TOPIC
FINANCE FOR VOCATIONAL TRAINING
IN VIETNAM

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I. STATUS QUO OF TVET FINANCING

1.1. Status quo of financial resources investing in TVET

- State budget for TVET continuously increased from 4.9% in 2001 to 9% in 2010 of total expenditure of state budget for education and training.

- The average structure of investment resources for TVET in the 2001-2010 period was:

  + State budget: 60% of total expenditure on TVET
  + Vocational learners: 20%
  + Enterprises: 5%
  + Other sources: 15%
1.2. Shortcomings and causes

1.2.1. Mechanism for mobilizing investment resources for TVET:

- Investment resource from State budget for TVET (0.4% GDP)
  - Contribution from learners
  - Contribution from Enterprises; Sources of non-productive revenue, production and business revenue for investment in TVET
  - Loans and contributions of domestic and foreign organizations, individuals
I. STATUS QUO OF TVET FINANCING

1.2.2. Mechanism for allocating State budget for TVET

- State management agency in charge of TVET has not had total state budget expenditure for the entire TVET sector.

- Allocation of state budget has not paid attention to TVET objectives.

- No medium and long-term vision for development and allocation of budget estimate.

- Allocation of state budget to TVET is based on revenue of the State budget and scale of “input” enrolment, but not yet based on quality, effectiveness and “output” of TVET.

- State Budget is scatteredly allocated without having focus and priority, etc.
I. STATUS QUO OF TVET FINANCING

1.2.3. Mechanism for using financial resources for TVET

- The gap between the actual need of fund and the expenditure spent from the State Budget for TVET is very big.
- Mechanisms and policies for using financial resources still overlap and are not close to TVET reality.
II. PROPOSALS FOR RENOVATING TVET FINANCING BY 2020

2.1. Regarding perspectives and principles of financial mechanism renovation for TVET

- Investment in TVET is an investment for development;
- Sufficiently calculate budget for TVET at each training level, each group of training occupations;
- State Budget remains its key role in investment in TVET, while socialization shall be promoted to mobilize the whole society take care of TVET;
- Improve effectiveness of mobilization, allocation and use investment resources; connect TVET with the need of labour market.
II. PROPOSALS FOR RENOVATING TVET FINANCING BY 2020

2.2. Financial need for TVET by 2020

- Financial need for TVET by 2020 is expected of about 250,000 billion VND, in which:
  + Regular expenditure: 105,000 billion VND
  + Expenditure on development investment: 95,000 billion VND
  + Expenditure on the National Targeted Program (NTP) on Employment and TVET: 50,000 billion VND

- Plan for mobilizing investment capital for TVET:
  + State Budget is of 150,000 billion VND, accounting for 60% of total expenditure of State Budget for TVET.
  + Social mobilization is of 100,000 billion VND, accounting for 40% of total investment in TVET.
II. PROPOSALS FOR RENOVATING TVET FINANCING BY 2020

2.3. Solutions for renovation of TVET financing by 2020

2.3.1 Renovate mechanism and policy to mobilize financial resources for investment in TVET

2.3.1.1. State budget plays a key role

2.3.1.2. Principles of formulating tuition

- Tuition should be sufficiently calculated based on training level and training occupation.
- State ensures budget for implementing the tuition exemption and reduction regime for beneficiaries.
- Reduce proportion of paying tuition from 20% to 15% of total expenditure on TVET by increasing proportion of enterprises’ contribution.
II. PROPOSALS FOR RENOVATING TVET FINANCING BY 2020

2.3.1.3. Contribution of enterprises to TVET
- Increase enterprises’ contribution to 10% of total expenditure on TVET.

2.3.1.4. Revenue from production, business and services
- By 2015, 100% of public vocational secondary schools, vocational colleges will create their revenue from TVET activities, accounting for 5% of total expenditure on TVET.

2.3.1.5. Loans and contributions of domestic and foreign organizations, individuals
II. PROPOSALS FOR RENOVATING TVET FINANCING BY 2020

2.3.2. Renovation of mechanism for allocating, using State budget for investment in TVET

2.3.2.1. Mechanism for allocating State budget

- The Ministry of Labour, Invalids and Social Affairs has responsibility to have total amount of financial resources for TVET.
- Allocation of State budget should have focus, priority.
- Priorities of allocation should be given to difficult provinces, areas, key occupations for socio-economic development but have less attractiveness in enrolment.
- From 2015, budget estimates should be assigned based on the spending norms of each training level, each group of occupations, each training occupation.
II. PROPOSALS FOR RENOVATING TVET FINANCING BY 2020

2.3.2.2. Mechanism for using State budget

- Transfere from “input”-based allocation of State budget to “output”-based assignment of State budget estimate.

- Implemente TVET order and bid mechanism.

- Assign State budget estimate to TVET in medium term, from three to five years.

- Develop a set of criteria and procedure for assessing efficiency of using State budget expenditure for TVET.
Thank you!