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POLICIES FOR MOBILIZING FINANCIAL RESOURCES FOR PUBLIC HIGHER EDUCATION IN VIETNAM

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ABSTRACT

Financial resources and resource mobilization policies and mechanisms are pivotal considerations in the innovation and development of Higher Education in Vietnam. Financial resources (FR) for public higher education in Vietnam derive predominantly from the State budget and legitimate revenue of higher education (HE) institutions in Vietnam. In recent years, the Government has paid attention to financial investment, establishment, and refinement of resources mobilization policy for developing HE institutions. This study, employing methodologies involving data collection, statistical synthesis, analysis, and comparative assessment, has demonstrated that despite accomplished achievements, the financial resources mobilization for public higher education has not been diversified while underutilizing the inherent resources of institutions and ineffectively mobilizing societal resources; state budget allocated to public higher education has remained limited; fundraising from commercial banks, credit organizations lacking comprehensible regulations has not been appropriately concerned. From the result of this study, the author suggests solutions to refine the policy aiming at increasing financial resources for public higher education in Vietnam.

KEYWORDS: Policy, Legislation, Financial resources, Public higher education, Resources mobilization.

1. INTRODUCTION

Financial resources contribute significantly to the development of educational systems across nations. While the availability of financial resources may not ensure a quality educational system, a high-quality one cannot be attained without adequate resources (World Bank Group, 2017). Mobilizing financial resources for education is imperative, for not only does it create a foundation for development, but it also facilitates economic growth, international integration, and public policy implementation. Empirical evidence has indicated that the level of educational development in many countries is intricately correlated with the outcomes of investment in education made within those countries. Countries that make substantial investments in education have witnessed a more robust advancement than those that invest less. When referring to mobilizing financial resources for public higher education, policymakers from OECD countries have underscored two outstanding issues that need addressing: (i) the proper allocation of financial resources? (ii) the sources from which financial resources for public higher education will be drawn (World Bank Group Education Strategy, 2020). A study by (Nusche & Radinger, 2016), OECD Reviews of School Resources: Austria 2016, indicated that the efficient utilization of resources within higher education institutes is the central policy of OECD countries. Allocation, utilization, and organization of financial resources help enhance quality, equity, and efficiency in higher education. In the context of increasing pressures on the public budget, countries are deeply concerned about mobilizing public resources for higher education to optimize the result. Research by (Parajuli et al., 2020) showed the critical role of higher education and the relationship between higher education and socioeconomic development. The authors in the research suggested that as the economy grows, Vietnam needs to invest more in higher education to enhance quality and promote innovations and growth; the need for more financial resources hinders the development of the higher educational system. They indicated the role of public investment, private investment, and the demand to mobilize financial resources from these domains to develop higher education institutions. The research recommended that governments promote public higher education institutions to employ a suitable Public – Private – Partnership (PPP) model for funding projects and infrastructure initiatives to mobilize supplementary resources from the private sector and supplement public investment in funding and infrastructure projects or education, or auxiliary services. Many OECD countries and some developing countries have applied the PPP model for higher education infrastructure investment, employing Build-Operate-Transfer (BOT) contracts as a mutually beneficial collaboration. As (Varghese & Buchert, 2011) pointed out, developing countries might not possess adequate public resources to sustainably fund the escalating demands of education within the next 15 years or even longer. Besides public resources, countries need to mobilize financial resources from the private sector to share the burden of educational funding with public resources. The research pointed out that in many developing countries, education funding relies predominantly on a cost-sharing mechanism between students and higher education institutions (tuition fees or educational services charges), ensuring the equity and student-loan funding mechanism. The research also emphasized promoting financial autonomy mechanisms in higher education institutions and utilizing their resources (finance, assets, intellectual resources, educational services, etc.) for development.

In Vietnam, several research on higher education financial resources mobilization have been conducted, notably in Phạm Thị Thu Hồng (2021) research: "Innovating the Mechanism of State Budget Allocation for the Education Sector in Vietnam," the National Institution for Finance – the ministry of finance examined state budget allocation mechanism for education, while also suggested many practical solutions to innovate state budget allocation mechanism for education. A study by Nguyen Truong Giang (2014) underscored the need to reallocate state budget resources, prioritizing constructing and enhancing facilities, equipment, and shared infrastructure. Macro-level solutions are suggested, including the innovative reallocation of resources from the state budget, the inclusion of instruction cost in tuition fees, and expedited implementation of financial autonomy… Nguyen Ba Linh's study (2019) analysed the status and proposed efficient solutions for mobilizing financial resources for public higher education. Bui Van Huyen and Tran Huong Xuan (2018) mentioned financial resources for public higher education and resource mobilization mechanisms while identifying deficiencies and limitations within these mechanisms. They suggest solutions to enhance the effectiveness of mobilizing financial resources for public higher education institutions. Mobilizing non-state budget financial resources for public higher education is crucial in the current context of Vietnam. The least allocation of public funds for public higher education in the overall educational budget, or the excessive reliance on tuition fees, underutilization of revenues from research and technology transfer, services, and difficulties in mobilizing resources from the private sector pose limitations to the resources available for the development of public higher education institutions. These studies collectively shed light on the need for innovation in mobilizing financial resources for public higher education in Vietnam. While the research has touched upon this issue, there remains a limited examination from a policy perspective. Comprehensive and holistic studies regarding the policy framework for mobilizing financial resources for public higher education are lacking. Comprehensive analyses and fully-fledged solutions for this issue are yet to be comprehensively explored.

Based on empirical evidence, the outcomes of financial mechanism innovation within public higher education institutions over 10 years of implementing (Vietnam Communist Party, 2013) Resolution No. 29-NQ/TW dated November 4, 2013, of the 8th Party Central Committee (2013) on fundamental and comprehensive educational reform and development have facilitated institutions in enhancing their self-governance capabilities. The legal framework for resource mobilization has gradually improved, and the allocation of state budget funds to higher education institutions has transitioned from a state budget allocation to investment, bidding, allocation based on outcomes, and step-by-step tuition fees that are accurately and fully calculated according to the instruction costs. Decree No. 60/2021/NĐ-CP (Vietnam Government, 2021) on financial autonomy for public service units has provided specific and clearer regulations concerning the financial resources of these units. However, the implementation of Decree No. 60/2021/NĐ-CP has encountered difficulties, proposing further research and proposals for the Government to revise and supplement certain aspects in line with practical realities. Therefore, considering the substantial demand for financial resources for the development of higher education institutions, the legal system is still not fully synchronized to mobilize these resources effectively. Continuation of assessment and evaluation is essential to find suitable solutions.

2. METHODOLOGIES

The author employs a comprehensive approach, analysing research issues from multiple dimensions encompassing theoretical and practical aspects from economic and legal viewpoints. The primary research method involves desk research to synthesize secondary data and current policies. Statistical, analytical, and comparative methods are utilized to identify and elucidate perspectives on mobilizing financial resources for public higher education institutions. The effectiveness of mechanisms for mobilizing non-state budget financial resources is evaluated based on data and specific situations. In

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addition to employing comparative methods to evaluate the implementation of policies for mobilizing non-state budget financial resources for higher education in Vietnam compared to other countries, the research collects and synthesizes statistical data on the mobilization of such resources. Excel software is used for calculations, with results presented through tables and charts for illustration. The study also employs generalization methods to analyse practical arguments on financial resource policies to formulate directions and solutions for financial resource mobilization, which subsequently translates into principles and specific legal regulations.

3. RESULTS

3.1. Policy on mobilizing financial resources for educational innovation in public higher education in Vietnam.

In the context of educational innovation and development, enhancing the efficient mobilization of financial resources for comprehensive and sustainable growth of public higher education institutions is an imperative requirement. (Vietnam Communist Party term XIII, 2013) Resolution 29-NQ/TW dated November 4, 2013, of the 6th Party Central Committee "Fundamental and Comprehensive Education and Training innovation to meet the requirements of industrialization, and modernization under a socialist-oriented and internationally integrated market economy" stated a solution: "Innovate policies, financial mechanisms, and mobilize the participation and contributions of society; enhance investment efficiency to develop education and training". In recent years, the state has progressively institutionalized these suggestions into specific legal provisions for implementation. Law on state budget (2015), Law on investment and law on public investment (2019), Law on higher education (2012), Law on amendments to the law on higher education (2018), Education law (2019), Law on information technology, Law on bidding and several related documents have been enacted, establishing a favourable legal framework for the effective mobilization of financial resources for public higher education institutions in Vietnam.

According to the regulations of Vietnamese law, public higher education institutions within the national education system perform functions such as providing higher education levels, engaging in scientific and technological activities, and serving the community. The financial resources of these institutions consist of monetary and monetary-equivalent resources mobilized for predetermined investment purposes. The financial resources of public higher education institutions encompass (i) state budget funds, (ii) revenues from operational activities, (iii) charges according to legal regulations left to public non-business units, (iv) financial resources resulting from financial transactions of these institutions as specified by law: loans, mobilized capital, interest from bank deposits, (v) aid and sponsorship according to legal regulations, as well as other revenues as stipulated by law (Vietnam Government, 2021). The financial resources of public higher education institutions are mobilized from various societal entities, including the state, organizations, enterprises, individuals, and communities, through specific mechanisms and policies appropriate to the characteristics of each funding source. Entities involved in mobilizing capital and participating parties have rights and obligations as prescribed by law. Thus, the mobilization of financial resources for public higher education institutions encompasses an array of measures and policy tools that the state and public higher education institutions apply to gather financial resources from state budget funds, tuition and fee revenues, loans, grants, trade credit, etc., from various societal entities. These resources are managed, utilized, and controlled to achieve set objectives. The policy for mobilizing financial resources for the activities of public higher education institutions encompasses a comprehensive range of viewpoints, tools, measures, and state regulations that these institutions use to allocate and assemble financial resources. Overall, the mobilization of financial resources for public higher education institutions in Vietnam has yielded certain results over recent years. The state has prioritized investing financial resources and enacting favourable regulations and policies for the activities of public higher education institutions. These institutions have innovated, enhanced quality, practiced financial autonomy, yielded stable revenue, and grown. However, compared to their potential, there are certain limitations evident in the achieved outcomes:

Firstly, mobilizing financial resources for public higher education institutions still relies on the state budget (NSNN), which is unevenly distributed among institutions, leading to insufficient financial resources for their operations.

Secondly, the investment required to develop these institutions is significant, while the resources from the state budget are limited. State budget allocation for public higher education primarily consists of regular expenditure, investment, and support from the state budget. The state budget allocation for public higher education is relatively modest, reaching around 17,000 billion VND, accounting for 0.27% of GDP. However, it is predicted that during the 2021-2025 period, the state budget will continue to face difficulties. Specific regulations for credit mobilization for public higher education institutions are lacking. Additionally, revenue from these institutions' research and technology transfer activities is low. Attracting private investment through public-private partnerships (PPP) for public higher education institutions is still relatively novel and underutilized. Sponsorships and community contributions have not yielded significant results.

Thirdly, the institutional framework for mobilizing financial resources for public higher education institutions is still in its foundation phase. Currently, no specific legal document provides a strong legal foundation for the mobilization of financial resources for these institutions. Mobilizing financial resources for the development of public higher education institutions relies on the endorsement of specialized legal documents. Many regulations are not consistent and are stagnantly revised and supplemented, hindering the effective utilization of available resources and external mobilization by these institutions. This reality calls for solutions to establish and improve a comprehensive legal framework for the sustainable and long-term mobilization of financial resources for the development of public higher education institutions in Vietnam.

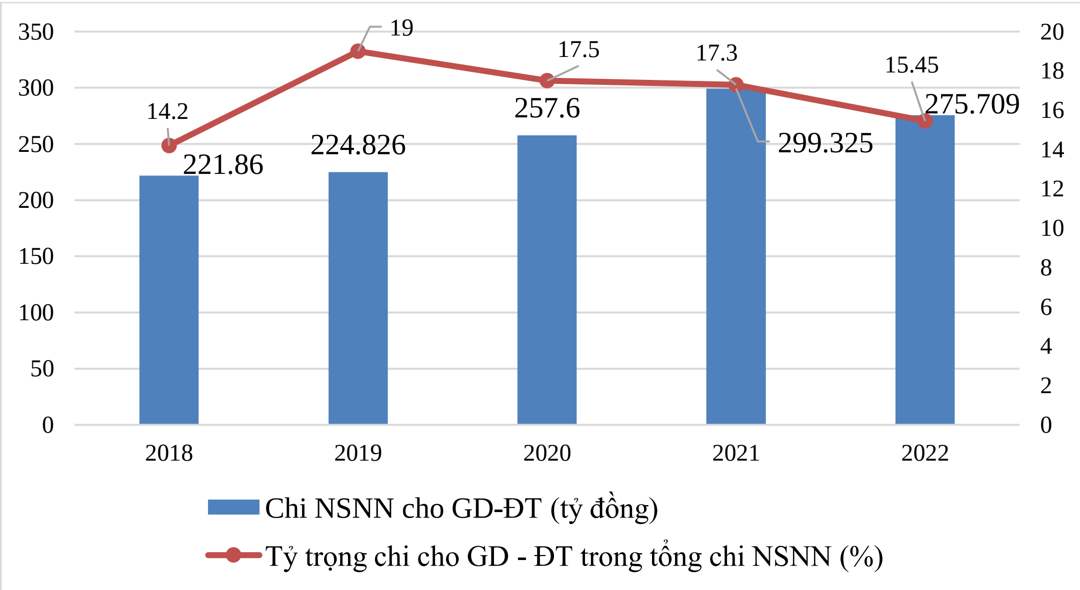
3.1.1. Mobilizing financial resources from the state budget.

Financial resources from the state budget play a crucial role in promoting the development and enhancing the quality of public higher education institutions. The allocation of public resources to public higher education depends largely on the socio-economic conditions and political institutions of each country, employing diverse methods and measures. Examining empirical experience from developed countries with well-established higher education systems, such as Australia, reveals that their institutions responsible for education and research, under strategic government planning, receive substantial financial support from the Federal Government. The Government issues regulations for assessing scientific research, establishes quality frameworks for scientific research, and bases the allocation of annual state budget resources on the research outcomes of public higher education institutions. In the United States, public education institutions are financially supported by the state governments and granted financial autonomy in managing some revenue and expenditure sources according to the corporate governance structure. Financial resources of public higher education institutions involve tuition fees, government grants, private funding, and investment income. The support from state and local governments for public education accounts for 50% of the total income, while tuition fees only account for 20% of the institutions' total income. (Minh Giang, 2022). In New Zealand, the Government allocates funds for teacher salaries, student allowances, services, education infrastructure, and financial aid for higher education institutions. Across European countries, governments allocate funds to public higher education institutions through block grants or "project funds," aiming at targeted funding (Pham Thi Thu Hong, 2021). In certain Asian countries, which are quite similar to Vietnam, while some governments increase the state budget for education, others gradually reduce budget allocation for public higher education institutions, such as Malaysia, which reduced its share from 5.76% of GDP in 2011 to 4.74% in 2017, and Japan, which decreased its share from 3.6% of GDP in 2012 to 3.4% in 2016 (Phạm Thị Thu Hồng, 2021), which encourages public higher education institutions to seek alternative revenue sources or support packages instead of relying solely on state budget allocations. In Vietnam, the Government prioritizes allocating budgets to the education sector and ensuring that the state budget allocates a minimum of 20% of the total state budget expenditure to education and training (Article 96, Law on Education 2019). The state budget for higher education is distributed from both central and local budgets, following a graded approach. There have been continuous efforts to improve budget allocation, management, socialization, and the implementation of bidding mechanisms and to encourage the involvement of the majority.

The source of public funds for public higher education institutions is executed through the mechanism of budget allocation and distribution according to the regulations of the Law on State Budget (2015). Decree No. 60/2021/NĐ-CP dated June 21, 2021, issued by the Government, classifies public units into four groups corresponding to varying levels of autonomy, including (i) A public non-business unit that can cover its regular expenses and investment expenses (ii) A public non-business unit that can cover its regular expenses, (iii) A public non-business unit that can self-cover part of its regular expenses, and (iv) Public non-business units with regular expenses covered by the State. For the state budget allocated to public higher education institutions falling within group 3, the superior management agencies of the university or college allocate the budget to its affiliated institutions. Similarly, for public higher education institutions in group 4, the superior management agencies allocate and assign the budget to their affiliated institutions. The criteria for NSNN allocation mainly include (i) input criteria (such as staffing indicators, facilities, student numbers, admissions, and cost per student), (ii) allocation based on policy direction (basic science fields or disciplines facing labour shortages, for example) (iii) allocation based on output results (procurement based on competitive bidding principles). Factors influencing NSNN allocation for higher education institutions encompass population size, admission rates, budget capacity, autonomy mechanisms, academic programs, research and technology transfer, and community engagement.

The allocation of the state budget (NSNN) for education and training depends on specific conditions and the annual budget capacity. Statistical data regarding the expenditure of the state budget for education during the period of 2018-2022 is presented in the following chart:

Figure 1: Results of State Budget Allocation for Education and Training During the Period 2018-2022



Source: Calculated based on data from the Ministry of Finance

From the figure above, it can be observed that during the period of 2018-2022, the allocation of State budget funds for education in Vietnam averaged around 17-18% of the total State budget expenditure, maintaining a relatively stable trend. The allocation for education reached its highest proportion in 2019 (19%), while in certain years, it remained relatively lower, reaching only 14.2% in 2018. For the year 2022, the estimated regular expenditure in the field of education is projected to reach 275.709

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trillion VND out of the total 1.784.600 trillion VND State budget expenditure, representing approximately 15.45% of the total budget. Although the percentage of State budget allocation for education in Vietnam has not yet reached the targeted 20% and has experienced fluctuations in some years, it remains relatively high compared to other countries. With the above-mentioned allocation percentage for education, Vietnam falls into the group of countries with a high education spending rate in comparison to many countries worldwide, even those with higher levels of economic development. In the United States, this rate is only 13%, while in Singapore (2013) it is 19.9%, Indonesia (2014) 17.5%, and India (2012) 14.1%. Compared to the Gross Domestic Product (GDP), Vietnam's educational expenditure level of around 4.9% of GDP during the 2016-2020 period is considerably high in comparison to many other countries. For example, Singapore allocated 3.2% of GDP for education in 2010, while Thailand 3.8%, Malaysia 5%, Cambodia 1.9%, and Laos 3.3% (Pham Thi Phuong Hoa, 2018).

Public budget allocation for state-owned higher education institutions in Vietnam comprises regular spending, investment expenditures, and various forms of support to implement the state's policies and regulations for learners. Currently, the country has a total of 170 public universities (excluding universities under the Ministry of Public Security and the Ministry of National Defence); among them, 18 universities are under the People's Committees of provinces and cities, and 152 universities are under central ministries and agencies (Phạm Văn Trường, 2019), each managed at different levels. The allocation of state budget funds for higher education in Vietnam during the 2018-2020 period is reflected in the following table:

Table 1. State budget allocation for higher education in Vietnam from 2018 to 2020

Details	Unit	2018	2019	2020
Total State budget expenditure for higher education	Million VND	13.632,795	16.603,689	16.703,002
Total State budget on administrative expenses	Million VND	4.785,513	7.052,239	7.338.116
Total investment and development expenditure from State budget for education and training	Million VND	8.848,282	9.011,360	9.364,886
The proportion of State budget expenditure for university education to total State budget expenditure	%	0,9	0,98	0,96
The proportion of State budget expenditure for university education to total State budget expenditure on education and training	%	4,33	4,74	4,62

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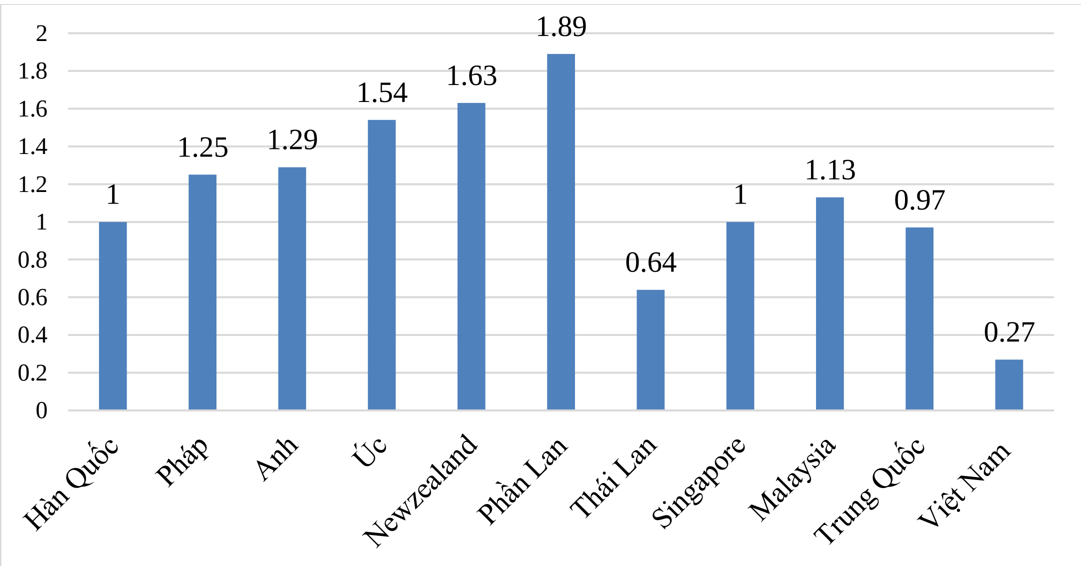
The proportion of State budget expenditure for university education calculated to GDP	%	0,25	0,27	0,27

Source: Ministry of Education and Training

The data shown in Table 1 reveals that in 2018, the total State budget expenditure for university education reached 13,632.795 billion VND (with administrative expenses amounting to 4,785.512 billion VND and expenditure on investment and development expenditure reaching 8,848.282 billion VND). This figure increased annually and reached 16,703.002 billion VND in 2020. The ratio of expenditure for university education as a percentage of total State budget expenditure in 2018 was 0.90%, rising to 0.96% in 2020. The results of State budget expenditure for public higher education in Vietnam indicate that the proportion of State budget expenditure for higher education only accounted for around 0.27% of GDP, much lower than many countries in the region and the world. At the University Autonomy Conference in 2022, the Ministry of Education and Training pointed out that the ratio of investment in university education as a percentage of GDP should be at least 1% of GDP in many countries, such as South Korea 1%, France 1.25%, UK 1.29%, Australia 1.54%, New Zealand 1.63%, Finland 1.89%. This ratio is still lower than even countries in the Southeast Asian region, such as Thailand 0.64%, Singapore 1%, Malaysia 1.13%, and China 0.87%, as illustrated in the following chart:

Figure 2: The ratio of State budget expenditure for university education in Vietnam and some countries (as a percentage of GDP)



Source: Collected by the author

3.1.2. Revenue from operating activities.

In Vietnam, the main source of revenue from operating activities comes from tuition fees, other fees, and some legitimate income sources. The adjustment of tuition fees must be carried out in accordance with the Government's roadmap to increase tuition fees and regulations. Among the various revenue sources for public higher education institutions, tuition fees constitute the largest share, accounting for around 70% to over 80% of the total revenue of these institutions. According to statistical data on revenue from some public higher education institutions, the University of Construction Hanoi collected 278.9 billion VND out of a total of 400.24 billion VND in 2022, accounting for about 70%; the University of Education (University of Danang) collected 104.933 billion VND out of 138.999 billion VND, representing approximately 75%; and the Vietnam Maritime University collected 218 billion VND out of 263 billion VND, making up 82% (Le Huyen, 2023). Public higher education institutions in Vietnam heavily rely on tuition fees as their primary source of revenue, while the utilization of other revenue sources remains limited. Overreliance on tuition fees in the long term could lead to sustainability issues in terms of financial resources for public higher education.

A report by a group of World Bank specialists from the World Bank analysing the financial situation of education in Vietnam through surveys of some universities regarding household contributions to higher education demonstrates that this source of funding has consistently increased over time. In 2017, State budget resources still accounted for 24% of the total revenue of surveyed public universities, with 19% coming from other sources (such as research and development, technology transfer, and other services), while student contributions (tuition fees) constituted 57%. However, four years later (2021), household contributions surged to 77%, and State budget resources decreased to only around 9% (Quy Hien, 2023). As a result, revenue from tuition fees has become the primary source of funding for public higher education institutions, with strong growth in contributions from households/students, while State budget resources for university education remain low. This indicates a difference from developed countries with advanced higher education systems.

According to the tuition fee policy, tuition fees for public higher education institutions are collected based on the following principles: (i) public educational institutions partially self-fund regular expenditures, and public higher education institutions fully funded by the State ensure regular expenditures, determining tuition fees not exceeding the stipulated tuition fees ceiling for public higher education institutions that have not yet self-funded regular expenditures; (ii) self-funded regular and investment expenditures are determined by each major for universities that are self-funding regular expenditures, with the tuition fees adjusted based on a coefficient in relation to the stipulated ceiling for public higher education institutions that have not yet self-funded regular expenditures; (iii) for educational programs meeting quality standards at public higher education institutions, those institutions independently determine the tuition fees for those programs (Decree No. 81/2021/NĐ-CP, Government, 2021). The ceiling on tuition fees at public higher education institutions will increase annually over the course of 2022-2023 to 2025-2026. In 2023-2024, based on the approved tuition fee adjustment plan, public higher education institutions will determine new tuition fee rates. The tuition fee ceiling for public higher education institutions that have not yet self-funded regular expenditures ranges from 14.1-27.6 million VND per academic year, depending on the major. For public higher education institutions that have ensured regular expenditures, the maximum tuition fee is set at twice the above range, approximately 28.2-55.2 million VND. Tuition fees for higher education colleges are collected periodically on a monthly, semester, or annual basis, processed through commercial banks or the Vietnam State Treasury, and managed according to accounting, auditing, taxation, and financial regulations.

3.1.3. Revenue from leasing public property.

Public higher education institutions utilize public assets for business purposes, leasing, joint ventures, and partnerships as regulated to foster higher education development. The act of leasing public assets and utilizing revenue by public higher education institutions must adhere to regulations and receive approval from competent authorities for the management, utilization, and maintenance of financial records (Law on Management and Use of Public Assets, 2017; Decree No. 60/2021/ND-CP, Government, 2021). However, the public assets of public higher education institutions primarily serve teaching, conducting research, and organizing community activities. Some campuses of university colleges or universities lack sufficient space for leasing, joint ventures, or partnerships to generate substantial revenue. Some newly established public higher education institutions only yield revenue from assets in the form of utilizing facilities such as classrooms, auditoriums, sports fields, canteens, vending machines, ATMs, and parking lots to provide service activities. Currently, leasing public assets at public higher education institutions is not the main revenue source that these institutions are primarily focusing on.

3.1.4. Borrowings from banks, credit organizations, donations, and endowments.

Public HEIs in Vietnam mobilize financial resources for investment and development through credit mechanisms, borrowing from commercial banks and credit institutions. When public HEIs undertake borrowing and mobilization of funds for construction and asset acquisition, they must have a borrowing and mobilization plan, as well as a repayment plan for both principal and interest in accordance with regulations. They are legally responsible for the consequences of borrowing, fund mobilization, and the effective use of borrowed and mobilized funds. Therefore, without specific guidance, public HEIs may face difficulties in determining repayment sources and responsibilities, especially in cases where the borrowing entity's term has ended or there are personnel changes. In addition to the forms of mobilization, public HEIs also seek sponsorship and contributions from individuals, organizations, and businesses within the community through gifts, charitable funds, and more. Aid and funding for public HEIs are managed and utilized according to the regulations stated in Circular No. 16/2018/TT-BGD&ĐT dated August 3, 2016, issued by the Ministry of Education and Training, which outlines the funding for the national education system. However, these financial sources have not been extensively explored by public HEIs, indicating a limited capacity for mobilization.

3.1.5. Revenue from scientific research and technology transfer.

Financial resources from research and technology transfer activities of universities are formed from the state budget and revenue from research contracts. The financial resources are invested in R&D and technology commercialization at educational institutions, including programs, topics, experimental production projects, intellectual property ownership, application and transfer, commercialization of research and technology development results, scientific and technological services, production and business, training and development, domestic and international R&D cooperation projects, establishment and operation of innovation and technology transfer centres.

Revenue from research and technology transfer activities at public universities is a potential and stable source of income, which, if effectively exploited, can generate significant revenue. The scale of these revenues depends greatly on the quality rankings of education and research, as well as the competitive capacity among institutions. According to statistics from some public universities, in 2022, the University of Construction had revenue from research and technology transfer of 49.44 billion VND out of 400.24 billion VND, accounting for 0.12%; the University of Education (Da Nang University) had revenue of 3.5 billion VND out of 138.999 billion VND, accounting for 0.02%; the Vietnam Maritime University had revenue of 8 billion VND out of 263 billion VND. In 2021, the University of Economics Ho Chi Minh City had revenue from research and technology transfer of 10.12 billion VND out of 1.25111 trillion VND. In 2020, the University of Social Sciences and Humanities had revenue from research and technology transfer of 10.897 billion VND out of 261.529 billion VND (Le Huyen, 2023). Hence, revenue from research and technology transfer only accounts for a particularly small percentage of the total revenue of higher education institutions, while it is highly potential to develop. Practical solutions are needed.

3.1.6. Mobilizing financial resources through the public-private partnership (PPP) model.

Funding using the public-private partnership (PPP) model is primarily focused on infrastructure projects in transportation, electricity, seaports, and telecommunications, with limited application in other fields, particularly in the education and training sector. Resolution No. 19-NQ/TW dated October 25, 2017, the Sixth Plenum of the Central Committee of the 12th Party on continuing the renovation of the organizational and managerial system, enhancing the quality and efficiency of public sector activities, has set the requirement for "appropriate financial mechanisms to mobilize all social resources for investment in the public service sector, particularly in healthcare and education, including forms of public-private partnership, joint ventures, and collaborations." To enhance the mobilization of social resources for education and training development during the 2019-2025 period, the Government stipulates that "Gradual experimentation with investment through the PPP model in education, initially focusing on educational infrastructure projects" (Resolution No. 35/NQ-CP, Government, 2019).

The policy to transform public universities into public-private partnership models is concretely detailed in the Socio-Economic Development Strategy 2021-2030. The National Assembly passed the

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Law on Investment in the Form of Public-Private Partnership in 2020, establishing a legal foundation for implementing the PPP model in education investment. The law designates education and training as one of the five sectors eligible for PPP investment (Article 4, Law on Investment in the Form of Public-Private Partnership, 2020). In the context of public higher education, PPP is an agreement between the state and the private sector through a contract to carry out, manage, and operate investment projects related to physical facilities and equipment, as well as the provision of public services within public higher education institutions. However, the requirement for a minimum PPP project size of 100 billion VND is relatively high compared to the capacities of many public higher education institutions when initiating service supply collaborations (Decree No. 35/2021/ND-CP, Government, 2021).

Therefore, the policy direction and legal basis for public-private partnership investment in the education sector are relatively comprehensive. However, the results of investments under this model are still very limited, in their early stages, and relatively novel for public higher education institutions. According to reports, as of 2020, investments through the PPP model in the education sector comprised about 6 projects, accounting for 1.79% of all PPP projects in Vietnam (Pham Van Hung, 2022). Some notable and promising PPP projects include the Construction of Human Resources Training Centre - Hospital under the public-private partnership model by Pham Ngoc Thach University of Medicine and the PPP investment project of the National University of Hanoi. Given that most higher education institutions have not yet implemented this investment model, assessing its effectiveness might be constrained.

3.2. Results of Policy Implementation and Emerging Issues

The Government has demonstrated interest in prioritizing investment in education and training; however, the proportion of state budget investment has not yet reached 20% of the total state budget expenditure. The state budget is primarily used to invest in general education from preschool to secondary school levels, with a notably low proportion allocated to higher education. This trend is gradually decreasing, with higher education receiving around 17 trillion VND per year (equivalent to 0.27% of GDP), as mentioned in Table 1. This situation has posed challenges for institutions seeking to innovate, expand, and enhance quality. Within the regular state budget expenditure, approximately 80% is allocated to personnel-related expenses, while the remaining funds are directed towards teaching activities, curriculum improvement, and basic infrastructure investment, which remains comparatively low. Decree No. 60/2021/NĐ-CP regarding autonomy in public career-oriented units still encounters various obstacles and deficiencies that have not yet been swiftly amended or supplemented. Timely adjustments have not been made to adequately support public higher education institutions in implementing autonomy. Many public higher education institutions are not prepared to transition voluntarily to autonomy and still rely on the expectation of financial support from the governing ministry.

The allocation mechanism of the state budget for the education sector remains limited, and the criteria for regular state budget allocation for education are not yet rational due to primarily input-based

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factors. Various governing bodies heavily influence the decentralized management of public higher education institutions (HEIs) and the authority for state budget allocation to these institutions. The allocation of state budget resources for HEIs is constrained and fragmented, managed by multiple central and local entities, thereby dispersing the resources. The hierarchical management of the higher education system is decentralized, with public HEIs falling under the jurisdiction of multiple governing ministries, each ministry within the Government overseeing several universities, colleges, secondary vocational schools, and technical schools. The Ministry of Education and Training doesn't directly oversee the entire higher education institution system but instead issues regulations guiding the operations of these institutions. The managing ministry determines the human resource and financial matters of public HEIs under different ministries and sectors. The decision-making process for state budget allocation involves multiple levels, undermining the effectiveness of allocation and intensifying a "request and grant" mechanism that relies on the capacity of state budget funds and decisions of governing bodies. Public HEIs have not yet actively engaged in the budget allocation and discussion process. Dependence on state support mechanisms and subsidies could hinder innovation and initiative in seeking and utilizing the revenue potential of public HEIs.

In many countries, public HEIs have diverse revenue sources. Although tuition fees are a primary revenue source, they don't dominate the total income. The largest source of revenue typically stems from research and technology transfer activities. According to the National Education Statistics Centre, during the 2019-2020 academic year, only 20% of public universities' revenue in the United States came from tuition fees and other student-related fees, while 43% came from government and local government subsidies. The remaining portion came from business sponsorships, investments, and other revenue streams, such as donations and earnings from educational and medical activities. Statistics from Universities New Zealand, representing eight universities in New Zealand, show that 42% of university revenue comes from the Government through tuition subsidies, 28% from students through tuition fees, and 30% from research, commercialization, and other sources. (Minh Giang, 2022). According to the Ministry of Education and Training, Thanh Hoa University - China, generates revenue of 900 million USD annually from research and technology transfer activities, while the National University of Korea earns revenue in the range of 300-400 million USD annually from research and technology transfer (Le Phuong, 2019).

Regulations regarding the allocation of state budget for science and technology activities (KHCN) in Vietnam aren't closely aligned with the science and technology activity cycle, including basic research, experimental applications, and commercialization. The investment ratio from the state budget for KHCN is low compared to demand. The proportion of the state budget allocated for research and technology transfer activities at public higher education institutions is low. The research and technology transfer model connecting "Institutes - Faculties - Enterprises - Localities" is unevenly distributed and hasn't been effectively tapped for revenue. Although there are provisions for establishing science and technology enterprises in public HEIs, the implementation remains limited, lacking specific regulations on cooperation mechanisms between enterprise partners and public HEIs.

Multiple administrative and policy barriers must be overcome in research, development, and technology transfer activities. The mechanism for implementing relationships between Institutes, faculties, enterprises, investors, and localities must be constructed as a cycle, generating various applied science and technology products to attract funding from the Government, organizations, and individuals.

Tuition fees are the primary revenue source for public HEIs, accounting for over 70-80% of total revenue. However, solely emphasizing tuition fees as the major source of revenue without focusing on other resources could potentially burden students. Low tuition fees may not cover the costs adequately, while high tuition fees can limit access to higher education for financially disadvantaged individuals. A survey by the Ministry of Education & Training and the World Bank indicated that nearly 15% of students unable to afford tuition fees considered using student loans, particularly when university fees exceeded their ability to pay. Many parents (49%) and students (50%) considered changing fields of study to lower tuition fees or opted for programs prioritizing fee waivers. Many public HEIs still struggle to set higher tuition fees and haven't accurately assessed the full cost of education. Service charges for enrolment and other services (admission fees, health examination fees, degree and transcript fees, library use fees, reissue of student ID fees, etc.) are determined based on reasonable and practical cost principles and constitute a small portion of total revenue.

The management and utilization of assets in public HEIs adhere to the public asset management regime, employing public assets for business, leasing, joint ventures, and partnerships as stipulated by law. The use of public assets by public HEIs for joint ventures and partnerships is constrained and regulated by numerous legal provisions, limiting collaboration and leasing activities, which must follow approved plans. Regulations in the 2013 Land Law concerning business rights, leasing, and partnerships for financially autonomous public units are inconsistent with the Public Asset Management Law, creating difficulties when implementing education-related regulations.

Raising funds from commercial banks and credit institutions for investment in public HEIs, though stipulated, lacks specifics and presents implementation challenges. Public HEIs seeking loans from commercial banks and credit institutions must adhere to conditions and constraints pertaining to loan terms, interest rates, sources of repayment, repayment periods, rights and obligations of parties involved, and the managing ministry's role in managing and overseeing capital raising activities. The procedures and conditions for obtaining loans from commercial banks and credit institutions are complex and difficult to access. The absence of a government credit guarantee scheme for loans to public HEIs makes it challenging for commercial banks to provide loans. To support credit loans for investment in public HEIs, a specialized mechanism is required to attract significant investment capital, particularly funds from enterprises investing in research, development, and technology transfer.

The regulatory framework and policies for public-private partnership (PPP) investments in education are comprehensive, but implementation is relatively nascent in public HEIs. With high PPP project investments, the lack of specific guidance on PPP models within public HEIs poses challenges when applying this model for capital mobilization. To effectively implement PPP models, detailed legal provisions are needed regarding asset ownership, decentralization, asset transfer, asset valuation in joint ventures and partnerships, the roles of participating parties (including state authorities, private entities, managing ministries, higher education institutions, and enterprises), counterpart funds from institutions, enterprise investments, benefit determination, and risk-sharing among stakeholders. The absence of dedicated legal frameworks for public-private partnerships in higher education may hinder enterprises from investing significantly in this sector using this model.

4. SUGGESTED SOLUTIONS

4.1. Mobilizing state budget investment for public higher education institutions.

The state needs to continue maintaining state budget investment in education and training to achieve the goal of ensuring that the state budget allocation for education and training reaches a ratio of 20% of the total state budget expenditure. As analysed, the current allocation of NSNN funds for higher education is at a low level, which also poses a constraint on the development of higher education in Vietnam. In the context of limited NSNN resources, enhancing revenue sources, reviewing expenditure responsibilities, and allocating resources for higher education is necessary. Vietnam should gradually increase the public funding ratio for higher education from the current 0.23% of GDP to at least 0.8% of GDP by 2030 (Parajuli, D., & Dung, V. K, World Bank Group, 2020). Strengthening state funding for public higher education aims to support institutions in maintaining quality education, meeting market demands, and ensuring equal access. This aligns with the practices of many countries that increase state budget allocation for education to promote economic growth, enhance labour productivity, and reduce educational inequality. The state budget allocation mechanism for education must gradually shift from input-based to output-based allocation. Investment in public higher education needs to transition from subsidy policies to investment approaches, emphasizing the autonomy and responsibility of educational institutions and leveraging available resources. The investment policy for public higher education institutions should undergo a significant transformation from traditional subsidies and budget allocation primarily based on top-down indicators such as enrolment and staffing quotas to an investment approach through bidding, procurement, and service delivery tied to quality and output criteria. Relying on subsidy policies and waiting for state budget support will limit the development momentum, reduce the competitiveness of public higher education institutions, and have negative long-term impacts.

Researching the amendment of the state budgets Law in 2015 requires specifying the allocation of state budget funds for public higher education as a separate category, enhancing the system of state budget allocation standards for public higher education, granting autonomy to public higher education institutions in using state budgets funds; determining the allocation standards and methods of state budgets distribution to ensure stability and avoid overreliance on a "request and grant" mechanism,

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passive balancing of revenue sources, and expenditure tasks of educational institutions. Adjusting the investment structure for public higher education toward reducing regular expenditures and increasing developmental investments, particularly in infrastructure for education, research, technology transfer, community service, and prioritizing investments in digital technology infrastructure, internet connectivity, electronic library systems, international-connected learning materials… Reforming the state budget allocation mechanism, responsibility for explanation, procedures for planning, execution, and accountability of state budget funds is crucial to enhance the efficiency of state budget investment in public higher education institutions. Amending and supplementing the State Budgets Law of 2015 can address the current lack of consistency between this law and other legal documents related to higher education institutions regarding state budget allocation decisions.

The Government should expeditiously issue a decree amending Decree No. 60/2021/ND-CP to regulate the financial autonomy of public enterprise units in order to rectify the limitations and shortcomings in legal frameworks, organizational models, and financial mechanisms. Amendments and supplements should include delineating state budget allocation responsibilities, enhancing the system of allocation standards, empowering the financial autonomy of public higher education institutions, defining allocation standards and distribution methods that ensure stability and avoid dependency on a "request and grant" approach, fostering balanced revenue sources and expenditure tasks for educational institutions. The delegation of decision-making autonomy and responsibility to public higher education institutions should be accompanied by state management oversight and support from state budgets to fulfil state obligations and encourage private sector engagement in public service provision. The Government should enhance investment in basic public service activities by building infrastructure, assuming the role of managing public higher education institutions, preventing excessive fees, regulating service prices, and setting tuition fees within students' affordability. Crafting specific guidelines on financial mechanisms for public higher education institutions that suit their particularities to accelerate the transformation into financially autonomous entities is necessary. In the long term, a thorough review of the law on public enterprise units is essential, creating a robust legal foundation for implementation. This legislative endeavour is challenging due to the broad scope of public enterprise activities, numerous stakeholders involved, and the core requirements of the law necessitating harmonization of diverse legal regulations concerning public enterprise units, addressing the current inconsistency and lack of coherence. Furthermore, revisiting existing legal frameworks such as the Law on Public Asset Management, Law on State Budget, Land Law, Higher Education Law, Investment Law, Procurement Law, and Science and Technology Law is essential for cohesiveness and ease of constructing and perfecting the legal structure for mobilizing financial resources to develop public higher education institutions.

4.2. Tuition fees policy

The Government should promptly enact revised and supplementary regulations for tuition fee policies applicable to public higher education institutions, ensuring a stable framework. Any adjustments to increase tuition fees should be calculated appropriately, accurately reflecting the full training costs to ensure the financial resources of these institutions. The current instability in tuition fee policies and the prolonged absence of fee adjustments could significantly impact the revenue streams of these institutions. Hence, the Government should implement policies for tuition fee exemptions and reductions to attract students to enrol in fundamental and strategic science fields that contribute to sustainable development. Additionally, favourable loan policies should be established to encourage student participation in loans, while scholarships should be promoted for market-oriented training programs. A comprehensive review of the eligible recipients for tuition fee waivers and reductions should be conducted. The Government should also introduce support programs for students, providing mechanisms for loans to financially challenged students and allowing gradual repayment upon graduation. Expanding the scope of beneficiary groups under policy support and streamlining documentation, processes, and procedures for tuition fee exemptions and reductions will facilitate a more favourable environment for students.

4.3. Attracting private sector investment into public higher education.

Investment in public higher education necessitates both public funding and investment from the private sector. While there are legal regulations in place, attracting private investment through public-private partnership (PPP) models in public higher education institutions is still relatively novel. PPP investment is considered an effective approach that needs to be studied and applied to attract private-sector funding to public higher education institutions. In this model, the Government and private sector collaborate in investment, with the Government issuing mechanisms and policies, contributing funds, and sharing benefits and risks. Therefore, specific, and clearer mechanisms are required for PPP in higher education, encouraging public higher education institutions to adopt suitable PPP models based on capital and infrastructure projects. Many developed countries such as the United States, OECD, and developing nations have employed the PPP model to mobilize private sector funds for higher education infrastructure projects through Build-Operate-Transfer (BOT) contracts. Naturally, this is a practical and legal endeavour that is not without challenges. Despite Vietnam having the Law on Investment in Public-Private Partnerships, applying it to higher education is quite difficult due to its unique nature and specific operational mechanisms and conditions.

Entities participating in the capital mobilization relationship (Government and private sector) need specific legal regulations regarding rights, obligations, contribution ratios, risk sharing, project operation, ownership, and the use of public assets when engaging in cooperation to ensure mutual benefits. If there are no specific regulations for PPP investment in higher education, enterprises may hesitate to invest capital. Thus, attracting private sector investment through this model becomes more challenging.

To make this feasible, the Government needs to construct and refine legal regulations for public-private partnership investments and issue specific guidelines on PPP investments in public higher education institutions. These regulations should cover specific construction categories, projects implemented under PPP models, project contract forms for revenue-generating projects, investment incentive

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policies, joint venture incentives, investment procedures, and processes for PPP in educational infrastructure. Conditions that guarantee benefits, risk-sharing, and responsibilities of all parties in contract implementation should be established, safeguarding the state's interests in projects involving private sector participation and avoiding risks for the public-private partner. Implementing socialization policies and creating favourable credit, tax, and land policies to support state-owned enterprises in the knowledge and technology sector within educational institutions. Encouraging the establishment and development of technology transfer advisory and support organizations, offering credit incentives, exemptions, and reductions in taxes to promote technology transfer and commercialization through research and development activities.

4.4. Mobilizing financial resources for public higher education institutions from organizations, individuals, and the community.

Financial resources mobilization through grants and endowments plays a crucial role in implementing public higher education development policies. These include prioritizing social policies, support, student financial assistance, infrastructure, and educational materials. Moreover, they facilitate scientific research and technology transfer. Corporations, businesses, professional associations, and international organizations constitute entities providing grants and aid to execute these policies. These organizations operate autonomously and transparently, without dependence on the state budget. Their diverse networks enable connections with various institutions across multiple nations. International empirical experience has shown that public higher education institutions in these countries, despite having substantial revenue streams, are particularly attentive to community resource mobilization. This strategy represents a sustainable resource that generates significant income when appropriate mobilization measures are applied. Even countries with limited resources find that their higher education institutions can secure contributions from domestic and international enterprises, organizations, and individuals. In Vietnam, public higher education institutions can proactively seek supplementary resources through fundraising activities, sponsorships, consulting contracts, research and development, and community engagement. These activities elevate the institution's profile and positively impact external resource attraction. To foster broad participation from organizations and businesses, mechanisms for tax incentives need to be reviewed, creating favourable conditions for charitable activities, and supporting contributions to public higher education institutions.

In conclusion, the mobilization of financial resources for public higher education depends on various factors, such as policy frameworks, the nation's socio-economic conditions, the capacity of higher education institutions, investment structures, and mobilization methods. Realizing the goal of mobilizing financial resources for the development of public higher education institutions requires the participation of both the Government and society. Enhancing institutional frameworks, policies, and capabilities of public higher education institutions while implementing public-private partnership models will effectively contribute to achieving the objective of financial resource mobilization for the development of public higher education institutions in Vietnam.

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