**ACADEMY OF FINANCE**
**POSTGRADUATE DEPARTMENT**

**THE SOCIALIST REPUBLIC OF VIETNAM**
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# SUMMARY OF THE NEW CONTRIBUTIONS OF THE DOCTORAL THESIS

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**Candidate ID:** NCSD32208

**Major:** Finance - Banking

**Major Code:** 9.34.02.01

**Thesis Title:** State budget expenditure on the development of grassroots healthcare in Vietnam

**Academic Supervisors:** Assoc. Prof. Dr. Nguyen Tien Thuan, Dr. Tran Phuong Anh

**Department:** Public Finance

**New Contributions of the Thesis:**

**First**

The thesis focuses on researching the financing of the grassroots healthcare (GHC) network on a national scale , rather than focusing on the central-level healthcare financing as seen in most existing literature. In doing so, it successfully bridges a significant gap in current research. The proposed solutions aim to modernize governance through digital transformation, strategic purchasing of services, and strengthening accountability. This approach seeks to move away from the obsolete “subsidy-based” or “flat-rate allocation” mechanisms to optimize every single unit of state budget capital , thereby ensuring sustainable social security right at the grassroots level.

A unique feature of this study is its systematic, independent, and in-depth deconstruction of state budget expenditures specifically allocated to GHC as a standalone theme , closely aligned with the context of output-based management reforms. The author has identified key research gaps that previous works have not fully resolved , ranging from an integrated investment-recurrent expenditure analytical framework to forward-looking solutions aligned with the 2045 vision. These contributions are highly novel and do not overlap with any previously published studies.

**Second**

The thesis systematizes the theoretical foundations of state budget expenditures on GHC development. This includes outlining GHC concepts, GHC development, characteristics, principles, contents, and evaluation criteria. These foundations help standardize the evaluation of GHC budget allocation - a domain that is frequently overgeneralized in sectoral financial reports.

By systematizing modern Public Finance theory, the thesis applies theories of public goods, market failures, and particularly New Public Management (NPM) to establish a foundation for transitioning the budgeting model from an “input-based” to an “output-based” approach.

The multidimensional evaluation framework developed in this thesis establishes four core indicator groups based on domestic and international financial and preventive healthcare metrics. These groups cover: expenditure size, expenditure structure, responsiveness, and the efficiency of state budget allocation for GHC. Furthermore, the thesis analyzes critical variables such as the legal framework, macroeconomic context, epidemiological shifts (disease patterns), and particularly health insurance coverage—which acts as an indirect fiscal pressure on the state budget. Consequently, it identifies the primary factors influencing GHC state budget expenditures in Vietnam and draws relevant international experiences and lessons.

**Third**

The thesis synthesizes and analyzes the actual situation of state budget spending on GHC development. This includes: the formation and development of Vietnam's GHC system, the current state of budget expenditures (including both development/investment and recurrent expenditures), achievements, limitations, and the root causes of these limitations in GHC performance and financing during the 2017 - 2025 period.

Through this rigorous analysis, the thesis explicitly points out the inherent structural contradictions within Vietnam's health financing system, namely:

**- The mismatch between Political Will and Fiscal Execution:** The thesis provides concrete data illustrating this gap. Although Resolution No. 20-NQ/TW (2017) and Directive No. 25-CT/TW (2023) mandate that at least 30% of the health budget be dedicated to GHC -consistent with the PAHO/WHO “30-30-30” Primary Health Care Initiative - the actual allocation during the 2017–2025 period only averaged 21.75%. In 2021, this rate plummeted to a record low of 18.35%. This sub-threshold fiscal deficit has led to structural capacity erosion , leaving only about 62% of commune health stations staffed with a resident medical doctor (relative to national standards) , alongside narrowed health insurance drug lists and non-standardized basic medical equipment. This creates a severe bottleneck in human resources and equipment at the GHC level.

**- Sociodemographic Pressures:** The study realistically integrates the challenges of rapid population aging (with 16% of the population over 60 years old) and a heavy non-communicable disease (NCD) burden accounting for 71% of cases. For the state budget, this represents a “fiscal time bomb” if the GHC system is not strengthened to perform its primary gatekeeping, preventive, and chronic disease management functions.

**- Lessons from the COVID-19 Pandemic:** The thesis highlights how the pandemic exposed the vulnerability of GHC as the “first line of defense”. It correctly identifies the gap in preventive medicine capacity and underscores the urgent need for health finance restructuring to enhance system resilience.

**- Weak Fiscal Discipline:** Using the PEFA index, the thesis points out weak local budget preparation capacity, which complicates medium-term budget management. It highlights the paradox of public asset utilization, where the Bed Occupancy Rate (BOR) at commune stations averaged only 35% during 2017–2020. It also exposes imbalances in recurrent expenditures: personnel costs (salaries and allowances) dominate, accounting for an excessive 42% to 73% of expenditures in 2025 , while operational funding for professional activities fell sharply from 20% to just 10%.

**- The “System-Maintenance” Paradox:** The thesis demonstrates that the state budget is currently overburdened with maintaining administrative machinery and idle hospital beds, while

patients continue to bypass GHC to seek higher-level care. The state budget is primarily "maintaining the apparatus" rather than financing service delivery. This is because GHC funding has been insufficient and fails to meet the statutory requirements of the 2025 Law on Disease Prevention (specifically Article 3, which mandates that the state budget must guarantee both recurrent and development investment expenditures for preventive medicine) .

**Fourth**

The thesis establishes key viewpoints, development orientations, and specific goals to improve GHC-targeted state budget expenditures up to 2030, with a vision to 2045. Built on solid theoretical and practical scientific grounds, these proposals align with the national shift from curative care to comprehensive, early, remote, and grassroots-level primary healthcare. This strategic shift aims to resolve current bottlenecks and modernize public expenditure management in the context of broader public finance reforms and GHC restructuring under the two-level local government model in Vietnam.

From this foundation, the author proposes highly practical, "combat-ready" action plans and implementation conditions for the 2026–2030 period with a vision to 2045. These proposals are timed to coincide with Vietnam's administrative streamlining and transition to a two-level local government model:

- **Reforming the Disbursement Mechanism:** Transitioning from allocation based on headcount/staff size to "strategic service purchasing" and output-based payment models. This transition is key to improving financial accountability at the GHC level.

- **Adapting to the Two-Level Government Model:** The thesis astutely designs budget mechanisms for the post-July 1, 2025 period (following the elimination of the district administrative level) , proposing a direct fiscal decentralization mechanism from province to commune to minimize intermediary administrative layers.

- **Integrating Digital Transformation:** The thesis links GHC expenditures with the deployment of electronic health records (EHRs) and the national VNeID population database. This integration facilitates personalized healthcare and controls health insurance fund abuse at the source. The study emphasizes digital transformation as a prerequisite and a key highlight of the GHC reform process.

**Fifth**

The thesis delivers substantial and immediate practical value:

- **Informing Legal Reforms:** It provides legislative evidence for amending the Law on State Budget, the Law on Medical Examination and Treatment, and the Law on Disease Prevention. Specifically, it advocates for the legalization of a 30% minimum budget floor for GHC to ensure compliance.

- **Guiding Public Investment:** It assists local governments in prioritizing medium-term public investments, shifting focus from "hardware" (infrastructure construction) to "software" (human resources and digital technology).

- **Strategic Vision:** With milestones reaching 2030 and a vision to 2045, this research serves as an important reference document. It benefits not only GHC operators but also provides

the Government, Ministry of Finance, and Ministry of Health with a solid foundation for designing sustainable, long-term health financing policies.

*Hanoi, 16 July 2026*

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