between administrative management and the needs and aspirations of local residents (OECD, 2017; UNDP Vietnam, 2023).

The two-tier local government model is an administrative structure in which only two levels of government are established as fully competent entities with distinct organizational structures: the provincial (or equivalent) level and the grassroots level (typically communes or cities under provincial jurisdiction) (Kuhlmann & Wollmann, 2019). Each tier in this model is assigned independent state management duties, powers, and responsibilities within its respective administrative boundaries. Compared with the traditional three-tier model, the two-tier structure offers distinct advantages: a more streamlined apparatus, fewer intermediary

layers, reduced functional overlaps, and greater efficiency in local governance (Shah, 2006; OECD, 2021). However, effective operation requires a comprehensive legal framework, clearly defined mechanisms for decentralization and devolution, adequate financial and human resources, and especially, seamless coordination between the tiers of government (Son, 2023).

Several core principles guide the organization and functioning of two-tier local government. First is the principle of reasonable decentralization and devolution, whereby the central government retains the role of direction and oversight, while local governments are empowered to act autonomously within their mandates (Thao, 2022; Kuhlmann & Bouckaert, 2016). Second is the principle of autonomy and accountability, which reflects the degree of self-government that local authorities exercise in decision-making within their jurisdiction, coupled with accountability to elected bodies and the public. Additionally, the principles of transparency and accountability, alongside representative democracy through elected people's councils, are fundamental to ensuring openness and democratic governance at the local level (UNDP Vietnam, 2023; OECD, 2017).

Multiple factors shape the effectiveness of the two-tier local governance model. Most important is the adequacy and stability of the institutional and legal framework, which determines both the legitimacy and feasibility of implementation (World Bank, 2019; OECD, 2021). Second is the establishment of an appropriate financial and budgetary mechanism that guarantees autonomy and equitable resource allocation among tiers of government. The capacity of the local civil service is another crucial factor in policy implementation (Thao, 2022). Furthermore, the application of information technology and digital transformation in administrative management has become increasingly essential for enhancing transparency,

efficiency, and responsiveness. Finally, public participation and the involvement of social organizations in decision-making and oversight are vital to ensuring open, transparent, and effective governance (UNDP Vietnam, 2023).

Within Vietnam’s current two-tier local government model, the commune level plays a vital role as the administrative tier closest to the people, directly carrying out state management functions and delivering basic public services at the grassroots level. Given its small-scale organization, ample territorial coverage, diverse population, and limited resources, the commune serves both as the implementing body for policies from higher levels and as a conduit for conveying citizens’ aspirations upward (Nguyen, 2022). It is tasked with various responsibilities, including land management, civil registration, public order, grassroots healthcare and education, and rural development, and it plays a key role in promoting grassroots democracy (Nga, 2021). However, communes face numerous challenges, including a lack of autonomy in management, limited qualifications and capacity among cadres, ineffective coordination mechanisms with higher levels

and other organizations, and inadequate conditions for implementing information technology (Tran, 2023). These challenges underscore the need to improve the institutional framework further, enhance appropriate decentralization, strengthen staff capacity, and invest in infrastructure to enable communes to fulfill their role more effectively within the current two-tier local government system (Ministry of Home Affairs, 2024).

3. International experiences with the two-tier local government system in selected advanced countries

3.1. Overview of the organizational and governance model of local government

The two-tier local government model is widely adopted in many developed countries worldwide, characterized by a clear delineation of powers between different levels of government, substantial autonomy granted to local authorities, and assurance of democratic governance. The purpose of studying international experience is not to mechanically replicate these models, but to examine how other countries have designed local government systems suited to their own institutional, economic, and social contexts.

Table 1. Local government personnel scale in selected countries

Country	Estimated personnel (million people)	Proportion of public sector (%)	Key features
United States	14 - 15 (2025)	≈75%	Local level primarily provides public services (education, security, transportation, etc.)
France	1.94 (2022)	≈34%	Decentralized structure, strong at commune and intercommunal levels
Germany	1.5 - 1.6	≈40%	Local governments have constitutional rights, strong fiscal autonomy
Japan	2.8 (2021)	≈50%	Streamlined organization, flexibility, local responsibility
Vietnam	0.52 (2023)	≈25-30%	Ongoing downsizing, shifting to two-tier model from 2025

Source: Author’s compilation (2025).

A comparative table of local government staffing scales in the United States, France, Germany, Japan, and Vietnam (*Table 1*) helps illustrate both the differences and similarities in the size of local administrative human resources - an essential factor in understanding organizational structures, the degree of decentralization, and the operational efficiency of local governments in these countries. This comparison also clarifies the institutional context and operational capacity of local government, thereby providing a foundation for drawing lessons learned and identifying possible adaptations for Vietnam in the subsequent section.

Table 1 reveals significant differences in numbers, proportions, and organizational characteristics. The United States has the largest local government workforce, comprising approximately 14 - 15 million employees in 2025, which accounts for nearly 75% of the total public sector workforce. This reflects the central role of the local level in delivering public services such as education, healthcare, security, and transportation (U.S. Census Bureau, 2024; NASRA, 2025). Japan employs approximately 2.8 million people in local government (Ministry of Internal Affairs and Communications, 2021), characterized by a streamlined and flexible model with a high degree of autonomy. France has about 1.94 million local civil servants as of 2022 (FIPECO, 2023), organized under a decentralized structure with an extensive network of communes and numerous intercommunal associations. Germany employs approximately 1.5 - 1.6 million people at the local level (Kuhlmann & Bouckaert, 2016), notable for its constitutionally guaranteed powers, substantial financial autonomy, and clear decentralization. According to the Ministry of Home Affairs and the General Statistics Office, Vietnam had an estimated 520,000 local

cadres, civil servants, and public employees as of 2023, representing approximately 25 - 30% of the public sector workforce (Ministry of Home Affairs, 2023). Vietnam is currently undergoing extensive reforms, transitioning to a two-tier local government model under Law No. 72/2025/QH15, which aims to streamline the apparatus and improve the effectiveness and efficiency of local governance (National Assembly, 2025).

Moreover, the two-tier local government model in advanced countries such as France, Japan, Germany, and the United States demonstrates a diversity of organizational structures, operational principles, and levels of decentralization between tiers of government. Although they all implement a two-tier model, each country has developed its distinctive approach. In France, local government is structured into three administrative levels - regions, departments, and communes - with the communes and regions playing key roles in service provision and local development planning (Assemblée des Communautés de France, 2023). Germany operates under a federal system, with 16 states (Länder) enjoying constitutional authority and high autonomy. At the same time, counties (Kreise) and independent cities (kreisfreie Städte) perform most administrative and public service functions (Kuhlmann & Wollmann, 2019). Japan's local government is organized into two tiers: prefectures and municipalities (cities, towns, and villages), with a high degree of autonomy and substantial authority over budgeting, education, and social welfare (OECD, 2017; MIC Japan, 2021). In the United States, the two-tier local government system comprises counties and municipal governments, characterized by substantial decentralization and accountability mechanisms through direct elections and elected councils (National Association of Counties, 2022) (*Table 2*).

Table 2. Comparison of two-tier local government models in selected countries

Criteria	France	Japan	Germany	United States
Form of government	Unitary	Unitary	Federal	Federal
Main local government levels	Regional and commune levels	Prefecture and municipality levels	State (Länder) and local (district, city)	State and local (county/city/township)
Number of government levels	2 main operating levels (region - commune), provincial level mainly administrative	2 clear levels (prefecture and municipality)	2 levels within each state, 3 nationwide	2 levels within each state, multiple decentralized levels nationwide
Local elected bodies	Local councils at each local level	Local councils and directly elected heads	Local councils supervised by state and federal levels	State legislature, city councils, elected mayors
Fiscal autonomy	Medium - high	Relatively high	Very high	Very high
Financial resources (local budget)	About 20% of national budget; mostly dependent on central transfers	Over 30% of national budget; tax-sharing mechanisms	Over 40% of public expenditure; highly independent budgets	Over 45% of public expenditure; large local tax revenues
Decentralization mechanism	By law and intercommunal cooperation	By Local Autonomy Law	By state Constitution, flexible and strong	Strong, constitutionalized local powers
Degree of decentralization	Clear administrative decentralization: local authorities have independent powers under central oversight	Deep decentralization: local governments have partial legislative and executive powers	High federalization: significant autonomy especially in education and welfare	Deep decentralization: each state and local level has its own legislative powers
Technology use in local governance	Extensive digital government services, especially in major cities	High tech use in one-stop services; advanced e-government	Strong digital transformation with integrated platforms	Extensive open data, budget transparency, citizen engagement
Accountability	Through councils, administrative inspectors, and national audit courts	Through elected councils, public oversight	Through internal oversight bodies, administrative courts, and strong direct democracy	Through direct elections, strong oversight by councils, courts, media, and citizens
Notable features	Flexible intercommunal cooperation, reasonably centralized administration	Clear regulations, transparent budget allocation	Strong federal model, ensuring full autonomy	High flexibility and competition among localities

Source: Author's compilation (2025).

The comparison of these models not only highlights the diversity in the organization of two-tier local governments in advanced countries but also offers valuable lessons for Vietnam in the context of transitioning to a new organizational model under Law No. 72/2025/QH15. Factors such as identifying the administrative tier that plays the central role, mechanisms for budget allocation and oversight, methods of selecting local leadership, and the role of citizens in governance are all critical considerations in adapting these experiences to Vietnam's political system and level of development (UNDP Vietnam, 2023).

3.2. *Experiences from selected advanced countries*

Below are selected case studies for analysis, including France, Japan, Germany, and the United States.

(1) *France's experience:* France is a unitary state with a long-standing tradition of administrative decentralization. Its local government system consists of three tiers: regions (régions), departments (départements), and communes (communes). In practical governance terms, however, the regional and communal levels play the most prominent roles. Each local tier has its own elected council, the authority to prepare its budget, and substantial autonomy in various areas, including education, transportation, social welfare, and urban planning. The 1982 "Defferre Law" and subsequent reforms expanded the autonomy of local governments - particularly in financial matters - enhancing their initiative and reducing dependence on the central government (OECD, 2021). France is also notable for its model of intercommunalité (inter-municipal cooperation), whereby communes collaborate to perform certain functions, thereby adding to joint fragmentation.

A distinctive feature of France's two-tier local government model is the balanced combination of local autonomy and central government oversight through a mechanism of

"controlled self-governance." Both the departmental (département) and communal (commune) levels have independent elected councils with decision-making authority in key areas, including planning, budgeting, and public services. In addition, the intercommunalité system - a voluntary form of cooperation between communes - enables resource sharing and improves governance efficiency at the grassroots level. These elements contribute to the effectiveness of local government in France while maintaining administrative unity and discipline across the system.

For Vietnam, in the context of implementing the two-tier local government model under Law No. 72/2025/QH15, selected elements of the French approach could be adapted appropriately. Specifically, it is necessary to strengthen the role and substantive powers of provincial- and commune-level People's Councils in supervising and deciding matters within their jurisdiction. Furthermore, Vietnam should consider adopting inter-communal cooperation models to address shared issues such as environmental protection, infrastructure investment, and public service provision, particularly in rural and mountainous areas. At the same time, improving mechanisms for oversight by higher-level authorities over lower-level governments should adhere to the principle of avoiding direct administrative intervention, thereby allowing localities to act proactively and flexibly while remaining within a unified legal framework.

(2) *Japan's experience:* Japan maintains a two-tier government system consisting of the central government and local governments, with local government divided into the prefectural level and the municipal level (cities, towns, and villages). This system is clearly defined in the Local Autonomy Law, which provides a solid legal foundation for decentralization. Japanese local governments have the authority to enact their regulations, prepare budgets, levy certain local taxes, and

perform functions such as education, healthcare, and infrastructure development. The budget allocation mechanism - through “block grants” and targeted programs - allows local governments greater flexibility in management. Notably, Japan places strong emphasis on training local cadres and public servants, and applying digital technologies in public governance (Shah, 2006; OECD, 2021).

A core characteristic of Japan’s local government model is its precise, stable, and specialized legal framework for local autonomy (Local Autonomy Law), ensuring substantive decentralization between prefectures and municipalities, tied to accountability, independent budgets, and the authority to issue specific regulations tailored to local conditions. Complementing this is a transparent, multi-layered financial mechanism: local governments retain certain local revenues, receive both targeted grants and block grants from the central government, and are subject to stringent public disclosure and auditing standards. Japan has also developed a professional and stable local civil service, recruited through competitive examinations, and continuously trained and encouraged to remain in their jurisdictions for the long term. Additionally, the promotion of digital government at the local level involves the development of vertically and horizontally integrated data systems to streamline administrative procedures and enhance the quality of public services.

For Vietnam, it is necessary to further specify - both in laws and subordinate legislation - the scope of administrative and fiscal autonomy of commune-level governments, and to design a decentralization and delegation framework that clearly defines responsibilities, authorities, and resources, along with measurable output indicators. Vietnam should also enhance budgetary autonomy for the commune level (e.g., retaining a stable proportion of certain local revenues; establishing equalization funds to support disadvantaged communes), while

standardizing and professionalizing the local civil service system (establishing recruitment, training, and evaluation criteria specifically for commune-level cadres). Finally, priority should be given to developing digital government at the commune level, with shared data platforms, substantive online public services, and real-time reporting and accountability mechanisms, thereby ensuring that local governments are “empowered - capable - accountable” within a unified legal framework.

(3) *Germany’s experience:* Germany is a federal state with a three-tier government system: federal-state (Länder) - local (counties, districts, and cities). Within each state, a clear two-tier model operates, comprising the state government and the local governments under its jurisdiction. States have their legislative authority and are responsible for organizing the structure of local government within their territories. Local governments in Germany enjoy a high degree of autonomy over finances, budgeting, and human resources, and they have the right to participate in federal policy-making through the Federal Council (Bundesrat). Additionally, a robust system of checks and balances among the executive, legislative, and judicial branches at the local level helps maintain transparency and the effectiveness of governance (Lidström, 2003).

A constitutional guarantee of local self-government characterizes Germany’s local government model. The German Constitution explicitly provides that local government units have autonomy within the framework of the law, particularly in organizing their apparatus, managing budgets, delivering public services, and making administrative decisions at the local level. Local governments are also delegated specific tasks from the state and federal levels, ensuring systemic coherence. This coherence, while promoting local initiative, is a key factor in the model’s effective governance. The local finance system is designed for stability, granting the right to collect certain local taxes, providing

transparent revenue-sharing mechanisms, and implementing federal fiscal equalization policies to ensure fairness among regions. Notably, Germany's local civil service is recruited and trained to a high professional standard, with personnel typically serving in their localities for long periods, ensuring professionalism, neutrality, and stability in grassroots public administration.

Vietnam has the potential to significantly enhance its two-tier local government model by selectively adapting elements from Germany's system, as outlined in Law No. 72/2025/QH15. By clearly defining the scope of administrative and fiscal autonomy for commune-level governments, Vietnam can promote local initiative and effective governance. The development of a fiscal equalization mechanism could support disadvantaged localities and enhance resource efficiency. Prioritizing the professionalization of commune-level cadres and civil servants, and avoiding purely mechanical personnel rotations, could ensure stability and long-term commitment. Additionally, the potential for expanded oversight mechanisms, including People's Councils and local communities, alongside increased transparency and administrative procedure reforms, offers a hopeful vision for the future of governance at the grassroots level.

(4) *The United States' experience:* The United States is also a federal system but is distinguished by its flexibility and substantial decentralization to states and local administrative units. Depending on the state, the two-tier local government model may be organized as a state-county or state-city structure. Local government is enshrined in the Constitution and enjoys extensive authority in areas such as education, taxation, public safety, transportation, and urban planning. Local governments in major cities, such as New York, Los Angeles, and Chicago, operate with annual budgets reaching tens of billions of dollars and have their own executive apparatus. The United States also allows local

governments to adopt their charters, reflecting a high level of self-government. Direct elections for administrative positions, such as mayor, sheriff, and district attorney, strengthen accountability and foster closer connections between the government and its citizens (Shah, 2006; World Bank, 2019).

The U.S. local government model stands out for its diversity and organizational flexibility, alongside a clear system of decentralization and strong accountability mechanisms. Local governments can choose an organizational model that suits their socioeconomic conditions, such as the "Mayor-Council" or "Council-Manager" systems. Many local leadership positions are directly elected by citizens, providing a foundation for transparency and democratic governance. Moreover, U.S. local governments enjoy relatively broad fiscal autonomy, including the authority to levy certain local taxes, issue bonds, and make independent spending decisions, all while being subject to public auditing systems and community oversight. The United States also places significant emphasis on promoting digital government and open data, enabling citizens to easily access information, monitor public administration, and participate in policy-making at the local level.

Vietnam can selectively adopt elements from this model in refining its two-tier local government system. *First*, localities should be gradually granted greater autonomy in organizing their apparatus, allocating budgets, and carrying out assigned tasks, alongside transparent inspection and supervision mechanisms. *Second*, forms of public accountability should be promoted, such as confidence votes, public disclosure of work plans, and regular dialogues between government and citizens. *Third*, priority should be given to developing digital government at the commune level, aiming to build a service-oriented administration, make operational data public, and receive citizen feedback through digital platforms. The

application of lessons from the U.S. must be selective and adapted to Vietnam's unitary political system and uneven development levels across localities.

From the analysis of international experiences, it is evident that the two-tier local government model often shares the following characteristics: (1) clear decentralization and devolution between levels; (2) financial and personnel autonomy for local governments; (3) assurance of democracy and elected representation at all levels of government; (4) effective coordination and oversight mechanisms between central and local authorities; and (5) promotion of technology adoption and administrative reform. These features can serve as helpful reference points for Vietnam's local government reform, particularly after the implementation of the two-tier model under Law No. 72/2025/QH15.

4. Current organization and governance of the two-tier local government system in Vietnam

Vietnam is a unitary state in which local government is an integral part of the state apparatus, organized across administrative units at the provincial, district, and commune levels. However, in practice, the operation of the three-tier local government model over many years has revealed limitations in effectiveness and efficiency, as well as overlaps in authority among the tiers. In the context of administrative reform, streamlining of the apparatus, and stronger decentralization, the National Assembly adopted the Law on the Organization of Local Government No. 72/2025/QH15, officially transitioning to a two-tier local government model - comprising the provincial level and the commune level - effective as of July 1, 2025. This change marks an important milestone in Vietnam's institutional reform.

Before Law No. 72/2025/QH15 came into force, Vietnam's local government structure retained three tiers, each with a People's Council and a People's Committee. However,

in many cases, functions and tasks at the provincial, district, and commune levels overlapped, particularly at the district level, which acted as an intermediary for implementation without sufficient autonomous authority, resulting in high administrative costs and reduced operational efficiency. In addition, decentralization remained limited, with many tasks still concentrated at the provincial level or requiring directives from the central government. This situation reduced flexibility and innovation in local governance.

The 2025 Law on the Organization of Local Government clearly defines the administrative tiers as two: the provincial level (comprising provinces and centrally run cities) and the commune level (encompassing wards, communes, townships, and provincial cities). The district level is abolished, except in exceptional cases decided by the National Assembly. The organizational structure of local government at the remaining two levels continues to comprise the People's Council and the People's Committee. The People's Council is the local authority empowered to make decisions on important matters, while the People's Committee serves as the executive body and administrative management agency at the local level. Notably, the Law allows local governments to issue certain specific policies not yet prescribed by law, provided they receive approval from the Prime Minister. This provision reflects the expansion of institutional space and promotes the autonomy capacity of local authorities.

Alongside organizational changes, Law No. 72/2025/QH15 emphasizes decentralization and fiscal autonomy. Localities have greater authority in deciding budget expenditures and implementing socio-economic development programs suited to local conditions. The mechanisms for inspection, supervision, and accountability are also reinforced through explicit provisions on the supervisory functions of the People's Council and the role of the Vietnam Fatherland Front at all levels.

However, since the two-tier model has only recently been implemented, reorganizing the apparatus, adjusting functions, and reallocating resources between the provincial and commune levels present significant challenges. Many localities are struggling to reassign tasks previously under district authority, while the commune level often lacks the human, financial, and technical capacity to handle the additional responsibilities. Some provincial departments are also overloaded with coordination and support for the grassroots level.

The rollout of digital government at the commune level in Vietnam faces particular challenges, especially in rural and mountainous areas where information technology infrastructure is weak, educational attainment is lower, and local cadres have limited digital skills. Although the policy on developing digital government has been promoted nationwide under Decision No. 942/QĐ-TTg (2021) on the Strategy for Developing E-Government towards Digital Government for the 2021 - 2025 period (Government, 2021), implementation at the commune level remains problematic. For example, in Muong Nhe commune (Dien Bien province), many areas still lack stable internet connections, administrative management software is not standardized, and most cadres have not received adequate training in digital technologies for public administration (UNDP & Ministry of Information and Communications, 2022). In some communes of Lai Chau province, despite having computers and an electronic one-stop-shop system, the absence of dedicated IT staff and the public's unfamiliarity with online public services mean that online submissions account for less than 5% of total administrative applications (Institute for Policy Studies and Media Development, 2023). Conversely, in more favorable conditions, some localities have developed good models. For example, Vinh Thinh commune (Thanh Hoa province) has effectively implemented a Zalo Official

Account to receive citizen feedback and provide administrative information, raising the proportion of residents using level-3 and level-4 online public services to over 30% (Ministry of Home Affairs, 2023). These examples demonstrate that a commune-level digital government can only succeed if accompanied by investments in digital infrastructure, training for cadres, public awareness campaigns, and a clearly defined authority for data management and system operation.

Overall, the transition to a two-tier local government model is a prudent decision, aligning with the trend of modern governance reform. However, to ensure the model's effectiveness, it is necessary to continue refining and implementing regulations, strengthening the training and capacity building of commune-level cadres, and promoting the application of information technology, alongside establishing effective coordination mechanisms between the tiers of government.

5. Lessons learned and recommendations for Vietnam

The transition to a two-tier local government model in Vietnam represents a strategic step in the institutional reform process, aiming toward a leaner, more effective, efficient, and citizen-oriented government apparatus. However, to ensure that this model operates substantively and sustainably, it is essential to identify key lessons from countries that have successfully implemented similar systems and to formulate concrete recommendations suited to Vietnam's political, administrative, and socio-economic conditions.

From international experience, several important lessons emerge.

First, a clear delineation of functions, tasks, and powers between levels of government is essential for avoiding overlap and enhancing governance efficiency. The models in France and Japan demonstrate that transparent and stable decentralization forms the foundation

for effective local government operations.

Second, local governments should be granted autonomy over finances, personnel, and policies within the framework of the law. The local finance systems in Germany and the United States clearly illustrate the role of independent budgets and the ability to levy local taxes in fostering proactivity in governance.

Third, ensuring representation and accountability through elected institutions, social oversight, and transparent information is an indispensable element of modern governance. Additionally, advanced countries place strong emphasis on developing local government cadres' capacity and integrating technology into administrative operations.

Based on a synthesis of international lessons and Vietnam's experience in transitioning to a two-tier local government model, it can be affirmed that implementing this model under Law No. 72/2025/QH15 is the right step. However, to ensure the model's effectiveness, consistency, and sustainability, the policy and implementation framework must be further refined in several specific directions.

From the perspective of implementing Law No.72/2025/QH15 and related guiding documents - such as Government Decree No. 150/2025/ND-CP (June 12, 2025) on the organization of specialized agencies under provincial-level and commune-level People's Committees; Government Decree No. 118/2025/ND-CP (June 9, 2025) on the one-stop-shop (OSS) and interconnected one-stop mechanism at public service offices and portals; National Assembly Resolution No. 202/2025/QH15 (June 12, 2025) on the arrangement of provincial-level administrative units; and National Assembly Resolution No. 203/2025/QH15 (June 12, 2025) amending and supplementing specific provisions of the Constitution - it is evident that notable progress has been made in reorganizing the two-tier local government system.

Nevertheless, to fully institutionalize this new model consistently and effectively, Law No. 72/2025/QH15 should be supplemented and amended in the following ways:

(1) Review and refine the structure of specialized agencies at both tiers to ensure optimal effectiveness. Currently, Decree No. 150/2025/ND-CP only provides detailed guidance for specialized agencies at the provincial and commune levels. The law should add general principles regarding the number of divisions, criteria for establishment (based on population, area, and regional conditions), and a clear transition roadmap. This would facilitate administrative operations and prevent imbalances in specialized structures across localities.

(2) Standardize the "one-stop" mechanism and administrative procedure management. While Decree No. 118/2025/ND-CP provides detailed regulations for the one-stop mechanism at ministries, provinces, and communes as of July 1, 2025, the law should also specify the responsibility of provincial and commune-level People's Committee chairpersons to ensure the effective operation of interconnected one-stop shops. It should stipulate requirements for service capacity assessment, response timelines, and disciplinary measures for delays or procedural violations.

(3) Clarify processes, authority, and reorganization when rearranging villages and residential groups. The current Ministry of Home Affairs guidance maintains existing villages and residential groups until further regulations are implemented. The law should introduce principles for reorganizing sub-commune administrative units (such as villages and residential groups), and specify the role of the commune government in initiating or organizing public consultations on such arrangements.

(4) Clarify personnel authority at the commune level. Currently, inconsistencies exist between Law No. 72/2025/QH15

regarding commune-level personnel appointments and other sectoral decrees such as Decree No. 142/2025/ND-CP (June 12, 2025). The law should explicitly state that “Commune-level People’s Committee chairpersons decide on the recruitment, utilization, and dismissal of commune-level personnel, except for specialized positions under ministerial or departmental management, which require uniform guidance to avoid overlap.”

(5) Incorporate provisions on digital transformation and data interoperability. While Decree No. 118/2025/ND-CP mentions virtual assistants, public service portals, and data integration, Law No. 72/2025/QH15 should include a strategic framework for digital government at the commune and provincial levels, identifying focal agencies, resources, and local data governance criteria. This would establish the legal basis for cross-tier digital platforms (e.g., population, land, and budget management).

(6) Establish clear accountability, evaluation, and transparency mechanisms to ensure effective governance. The current law lacks provisions mandating regular reporting on the outcomes of the two-tier transition, one-stop implementation, and commune-level financial disclosure. New provisions should require reporting to the National Assembly or provincial People’s Councils, clarify the roles of oversight bodies (People’s Councils, Inspectorates, the Vietnam Fatherland Front, and social organizations), and define accountability for local leaders who fail to comply.

First, the legal framework and guiding documents for the 2025 Law on the Organization of Local Government must be completed promptly. Transitioning from a three-tier to a two-tier system is a systemic change; thus, a clear roadmap is needed for restructuring, reallocating personnel, assets, and facilities between tiers. Related laws, such as the State Budget Law and the Law on Cadres

and Civil Servants, should be reviewed and amended to ensure coherence with the new structure. Guidance should also detail the organization of provincial-level specialized agencies to avoid overload when assuming responsibilities from the abolished district level.

Second, decentralization between the provincial and commune levels must be substantive and coupled with strengthened implementation capacity. Responsibilities and powers at each level should be clearly defined to avoid overlap or shirking. Performance indicators should be established to measure output-based results and enhance accountability. Training and capacity building for commune-level cadres, in governance, financial management, program implementation, and public service delivery, must be prioritized, as they are the direct implementing tier in the two-tier system.

Third, public finance mechanisms should be reformed to enhance commune-level fiscal autonomy while creating appropriate financial support mechanisms. Certain taxes, fees, and charges - such as non-agricultural land use tax, environmental sanitation fees, market fees, and civil status and authentication fees - should be allocated entirely or in higher proportions to the commune level, as they are directly tied to services managed and delivered by communes. Communes should also have the authority to decide expenditures within their assigned budgets, particularly for health, education, social welfare, and community development. For mountainous, remote, or economically disadvantaged communes, special funds such as the Commune Financial Support Fund, Commune Infrastructure Development Fund, and Commune Innovation and Digital Transformation Fund should be established to ensure equitable resource distribution and encourage sustainable development. In parallel, budget management capacity among commune cadres should be strengthened to ensure proper budgeting, final accounting, monitoring, and public disclosure by the law. A comprehensive reform of public finance

mechanisms will provide a solid foundation for communes to fulfill their role as the government tier closest to and most responsive to the people, ultimately enhancing the effectiveness of local governance in the new era.

Fourth, developing human resources and modernizing governance tools is an urgent requirement in the current period. Investment in information technology and digital transformation at the commune level should be considered a top priority, particularly in areas such as population management, finance, land administration, and public service delivery. The digital governance system must ensure interoperability between the provincial and commune levels, while maintaining high security standards and user-friendliness for grassroots cadres. Additionally, specialized training programs should be established for commune-level staff to enhance their professional skills and proficiency in utilizing technology for management and administration.

Ultimately, greater attention should be devoted to establishing mechanisms for oversight, feedback, and accountability to ensure transparency and strengthen the connection between the government and its citizens. Commune-level governments should proactively disclose information on operations, finances, and development programs, while establishing channels for receiving public feedback and petitions via online portals, voter meetings, or technology-based applications. The role of the Vietnam Fatherland Front, socio-political organizations, and the press in monitoring local government operations should be promoted substantively, supported by specific mechanisms.

6. Conclusion

In the context of administrative reform and the renewal of the political system, reorganizing the local government model is an inevitable requirement. The transition to a two-tier model, as outlined in Law No. 72/2025/QH15, marks a significant

breakthrough aimed at streamlining the apparatus, enhancing governance effectiveness and efficiency, and aligning with the demands of development and integration. Based on theoretical analysis, international experience, and practical realities, the study demonstrates that the two-tier model should be designed on the principles of reasonable decentralization, autonomy, accountability, and transparency.

From the analysis and international comparisons, it is clear that organizing a two-tier local government model is not merely a technical measure in administrative reform, but rather a strategic step in restructuring the public governance system. For Vietnam, adopting this model should be viewed as an opportunity to comprehensively renew state management thinking and methods at the grassroots level, making them more service-oriented, transparent, and citizen-centered. The experiences of countries such as France, Japan, Germany, and the United States show that the effectiveness of the two-tier model depends heavily on the extent of substantive decentralization, a stable financial mechanism, clear accountability frameworks, and the ability to apply technology in governance. Therefore, Vietnam should redesign the local institutional framework to increase autonomy while building democratic oversight mechanisms and promoting digital transformation in ways suited to the specific conditions of each region and each tier of government. Only then can commune- and provincial-level governments truly become dynamic, innovative, and efficient governance institutions, contributing to sustainable development and strengthening public trust in the state apparatus.

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