

# PUBLIC INVESTMENT MANAGEMENT AT UNIVERSITIES IN VIETNAM

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## ABSTRACT

The current model of universities in Vietnam is gradually turning to autonomy according to the experience of countries around the world; however, the transformation of new models is in the initial stage and step by step adjusted. Public investment activities in universities are still using capital from the state budget; therefore, public investment management in universities still needs attention and implementation. The study aims to examine and propose the management of public investments at Vietnam's universities.

**Keywords:** *Management, public investment, university*

## 1. Introduction

According to the charter of Vietnamese universities, universities are regulated as human resource training institutions to meet the needs of the whole society and all economic sectors. Universities should improve the quality of training and the quality of operation of management apparatus in order to achieve these goals...

Generally, the educational system of Vietnam is gradually moving towards university autonomy, which is governed by the Education Law, the university has autonomy in 5 areas:

- Firstly, formulating programs, curricula, and teaching plans;
- Second, organizing enrollment, training, and graduation recognition;
- Third, organizational apparatus;
- Fourth, mobilizing, managing, and using resources;
- Fifth, Foreign and Domestic Cooperation;

However, universities are gradually turning to autonomy in each field and each aspect; therefore, investment activities at universities in Vietnam, especially investment in capital construction, still depend on state budget capital.

This explains why state budget capital is necessary and important for investment activities at universities, as well as public investment management.

Studying public investment management in universities in Vietnam led to proposing ways for universities to improve the financial management of public investments.

## 2. Research Methods

Data for this research is derived from the annual summary report on state budget expenditures for investments in education development, including higher education, for the period 2016-2020.

The study also uses data from specialized journals related to public investment and public investment management in education and training.

Using those research data, the author used descriptive statistics and comparative methods to analyze data fluctuations on public investment capital for training and professional education.

## 3. The situation of public investments at Vietnamese universities

In the period 2016-2020, public investment capital for universities in Vietnam as follows:

**Table 1: Size of public investment capital for investment in universities in Vietnam for the period 2016-2020**

**Unit: Million VND**

Criteria	Period 2016-2020		
	Total	Domestic	Foreign
Investment capital for focused development	21.854.121	13.718.998	9.056.396
Target Program Capital	1.179.001	1.179.001	
Government bond capital	7.385.581	7.385.581	
<b>Total</b>	<b>30.418.703</b>	<b>22.283.580</b>	<b>9.056.396</b>

Source: Ministry of Finance

In terms of public investment capital for education and training in the period 2016-2020, concentrated development investment capital accounts for the majority, specifically:

There is a total capital scale of 30.418.703 million VND allocated for the period 2016-2020, of which 22.283.580 million VND is domestic and 9.056.396 million VND is foreign.

In terms of domestic capital, which is formed by Investment capital for focused development with about VND 13.718.998 million in capital scale, it is the one that accounts for the highest proportion of domestic funds. Government bond funds and target programs followed with amounts of approximately 7.385.581 million and 1.179.001 million.

The formation of foreign capital is undiversified; foreign capital constitutes about 9.056.396 million VND in this period, which falls under the category of concentrated investment capital.

Regarding the structure of public investment capital for higher education and training, the proportion of development capital that comes from domestic sources is about 62.78% of the total amount.

Capital from the target program and government bonds account for 100% of the domestic capital, there is no foreign capital in this category.

The following chart shows public investment capital for education, training, and vocational education by year:

**Table 2: Investment capital for higher education in Vietnam in the period 2016-2019 by domestic capital and foreign capital**  
Unit: Million VND

Criteria	2016		2017		2018		2019	
	Domestic capital	Foreign capital	Domestic capital	Foreign capital	Domestic capital	Foreign capital	Domestic capital	Foreign capital
Investment capital for focused development	3.158.700	2.974.830	2.121.309	942.944	1.772.602	1.385.897	2.200.809	2.599.243
Target Program Capital	415.952		199.037		169.936		186.175	
Government bond capital	1.207.473		3.276.531		2.677.091		193.825	
<b>Total</b>	<b>4.782.125</b>	<b>2.974.830</b>	<b>5.596.877</b>	<b>942.944</b>	<b>4.619.629</b>	<b>1.385.897</b>	<b>2.580.809</b>	<b>2.599.243</b>

Source: Ministry of Finance

From 2016 to 2019, the scale of investment capital for education has increased for focused development, specifically in 2016; the domestic investment capital item was about 3.158.700 million VND, while foreign capital is about 2.974.830 million VND. By 2019, this capital size of domestic capital flows is about 2.200.809 million VND, and foreign capital is about 2.599.243 million VND.

Regarding the target program capital, the scale of public investment capital for education, training, and vocational education tends to decrease; in 2016, the capital scale was about 415.952 million VND, in 2019 this figure was only about 186.175 million VND.

As for government bond capital, in 2016 the scale of public investment in education, training, and professional education was about 1.207.473 million VND, the figure dropped sharply to 193.825 million VND in 2019.

The ability to raise capital from foreign capital is still quite limited, and there is no tendency to expand during the research period.

Difficulties from state budget capital is an inevitable trend, learning from experiences from countries around the world such as Japan, the United States, France, or Singapore, financial autonomy will reduce pressure on the state budget from higher education institutions. Besides supporting capital construction, the state provides universities with a separate and dynamic mechanism for their development. Thus, it is necessary to develop systems to manage and use state budget funds effectively in the education sector, simultaneously with building self-financing training institutions, which is becoming an inevitable trend in Vietnamese higher education.

#### **4. Some Solutions for improving public investment management at universities in Vietnam**

The following recommendations are made to improve the efficiency of public investment management at universities in Vietnam:

Firstly, for universities, it is necessary to decentralize the units in the university: expanding revenue sources and contracting expenditures; perfecting internal spending regulations; regulations on financial accountability among all levels in the school; organize internal control activities and financial disclosure; training to improve financial management capacity for units in the school.

Second, it is necessary to improve the quality of the staff in charge of public investment management in educational and training institutions.

Third, strengthen public investment management in education and training institutions

Fourth, strengthen the capacity of inspection, supervision, publicity, and transparency of public assets.

Lastly, education and training institutions should use effectively and proactively regarding protecting and managing assets formed from public investment.

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