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Vietnam's Bureaucratic Reform: Restructuring for a New Era

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Economic and bureaucratic reforms have been embedded in Vietnam's prioritized development agendas since the beginning of the Doi Moi policy era. Despite Vietnam's fast-paced economy and development, Vietnam's bureaucratic system remains a major factor that holds Vietnam's growth from reaching its full potential. Eyeing ambitious economic goals, Vietnam, under the ruling Communist Party of Vietnam (CPV)'s General Secretary To Lam, has taken an unprecedented step to improve the bureaucratic system through large-scale reforms and restructures. Vietnam's [bureaucratic reforms](#) were finalized and adopted by the CPV on April 12, 2025, marking an unprecedented reform in the country's political history. This bureaucratic reform reflects Vietnam's ambition to address beyond bureaucratic bottlenecks for maximum growth potential; yet, challenges persist.

To understand Vietnam's latest reform requires understanding the predecessor of Vietnamese reform policy—the *Doi Moi* policy. The end of the Vietnam war in 1975 left Vietnam in ruins, both politically and economically. The ruling CPV sought every effort to consolidate its [political legitimacy](#) and promise of an economic socialist revolution with its ineffective economic strategies. A decade after the reunification of the North and the South, the CPV adopted the [Doi Moi \('Renovation'\)](#) policy at the Sixth Party Congress in 1986 after struggling with economic and political instabilities. The Doi Moi policy's main objective was to transform Vietnam from a centrally planned economy to a socialist-style capitalist economy.

The Doi Moi policy laid out the groundwork for Vietnam's various reforms, including the recent bureaucratic reform which was proposed by the CPV in late 2024 and adopted in April, 2025. The bureaucratic reform aims to reshape Vietnam's political structure through large-scale restructuring and delayering. Through the National Assembly's approval of [Resolution No. 202/2025/QH15](#) on June 12, the Vietnamese government plans to pursue a two-tier administration structure by restructuring the provincial-level and commune-level administration and delayering [63 provinces and cities to only 34](#); 28 of which are provinces and 6 of which are centrally-run cities.

[District administrative levels](#) were dissolved by July 1, whereas commune-levels are expected to be reduced by 60% to 70%. This means that Vietnam's three-level bureaucratic system, namely provinces, districts, and communes, will be merged into a two-level bureaucratic system that consists of only the province level and the commune level. For these administrative delayering to be effective, they hinge on the pending amendments to the 2013 Constitution and the 2025 Law on Local Government Organization.

Bureaucratic reform has been a persistent solution to Vietnam's bureaucratic and administrative effectiveness and efficiency. Several key factors drive this ambitious reform in Vietnam. One main driver is to tackle [system dysfunctions](#) caused by corruption and inefficiency within the CPV and different bureaucratic levels. Administrative bottlenecks have been a major factor that influence the Doi Moi policy, and subsequently, the recent bureaucratic reform. Evidently, Vietnam's [Corruption Perceptions Index \(CPI\)](#) in 2024 scored 40 points over 100, ranking 88 among 180 countries reported in the 2024 Corruption Perceptions Index by Transparency International. Corruption, often manifested through [bribery, kickback schemes, and unofficial payments](#) aimed at bypassing or accelerating administrative procedures and swaying decision-making, plays a critical role in driving Vietnam's ambitious bureaucratic reforms since the adoption of the Doi Moi policy until present.

Administrative inefficiency is another driver of Vietnam's bureaucratic reform. Overlapping roles of different ministries and administrative bodies slow down administrative progress rather than accelerating it, feeding bureaucratic inefficiency within the CPV and its ministries. The Vietnamese government under the CPV envisioned a better [streamlined administrative structure](#) with more efficient budget expenditure and more decentralized local administrative units; all of which have driven this bureaucratic reform.

Nevertheless, such unprecedented ambitious reform does not come without opportunities for growth and challenges. The bureaucratic reform would serve its primary objective of streamlining administration, reducing space for corruption, and enhancing centralized and effective operation through the sweeping delayering, provincial mergers, and elimination of district-level units.

Fewer bureaucratic and administrative units also mean fewer overlapping roles and operating costs, allowing more resources to be allocated to other development sectors. According to General Secretary To Lam, [70% of the national budget](#) has been utilized for regular expenditures, including administration operating costs and employee salaries. The Central Steering Committee for Anti-Corruption and Waste also estimated that a 50% reduction from this expenditure would bolster public development initiatives that serve the people. Through this large-scale reform, Vietnam is expected to save around [VND190 trillion](#) (approximately USD7.3 billion) over the 2026-2030 period.

Vietnam's bureaucratic reform is not solely about efficiency; it is about reinforcing the CPV's political legitimacy in the eyes of its citizens, domestic and foreign investors, and the international community. By linking the reform to national development as evident in General Secretary To Lam's statement of ['a new era'](#), the CPV is leveraging the momentum of national restructures, reinforcing its rationale for continuing the CPV's one-party rule and consolidating its political legitimacy.

There is no change that comes without costs. The ambitious bureaucratic reform, especially the delayering of the district-level administration units, means workforce reduction, risking increasing unemployment rate and social unrest. The government's aim to reduce provinces and cities to only 34 and [commune-level units by 60%-70%](#) risk social resistance to changes, and potentially, protests against such reform. Approximately [250,000 people](#) in the public sector, comprising 130,000 public sector employees and 120,000 part-time commune-level workers, are expected to be laid off. While the reform aims to address bureaucratic bottlenecks, it also severely affects civil servants whose families' livelihoods depend on the income from their public sector jobs. This can lead to

increasing social dissatisfaction, and at worse, social unrest or uprising against further reform.

Vietnam's bureaucratic reform operates its objectives beyond restructuring the bureaucratic system, serving broader social and political goals and challenges. While the bureaucratic reform aims for streamlined governance and administrative operational saving, which in return enhances political legitimacy for the CPV, it also presents significant social challenges, particularly workforce displacement. Hence, the success of this reform will hinge not only on structural changes, but it also depends on its ability to balance efficiency with social stability and inclusive development.

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