

MINISTRY OF EDUCATION  
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**STATE MANAGEMENT TOWARDS INVESTMENT PROJECTS  
FROM STATE BUDGET FOR HIGHER EDUCATION & TRAINING  
AND POSTGRADUATE EDUCATION & TRAINING IN VIETNAM**

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## **FOREWORD**

### **1. Necessity of the dissertation**

Our country has undergone thousand years of history, periods of revolutionary career coupled with innovation task of the country, our Party and State always pay special attention to investment activities, closely monitor in order to establish and issue policies and guidelines promptly to innovate investment policies, carry out national targets, enhance social welfare and social security.

Being aware of the importance of education and training sector, Vietnamese Communist Party via terms of Congress always affirms that “Investment in education is investment for development”, considers educational development as basic factor - breaking-out phase. For this reason, in many past years, especially in recent years, the Party and the State have been given guideline and spent many investments for Education & Training. Therefore, the State needs to give out appropriate investment policies for Education & Training in each period:

- Originating from requirements of the career of country industrialization and modernization and international economic integration.
- Originating from requirements of sustainable development for education in general, higher education and postgraduate education in particular of our country.
- Originating from requirements of developing high-quality human resources at higher education and postgraduate education levels.
- Originating from requirements of contributing to the State management in Higher education and Postgraduate education field by State budget through investment projects to achieve given targets, avoid spreading waste.
- Originating from orientation of the Party and the State regarding Education & Training.

### **2. Purpose, task of research**

#### ***2.1. Purpose of research***

Research purpose of this dissertation is to research systematically the state management scientific basis for State budget-funded investments projects for higher education & training and postgraduate education & training in Vietnam. On that basis, it is to establish and propose viewpoints, solutions in order to enhance efficiency of the State management on State budget-funded investments projects for higher education & training and postgraduate education & training meeting new requirements and tasks in the educational career development of the country.

#### ***2.2. Task of research***

*Firstly*, research scientific basis with regard to State management on State budget-funded investments projects for higher education & training and postgraduate education & training in Vietnam.

*Secondly*, mention the situation of State management on State budget-funded investments projects for higher education & training and postgraduate education & training in Vietnam from forming, verifying, approving, and deploying to implement projects, exploiting projects and also defining reasons, limitations during feasibility research until exploitation of investment projects.

*Thirdly*, establish and propose solutions in order to improve the efficiency of State management on State budget-funded investments projects for higher education & training and postgraduate education & training in coming time in our country.

### **3. Object, scope of research**

#### ***3.1. Object of research***

Research object in the dissertation is the State management on State budget-funded investments projects for higher education & training and postgraduate education & training under the socialism-oriented market economy in our country currently.

#### ***3.2. Scope of research***

- *Contents*: The dissertation focuses on researching the State management on State budget-funded investments projects for higher education & training and postgraduate education & training in public sector (according to Law on Higher Education 2012, Higher education includes college, university and postgraduate education). The dissertation does not research college training.

- *Duration*: The duration from 2000 to 2012 then defining new orientation in coming time (period 2012 to 2020).

- *Space*: nationwide

### **4. Methodology and research methods**

#### ***4.1. Methodology***

The dissertation is established on the basis of Marxist - Leninist methodology and ideology of Ho Chi Minh and viewpoints, guideline, policies of the Party and the State in the State management under conditions of socialism establishment in Vietnam in the phase of international economic integration.

#### ***4.2. Research methods***

The dissertation uses following main methods:

- *Method of collecting, processing data from sources*: collecting, processing data from many different sources, mainly data from statistic materials of ministries, sectors, localities related to research object of the dissertation. Data from internet is also collected.

- *Method of data qualitative and quantitative analysis:* Due to many information sources collected in many different forms, the author will rely on both qualitative and quantitative analysis methods.

- *Method of synthesis, evaluation:* on the basis of synthesis by many different ways, the author will give out opinions, comments, and evaluations with regard to the related topics.

- *Experts' contribution:* During research, the author gives out data regarding situation of the State management on State budget-funded investment projects and synthesizes, asks for experts' opinion in order to achieve given targets.

- *Inductive method:* the State management on State budget-funded investment projects is a very practical field of countries as well as Vietnam (individually). Academic research works and books published in this field are limited. However, the State management on investments projects for higher education & training is a practical field which is much concerned by many people. There are many (short) articles on mass media, on websites; many articles presented at domestic, international seminars and conferences. Each article has different viewpoints on the State management on State budget-funded investments projects for higher education & training. Based on that fact, the dissertation will approach inductive information sources. Based on different ways of thinking and approaching, it will synthesize, analyze, evaluate and combine personal ideas to generalize into common matters and recommend application for Vietnam.

## **5. Significance of research**

### ***5.1. In theoretical aspect***

- The dissertation presents, argues and analyzes comprehensively, systematically and particularly the scientific basis on the State management on State budget-funded investments projects for higher education & training and postgraduate education & training;

- Propose scientific foundation as orientation and establish system of solutions in order to improve efficiency of the State management on investments projects for higher education & training and postgraduate education & training in our country in conformity with tasks and requirements under innovation period, meeting targets and tasks given by the Party and the State in which the focus of research is State management on State budget-funded investment projects.

### ***5.2. In practical aspect***

*Firstly*, the dissertation focuses on surveying, analyzing the situation of State budget-funded investments in Higher education and postgraduate education, pointing out reasons of limitations and weaknesses existing in investment activity.

*Secondly*, the dissertation presents about educational investment in some countries in the world, then analyzes and learn beneficial experiences for Vietnam in this field.

*Thirdly*, research scientific foundation in theories in combination with analysis, synthesis of real situation in order to establish and propose practical solutions to improve efficiency of the State management on investment, especially investment in Higher education and postgraduate education in our country. On that spirit, it is to optimize efficiency and capacity of investment projects.

## **6. New contributions of the dissertation**

### ***6.1. In theoretical aspect***

The State management on State budget-funded investments projects for higher education & training and postgraduate education & training is a particular and very sensitive matter; it is also condition for occurrence of negativity, corruption and loss of State properties. Therefore, a comprehensive research on theory as well as practice of management in order to improve, enhance the efficient of this fund is a very urgent matter currently.

On the other hand, it is needed to improve responsibilities of State management agencies by sector - field to manage State invested projects in Higher education and postgraduate education systematically to achieve given targets of projects.

In theoretical aspect, the dissertation will point out new approaches in order to create a healthy and fair environment in Higher education and that will contribute to enhancement of efficiency of investing State budget in Higher education. That will be proved by the author in the dissertation.

On that basis, the dissertation proposes suitable investment policies, policies for managing project implementation, avoiding loss and waste, exploiting completed projects and using efficiently as well as recovering investment fund in order to reduce pressure on the State budget in the direction of educational socialization.

### ***6.2. In practical aspect***

Propose orientation, solution and recommend the Government, sectors, agencies related to the State management on State budget-funded investments projects for higher education & training and postgraduate education & training:

- 1- Innovate financial regime, allocate budget for educational career;
- 2- Innovate the State management on State budget-funded investments projects for higher education & training with regard to basic construction, student support, receivables in training institutions, project management regime by ODA fund, science - technology research in training institutions, and human resource development in Higher education institutions;

3- Strengthen the activity of inspection, investigation, and supervision;

## **7. Structure of the dissertation**

In addition to the foreword, overview of research situation, references and appendix, contents of the dissertation include 3 chapters:

*Chapter 1:* Scientific foundation on the State management on State budget-funded investments projects for higher education & training and postgraduate education & training.

*Chapter 2:* Actual situation of State management on State budget-funded investments projects for higher education & training and postgraduate education & training in Vietnam for period from 2000 to 2012.

*Chapter 3:* Renovation of State management on State budget-funded investments projects for higher education & training in the period to 2020.

## **OVERVIEW OF RESEARCH SITUATION**

### **1. Research works in the country related to topic of the dissertation**

Public investment or State expense for Higher education in Vietnam is also approached in following forms:

- Investment in Higher education institutions;
- Investment in students;
- Investment in infrastructure projects;
- Investment through research projects (research plans);
- Investment through programs on curriculum, programs of Higher education sectors (as a form of investment project);
- Investment through human resource development programs for Higher education institutions - postgraduate education programs (as investment project not belonging to the group of constructional investment);
- Kinds of projects in Higher education from State budget or ODA. As stipulated, ODA is one kind of budget capital.

Researching the State management on State budget-funded investments projects for higher education & training also couples with the management of public expense; management of State budget-funded investment projects for general. Therefore, the author refers to research approaches of some works and topics.

The author chose the topic “*State management on State budget-funded investments projects for higher education & training and postgraduate education & training in Vietnam*” as the research topic of the dissertation.

## **2. Foreign research works related to topic of the dissertation**

There may be many researches on materials of other countries with regard to State budget for higher education; particular materials showing legal foundation for State management in spending State budget for higher education and postgraduate education are also limited. Though indirect research on some works related to finance for Higher education, it is also possible to learn lessons, contributing to completion of the dissertation.

*In summary*, there is few research works on the State management on State budget-funded investments projects for higher education & training in both Vietnam and foreign countries.

## **3. Theoretical foundation and the oriented ideology throughout the dissertation**

### ***3.1. Theoretical foundation***

The dissertation bases on theory system regarding the State management, theory system regarding education and training in general and Higher education in particular, theory system regarding investment in general and state budget-funded investment projects for particular in Higher education; and experiences of some countries investing state budget in Higher education.

### ***3.2. Oriented ideology throughout the dissertation***

On the basis of theoretical frame, scientific foundation, real situation regarding the State management on State budget-funded investments projects for higher education & training, the author gives out some solutions in order to innovate to achieve targets of projects and enhance the efficiency of the State’s investment in Higher education in Vietnam in coming time.

## **4. It is needed to continue researching contents of the State management in the light of the dissertation’s contents**

*Firstly*: with regard to the state administrative institutions, policies on the State management on State budget-funded investments projects for higher education & training.

*Secondly*: with regard to the State management apparatus on State budget-funded investments projects for higher education & training and postgraduate education & training.

*Thirdly*: with regard to staff of officers, public employees for the State management of projects.

*Fourthly*: with regard to assurance of fund for project implementation as well as project exploitation after completion and plan of fund recovery to create source of re-investment, reduce pressure on the State budget.



*Fifthly:* with regard to the activity of inspection, investigation, supervision the process of preparing and executing projects.

## ***Chapter 1***

### **SCIENTIFIC FOUNDATION ON THE STATE MANAGEMENT ON STATE BUDGET-FUNDED INVESTMENTS PROJECTS FOR HIGHER EDUCATION & TRAINING AND POSTGRADUATE EDUCATION & TRAINING IN VIETNAM**

#### **1.1. State budget for education and higher education**

##### ***1.1.1. Higher education and State budget for higher education***

State budget is spent for higher education institutions in general (including training activities from college to university levels (including higher education and postgraduate education activities)).

State budget expenses are carried out in form of program, project on:

1. Subsidizing or investing in Higher education institutions;
2. Subsidizing students (reviewing and granting);
3. Low interest rate loan credit.

In each particular phase, public expense for education calculated in proportion in public expense or in proportion with GDP tends to increase.

##### ***1.1.2. Political economic nature of state budget investment in higher education***

Political economic theories regarding the state investment in fields including Higher education point out that all countries have been using state budget to invest in Higher education under many forms. Each country has different choices and currently, the investment in Higher education by state budget becomes a matter in argument of budget allocation process in many countries. Also, it is due to the fact that State budget for service supply in general and Higher education in particular has many theoretical as well as practical matters requiring solution.

##### ***1.1.3. Forms of investment in higher education from state budget***

###### ***1.1.3.1. Regular expense and expense for basic construction***

- Regular expense: regular, daily and annual expenses for training institutions in order to maintain educational service.

- Expense for basic construction: expense for properties with high value and long time.

###### ***1.1.3.2. Some forms form of state budget investment in higher education***

- Model of allocating, managing public expense in general and higher education in particular bases on results

- Allocation and management of public budget bases on expense items

- Model of mixture, combination

*In summary*, Higher education is one of study levels playing an important role in development the national human resources. Higher education in both developed countries and developing countries develop with high rate. Demand of citizens on higher education tends to increase quickly.

## **1.2. State management on investment projects**

### ***1.2.1. Investment and investment projects***

#### *1.2.1.1. Investment*

Investment is a concept being approached in different ways. In the most common meaning, *investment is to sacrifice current resources to conduct one or more activities in order to gain certain results for investors in the future.*

#### *1.1.1.2. Investment projects*

Project mentioned under Decree no. 177/1994 is the most suitable for many kinds of projects. It is "... is a set of proposals on spending fund to create, expand or upgrade certain objects in order to achieve a growth in quantity, improve or enhance quality of some product or service in a certain period. Investors may conduct investment through forms of projects. Nowadays, management by projects, investment projects becomes more and more popular.

### ***1.2.2. Managing investment projects by state management agencies***

The State and State management agencies of countries play an important role in verifying, approving projects in order to assure that all projects comply with strategies, policies, planning, plans given by the State.

## **1.3. State management on state budget-funded investments projects for higher education & training**

### ***1.3.1. State management on state budget-funded investment activities for educational institutions***

#### *1.3.1.1. State management on public investment projects for infrastructure of higher educational institutions*

- Project management process, public investment program.
- State management on public investment projects for construction and infrastructure development of higher educational institutions - General principles
- Management on State budget-funded investments projects for higher education & training and postgraduate education & training.

*1.3.1.2. State management on State budget-funded investment projects for scientific researches and curriculum composing*

Less attention for separating into a specific field is given to public investment projects for researches as well as development of writing curriculum. Specific statistics for this aspect are not available in majority of countries. Scientific researches of educational institutions are often integrated into a national scientific research fund, of which a specific part is reserved for higher education.

*1.3.1.3. State management on state budget-funded investment projects for supporting human resource development of higher education system.*

Theory and actuality show that it is necessary to have investment projects for supporting human resource development of higher education institutions in order to provide their lecturers and managers with knowledge and knowhow of teaching and management in variable environment. Without such support, human resource of higher education institutions will be less adapted.

State management on public investment programs and projects for developing human resources for higher education is often centralized rather than decentralized to higher education institutions for management under regulated standards. Qualifying for such performance is competitive.

***1.3.2. State management on state budget funded investment projects for supporting students***

*1.3.2.1. State management on state budget-funded investment projects for Student Grants Program*

Grants programs or projects are not defined consistently. However, they are for students in order to directly supporting them at their study.

General philosophy of such public investment program or project is that students are in different life circumstances, thus in an effort to afford them to equally approach to higher education, it is necessary to support them financially in forms of scholarships or grants.

*1.3.2.2. State management on public investment programs, projects for supporting students through credit loan*

This is a form of credit for students, but with public preferential conditions, and such preferential loans are all paid by the State with the budget. Preferential credit loans for students can be in various forms.

**1.4. State management on State budget-funded investment programs and projects for higher education in some countries**

***1.4.1. America***

For State management on grants and scholarships for students, there are three special programs in America: Federal Pell Grants, Federal Supplemental Educational Opportunity Grants (FSEOG); Teacher Education Assistance for College and Higher Education (TEACH) Grants.

#### ***1.4.2. Korea***

Higher education system in Korea is typically featured with private higher education. Korean government directly controls and regulates both public and private institutions regardless of used source of capital. State management will give same effects on higher education system. All institutions are subjected to supervisions by Ministry of Education as regulated by the Law on Education (except Seoul National University). Thus differing from some countries, universities have not developed their specific Charters like others.

#### ***1.4.3. Indonesia***

Higher education system in Indonesia comprises of two forms, public and private. Public universities give account for only 4% of universities. A de facto the higher education system in Indonesia is encountering is to determine norms for achieving grants for both public and private sectors. Much attentions are given to studying achievements in both sectors, thus grants are mostly for students who have high achievement. There is a paradox in that majority of them are out of those who are suffering financial pressure and difficulty. A policy by which study capacity and financially difficult circumstance are integrated is being developed by Higher Education Administration Department. Accordingly students of difficult families must try their best to study well. This is also point of concern in other countries.

#### ***1.4.4. Some general comments about State management on State budget-funded investments projects for higher education & training and management from three countries***

*Firstly*, public expenditure for higher education is not same among countries and accounts for low proportion in total public expenditure.

*Secondly*, public expenditure generally for higher education accounts for low density in total public expenditure. Generally, it is not exceeding 30% of total public expenditure.

*Thirdly*, total public expenditure for education in general and higher education in particular is divided into two groups: one directly supporting higher education institutions and one directly providing students with financial support.

*Fourthly*, State budget is directly spent on higher education institutions into two groups: frequently spending on higher education institutions and on capital investment programs and projects.

*Fifthly*, public expenditure is most for higher education subjects, very less for private higher education subject.

*Sixthly*, since State budget for higher education is mostly spent by frequent expenditure, neither specific rule is available, but it is subject to general financial regulation for State budget.

*Seventhly*, capital investment programs and projects for higher education are not regulated specially, but subject to general regulations for investment projects.

*Eighthly*, State budget for direct financial support to students is mostly spent in two forms:

- Scholarships in all kinds (i.e. not payable)
- Preferential credit loans

It is required in controlling loan recovery to have income source control and Indonesia copes with difficulty in this aspect.

*Ninthly*, in all three countries renovations on State budget expenditure for higher education base on principle of tertiary self-control and restriction of State budget for higher education.

### ***Summarization of chapter 1***

State management on State budget-related investment for higher and postgraduate education is one of general challenges for all countries.

1. General education-concerned principle is "the Education for All" (EFA).
2. Role of the State in education in general and higher education in particular in the aspect of budget investment must be concerned.
3. State budget for higher education is a very sensitive field in many countries, especially when investment for higher education now becomes marketable and competitive.
4. State budget for higher education mostly concentrates on public training institutions, in which it is reserved mostly for frequent expenditures, but restricted for investment programs and projects.
5. State budget for direct support to students and private institutions is low, which is done in manner of preferential credit loans or scholarships.
6. State management on State budget expenditures to higher education institutions in terms of frequent outlays must be subject to spending regulations according to budget flows specified in the spending regulations.
7. Direct investments to such capital programs and projects as construction and scientific research must be subject to project control rule in each country or by each sponsor. No specific practice is available.

8. State budget for credit loans for students is managed by "loaning fund" regulations. It is one of matters without uniform model.

## Chapter 2

# ACTUAL SITUATION OF STATE MANAGEMENT ON STATE BUDGET-FUNDED INVESTMENTS PROJECTS FOR HIGHER EDUCATION & TRAINING AND POSTGRADUATE EDUCATION & TRAINING IN VIETNAM FOR PERIOD FROM 2000 TO 2012

## 2.1. Higher education and postgraduate education development in Vietnam for period from 2000 to 2012

### *2.1.1. Overview on higher education development*

Higher education system in Vietnam is subject to the Law on Education 2012 which became effective on 01 January 2013. At Chapter 1, Article 6, Clause 1 higher education is regulated with four qualifications: college degree, university degree, master degree and doctor degree. It is collectively referred to higher education. Many either quality or quantity issues which are concerned in the society are addressed to Higher education in Vietnam.

### *2.1.2. State budget expenditure for educational career*

In the present condition Vietnam is evaluated as one of countries where proportion of State budget expenditure for education and training is highest in the world.

State budget expenditure for educational career is divided into two main groups: central State budget expenditure and local State budget expenditure.

Budget flow allocated to direct management by the Ministry of Education and Training is very small in total annual budget expenditure for education of the whole country. This is also a challenge when studying State budget expenditure for educational career in Vietnam.

### *2.1.3. State budget investment in higher education and postgraduate education.*

At present, mechanism of State budget allocation to higher education and postgraduate education institutions is featured with the same to other fields. There is no specific mechanism for verifying annual State budget allocation to higher education and postgraduate education institutions. Network of public institutions is directly managed by the Ministry of Education and Training under specific State budget of the Ministry of Education and Training; public institutions are managed by ministries and sectors under budget of industries and authorities; local institutions are managed by locality under local budget.

*- For state budget*

*- For network of institutions and financial mechanism*

*- Forms of investment*

## **2.2. Actual situation of State management on State budget-funded investment projects directly to higher education institutions**

As aforesaid comments, State budget for education and training allocated to direct management by the Ministry of Education and Training gives less proportion in total annual State budget (about 5% of total State budget expenditure for education).

Generally, State budget allocated to the Ministry of Education is divided into various groups: group of self-supported institutions (1); group of partially self-support institutions (2); group of institutions that are absolutely funded by State budget (3); other institutions out of such above groups; administrative expenditure; reciprocal capital expenditure for ODA projects.

### ***2.2.1. Actual situation of State management on capital construction and investments projects for higher education & training and postgraduate education & training development for period from 2000-2012***

#### ***2.2.1.1. Overview on capital construction and investments projects for higher education & training***

In the field of higher and postgraduate education, many types of investment projects use State budget and other ones. Accordingly study in State management on investment projects for the field of higher and postgraduate education is divided into two groups: construction and investment project and the remaining projects.

Generally, the group of state budget-funded construction and investment projects for all aspects takes no discretion of field and sector, but all under State management as well as performance management as per stipulated in written statutory regulations.

#### ***2.2.1.2. Typical State management on construction and State budget-funded investment projects for the last period***

State management on capital construction and investment projects for the field of higher and postgraduate education generally complies with a written State management in term of construction and investment projects. However, these are projects in the field of education and it is differed from others in that they cannot be performed without active supports of the State and State budget. In addition, it is not likely to assign to higher and postgraduate education institutions as Owners in capital construction and investment projects for public higher and postgraduate education because in fact, higher and postgraduate education institutions act in quite different field rather than capital construction. Due to lack of management capability toward big-scaled projects of universities as Owners, construction progress of such projects is slow; many technical issues are not well interpreted.



Prime Minister assigned Ministry of Construction as Owner of Vietnam National University, Hanoi project. It will be an important breaking step to foster this project and to create appropriate infrastructure for higher and postgraduate education.

***2.2.2. Actual situation of State management on investment projects for scientific and technological career in higher and postgraduate education institutions***

Annual state budget allocated to the Ministry of Education and Training is re-allocated for scientific career with small proportion in total allocated budget of the Ministry.

At the same time, institutions can out-source state budget for this activity by tendering scientific research topics and projects from Ministry of Science and Technology.

For State management on ministerial-leveled scientific research programs and projects, the Ministry of Education and Training has promulgated legal code documents for management purpose.

***2.2.3. Actual situation of State management on state budget-funded investment projects for human resource development for higher education***

In fact, there has not had any strategy for human resource training for the network of higher education institution, just through projects that address situation.

The policy of financial support for students is only for higher education, but not postgraduate education. This was the biggest restriction in state-budget funding for Vietnam higher and postgraduate education in the last period.

***2.2.4. Actual situation of State management on ODA funded investment projects for higher and postgraduate education***

The present State management on ODA funded investment projects by the Ministry of Education and Training is centralized, oriented and negotiated, signed or managed in operation and technical specialization. Through the Ministry of Education and Training has established ODA Management Division, it is required to differentiate clearly State management on projects, i.e. setting forth law, framework for general orientation and decentralization for project performance.

Capacity for project performance is restricted; ODA funded investment projects have not been developed to private sector.

***2.2.5. Some comments on state budget-funded direct investments projects for higher education & training institutions***

Direct investment project for training institutions is limited either in term of quantity or quality; performance capacity is weak; performance progress remains slow as training institutions are cum Owners.

The State should vary state budget-funded investment policy for higher education more appropriately and consistently with reality.

### **2.3. Actual situation of State management on state budget-funded investment projects for the form of credit loan for students**

Credit is a borrowing and refunding relation, not free aid or grant. Borrower is obligated to refund principle and interest as agreed in certain period.

#### ***2.3.1. Some contents of state budget-funded investment projects for the form of credit loan for students***

Credit investment for supporting students is funded from state budget, mobilized capital; beneficiary, condition for loan, loan value, lending interest, lending term and principal and interest refunding are stipulated.

#### ***2.3.2. Participatory subjects***

Households, higher education institutions, Social Policy Bank, People's Committees of communes, wards and towns (collectively called commune level)

#### ***2.3.3. Some comments on State management on student credit projects***

Student credit support is a right policy of the State, however it has significant challenges in performance, specially debt recovery and bad debt settlement because of its reasons.

### **2.4. Actual State management on the State budget-funded project via grants to students at higher education institutions**

The characteristics of the projects of this type are completely different from those of the above credit projects with refund, i.e. “the grants by the State budget for eligible students as regulated”.

#### ***2.4.1. Learning encouragement scholarship project***

This is a very special project type. Such projects are appraised and approved by the teachers at education institutions. At the same time, the State budget income for this type scholarship is difficult to estimate in the annual budget flow. For this very reason, the State management and self-control by the institutions in the evaluation on the learning outcome of students are requisites on the success of the project. It depends on occupational ethics of the lecturers. The learning encouragement scholarship project will not achieve its objective without tightening the quality evaluation and control mechanism.

#### ***2.4.2. Policy scholarship project***

Unlike credit project for groups of students in the families with economic difficulty; the policy scholarship project applicable to the students with good learning achievements, the project of this type is applicable for the students under policy and the ethnic minorities; the disabled. Because the Ministry

of Labor, Invalids and Social Affairs is the unit responsible for determining policy object criteria, higher education institutions confirm the learning process of the people under such policy only.

#### ***2.4.3. Social allowance project***

The State management on investment project mainly belongs to the Ministry of Labor, Invalids and Social Affairs. Higher education institutions are only a factor identifying the presence of students at training institutions. Therefore, there must be the coordination among the State agencies related to universities.

#### ***2.4.4. Tuition-related projects***

Tuition now becomes an inevitable factor. Tuition is an amount of the learner's family or payable by the learner to contribute to ensuring costs for educational activities.

In parallel with collecting tuitions, to ensure a common equity and social justice, the State carries out policies related to tuition exemption and deduction and training cost support.

##### *2.4.4.1. Tuition exemption project*

*2.4.4.2. Tuition deduction project via tuition compensation for higher education institutions from the State budget.*

##### *2.4.4.3. Some comments on tuition exemption and deduction project*

*First*, both tuition exemption project and tuition deduction project for students at higher education institutions show the State priority for students studying at public universities. This will create a common unjust when poor students studying at private universities fail to receive such priority.

*Second*, the regulations on tuition exemption and deduction by region, ethnic group are not actually reasonable because many families in remote areas with well-to-do economy are still entitled to tuition exemption and deduction.

*Third*, students must bear great pressure when enjoying benefits from the tuition exemption and deduction project if they have to pay first and get compensation later.

*Forth*, under the instructive legal documents, it can be seen that the procedures for getting tuition exemption and deduction as well as tuition compensation are quite complicated.

*Fifth*, some universities put forth their own tuition exemption and deduction policies to attract students. If private universities can do so, public universities fail to put forth such private policies. This distorts the objective of this investment project.

*Sixth*, the above projects may be found coincident in some groups of beneficiaries, except for the beneficiaries under scholarship project (but applicable to public universities only). It is necessary to consider a simpler way so that they can receive benefits all from the State budget.

## **2.5. Actual State management on State budget-funded investment projects or commitment programs between the Government of Vietnam and other countries (agreement) in overseas higher education**

The State's plan to grant scholarship to overseas students is a costly policy.

The State budget for investment projects for overseas students costs a lot compared with the State budget-funded investment projects for domestic higher education via various forms and fail to achieve the project's objective.

## **2.6. Inspection and supervision**

Investments projects for higher education & training are carried out. However, the evaluation, inspection and supervision have not been carried out seriously and regularly in terms of quality, progress and investment cost.

### *Summary of chapter 2*

1. Some important characteristics of actual State management on the State budget-funded investments projects for higher education & training.
2. Some shortcomings in the State management on the State budget-funded investments projects for higher education & training in Vietnam.
3. Reasons for such shortcomings.

### *Chapter 3*

## **RENOVATION OF STATE MANAGEMENT ON THE STATE BUDGET-FUNDED INVESTMENTS PROJECTS FOR HIGHER EDUCATION & TRAINING IN THE PERIOD TO 2020**

### **3.1. Viewpoints by the Communist Party of Vietnam and the State of Vietnam on higher education development in the period to 2020**

1. Regard education development actually as the top policy, the cause of the Communist Party of Vietnam, the State of Vietnam and the whole people.
2. Establish an education of the people, tradition, advancement, modernism and socialism; regard Marxism-Leninism and Ho Chi Minh ideology as the foundation.
3. Basically and comprehensive renovate the education in the direction of standardization, modernization, socialization, democratization, international integration and adaption to the socialist-oriented market economy, develop education in association with developing science and technology, focus on enhancing quality, especially quality of ethical, lifestyle education, creativity, practice skill to meet the socioeconomic development requirements.

4. Make intensive and extensive international integration in education based on preserving and developing traditional identity, maintaining independence, self-control and socialist orientation.

### **3.2. Orientations in renovation of financial mechanism for higher education development**

Renovation of financial mechanism for education will exert great influence both on creating income for universities (public and private) and on allocating the State budget to higher education.

#### ***3.2.1. Renovation of financial mechanism for general education cause***

The renovation of financial mechanism for Vietnam education cause in the coming period still focuses on combining the role of the State budget funding for education with mobilizing the contribution by the learners. Accordingly, there are ten issues to be renovated.

#### ***3.2.2. Orientations in allocation of the State budget for higher education***

##### *1. State budget fund*

##### *2. Non-business income of the unit*

The Communist Party of Vietnam and the State of Vietnam have put forth orientations showing the determination in renovating financial mechanism for higher education; renovating the allocation mechanism and the State budget management for investments projects for higher education & training in the principle of outcome and competition. This poses the universities in the healthily competitive environment in terms of quality and tuition.

### **3.3. Renovation of management of the State budget-funded investments projects for higher education & training**

The funding from the State budget in education in general and higher education in particular is done via two forms: funding for education institutions and funding for students.

#### ***3.3.1. Renovation of management mechanism for basic construction investments projects for higher education & training institutions from the State budget***

The State focuses only on investing and building new key universities; giving priority to university areas and villages in order to create favorable conditions for planning the network of universities and implementing urban planning of big cities approved by the Government.

The State budget for such projects should be focused and agreed so that the Ministry of Construction acts as the Employer. Higher education institutions are only beneficiaries who have demand for proposals in technical design.

#### ***3.3.2. Renovation of the State management for the State budget-funded investment projects for the form of “student grants”***

##### *3.3.2.1. Non-refundable investment projects*

The State budget grants are for students at universities, regardless of public universities or private universities.

Universities will not be involved in the State budget estimate for this item. At the same time, students will have equitable access to the State budget. They are easier to choose their desired higher education institutions.

#### *3.3.2.2. Grants in the form of credit*

It is necessary to change the awareness of establishing student credit fund. This is not only the mere loan or a commercial - banking activity but also a big macro policy for investment and development. High capital recoverability is associated with employment, income and control policy. We will recover and exert great influence on socioeconomic development upon introducing a workforce with high qualification into the labor market.

The change in the State budget funding for the student credit fund and the change in citizen management method are currently realized via code and barcode on ID card, control over graduates who go to work and gain favorable income with high capital recoverability. It is important to expand lending forms and be more flexible in borrowing policy, which will create positive credit market for students in general.

#### ***3.3.3. Renovation of the income creation mechanism by higher education institutions via tuition***

In the socialist-oriented market mechanism in Vietnam, tuition must be affirmed as the main income source of universities, regardless of public or private. Thanks to this income source, the universities can have sufficient budget for regular expenditure and investment. However, the correctness and the sufficiency in expenditure will impact the learners. Therefore, it is required to associate with the “sufficient” tuition financial mechanism. It is necessary to establish appropriate support policy for students in general and students subject to policy beneficiary.

#### ***3.3.4. Renovation of the funding management mechanism for higher education from ODA***

In the coming period, renovation of ODA using mechanism (also an item of the State budget) in the field of education in general and higher education in particular should be considered. There are four issues to be renovated.

#### ***3.3.5. Renovation of the State budget funding mechanism for scientific - technological research in universities***

For the lecturers (professors, associate professors, doctors, masters and postgraduates) to join scientific research, it is advised to change the funding mechanism for scientific research at higher education institutions by six contents.

Bidding mechanism for scientific topics will transfer research ordering mechanism in the form of universities associated with enterprises to sell research products. If such products cannot be sold, there is no turnover.

### ***3.3.6. Renovation of the State budget funding mechanism for higher education and development of human resources at higher education institutions in the coming period***

Encourage higher education institutions to use their own fund to support lecturers to pursue postgraduate study. This is also a method for the universities to reach the standard for universities under the education strategy in the period 2011-2020 outlined by the Government.

Renovate the financial policy mechanism by the State budget for higher education in order to develop human resources for higher education institutions. It is required to regard it as the requisite to quickly enhance the human resources quality of Vietnam higher education. There are ten issues to be renovated.

*In short*, the development of human resources in general and human resources in higher education in particular requires an equitable and just policy for all peers. Such policy is called a good human resources investment policy.

The State should concentrate the budget via human resources development investments projects for higher education & training institutions, regardless of public or private.

### **3.4. Inspection and supervision**

The Ministry of Education and Training consults and proposes to the Government on promulgating the regulations on inspection and supervision (the Prime Minister promulgated the Decree No. 42/2013/ND-CP on 09/5/2013 on education inspection and the Circular No. 39/2013/TT-BGDĐT dated 04/12/2013 by the Minister of Education and Training) on the projects in the field of higher education invested by the State with the coordination of related agencies presided over by the Ministry of Education and Training (investment plan, finance, banking, local government, training institution), in particular, bringing into full play the community supervision; proposing violation handling measure, periodically reporting to the Prime Minister.

### ***Summary of chapter 3***

Vietnam higher education is facing many challenges. The State budget for higher education will be limited in the general trend of the world. Efficient use of the State budget for higher education development is now a concern from now to 2020. There are ten issues to be renovated.

### **CONCLUSION**

State budget is a great but limited resource. Therefore, the funding from the State budget for various fields and sectors must be prudent, objective-oriented and economical. Education has been confirmed as a national policy by the Communist Party of Vietnam and the State of Vietnam by giving annual priority from the State budget for education.

Higher education in Vietnam is one of the fields witnessing profound reforms. If in the past, Vietnam higher education was totally subsidized by the State and applicable to public universities, together with the reform in economic institution, the acceptance by various co-existing economic sectors, especially in the field of service such as education. Apart from public higher education institutions, private higher education institutions are now developing with quick speed.

Vietnam higher education system in the present content has many issues to be solved. One of the big issues concerned by the State of Vietnam and the Ministry of Education and Training is building Vietnam universities under international standard. Besides, there are also two issues to be concerned, namely higher education infrastructure and lecturers of the universities.

Many private universities are established without learning and teaching facilities; without money to invest in the learning and teaching facilities with enrolled students; many public higher education institutions which were established in the subsidy period (1970s - 1980s) have poor and unsystematic technical infrastructure. They lack lecture halls and laboratories. Their locations are within big cities such as Hanoi, Ho Chi Minh. The pressure in area, plan construction requires the universities to move.

The basic issue to be concerned in the service supply relationship is the beneficiary from such services. Such beneficiaries are the students studying at higher education institutions. In principle, they will not depend much on public or private higher education institutions. For them, the State should manage in equitable and just manner from the State policies.

Forms of the State budget funding for higher education that have been applied in the countries as well as in Vietnam include:

- Group of funding for higher education institutions. They are universities and institutes within the higher education institution system under the laws, regardless of public or private;
- Group of grants for students at universities;



- Group of the State budget-funded investment projects for overseas, domestic higher education and group of the State budget-funded investments projects for higher education & training institutions as well as for lecturers and PhD and MA supervisors;

The success or failure of the growth in higher education and output quality of higher education depends on the resources reserved for infrastructure development as well as human resources development of higher education institutions.

The State budget funding for higher education via various forms of projects as stated above is an inevitable requirement. Good State management on the State budget-funded investment projects will impact the quality of higher education.

For the State budget-funded investments projects for higher education & training outside the material infrastructure investment group, the State ought to work out other management methods that are specific and innovative.

Proposals for renovating the State management on the State budget-funded investments projects for higher education & training development as stated above will contribute to completing the method of using the State budget for higher education and better mobilize social fund combined with the State budget. The higher education cause will have better development opportunities and make efforts so that by 2020 we will have universities under the regional and international standards.

The thesis has completed the research objective as requested by the public administration thesis. The thesis has solved the basic issues:

*First:* Systematize theoretical issues related to the State management on the State budget-funded investments projects for higher education & training for various groups of projects. There are some types of projects uncommon to many countries such as the State budget-funded investment projects for infrastructure construction because most of the countries have their State budget for higher education focus on recurrent expenditure with limited expenditure and under the Law on State budget. Many State budget-funded investment projects are directly for students.

*Second:* The thesis has generalized the State management on the State budget-funded investments projects for higher education & training of some countries. The thesis has evaluated and withdrawn comments as reference for Vietnam.

*Third:* The thesis has evaluated actual the actual funding from the State budget for higher education in Vietnam in the period 2000-2012 as well as the actual State management on the State budget-funded investments projects for higher education & training in Vietnam. The thesis has withdrawn successes and limitations.

*Forth:* Propose orientation, solution and recommendations to the sectors, levels and related agencies in the State management on the State budget-funded investments projects for higher education & training.

In the trend of renovating the financial mechanism including the State budget funding for higher education which is the subject of argument with various viewpoints, the approaches by the thesis are the thoughts that can help the managers renovate the financial mechanism for higher education in the context of Vietnam.

## WORKS ANNOUNCED BY THE AUTHOR RELATED TO THE THESIS TOPIC

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