



Impact of fiscal decentralization on economic growth: empirical evidence from Vietnamese localities

Nguyen The Vinh¹, Dang Thuy Nhung²

^{1, 2} Academy of Policy and Development, Nam An Khanh Urban Complex, Hoai Duc Commune, Hanoi, Vietnam

Abstract

This study employs a panel data fixed-effects model to examine how fiscal decentralization influences economic growth across 63 provinces in Vietnam from 2010 to 2022. Revenue decentralization negatively affects GRDP growth. In contrast, expenditure decentralization and self-collected revenues have a positive impact. Based on these insights, the study offers several recommendations for fostering economic growth by adjusting Vietnam's fiscal decentralization framework. Key suggestions include: (i) enhancing the decentralization of local revenue sources, fully retained by local governments or proportionally shared, and (ii) strengthening expenditure decentralization by granting local authorities greater autonomy to manage budgets effectively according to output-based commitments. Additionally, other channels that support economic growth, such as improving institutional quality and increasing non-state investment, should also be enhanced.

Keywords: fiscal decentralization, revenue decentralization, expenditure decentralization, economic growth, localities.

JEL classification: H70, H72, H77, O47, R50.

1. Introduction

Fiscal decentralization refers to the process of transferring fiscal authority from the central government to local governments. It is expected to enhance efficiency and quality in the provision of public services to citizens, thereby promoting economic growth and comprehensive development at the local level. Consequently, fiscal decentralization has become a reform trend adopted by many countries over the past few decades (Ganaie *et al.*, 2018). From 1984 to 2022, nearly 500 high-quality international publications have examined fiscal decentralization, with the majority focusing on its impact on economic growth (Aliyuddi, 2023). Most theoretical studies suggest that fiscal decentralization enables local governments to collect and allocate budgetary resources more efficiently, thereby fostering local economic growth. However, empirical findings have been mixed, indicating that the relationship between fiscal decentralization and economic growth can be positive, negative, insignificant, or even non-linear (Martínez-Vázquez *et al.*, 2017).

In the context of Vietnam, research on this topic has also produced inconsistent results due to differences in conceptual approaches and measurement methods for both fiscal decentralization and economic growth, variations in research methodologies and model specifications, and contextual differences across studies. Hence, research gaps remain in scope, sample coverage, and methodology for assessing fiscal decentralization's impact on economic growth in Vietnam. This study aims to evaluate the effects of fiscal decentralization on economic growth across 63 provinces and cities in Vietnam from 2010 to 2022. Fiscal decentralization is examined along two dimensions: revenue decentralization and expenditure decentralization. This study is expected to provide additional theoretical justification and empirical evidence on the impact of fiscal decentralization on economic growth in a representative developing-country context.

2. Literature review on the impact of fiscal decentralization on economic growth

From a theoretical perspective, Oates (1972) argues that under fiscal decentralization, local governments can implement budgetary expenditures more efficiently than the central government because they better understand the needs of their residents and local conditions. Consequently, fiscal decentralization improves the efficiency of public spending and promotes economic growth. However, Oates (1972) also argues that whether fiscal decentralization contributes to economic growth depends on the integrity and transparency of local authorities; thus, it can have either positive or negative effects on economic performance. Building upon

Oates's foundational work, subsequent studies have clarified several channels through which fiscal decentralization can positively influence economic growth, including: (i) enhancing production and consumption efficiency (Huther and Shah, 1998; Martínez-Vázquez and McNab, 2003), (ii) improving resource allocation and macroeconomic stability (Feld and Schnellenbach, 2011), (iii) stimulating healthy interregional competition (Qiao *et al.*, 2008), and (iv) reducing inequality (Kyriacou *et al.*, 2015).

Although most theoretical arguments support a positive link between fiscal decentralization and economic growth, empirical evidence has been mixed. Some studies show that higher fiscal autonomy is associated with higher per capita output, suggesting that decentralization enhances economic efficiency, particularly in dynamic economies (Akai and Sakata, 2002; Qiao *et al.*, 2008; Gemmell *et al.*, 2013). Feld and Schnellenbach (2011) further note that fiscal decentralization improves institutional quality, thereby promoting growth. Conversely, other empirical studies find that fiscal decentralization negatively affects economic growth, as evidenced by reductions in GDP growth rates observed in China and OECD countries (Zhang and Zou, 1998; Rodríguez-Pose and Ezcurra, 2011). Some studies conclude that there is no causal relationship, or that the relationship is statistically insignificant (Thornton, 2007; Baskaran and Feld, 2013). Moreover, by segmenting different time periods, Thiesen (2003) finds that fiscal decentralization has a positive effect only during low-growth phases, after which its impact peaks and eventually reverses as economic growth accelerates. This finding supports the argument that fiscal decentralization frameworks are particularly suitable for developing or emerging economies (Huther and Shah, 1998).

Several fundamental factors explain the divergence in empirical results regarding the impact of fiscal decentralization on economic growth. First, quantitative models often omit important but unobservable variables, or measure them imprecisely, such as the degree of local government autonomy (Martínez-Vázquez *et al.*, 2017), institutional quality (Bahl, 2019), administrative and political decentralization (Filippetti and Sacchi, 2016), and allocation of resources (Gemmell *et al.*, 2013). Second, the measurement of fiscal decentralization lacks uniformity due to limited data availability, data lags, inconsistencies in statistical standards, heterogeneous estimation techniques, and even differing definitions of fiscal decentralization (Martínez-Vázquez *et al.*, 2017). Third, endogeneity remains a significant methodological challenge in estimating the impact of fiscal decentralization on growth; previous empirical studies often ignore or only partially address this issue due to the lack of suitable instrumental variables (Bahl, 2019).

In Vietnam, empirical investigations of fiscal decentralization and economic growth have produced similarly mixed results. Several studies suggest that revenue decentralization positively affects economic growth, whereas expenditure decentralization negatively affects economic growth at the provincial level (Nguyen and Anwar, 2011; Tran, 2015). When disaggregating public expenditures into recurrent and development spending, Tran (2015) finds that decentralized recurrent expenditure negatively affects growth, whereas decentralized development expenditure positively affects local economic performance. Regarding revenue, Nguyen (2017) introduces a new measure of fiscal decentralization, which is the ratio of local budget revenues to local expenditures, and concludes that fiscal decentralization positively influences provincial economic growth.

TABLE 1: Empirical review fiscal decentralization and economic growth

Authors	Dependent variable	Fiscal decentralization variables	Main findings
Tran <i>et al.</i> (2022)	GRDP growth rate	Fiscal decentralization management	Fiscal decentralization management had positive impact on economic growth at localities.
Thanh and Canh (2020)	GRDP per capita	Local self-collected revenue/Local budget expenditure	Fiscal decentralization management had positive impact on economic growth at localities, especially at localities with good public governance.
Dang <i>et al.</i> (2024)	GRDP growth rate	Local budget revenue/Total budget revenue; Local budget expenditure/Total budget expenditure	Fiscal decentralization had a positive impact on economic growth in the short run, but a negative impact in the long run.
Filippetti and Sacchi (2016)	GRDP per capita growth rate	Local budget revenue/Total budget revenue; Local tax revenue/Total tax revenue; Administrative decentralization and political decentralization	Tax decentralization had a positive impact on Economic growth at localities. The impact is stronger at localities with higher degree of administrative decentralization and political decentralization.

Authors	Dependent variable	Fiscal decentralization variables	Main findings
Gemmell <i>et al.</i> (2013)	GRDP growth rate	Local budget revenue/Total budget revenue; Local budget expenditure/Total budget expenditure	Revenue decentralization has a positive impact while expenditure decentralization has a negative impact on GDP growth.
Qiao <i>et al.</i> (2008)	GRDP per capita growth rate	Local budget expenditure per capita/Total budget expenditure per capita	Fiscal decentralization had a positive impact on economic growth.
Thiessen (2003)	GRDP growth rate	Local budget revenue/Total budget revenue; Local budget expenditure/Total budget expenditure; Local self-collected revenue/local budget revenue	Fiscal decentralization had a positive impact on economic growth however the impact is negative in some cases.
Akai and Sakata (2002)	GRDP growth rate	Local budget revenue/Total budget revenue; Local budget expenditure/Total budget expenditure; Local self-collected revenue/local budget revenue	Expenditure decentralization had a positive impact on economic growth.

Source: Compiled by the authors.

3. Research methodology

3.1. Research model

To evaluate the impact of fiscal decentralization on economic growth, the authors propose examining both dimensions: revenue and expenditure decentralization. Based on this approach, two hypotheses are formulated: (i) Revenue decentralization has a positive impact on economic growth; (ii) Expenditure decentralization has a positive impact on economic growth. To test these hypotheses, the study adopts and extends the empirical model developed by Akai and Sakata (2002), as follows:

$$GRDPrate_{it} = \beta_1 RD_{it} + \beta_2 ARD_{it} + \beta_3 X_{it} + \varepsilon_{it} \quad (1)$$

$$GRDPrate_{it} = \beta_1 ED_{it} + \beta_2 X_{it} + \varepsilon_{it} \quad (2)$$

where: $GRDPrate_{it}$ measures the annual GRDP growth rate of province/city i in year t ; RD_{it} measures the degree of revenue decentralization of province/city i in year t ; ARD_{it} measures the level of locally self-collected revenues of province/city i in year t ; ED_{it} measures the degree of expenditure decentralization of province/city i in year t ; X_{it} is a vector of control variables for province/city i in year t , including: (i) GRDP per capital FC_{it} ; (ii) Share of Non-state investment capital to GRDP PS_{it} ; (iii) The Provincial Competitiveness Index score PCI_{it} ; (iv) The literacy rate LR_{it} ; (v) Population density POP_{it} ; (vi) The proportion of the rural population $RURAL_{it}$.

TABLE 2: Variables and measurements

Varibales	Description	Measurements	Impact
GRDPrate	GRDP growth rate	$(GRDP_{it} - GRDP_{it-1})/GRDP_{it-1}$	
RD	Revenue decentralization	Local budget revenue/Total budget revenue	(+)
ARD	Autonomous revenue decentralization	Local self-collected revenue/Local budget revenue	(+)
ED	Expenditure decentralization	Local budget expenditure per capita/Total budget expenditure per capita	(+)
FC	Fiscal capacity	GRDP per capita	(-)
PS	Non-state investment capital	Non-state investment capital/GRDP	(+)
PCI	Institutional quality	The Provincial Competitiveness Index	(+)
LR	Literacy rate	Literacy rate of the population aged 15 and above	(+)
POP	Population density	Population density	(+)
RURAL	Rural population	The proportion of the rural population	(-)

Source: Compiled by the authors.

3.2. Data

The study employs panel data covering 63 provinces and centrally governed cities in Vietnam over 13 years from 2010 to 2022. The data were collected from the following primary sources: (i) the General Statistics Office of Vietnam (<https://www.gso.gov.vn>), (ii) the State Budget Transparency Portal of the Ministry of Finance (<https://ckns.mof.gov.vn>), and (iii) the annual resolutions approving local budget final accounts. A detailed description of the research data is presented in Table 3.

TABLE 3: Data description

Variable	Number of observations	Mean	Standard deviation	Min	Max
GRDPrate	819	0.131	0.156	-0.593	2.739
RD	819	0.015	0.018	0.004	0.160
ARD	819	0.371	0.175	0.049	0.945
ED	819	0.012	0.013	0.003	0.115
FC	819	3.764	0.587	2.286	5.891
PS	819	0.234	0.096	0.014	0.694
PCI	819	4.109	0.077	3.809	4.319
LR	819	0.931	0.068	0.592	0.994
POP	819	5.693	0.993	3.742	8.408
RURAL	819	0.718	0.171	0.125	0.904

Source: Calculated by the authors.

To minimize potential model deficiencies arising from correlations among independent variables, the research team first examined the correlation coefficients between these variables. In addition, because of the distinct characteristics of each province or city, applying an Ordinary Least Squares (OLS) regression model may yield biased or inaccurate coefficient estimates. Therefore, to account for potential shocks and improve the robustness of the quantitative analysis, the authors employed both Fixed Effects Model (FEM) and Random Effects Model (REM) estimation techniques.

Assuming that each unit possesses unique characteristics that may influence the explanatory variables, the FEM and REM approaches analyze the relationship between each unit's residuals and the explanatory variables. This approach allows the model to control for and isolate the effects of time-invariant, unit-specific characteristics from the explanatory variables, thereby providing more reliable estimates of the independent variables' actual impact on the dependent variable. Subsequently, the Hausman test was applied to determine which model - fixed effects or random effects - was more appropriate for the dataset.

4. Research findings and discussion

4.1. Research findings

The study assesses the impact of fiscal decentralization from two perspectives. Accordingly, two main sets of empirical results are presented: (i) the impact of revenue decentralization on local economic growth, and (ii) the impact of expenditure decentralization on local economic growth.

First, when examining the effect of revenue decentralization on local economic growth, the results of the fixed effects model indicate that, within the sample and at a confidence level of at least 90%, the independent variables representing local self-collected revenues, institutional quality, non-state investment, and population density have positive effects. In contrast, the variables for revenue decentralization and fiscal capacity show adverse effects on local GRDP growth. The estimated coefficients for the variables representing fiscal revenue decentralization are -0.309 for revenue decentralization and 0.025 for local self-collected revenues (see Table 4). Thus, within the scope of this study, revenue decentralization exerts an adverse effect, while local governments’ ability to generate their own revenues has a positive impact on local economic growth.

Second, when analyzing the effect of expenditure decentralization on local economic growth, the results of the fixed effects model show that, within the observed sample and at a confidence level of at least 90%, the independent variables for expenditure decentralization, institutional quality, non-state investment, and population density have positive effects. In contrast, fiscal capacity is negatively associated with the growth rate of local GRDP. The estimated coefficient for expenditure decentralization is 0.599 (see Table 5). Hence, within the study period, expenditure decentralization is found to have a positive effect on local economic growth.

TABLE 4: The impact of revenue decentralization on economic growth

	OLS	FEM	REM
RD	0.031	-0.309**	0.031
	(0.08)	(-2.12)	(0.08)
ARD	0.147***	0.025*	0.147***
	(3.31)	(2.35)	(3.31)

FC	-0.054***	-0.051***	-0.054***
	(-3.50)	(-2.05)	(-3.50)
PS	0.173***	0.393***	0.173***
	(2.91)	(4.49)	(2.91)
PCI	0.017**	0.209**	0.017*
	(2.18)	(1.74)	(0.18)
LR	-0.046	-0.169	-0.046
	(-0.44)	(-0.36)	(-0.44)
POP	0.004	0.173*	0.004
	(0.47)	(1.26)	(0.47)
RURAL	0.027	-0.115	0.027
	(0.67)	(-0.53)	(0.67)
Constant	0.254	0.811	0.254
	(0.72)	(0.87)	(0.72)
N	819	819	819
R-square	0.136	0.059	-
OLS vs FEM	Prob > F = 0.000		
OLS vs REM	Prob > Chi ² = 0.000		
Hausman Test	Prob > Chi ² = 0.000		
Modified Wald test for groupwise heteroskedasticity			Prob > Chi ² = 0.000
Wooldridge test for autocorrelation in panel data			Prob > F = 0.000
Pesaran's test of cross-sectional dependence			P-value = 0.000

Note: *** p < 0.01; ** p < 0.05; * p < 0.1; The values in parentheses are t-statistics.

Source: Calculated by the authors.

To determine the appropriate estimation model, the authors conducted Fixed Effects Model (FEM) and Random Effects Model (REM) regressions for the two analyses—revenue decentralization and expenditure decentralization—and subsequently performed the Hausman test to identify the most suitable model for the dataset. The Hausman test results indicate that, for both the revenue and expenditure decentralization models, Prob > Chi² = 0.000 < 5%, suggesting that the Fixed Effects Model (FEM) is the more appropriate specification in these cases.

TABLE 5: The impact of expenditure decentralization on economic growth

	OLS	FEM	REM
ED	0.105	0.599***	0.105
	(0.20)	(3.0)	(0.2)
FC	-0.037**	-0.046*	-0.037**
	(-2.54)	(-1.87)	(-2.54)
PS	0.186***	0.4***	0.186***
	(3.11)	(4.58)	(3.11)
PCI	0.004	0.246**	0.004
	(0.04)	(2.05)	(0.04)
LR	0.014	-0.147	0.014
	(0.13)	(-0.31)	(0.13)
POP	0.01	0.176*	0.01
	(1.33)	(1.32)	(1.33)
RURAL	0.001	-0.128	0.001
	(0.01)	(-0.59)	(0.01)
Constant	0.228	0.681	0.228
	(0.64)	(0.73)	(0.64)
N	819	819	819
R-square	0.152	0.065	-
OLS vs FEM	Prob > F = 0.000		
OLS vs REM	Prob > Chi ² = 0.000		
Hausman Test	Prob > Chi ² = 0.000		
Modified Wald test for groupwise heteroskedasticity		Prob > Chi ² = 0.000	
Wooldridge test for autocorrelation in panel data		Prob > F = 0.000	
Pesaran's test of cross-sectional dependence		P-value = 0.000	

Note: *** p < 0.01; ** p < 0.05; * p < 0.1; The values in parentheses are t-statistics.

Source: Calculated by the authors.

4.2. Discussion

The variables related to fiscal decentralization (including revenue decentralization, local governments' self-collected revenues, and expenditure decentralization) are all statistically significant and exhibit contrasting effects on local economic growth. When examining the overall impact of revenue and expenditure decentralization on economic growth, the results indicate that revenue decentralization has an adverse effect on economic growth. In contrast, expenditure decentralization has a positive impact on economic growth. This finding contrasts with several previous studies conducted in Vietnam (Nguyen and Anwar, 2011; Tran, 2015; Nguyen, 2017) but is consistent with the results of empirical studies conducted in China (Zhang and Zou, 1998; Rodriguez-Pose and Ezcurra, 2011). However, when transfers from the central government to local governments are excluded, the ratio of locally self-collected revenues to total local revenues shows a positive relationship with economic growth. Hence, fiscal decentralization, when considered through the dual dimensions of local revenue autonomy and expenditure decentralization, promotes local economic growth. This conclusion aligns with most previous theoretical and empirical studies (Oates, 1972; Akai and Sakata, 2002; Qiao *et al.*, 2008; Gemmell *et al.*, 2013; Feld and Schnellenbach, 2011; Tran *et al.*, 2022; Dang *et al.*, 2024). Several factors may explain this positive association. First, provinces with a higher share of self-collected revenues generally exhibit greater economic stability, higher income levels among residents and enterprises, and more substantial potential for economic growth (Martinez-Vazquez, 2011). Second, local governments have a more profound understanding of their local needs and characteristics than the central government. Consequently, decentralizing expenditure responsibilities to local governments enables more efficient public spending and fosters local economic development (Dang *et al.*, 2024).

Beyond the positive impacts of local revenue autonomy and expenditure decentralization, non-state investment and institutional quality also contribute to economic growth. A province with a high ratio of non-state investment to GRDP indicates a robust and leading private sector. Given that the private sector serves as a key driver of the socialist-oriented market economy, higher private investment ratios are associated with greater economic dynamism and stronger growth performance. Regarding institutional quality, this study's findings are consistent with most prior international and domestic research, which emphasizes the importance of strong institutions in amplifying the effects of decentralization

on growth (Feld and Schnellenbach, 2011). Provinces with higher PCI rankings - indicative of better governance - tend to attract more investors and enterprises, thereby increasing budget revenues and stimulating economic growth.

Additionally, strong institutional quality promotes transparency and efficiency in public spending, indirectly enhancing economic performance (Thanh and Canh, 2020). However, fiscal capacity - measured by per capita GRDP - shows a negative relationship with economic growth. This inverse relationship may stem from the fact that provinces with already high and stable economic performance tend to experience slower growth rates than less developed regions, where growth potential remains higher.

5. Conclusion and policy implications

Fiscal decentralization has become a common trend among countries worldwide. Although most theoretical studies suggest that fiscal decentralization has a positive impact on economic growth, empirical findings remain inconclusive. In that context, this study was conducted to evaluate the impact of fiscal decentralization on provincial economic growth in Vietnam. Using a fixed effects model and panel data from 63 provinces and cities over the period of 2010 to 2022, the results reveal that revenue decentralization negatively affects economic growth. In contrast, local governments' self-collected revenues and expenditure decentralization have positive effects on provincial economic growth.

From an academic perspective, this study provides additional theoretical and empirical evidence on the dual dimensions of fiscal decentralization—revenue and expenditure decentralization - and their effects on economic growth across Vietnam's 63 provinces and cities over 13 years (2010-2022). From a policy perspective, based on the empirical results, the authors propose several recommendations to foster economic growth through adjustments in Vietnam's fiscal decentralization framework in the coming period: (i) Enhance the decentralization of revenue sources by increasing locally retained or shared revenues; (ii) Strengthen expenditure decentralization by granting greater autonomy to local governments in budget utilization, ensuring that spending aligns with performance-based outcomes. In addition to fiscal decentralization, other channels that promote local economic growth - such as improving institutional quality and increasing non-state investment - should continue to be prioritized.

Nevertheless, this study has certain limitations. First, we do not account for the impact of the 2015 State Budget Law, which could have influenced fiscal decentralization dynamics. A time-based segmentation could better capture pre- and post-law effects. Second, by focusing only on revenue and expenditure decentralization, we do not fully encompass all four pillars of fiscal decentralization - revenue, expenditure, intergovernmental transfers, and local borrowing. Third, while the fixed effects approach addresses some endogeneity concerns, it does not eliminate them. Hence, future research could advance this topic by: (i) segmenting the study period to examine the impact of the 2015 State Budget Law on fiscal decentralization and economic growth; (ii) developing a comprehensive fiscal decentralization index that incorporates all four pillars - revenue, expenditure, transfers, and borrowing; and (iii) employing instrumental variables or GMM estimation techniques to address endogeneity issues and strengthen empirical validity more rigorously.

References

- Akai N., Sakata M. (2002), “Fiscal decentralization contributes to economic growth: evidence from state-level cross-section data for the United States”, *Journal of Urban Economics*, vol. 52, no. 1, pp. 93-108.
- Aliyuddin M. (2023), “Thirty years of fiscal decentralization research: a bibliometric analysis”, *JFBA: Journal of Financial and Behavioural Accounting*, vol. 3, no. 1, pp. 67-78.
- Bahl R.W. (2019), “Rebalancing the economy and reforming the fiscal system of the People’s Republic of China”, *The Governance Brief*, vol. 34.
- Baskaran T., Feld L.P. (2013), “Fiscal decentralization and economic growth in OECD countries: is there a relationship?”, *Public Finance Review*, vol. 41, no. 4, pp. 421-445.
- Dang C., Tran T.T.M., Dinh T.D. (2024), “Spatiotemporal impact of fiscal decentralization and economic growth: evidence at provincial level in Vietnam”, *Applied Economics Letters*, pp. 1-6.
- Feld L.P., Schnellenbach J. (2011), “Fiscal federalism and long-run macroeconomic performance: a survey of recent research”, *Environment and Planning C: Government and Policy*, vol. 29, no. 2, pp. 229-243.

- Filippetti A., Sacchi A. (2016), “Decentralization and economic growth reconsidered: the role of regional authority”, *Environment and Planning C: Government and Policy*, vol. 34, no. 8, pp. 1793-1824.
- Ganaie A.A., Bhat S.A., Kamaiah B., Khan N.A. (2018), “Fiscal decentralization and economic growth: evidence from Indian states”, *South Asian Journal of Macroeconomics and Public Finance*, vol. 7, no. 1, pp. 83-108.
- Gemmell N., Kneller R., Sanz I. (2013), “Fiscal decentralization and economic growth: spending versus revenue decentralization”, *Economic Inquiry*, vol. 51, no. 4, pp. 1915-1931.
- Huther J., Shah A. (1998), *Applying a Simple Measure of Good Governance to the Debate on Fiscal Decentralization*, vol. 1894, World Bank Publications.
- Kyriacou A.P., Muinelo-Gallo L., Roca-Sagalés O. (2015), “Fiscal decentralization and regional disparities: the importance of good governance”, *Papers in Regional Science*, vol. 94, no. 1, pp. 89-108.
- Martinez-Vazquez J., McNab R.M. (2003), “Fiscal decentralization and economic growth”, *World Development*, vol. 31, no. 9, pp. 1597-1616.
- Martinez-Vazquez J. (2011), *The Impact of Fiscal Decentralization: Issues in Theory and Challenges in Practice*, Asian Development Bank.
- Martínez-Vázquez J., Lago-Peñas S., Sacchi A. (2017), “The impact of fiscal decentralization: a survey”, *Journal of Economic Surveys*, vol. 31, no. 4, pp. 1095-1129.
- National Assembly (2015), *State Budget Law*, Law no. 83/2015/QH13 dated June 25, 2015.
- Nguyen L.P., Anwar S. (2011), “Fiscal decentralization and economic growth in Vietnam”, *Journal of the Asia Pacific Economy*, vol. 16, no. 1, pp. 3-14.
- Nguyen T.D. (2017), “Fiscal decentralization and economic growth: evidence from Vietnam”, *Decentralization and Development of Sri Lanka Within a Unitary State*, pp. 287-309.
- Oates W.E. (1972), *Fiscal Federalism*, Harcourt Brace Jovanovich.
- Qiao B., Martinez-Vazquez J., Xu Y. (2008), “The tradeoff between growth and equity in decentralization policy: China’s experience”, *Journal of Development Economics*, vol. 86, no. 1, pp. 112-128.

- Rodríguez-Pose A., Ezcurra R. (2011), “Is fiscal decentralization harmful for economic growth? Evidence from the OECD countries”, *Journal of Economic Geography*, vol. 11, no. 4, pp. 619-643.
- Thanh S.D., Canh N.P. (2020), “Fiscal decentralization and economic growth of Vietnamese provinces: the role of local public governance”, *Annals of Public and Cooperative Economics*, vol. 91, no. 1, pp. 119-149.
- Thiessen U. (2003), “Fiscal decentralization and economic growth in high-income OECD countries”, *Fiscal Studies*, vol. 24, no. 3, pp. 237-274.
- Thornton J. (2007), “Fiscal decentralization and economic growth reconsidered”, *Journal of Urban Economics*, vol. 61, no. 1, pp. 64-70.
- Tran P.K.T. (2015), “Fiscal decentralization and economic growth: evidence from Vietnam”, *Journal of Science - Ho Chi Minh City Open University: Economics and Business Administration*, vol. 10, no. 1, pp. 111-118.
- Tran T.K.O., Nguyen V.H.A., Nguyen T.X.L. (2022), “The impact of fiscal decentralization on economic growth in Vietnam”, *Asian Economic and Banking*, no. 199, pp. 5-29.
- Zhang T., Zou H. (1998), “Fiscal decentralization, public spending and economic growth in China”, *Journal of Public Economics*, vol. 67, no. 2, pp. 221-240.

Article history

Received on June 18, 2025

Revised on July 5, 2025

Accepted on July 6, 2025