

SOCIALIST REPUBLIC OF VIETNAM
Independence – Freedom – Happiness

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**INFORMATION PAGE ON NEW ACADEMIC AND
THEORETICAL CONTRIBUTIONS OF THE DISSERTATION**

Dissertation Title: The Impact of Public Expenditure on Economic Growth of Localities in Vietnam.

Major: Finance - Banking

Code: 9340201

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1. Scientific Contributions

Based on the analysis results, this research has made certain scientific contributions as follows:

Firstly, the author aims to contribute to the general understanding of the relationship between public expenditure and economic growth in the presence of macroeconomic shocks, using Vietnam as a case study. The interesting point of the dissertation is that the author examined the impact of public expenditure on economic growth under the influence of macroeconomic shocks (represented by the Covid-19 pandemic) across the six socio-economic regions of Vietnam. This research provides additional evidence on the impact of a macroeconomic shock on a developing country in general and its regions in particular. The quantitative analysis results indicate that increasing public expenditure during the Covid-19 pandemic

(representing a macroeconomic shock) helped mitigate the decline in economic growth.

The second interesting point is that the author added analyses, comparisons, and evaluations of the effectiveness of public expenditure on economic growth across two budget cycles within the same economy. Using descriptive statistics and empirical research, the study results show that when Vietnam changed its public expenditure management policy (through amendments to the State Budget Law), public expenditure had a negative impact on economic growth, despite the current State Budget Law being more aligned with international practices.

Furthermore, the dissertation studies the impact of local government institutions in managing and administering public expenditure under changes in macroeconomic management policies, calculated based on regional characteristics. Based on the empirical research results with two control variables, the PAPI index (Provincial Governance and Public Administration Performance Index) and the PCI index (Provincial Competitiveness Index), the author proposes policy implications related to leveraging comparative advantages and regional linkages to promote local economic growth.

Thus, theoretically, the author hopes to provide a comprehensive picture to clarify the relationship between public expenditure and economic growth under the condition of changing public financial management policies (public expenditure), set against the backdrop of a macroeconomic shock (the Covid-19 pandemic), and the role of local government institutions in this relationship.

2. Practical Contributions

In practice, the author has made the following contributions:

Firstly, the dissertation assesses the status and effectiveness of public expenditure on Vietnam's economic growth over time, considering the amendments

to the 2015 State Budget Law and the occurrence of the Covid-19 pandemic through empirical research models.

Secondly, the dissertation evaluates the impact of public expenditure on local economic growth with the involvement of local government institutional factors through two important institutional evaluation indexes, the PAPI index and the PCI index of Vietnam. The empirical research results show that local government institutional factors negatively affect economic growth, contrary to most studies on this topic in Vietnam.

Thirdly, the dissertation considers the non-linear impact and determines the optimal public expenditure threshold nationwide and across Vietnam's six socio-economic regions with specific results: The optimal public expenditure threshold for (1) Vietnam is 20.56%; (2) Red River Delta is 20.96%; (3) Northern Midlands and Mountainous Area is 28.59%; (4) North Central and Central Coastal Area is 20.33%; (5) Central Highlands is 31.43%; (6) Southeast is 5.26%; and (7) Mekong River Delta is 25.52%.

Finally, the dissertation proposes solutions to increase the effectiveness of public expenditure, contributing to promoting economic growth in Vietnam in general and its localities/socio-economic regions in particular. From there, the dissertation offers policy recommendations related to public expenditure to achieve reasonable public expenditure efficiency, save the state budget, and aim for sustainable economic growth.

Ph.D. Candidate

Trần Thị Huyền Lan

