

# VIETNAM



REDINESS LEVEL

LOW

Since becoming a lower middle-income country in 2008, Vietnam has seen a reduction in foreign aid and private funding from institutional and multilateral donors. The Doing Good Index 2020<sup>1</sup> described the social sector in Vietnam as a sector in transition. Private philanthropy is stepping up as nonprofits become more proactive in fundraising and developing operational mechanisms to foster growth. However, more efforts are needed to strengthen philanthropic infrastructure and grow the sector as a whole.



## CROSS BORDER GIVING INDEX

SCORE

1.00



## REGULATORY INDEX

SCORE

1.00

Private philanthropy in Vietnam has been growing. In the past, people mostly donated to temples or ancestral places of worship for good luck. However, institutionalised giving is growing among first generation high net-worth individuals,<sup>2</sup> foreign corporates with a local presence in Vietnam, and local businesses.<sup>3</sup> The new generation is leading a new giving mindset and culture.

There is a strong focus on domestic issues among Vietnamese donors, given the high needs in the country. In the cross-border philanthropic ecosystem, Vietnam is primarily a recipient of foreign philanthropic funds.

Institutional and multilateral/bilateral donors have gradually redirected their support to lower income recipients, leading to a funding crunch in Vietnam's social sector. Causes that were high on the aid agenda such as HIV and basic nutrition, have seen drastic reductions in funding as other areas like infrastructure, education, and the environment receive more attention. Meanwhile, issues related to human rights, country borders, or ethnic minorities are highly sensitive and closely regulated.

Despite the lack of specific regulations regarding outbound charitable donations from Vietnam, cross-border giving is practically impossible, due to stringent capital controls and regulatory bureaucracy.<sup>4</sup>

The ease of receiving foreign funding is a matter of experience and relationships. Vietnam is generally cautious about foreign influence, particularly in relation to security and geopolitical issues. To receive foreign funding, an organisation must obtain a license, which is valid for three years, with approval from seven government ministries.

In 2020, new legislation<sup>5</sup> on inflow policies introduced additional administrative requirements. Local NGOs must seek pre-approval from multiple government agencies and ministries before it can use funds, which can take up to 18 months.<sup>6</sup> Approval is project-based and provided on a case-by-case basis. While this may not affect experienced organisations with established relationships with government authorities, smaller organisations may find it challenging. Many small organisations opt to function as subgrantees of INGOs operating in Vietnam or larger domestic NGOs.



## INFRASTRUCTURE INDEX

SCORE

1.00



Vietnam requires stronger infrastructure to ensure philanthropic investments are effective, transparent, and accountable. As private wealth grows, the philanthropy sector has also grown significantly. However, giving in Vietnam remains overwhelmingly in the form of traditional charity, driven by affiliation and personal motivations rather than strategic intent.<sup>7</sup>

During and after large disasters, self-organised fundraising campaigns proliferated social media platforms and informal networks. Some campaigns have received positive public responses and reached millions of dollars in donations. However, many lacked the proper

monitoring and management mechanisms to ensure transparency and effectiveness of the fund disbursement, resulting in various scandals that eroded public trust. Infrastructure, including professional philanthropy advisory services and good governance and accountability mechanisms to incentivise giving and promote accountability are critical to maintain and encourage the momentum of the sector's growth.

Conversations with local and international NGOs also revealed a need for information on a wider network of overseas donors, particularly private and corporate foundations in Asia and other regions.

ECOSYSTEM SUPPORT ROLE	ORGANISATIONS
Knowledge provider	<ul style="list-style-type: none"><li>• Center for Education and Development (CED)</li></ul>
Philanthropy advisory	<ul style="list-style-type: none"><li>• Raise Partners</li></ul>
Ecosystem promoter/advocacy	<ul style="list-style-type: none"><li>• LIN Centre for Community Development</li><li>• Management and Sustainable Development Institute (MSD)</li></ul>