HO CHI MINH NATIONAL ACADEMY OF POLITICS

NGUYEN TRONG KHANH

THE IMPACT OF STATE BUDGET EXPENDITURE ON AGRICULTURE ON AGRICULTURAL GROWTH IN VIETNAM

SUMMARY OF THE DOCTORAL THESIS
MAJOR: DEVELOPMENT ECONOMICS
CODE: 9310105

Ha Noi - 2026

THE DOCTORAL THESIS WAS COMPLETED AT
HO CHI MINH NATIONAL ACADEMY OF POLITICS

Academic Supervisors:

1. Assoc.Prof.Dr Vu Thanh Son

2. Dr. Nguyen Thi Hai Ha

Reviewer 1: ....
....

Reviewer 2: ....
....

Reviewer 3: ....
....

The Thesis will be defended before the Academy-level Dissertation Evaluation Council, convened at the Ho Chi Minh National Academy of Politics
At …… , …../…../ 2026

The Thesis can be accessed at:
- Vietnam National Library
- The Library of the Ho Chi Minh National Academy of Politics

INTRODUCTION

1. Reasons for choosing the Thesis topic

Agriculture plays a crucial role in global economic growth, achieving the goals of poverty reduction and job creation, especially in rural, mountainous, and remote areas. Although industrialization and modernization have become an inevitable trend rapidly occurring in recent decades and have had a significant impact on the agricultural sector, the role, position and importance of agriculture are increasingly affirmed in the current context of many changes. Many countries focus on developing a stable and sustainable agricultural sector, viewing it as a key strategic priority to proactively ensure national food security in all situations and reduce dependence on imported agricultural products.

In Vietnam, the agricultural sector has maintained positive growth rates for a long time, making a significant contribution to the overall economic growth and serving as a foundation for the country to proactively ensure food security and export to the world market. Particularly during the COVID-19 pandemic, while the country's socio-economic situation faced numerous challenges and many production and business sectors were severely impacted, agriculture emerged as a bright spot, ensuring the supply of food, essential goods and other necessities. This served as a crucial foundation for social welfare and people's well-being during the pandemic, becoming a pillar of the economy. According to the General Statistics Office, during the period when the economy was heavily impacted by the COVID-19 pandemic in 2020-2021, the agricultural sector maintained growth rates of 2.68% and 2.9% respectively, contributing 13.5% and 13.97% to the overall growth rate of the total added value of the economy. It became a vital support for the economy, ensuring social and people's livelihoods; furthermore, agriculture created jobs and employed nearly 30% of the country's workforce.

However, the agricultural sector currently faces increasingly numerous difficulties and challenges. The rapid process of industrialization and modernization has reduced the area of agricultural production; the workforce is shifting rapidly from rural to urban areas, and from agriculture to industry and services; a significant portion of the agricultural workforce consists of unskilled laborers with little or no training, resulting in limited application of science and technology in production, low productivity and quality and fragmented scale; in addition, there are impacts from weather, climate change, natural disasters, and diseases…

Recognizing the importance and the difficulties and challenges facing the agricultural sector, investing resources in agricultural development is essential, and spending on agricultural development is a national strategic priority. In Vietnam, prioritizing the promotion of agricultural growth to contribute to raising national income, improving people's living standards, and enhancing national competitiveness, the Communist Party and State have issued numerous mechanisms and policies to create a legal framework and encourage the mobilization of resources for agricultural development. Simultaneously, a portion of the state budget has been allocated to directly support agricultural growth. The allocation of state budget expenditures for agriculture depends on specific goals and orientations in the socio-economic development strategy and plan, the sector's development strategy for each period, and the state budget's balancing capacity. Therefore, studying the aspects, content, conditions, and factors affecting agricultural growth, as well as the process, content, and impact of state budget expenditures on agriculture, is always necessary, timely and a key socio-economic policy issue for every nation.

According to the researcher's findings, numerous studies have been conducted on the above topics, some directly addressing the content and effectiveness of state budget expenditure on agriculture. These studies have provided a basic theoretical framework on the impact of state budget expenditure on agriculture on agricultural growth. Most research results indicate that state budget expenditure on agriculture has a positive impact on agricultural growth. However, the degree of impact on agricultural growth varies among different types of state budget expenditure, depending on the specific conditions of each country. Furthermore, most studies focus only on a specific aspect of state budget expenditure on agriculture, without considering all spending components as a whole.

For the reasons above, the doctoral candidate chose the thesis topic *"The Impact of State Budget Expenditure on Agriculture on Agricultural Growth in Vietnam"* with the desire to study the overall content of state budget expenditure on agriculture as of today and assess its impact in the actual conditions of Vietnam, the existing shortcomings, and to recommend solutions to promote positive impacts and limit adverse impacts.

2. Research objectives, subjects, and scope

2.1. Research objectives of the thesis

Assessing the impact, identifying current issues and proposing solutions to promote positive impacts and mitigate negative impacts of state budget expenditure on agriculture on agricultural growth in the coming period, in line with the new context up to 2030 and the vision to 2045.

2.2. The subject of the thesis: The impact of state budget expenditure on agriculture on Vietnam's agricultural growth.

2.3. Scope of the thesis

- Spatial scope: the entire national economy.
- Time scope: Data collected from 2011 to the present; proposed solutions oriented towards 2030, with a vision to 2045.

3. Research methods

3.1. Data source

- Secondary data sources: collected from the data system of the General Statistics Office; the state budget data warehouse of the Ministry of Finance; some reports and research documents from universities, institutes, scholars, and scientists both domestically and internationally;...
- Primary data source: Based on survey results from several provinces/cities (before mergers), ensuring distinctive topographical features (hills, plains, coastal areas), geographical location (northern, central, southern regions) and areas with potential for diverse sectoral development, including agriculture, forestry and fisheries. The survey subjects include both policy implementers and policy beneficiaries.

3.2. Methods for analyzing information and data

To achieve the research objectives, the thesis employs a combination of qualitative and quantitative research methods, such as: analytical-synthetic methods; descriptive statistical methods; logical-historical methods; and the use of econometric models.

4. New contributions of the thesis

4.1. In theory

Systematizing the theoretical basis and deriving specific concepts of state budget expenditure on agriculture and agricultural growth based on general theories of state budget and economic growth.

Developing an analytical framework based on impact channels and mechanisms, contributing to raising awareness of the system of state budget expenditure on agricultural growth within the overall goal of socio-economic development, based on development economic thinking.

4.2. In practice

This thesis uses a combination of qualitative and quantitative research methods, based on secondary data collected up to 2025 and primary data collected through surveys, ensuring timeliness and relevance to the actual conditions of Vietnam during the research period.

The research results assess the influencing factors, identify limitations and inadequacies of state budget expenditure on agriculture, and propose solutions to improve state budget expenditure to suit agricultural growth, in order to promote positive impacts and mitigating negative impacts in the future; in particular, directly proposing amendments and additions to the State Budget

Law, aiming to make the budget process for agriculture more efficient and convenient. These are new proposals with valuable reference for state agencies in the process of improving the institutional framework. At the same time, it is a topical issue, consistent with the goals, tasks, and solutions set forth in the documents of the 13th National Party Congress and the requirements of national development in the new era of the nation.

5. The structure of the thesis

Besides the Introduction, Conclusion, and Bibliography, the dissertation is structured into four chapters.

CHAPTER 1
OVERVIEW OF RELATED RESEARCH STUDIES ON THE IMPACT OF STATE BUDGET EXPENDITURE ON AGRICULTURAL GROWTH

1.1. Overview of research studies assessing the impact of state budget expenditure on agricultural growth

The thesis has reviewed many previous research works with related content, such as: research by K.N.Selvaraj (1993), Jirawat Jaroensathapornkul and Sopin Tongpan (2007), Pham The Anh (2008), Bingxin Yu et al. (2014), Tran Viet Nguyen (2015), Nguyen Huy Chi (2016), Cesar Augusto Lopez et al. (2017), Pham Thu Thuy (2018), Nguyen Thi Ngoc Nga (2019), Samuel Benin (2019), Hoang Thi Viet (2020), Pham Van Hao (2022), Vo The Truong (2023); The reports of international organizations such as the World Bank, the Organization for Economic Cooperation and Development (OECD), the Food and Agriculture Organization of the United Nations (FAO), etc., are categorized into three research groups, including:

(1) Studies related to the scope and content of state budget expenditure on agriculture and agricultural growth;

(2) Studies related to assessing the impact of state budget expenditure on the growth of economic sectors and agricultural growth;

(3) Studies related to the state budget process, solutions to improve state budget expenditure on agriculture, promoting positive impacts and limiting negative impacts on agricultural growth.

1.2. Contributions of published research works

Firstly, in terms of theoretical basis, the study systematically provides a theoretical foundation for state budget expenditures and the concept of agricultural growth. Simultaneously, it describes the overall picture of the scope and content of state budget expenditures for agriculture.

Secondly, in terms of research methodology, a relatively diverse range of methods is employed, including qualitative methods such as statistics, description, comparison, surveys, and interviews, as well as quantitative methods based on the Cobb-Doughlas production function. However, qualitative methods are generally used more frequently.

Thirdly, in terms of research content, previous studies have focused on evaluating the impact of state budget expenditures for agriculture (from the perspective of total expenditure, as well as some specific expenditure items) on agricultural growth; and have analyzed the process of state budget expenditures for agriculture at different levels.

Fourth, the data sources used include secondary data collected from relevant agencies and primary data collected through surveys. The World Bank (2011) recommends that collecting data from the Ministry of Finance will ensure greater accuracy and completeness.

Fifth, regarding the research results, most studies indicate that state budget expenditures have a positive impact on growth; however, the level of impact varies between expenditure categories and between regions and countries. Studies have also pointed out some limitations in the state budget process affecting the impact results, such as: lack of linkage in the budget process, inaccurate budget planning, failure to adhere to expenditure regulations and mechanisms for evaluating efficiency and output results.

1.3. Gaps for further research in the thesis

In summary, although many aspects and approaches to the issue have been explored and evaluated in previous studies, the PhD candidate finds that there are some gaps that need further consideration, such as:

Firstly, the impact of state budget expenditure on agriculture varies among countries, depending on socio-economic conditions, the level of agricultural production in each period, and the content and mechanisms of implementation… Therefore, research needs to be conducted in the context of Vietnam, based on the most up-to-date data, to provide appropriate solutions.

Secondly, previous studies often considered one or a few aspects of state budget expenditure for agriculture separately; some studies were only conducted in a single locality in Vietnam. Studies that comprehensively examine state budget expenditure and evaluate it nationwide are still limited.

Thirdly, many studies have pointed out shortcomings in the current budget process, but the proposed solutions are still general and directional. Specific research, evaluation, and proposals are needed to amend institutional and implementation mechanisms to increase efficiency and maximize the positive impact of state budget expenditures.

CHAPTER 2
THEORETICAL FOUNDATIONS AND INTERNATIONAL EXPERIENCE REGARDING THE IMPACT OF STATE BUDGET EXPENDITURE ON AGRICULTURE ON AGRICULTURAL GROWTH

2.1. THEORETICAL FOUNDATION ON THE IMPACT OF STATE BUDGET EXPENDITURE ON AGRICULTURE ON AGRICULTURAL GROWTH

2.1.1. State budget expenditure on agriculture

- Definition: State budget expenditure on agriculture refers to all expenditures by the State that are projected and implemented over a specific period (usually one year or medium- and long-term), as decided by competent state agencies, to ensure the fulfillment of the State's functions and tasks in managing and supporting the development of the agricultural sector within the overall goal of socio-economic development.

- Functions and Roles: The state budget is a tool of the State to manage and support the development of the agricultural sector within the overall socio-economic development goals of the country. Economically, through state budget expenditures, the State influences agricultural economic activities, ensuring growth aligns with the State's direction for each period. Market-wise, it is a tool to regulate the agricultural product market, stabilize agricultural prices, etc. Socially, the state budget is a tool to redistribute income and address social issues such as environmental pollution, support disadvantaged and vulnerable groups, and reduce inequality.

- State budget expenditures for agriculture can be classified in various ways depending on the objectives of management, research and evaluation. Some classification methods include:

+ By economic sector, including: State budget expenditures for the agricultural sub-sector; the forestry sub-sector and the fisheries sub-sector.

+ By tasks of expenditure, including: development investment expenditures and recurrent expenditures for the agricultural sector.

+ By content of expenditure, including: expenditures for information and communication in agriculture; scientific and technological research in agriculture; education, training and vocational training in agriculture; investment in agricultural production infrastructure; and support agricultural economic activities. In this thesis, state budget expenditures for agriculture are studied according to the five expenditure classifications above.

- Factors influencing: State budget expenditure on agriculture is a socio-economic policy, influenced by various factors depending on the characteristics of each country. Government decisions on state budget spending on agriculture are based on answering two questions: First, what are the objectives and tasks of the spending? and Second, how will the spending be conducted?

To address the first question, the two main influencing factors are: (i) The policies, guidelines, and development goals for each period; and (ii) The concretization of these policies and guidelines into agricultural development plans; this is a crucial factor and the legal basis for allocating the budget to the agricultural sector.

Regarding the second question, the main influencing factors include: (i) Legal regulations, principles, criteria, allocation norms, and budget expenditure regimes; and (ii) The ability to balance the state budget.

2.1.2. Agricultural growth

- Concept: Economic growth is the increase in the scale of economic output over a certain period. Growth can be calculated over various time periods: annually, quarterly, etc., depending on the comparison and evaluation objectives of the management agency. For the agricultural sector, once agricultural output increases over time, the agricultural sector reaches a state of growth. In other words, agricultural growth is the increase in the scale of agricultural output over a certain period.

- Role of agricultural growth: Firstly, agricultural growth contributes to the overall economic growth and prosperity of the nation. Secondly, agricultural growth ensures food security, reduces dependence on other countries, and becomes a support for the economy during crises. Thirdly, agricultural growth contributes to solving social problems such as job creation, poverty reduction, and environmental protection.

- Methods for determining agricultural growth: One of the commonly used indicators to measure economic growth is Gross Domestic Product (GDP). There are many different ways to calculate GDP based on the approach, from the perspective of production, expenditure, or income.

2.1.3. The impact of state budget expenditure on agriculture on agricultural growth

- Assessing the Impact Channels of State Budget Expenditures on Agriculture on Agricultural Growth: The State uses its apparatus and budget funds to implement support measures for the agricultural sector, thereby impacting the agricultural sector. These are the impact channels of state budget expenditures on agriculture. Within the scope of this thesis, the contents of state budget expenditures for agriculture are considered based on several support tasks for the agricultural sector that have been implemented and grouped appropriately according to the stipulated in the current State Budget Law, including: (1) Support for investment in production infrastructure, (2) Support for information and communication, (3) Support for scientific and technological research, (4) Support for vocational training, (5) Support for agricultural economic activities.

Assessment of the impact channels of state budget expenditure on agriculture on agricultural growth: The assessment will be approached through two main policy cycles: the agricultural support policy cycle and the state budget cycle for the agricultural sector. The assessment aims to analyze the rationality and effectiveness of the process of issuing and implementing policies supporting the agricultural sector and the rationality of the current state budget expenditure process. These are important factors affecting the level of impact of state budget expenditure on agricultural growth.

- Assessing the impact of state budget expenditure on agriculture on agricultural growth: The indicators reflecting agricultural growth within the scope of this thesis are considered through three indicators: agricultural output, agricultural selling prices, and agricultural production costs. Previous research and reference materials have identified and assessed the impact of one or some aspects of state budget expenditure on agricultural growth. The state implements support measures for the agricultural sector, thereby increasing productivity and quality of agricultural products, reducing intermediate costs, and leading to agricultural growth.

- Econometric Model: One of the econometric models commonly used to assess the impact of input factors on growth is the Cobb-Douglas production function model. Within the scope of this thesis, under the same research conditions, a multivariate linear regression model is used to assess the impact of each contents of state budget expenditure on agriculture on agricultural growth. The general formula is as follows:

$$Y=\beta 0+\beta 1X1+\beta 2X2+\ldots+\beta nXn+\epsilon$$

Where:

- Y is the dependent variable (agricultural growth)
- β0 is a constant
- β1, β2, ..., βn are regression coefficients
- X1, X2, ..., Xn are independent variables (corresponding to the contents of state budget expenditure for the agricultural sector).
- ϵ is the error term
- Statistical testing: Perform t-tests and F-tests to examine the statistical significance of the regression coefficients and the model. These tests will indicate which variables have a significant impact on agricultural growth.

- Model evaluation: Use metrics such as R-squared and P-value to assess the model's fit and the extent to which the independent variables explain the dependent variable.

The research hypothesis is that state budget expenditures on agriculture have a positive impact on agricultural growth. The data source is secondary data from government agencies.

2.2. EXPERIENCES FROM SOME COUNTRIES AND LESSONS FOR VIETNAM

The thesis analyzed the experiences of several countries, from developed economies like South Korea and Japan, to countries building socialist-oriented market economies like China, and neighboring countries with similar geographical and climatic conditions to Vietnam like Thailand. It showed that using state budget expenditures is an effective tool to support the growth and development of the agricultural sector. Based on the experiences of these countries, Vietnam can utilize several lessons regarding the allocation, management, and use of state budget expenditures to support agricultural growth as follows:

Firstly, priority should be given to allocating state budget expenditures to support the agricultural sector. The scale of budget allocation needs to be sufficiently large (South Korea allocates 6% of GDP; Japan allocates 23% of total state budget expenditures) to effectively promote agricultural growth.

Secondly, it is necessary to increase the allocation of state budget expenditures for science and technology; encourage the application of modern agricultural production technologies, research high-yield and disease-resistant crop and livestock varieties, etc., in order to increase agricultural production and quality, promote agricultural growth, and minimize production risks.

Thirdly, prioritize state budget expenditure on training and developing high-quality agricultural human resources, aiming to control modern technologies and promote industrialization in agriculture.

Fourthly, effectively implement state budget expenditure to support agricultural economic activities, aiming to directly promote all stages of the agricultural production process, including activities supporting trade promotion; supporting the connection of agricultural products with markets; researching a mechanism for public auctioning of agricultural products to ensure outlets for agricultural products, gradually overcoming the situation of bumper harvests leading to price drops. Allocating state budget expenditures to support agricultural insurance and other support measures for producers to prevent risks, stabilize prices, and regulate the market effectively also yields positive impacts.

Fifth, allocating state budget expenditures to support investment in agricultural infrastructure is important, ensuring conditions for production (such as irrigation, drainage, and salinity control infrastructure), facilitating transportation of raw materials, goods and agricultural products, saving time, costs, labor, and providing strong support for the agricultural sector. Simultaneously, complete infrastructure will increase the attractiveness of the agricultural sector to attract further investment.

Sixth, in addition to direct expenditures from the state budget, the experience of other countries shows that many other forms of support can be implemented indirectly using state budget funds (such as tax incentives, fee reductions, credit, and land allocation). However, these forms of support are not considered within the scope of this dissertation.

CHAPTER 3
THE CURRENT SITUATION REGARDING THE IMPACT OF STATE BUDGET EXPENDITURE ON AGRICULTURE ON THE AGRICULTURAL GROWTH IN VIETNAM

3.1. CURRENT SITUATION OF AGRICULTURAL GROWTH AND STATE BUDGET EXPENDITURE ON AGRICULTURE IN VIETNAM

3.1.1. The current situation growth of Vietnam's agricultural sector

The period from 2011 to 2025 was a time of unprecedented economic fluctuations, risks, and challenges for both Vietnam and the world. Despite this, Vietnam's economic growth in general, and the growth of the agricultural sector in particular, remained a bright spot. On average, the agricultural sector grew by approximately 3.2% during this period. It is evident that Vietnam's agricultural sector has strived to overcome many difficulties, achieving remarkable accomplishments and maintaining a positive growth rate throughout the period. This has contributed to the overall socio-economic achievements of the country and further affirmed its role as a solid pillar of the economy.

Although the agricultural sector maintained a positive growth rate during the study period, it was still lower than the growth rate of the industrial-construction and service sectors. The proportion of the agricultural sector in the overall economic structure has tended to decrease, from 15-16% in the early years of the study period to 11-12% recently; while the proportion of the industrial-construction and service sectors has tended to increase, consistent with the development and transformation of the economic structure and national development.

3.1.2. Current situation of state budget expenditure on agriculture

During the period 2011-2023, state budget expemditure on agriculture does not reflect a clear upward or downward trend, fluctuating significantly from year to year due to several reasons, such as: limited state budget resources;

the selection of priority goals for the country's socio-economic development...

The lack of firm commitments in resource allocation is one of the major factors affecting the effectiveness of implementing support programs for the agricultural sector. Agencies and units are always in a reactive state regarding resource planning, implementing projects year by year, and the following year may see significant budget cuts compared to proposed needs, affecting the progress and effectiveness of the work.

Unit: Billion VND

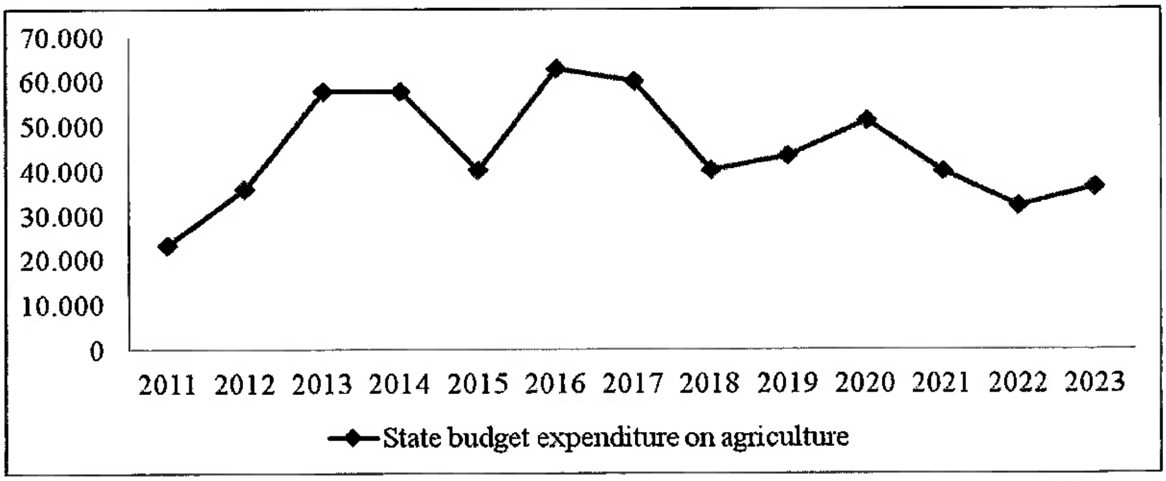

Figure 1: State budget expenditure on agriculture period 2011 - 2023

Source: Data from the State Budget Archive of the Ministry of Finance

The proportion of state budget expenditure allocated to agriculture has shown a relatively clear downward trend, from 3-5% of total budget expenditure in the early years of the study period (highest in 2013 at 5.22% of total state budget expenditure) to just over 1% in 2022-2023. This allocation is very low compared to some countries mentioned in the overview section, such as Japan, which allocates up to 23% of its state budget expenditure, and South Korea, which allocates approximately 6% of its GDP. This indicates that agriculture is not yet a priority for state budget allocation.

The proportion of state budget expenditure on agriculture may decrease further in the coming years, as the majority of state investment resources are concentrated on key national projects such as the North-South high-speed railway project, the Lao Cai - Hanoi - Hai Phong railway, the goal of reaching 5,000 km of high-speed rail by 2030, and the Gia Binh airport project, etc. This raises the issue that the agricultural sector must focus on restructuring its spending objectives and content, prioritizing urgent tasks, breakthrough programs and projects with high efficiency, and creating momentum to promote the sector's growth.

Unit: Billion VND

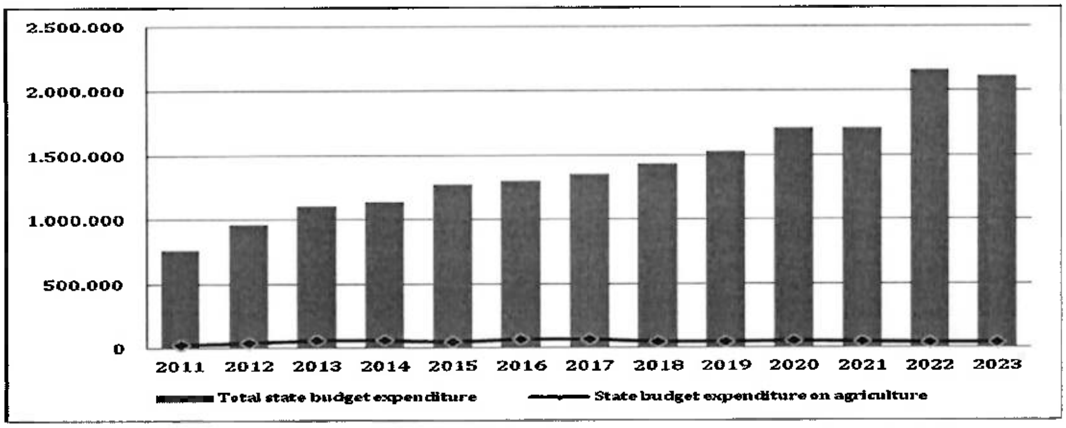

Figure 2: Expenditure on agriculture compare with total state budget expenditure

Source: Data from the State Budget Archives of the Ministry of Finance

In terms of expenditure structure, over the period 2011-2023, support for agricultural infrastructure investment accounted for approximately 61% of the total state budget expenditure for agriculture, support for agricultural economic activities accounted for approximately 31%, and the remaining items accounted for approximately 8%. The structure of budget expenditure supporting the agricultural sector as described above can be considered relatively positive. Support for infrastructure investment (such as irrigation systems, dikes, rural transportation, etc.) is prioritized and accounts for the highest proportion, which is a suitable trend, improving the agricultural infrastructure and supporting long-term growth. However, the low proportion of support for scientific and technological research and education/training/vocational training is a matter that needs attention.

Unit: Million VND

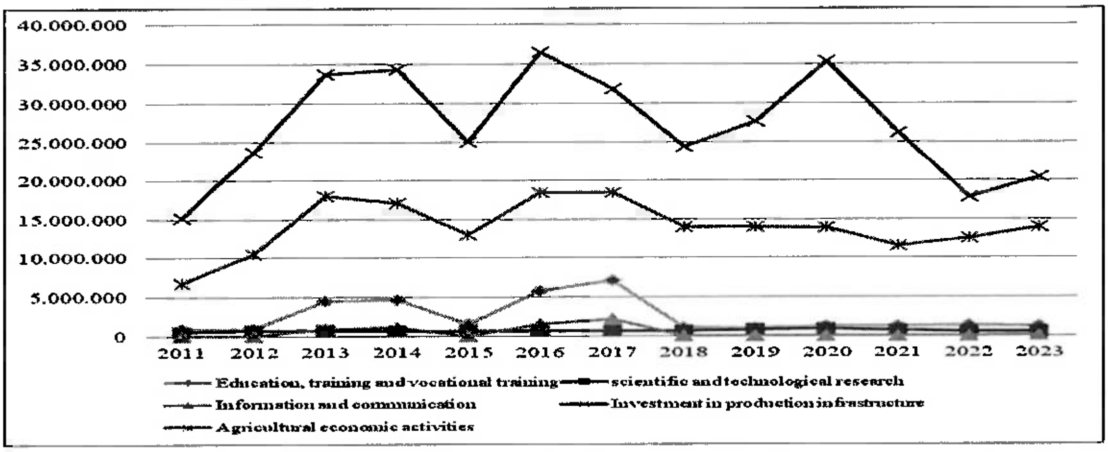

Figure 3: Contents of state budget expenditures on agriculture

Source: Data from the State Budget Archive of the Ministry of Finance

Looking at each locality individually, the state budget resources allocated to agriculture are very limited; some localities have great agricultural potential, such as the provinces in the Mekong Delta, but these are mainly provinces with low budget revenue and limited resources, with state budget allocations for agriculture among the lowest. This will hardly bring about positive impacts, or the impact will be negligible.

This situation has many causes, one of which stems from the current legal framework regulating budget decentralization. Each budget level has independent revenue sources and expenditure tasks, and the budget allocation for each province is decided by the Provincial People's Council according to its authority, lacking a mechanism for coordination between localities. In addition, the principles, criteria, and allocation norms for budgets at each level are currently mainly based on population and area criteria, not linked to the development goals of economic sectors, and do not take the specific priorities needed for the agricultural sector. This is a legal issue that needs to be studied, evaluated, and amended in the future to remove the bottleneck in budget funding for the agricultural sector nationwide.

3.1.3. Assessing the process of state budget expenditure on agriculture in Vietnam

State budget expenditure for agriculture is a part of the overall state budget expenditure; the state budget process for agriculture is implemented according to the State Budget Law, including the following steps: (i) planning the state budget estimate; (ii) using the state budget; and (iii) settling the state budget. The assessment of Vietnam's legal system on finance and state budget is increasingly comprehensive, synchronized, open, and transparent, creating proactive roles for agencies and units using the state budget, coupled with autonomy, accountability, and responsibility. The process of planning the state budget expenditure estimate involves many different steps and procedures, while the implementation time is very short. This raises many issues regarding the reasonableness, accuracy, completeness, and substance of the allocated budget figures.

Figure 4: The process of state budget expenditure for agriculture

No	Process	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Implementing agency	Submission Level
I	**Using budget**													Budget-using units	
II	**Planning budget**														
1	Issuing guilines for planning budget													Prime Minister Ministry of Finance	
2	Estimate proposal													Units	Agencies
3	Submit, review and evaluate													Agencies	Financial agency
4	Report to the competent authority													Financial agency	- Government - Central Committee of the Party - Cơ quan của Quốc hội - National Assembly Standing Committee - Parliament
5	Budget approval													Parliamnet	
6	Budget allocation													Prime Minister Ministry of Finance	
7	Detail allocation / Allocation check													Agencies	Financial Agency

Source: Research student's proposal based on the State Budget Law

Using a survey method with officials in state agencies, the results showed that 100% of respondents assessed the legal system guiding state budget allocation for agriculture as complete. However, over 30% of respondents assessed the implementation process as complex, with many even describing it as very complex. This is a significantly percentage, indicating the need for a thorough re-evaluation of the state budget process and a proposed solution in the future improvement of the budget legal system.

The gap between legal regulations and practice may stem from several causes. One reason could be the constantly changing economic development process, while the amendment and supplementation of legal regulations often take a long time. Furthermore, the state budget legal system is built from the perspective of the financial agency, with the goal of "managing," "checking," and "monitoring" the use of the budget; therefore, other agencies may encounter difficulties and complexities when implementing the budget process.

To further clarify the regulations deemed inappropriate, the result of survey opinions has pointed out several difficulties and obstacles in implementing the state budget process, both in the budget preparation stage and in the management and using state budget stage, including:

(1) There are opinions that the budget preparation time is too short, only one month (July), while the budget consolidation involves many levels and many points of contact, making it difficult for the units.

(2) There are opinions that the budget preparation requirements are too detailed, for each item and task, according to the state budget classification, requiring approval decisions; while forecasting for the entire next year is very difficult, especially for unexpected and emerging tasks.

(3) There are opinions that specialized agencies and units must report their funding needs to financial agencies and approve task proposals; however, financial agencies do not exchange information on the projected allocation of funds, leading to a lack of initiative and timely coordination in the process of explaining and supplementing documents. The allocated budgets are often not in line with the proposed needs for implementing programs and tasks.

(4) There are opinions that checking the allocation of budget estimates is unnecessary and increases administrative procedures for units because there is already a budget preparation stage and a subsequent expenditure control stage; financial agencies conduct budget allocation checks many times, which is not in accordance with regulations.

(5) There are opinions that difficulties arise due to the lack of a mechanism allowing units to proactively reserve budget for unexpected tasks during the year, requiring many complex budget adjustments. According to the regulations of the State Budget Law, there are only general contingency funds for the central and local level budgets, but no regulations on contingency funds for each agencies and units. When receiving the allocated budget, agencies and units must allocate all of it to each expenditure item and task; therefore, when new tasks arise, there will be no contingency budget available to carry them out; they must adjust budget allocations from one task to another, or from one subordinate unit to another, to ensure sufficient funds.

3.2. EVALUATION RESULT OF THE IMPACT OF STATE BUDGET EXPENDITURE ON AGRICULTURE GROWTH AND THE ISSUES RAISED

The thesis used qualitative research methods to evaluate the impact of each content of state budget expenditure on agriculture through specific support programs and projects (such as: the Vietnam Sustainable Agricultural Transformation Project VNSAT; the Sustainable Forestry Development Program; the Sustainable Fisheries Economic Development Target Program for the period 2016-2020; the Vocational Training Program for Rural Workers; and some other tasks and contents supporting the agricultural sector...). It also conducted surveys and compiled evaluation opinions from 444 beneficiaries and 105 relevant government officials according to the evaluation criteria outlined in the previous chapter. Simultaneously, it used the Cobb-Douglas production function model based on secondary data on agricultural sector growth and state budget expenditure on agriculture to assess the impact of each item of state budget expenditure on agriculture on agricultural growth. The research results are as follows:

3.2.1. Research results achieved

Firstly, during the study period, the agricultural sector played a crucial role, contributing significantly to economic growth and solving social issues. While the growth rate of the agricultural sector varied from year to year, it consistently showed positive growth, remaining stable at around 3% per year.

Secondly, the State has implemented numerous measures to support agricultural development, concretizing them into long-term development strategies, policies, programs, tasks, and specific projects. The research results indicate that all state budget expenditures supporting agriculture are deemed necessary, fully implemented, and cover all stages of agricultural production.

Thirdly, the state budget legal framework is increasingly complete, which is a crucial factor in ensuring the effective implementation of state budget expenditures for agriculture.

Fourthly, during the study period, the scale of state budget expenditures for agriculture was limited. The proportion of state budget expenditure on agriculture in the total state budget expenditure has tended to decrease sharply, from 3-5% in the early years of the study period to about 1% in recent years, indicating difficulties in balancing resources for the goal of supporting agricultural growth.

Fifth, using both qualitative and quantitative research methods, there is a basis to conclude that the contents of state budget expenditure on agriculture have an impact on promoting agricultural growth; however, the level of impact varies among expenditure items. Using an econometric model, the results show that the contents of state budget expenditure on agriculture have an impact of about 5% on agricultural growth, quite similar to the research results of the OECD as mentioned in the overview section. Evaluating each expenditure item, the expenditures supporting information and communication, supporting investment in production infrastructure development, and directly supporting agricultural economic activities have quantitative evidence confirming their impact on promoting agricultural growth, with impacts of 7.8%, 9.6%, and 4.1% respectively. Meanwhile, there is no basis for concluding the impact on agricultural growth of expenditures supporting education, vocational training, and the application of science and technology. This suggests to policymakers the need to review and reassess the effectiveness of state budget expenditures for agriculture, selecting targeted and focused support for the agricultural sector to achieve breakthroughs in agricultural production, avoiding scattered investments that are unlikely to yield overall positive impacts.

3.3.2. Limitations and difficulties

Firstly, there is no standardized database system for state budget expenditures on agriculture established by government agencies.

Secondly, the implementation process of support programs for the agricultural sector is still limited. A segment of beneficiaries believes that accessing the state support is not truly convenient or easy. Survey results indicate the need for an objective and comprehensive reassessment of policy implementation in government agencies, a renewal of thinking and working methods, and the assignment of specific responsibilities to each relevant organization and individual.

Thirdly, the legal framework of state budget process has some aspects that are not in line with reality, causing difficulties for agencies and units in implementation. Some limitations include: a lack of regulations on budget allocation linked to outputs and the efficiency of budget utilization; and some timeframes in the budget process are not in line with practical realities. Regulations regarding budget planning requirements lack practicality and are difficult to comply with; overlapping procedures arise in the documentation requirements, budget planning procedures, allocation verification, and budget expenditure control...

Fourth, there is a lack of commitments in allocating state budget resources to agriculture, diminishing the proactive role of implementing agencies.

Fifth, the scale of state budget allocation for agriculture remains low, with a declining trend in recent years.

Sixth, the current budget decentralization mechanism between the central and local level is inadequate, reducing the central government's ability to regulate resources and lacking a mechanism for coordinating resources among localities.

Seventh, there is a lack of a legal framework for developing medium-term financial plans and determining state budget sources for agriculture.

Eighth, there is no mechanism for evaluating and imposing sanctions linking the use of state budget resources to the results and impacts on the agricultural sector.

CHAPTER 4
CONTEXT AND SOLUTIONS FOR IMPROVING STATE BUDGET EXPENDITURE ON AGRICULTURE TO SUIT AGRICULTURAL GROWTH UP TO 2030, WITH A VISION TO 2045

4.1. CONTEXT AND FORECASTS AFFECTING VIETNAMESE AGRICULTURE

4.1.1. International context

The global and regional economic and political situation is forecasted to remain complex. Conflicts of geopolitical, economic and trade disputes, security and defense tensions, and scientific and technological conflicts are increasing. Global economic growth has not yet shown signs of a breakthrough; international trade and investment remain challenging.

4.1.2. Domestic situation

After 40 years of reform, the Vietnam's position and strength have improved significantly. Peace and political stability have been ensured, macroeconomic balances have been maintained, the quality of growth has gradually improved, the economic structure has begun to shift towards in-depth development, the efficiency of using input factors for the economy has been enhanced. However, shortcomings and limitations remain, as well as the risk of falling behind. The level of science and technology, productivity, efficiency, and competitiveness are still low, and the need for investment capital for socio-economic development is very large while budget balances are challenging...

4.1.3. Opportunities and advantages for agricultural development

a) External Opportunities

Firstly, the trend towards peace and cooperation remains dominant. Deep international integration and participation in new-generation free trade agreements provide opportunities for Vietnam's agricultural sector to access global markets, expand cooperation in agricultural production and consumption, and attract foreign investment.

Secondly, the rapidly unfolding Industry 4.0 revolution across all sectors and fields presents an opportunity for Vietnamese agriculture to leapfrog and adopt advanced scientific and technological achievements from around the world in agricultural production, contributing to improved productivity, quality, and competitiveness of agricultural products, aiming for sustainable growth and development.

Thirdly, competition in the international market is the driving force that must push Vietnam's agricultural sector to transform rapidly, restructure and comply with the strict regulations of other countries regarding standards, quality standards, and agricultural production processes.

b) Internal Opportunities

Firstly, Vietnam has a favorable geographical location and natural conditions for developing a diversified agricultural sector with various agricultural products.

Secondly, supporting the development of the agricultural economy is a guiding principle of the Party and State throughout various periods, serving as the political basis for all levels and sectors in implementing and concretizing tasks, programs, and contents to support the agricultural sector.

Thirdly, the legal framework is increasingly being perfected, building a healthy and equal competitive business environment among economic sectors, creating a foundation for the sustainable development of industries, including agriculture. The synchronized implementation and promulgation of regional and national planning is a prerequisite for developing plans for the agricultural sector.

Fourth, stable economic growth and numerous achievements in recent years, guaranteed national financial security and safety; a more sustainable state budget balance, control of public debt within permissible limits, and more room for resources for the State to allocate in supporting agricultural growth.

Fifth, Vietnam's agricultural sector maintains stable growth momentum, affirming its important role in the country's socio-economic development, which is a crucial condition for mobilizing resources for sectoral development.

Sixth, the synchronized and timely development and promulgation of state budget expenditures for agriculture, programs and projects supporting the agricultural sector, meeting practical requirements and having a long-term vision, are positive factors supporting the agricultural sector.

4.1.4. Difficulties and challenges facing Vietnam's agricultural sector

a) Internal Challenges

Firstly, the economy is still small in scale, national competitiveness is weak, and the productivity and quality of the workforce are low; there is a slow pace of improvement and innovation in production processes, including the agricultural sector.

Second, there is significant competitive pressure from imported agricultural products, which are more affordable and suit the consumer tastes of the people.

Third, climate change, natural disasters, diseases, environmental pollution, etc., are also seriously impact agricultural production.

Fourth, increasing state budget expenditure on agriculture is very difficult given the limited state budget resources.

Fifth, Vietnam's agricultural sector is still heavily influenced by long-standing, small-scale, and spontaneous production practices, which are not linked to sectoral development plans and have not fully exploited the potential and advantages of each production region.

b) External Challenges

Firstly, competition among major powers is becoming increasingly direct, with trade wars and increased protectionism significantly impacting the global economy.

Secondly, rapid changes in science and technology pose major challenges to innovation in agricultural production.

Thirdly, deep international integration, with its stringent regulations and standards in the international market, puts Vietnamese agriculture under immense global competitive pressure.

Fourthly, the economic restructuring process and rapid urbanization have narrowed the development space for the agricultural sector, leading to a shortage of labor, especially skilled labor, for agriculture.

4.2. SOLUTIONS FOR IMPROVING STATE BUDGET SPENDING ON AGRICULTURE TO SUIT VIETNAM'S AGRICULTURAL GROWTH IN THE NEW CONTEXT

Based on the research results and the limitations and difficulties mentioned in Chapter 3, the thesis proposes implementing several tasks with specific solutions to enhance the positive impacts of state budget spending on agriculture on agricultural growth as follows:

4.2.1. Establish a database system on state budget expenditures for agriculture to serve statistical work, research, evaluation, and policy planning

It is recommended that the Ministry of Agriculture and Rural Development, in coordination with the Ministry of Finance and other relevant agencies, develop a handbook guiding the statistical data collection of state budget expenditures for agriculture, to be implemented nationwide. Simultaneously, information technology should be applied to build a database on state budget expenditures for agriculture, ensuring at least several data fields are included, such as: total expenditure nationwide; expenditure by region, locality; expenditure by support item; expenditure by beneficiary; and by time period... The data should be regularly updated, decentralized for implementation by relevant units, and ensure accessibility for management and administration purposes.

4.2.2. Improving the legal framework for state budget, and reforming the state budget process

Propose to the Ministry of Finance to study the amendment of the State Budget Law and its implementing guidelines, including:

(1) Adjust the timelines in the budget process to ensure feasibility in implementation:

- For the budget planning process: Change the format of the budget preparation guidance document from a Circular to a regular administrative document, thus saving up to 105 days according to the process of issuing legal normative documents. At the same time, stipulate that the time for issuing guidance documents should be earlier, possibly from the end of the first quarter (April 1st) - 45 days earlier than currently - to increase the time for implementing the budget planning stages.

- For the state budget implementation process: propose allowing agencies and units to adjust budgets until December 31st (end of the year). At the same time, grant authority to heads of agencies and units using state budget funds to decide and be responsible for adjusting budget estimates; abolish the requirement to send to the financial agency for inspection to reduce administrative procedures.

(2) Review and simplify the requirements for budget proposal documents and procedures based on documents assigning tasks, work programs, and activity plans of agencies and units without necessarily issuing decisions approving tasks. At the same time, abolish the budget allocation inspection process. The control of documents and procedures, ensuring complete approval decisions, contracts, and correct expenditure regulations, is already handled by the State Treasury's expenditure control department.

(3) Propose allowing agencies and units to allocate a contingency fund within the total allocated budget to proactively address unexpected tasks arising during the year. This percentage could be around 2-4% of the allocated budget.

(4) Strengthen the legal basis for the planning of state financial and budgetary resources for the 3-year medium-term period, or have a mechanism for financial agencies to commit to allocating medium-term resources for sectors and fields. Implementing the above will create proactiveness for agencies and units in clearly defining the roadmap and funding sources to implement the contents of expenditure support for the agricultural sector. Annually, based on the previously announced expenditure ceiling, agencies only need to coordinate with the Ministry of Finance to review the

additional/decreased funding compared to the 3-year plan if there are any unexpected developments, simplifying the process and saving much more discussion time than the current process (every year all expenditure needs must be reviewed again).

4.2.3. Increase the allocation of state budget expenditure on agriculture based on solutions that strengthen revenue management, improve the state budget balance, and innovate the principles of allocating state budget expenditures to agriculture

(1) Resolutely implement solutions for managing state budget revenue collection, ensuring accurate, sufficient, and timely collection; review current tax and fee policies and preferential regimes for all sectors and professions in the direction of narrowing the scope of subjects, avoiding spreading resources thinly and indiscriminately to ensure resources for socio-economic development tasks and support agricultural growth.

(2) Amend the current budget decentralization mechanism, shifting from decentralization based on a percentage of revenue to a method of decentralizing resources based on expenditure estimates for localities in accordance with socio-economic development plans, and supplementing a mechanism for harmonious regulation between localities to support agricultural development.

(3) Complete the principles, criteria, and allocation norms for state budget expenditures for agriculture, and add some criteria to the allocation principles, such as: requiring the allocation of state budget expenditures for agriculture to increase annually equivalent to the economic growth rate or equivalent to the general increase rate of state budget expenditures of the locality, with supplementary criteria to allocate additional resources to key agricultural localities …

4.2.4. Review and restructure the content of state budget expenditures for the agricultural sector, focusing on key areas and priorities linked to the potential and advantages of each region

4.2.5. Supplementing regulations on the authority, obligations, and responsibilities of each agency, unit, and individual in implementing the contents of state budget expenditures for agriculture

4.2.6. Strengthen inspection and supervision of the allocation and use of state budget expenditures for agriculture; establish mechanisms for rewarding and encouraging, as well as sanctions for violations in the implementation of state budget expenditures for agriculture

4.2.7. Research focuses on perfecting the necessary conditions for transitioning to output-based budget management

We propose that the Ministry of Agriculture and Rural Development take the lead and coordinate with relevant agencies and units to finalize the system of technical and economic norms, and cost norms associated with each unit of agricultural product; shift to output-based budget management, implement budget allocation, and propose a reward/penalty mechanism, linking the responsibility of the head of each agency to results.

CONCLUSION

Studying the impact of state budget expenditure on agriculture on agricultural growth is a crucial socio-economic policy issue for countries. The research results of this thesis draw the following conclusions:

(1) Supporting agricultural development is a consistent policy of the Party and is given attention by the State. The support content is relatively complete, comprehensive, and covers all agricultural activities. However, the level of state budget spending on agriculture tends to decrease significantly in proportion to total budget spending, indicating difficulties in balancing resources.

(2) Using survey methods shows that the development and promulgation of agricultural support measures are appropriate to practical requirements. However, the implementation process is still limited and not entirely accessible.

(3) Using qualitative methods, the results of implementing some specific programs and projects supporting the agricultural sector show that the State's support has a positive impact on increasing agricultural production and quality, reducing costs, and thus promoting agricultural growth.

(4) Using econometric models shows that expenditures on information and communication, infrastructure investment, and support for agricultural economic activities have a positive impact on agricultural growth, ranging from 4-9%. This result is quite positive and consistent with previous OECD research. Regarding expenditures on science and technology and education, training, and vocational training in agriculture, there is no quantitative evidence of their positive impact on promoting agricultural growth. This research result is partly due to the relatively small scale of state budget expenditures for these items, making it impossible to quantitatively assess the impact. However, the role and importance of these contents are undeniable in the current context.

The State needs to pay attention to and increase investment in the agricultural sector, along with monitoring and evaluating the efficiency of budget use, restructuring the contents and tasks of expenditure with focus and appropriateness to the actual conditions in order to further promote stronger growth in the agricultural sector. There is no evidence to suggest that state budget expenditure is hindering the growth of the agricultural sector.

(5) The process of state budget expenditùe, icluding planning, using and settling state budget expenditures for agriculture is generally implemented according to the State Budget Law, and is increasingly being perfected. However, it also reveals some difficulties and limitations in the implementation process.

(6) The thesis has identified some existing problems and difficulties, proposed some solutions and recommendations directly to the proposed amendment of the State Budget Law and restructuring of state budget expenditure contents for the agricultural sector. The thesis has also offered several valuable insights for further research and policy implementation; some recommendations were promptly proposed by the doctoral candidate during the course of work and were incorporated by state management agencies into the State Budget Law of 2025, passed at the 10th session of the 15th National Assembly. This demonstrates that the recommendations closely address practical issues.

Based on the findings of this thesis, the doctoral candidate's research direction in the next phase will focus on (i) continuing research and proposing more detailed improvements to the legal framework on state budget, and revising the current regulations and expenditure norms for the agricultural sector; (ii) continuing research and measuring more specifically the impact of each expenditure item on each agricultural economic sector, especially in the context of restructuring provinces/cities and building a two-level local government model to create momentum for expanding development space, changing management thinking and task implementation methods; (iii) focusing on analyzing the policy content, amending and supplementing the current agricultural support policy system to better promote the positive impacts of state budget expenditure on agricultural growth.

LIST OF PUBLISHED WORKS BY THE AUTHOR RELATED TO THE THESIS

1. Nguyen Trong Khanh (2020), "Analysis of the relationship between public spending and growth in agriculture, forestry, and fisheries", Journal of Economics and Forecasting (09, March 2020).
2. Nguyen Trong Khanh (2020), "Factors affecting the growth of Vietnam's agricultural sector", Journal of Finance, (Issue 1 – March 2020).
3. Nguyen Trong Khanh (2024), "Analytical framework on the impact of state budget spending on agricultural sector growth", Journal of Economics and Forecasting, (Issue 07, April 2024).
4. Nguyen Trong Khanh (2024), "Assessment of the impact of state budget spending on agriculture on the growth of Vietnam's agricultural sector", Journal of Economics and Forecasting, (Issue 08, April 2024).