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How Australia is Helping Vietnam Close its Skills Gap

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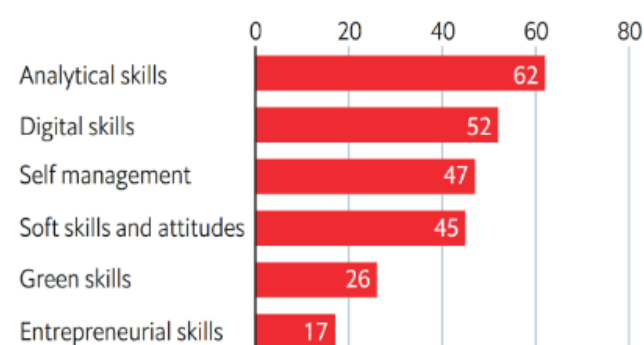
Vietnam’s rapid economic growth presents an exciting opportunity—but also a pressing challenge: a widening skills gap. As industries expand, the demand for highly skilled professionals increasingly outpaces supply. To ensure sustained economic momentum, Vietnam requires strategic international collaboration.

Australia, a longstanding education partner of Vietnam, plays a crucial role in addressing this gap. Since establishing diplomatic ties in 1973, both nations have built a strong foundation in education, research, and workforce development. Education remains a key pillar of this partnership, driving innovation, economic progress, and cross-cultural exchange. Australia’s Department of Foreign Affairs and Trade (DFAT) has committed to strengthening Vietnam’s skills sector through initiatives like Aus4Skills (2021–2025), which focuses on technical education, gender inclusion, and industry collaboration to build a more adaptable workforce.

Vietnam’s booming economy, particularly in technology, manufacturing, logistics, and healthcare, faces a significant challenge: a workforce shortage in critical skill areas. According to Vietnam’s Ministry of Labour, Invalids and Social Affairs (MOLISA), 77% of businesses face difficulties in recruiting highly skilled workers, particularly in engineering, IT, and advanced manufacturing. Without sufficient investment in vocational training and upskilling, this gap could slow economic expansion, limit foreign investment, and reduce competitiveness on the global stage.

Figure 1: Analytical and digital skills are considered the most important by the Vietnamese workforce

Which skill categories do you think are the most important for the workforce in your sector to acquire today? (% of respondents)



Source: Economist Impact, 2023

As shown, **analytical skills (62%)** and **digital skills (52%)** are the most sought-after competencies. Leadership, technical, and communication skills also remain essential. Addressing these gaps requires targeted education and training programs aligned with industry needs.

Australia’s education system is globally recognised for its strong emphasis on industry relevance, technical skills, and applied learning. This complements Vietnam’s growing demand for skilled labor, particularly in digital, technical, and vocational fields. For example, in 2022, RMIT Vietnam launched a digital skills initiative in collaboration with leading Vietnamese tech firms. This program has trained over 3,000 students in AI, cybersecurity, and data science, equipping them with job-ready skills.

Through bilateral programs, such as the Aus4Skills initiative, Australia is actively supporting Vietnam in building a future-ready workforce. These programs provide targeted training, helping professionals develop competencies that align with Vietnam’s economic transformation.

The Vibrant Partnership Between Vietnam and Australia

Vietnam and Australia have cultivated a dynamic and multi-faceted partnership over the past **50 years**, with education serving as a **cornerstone of bilateral collaboration**. This enduring relationship extends beyond education, influencing **trade, investment, technology, and workforce development**—all of which contribute to long-term economic growth.

The Role of Education in a Strong Bilateral Relationship

Over the past 50 years, Vietnam and Australia have actively collaborated on education policy, fostering a thriving trade in educational services and reinforcing Australia’s global reputation for excellence. The Australian Strategy for International Education 2021–2030 identifies Vietnam as a priority partner, emphasising a long-term, sustainable approach to education development and workforce readiness. This strategy outlines four key priorities:

1. Diversifying education offerings and delivery modes
2. Strengthening partnerships at home and abroad.
3. Enhancing student employability and global competitiveness.
4. Strengthening the integrity of the system and student wellbeing.

Vietnam and Australia have mutually benefited from this educational exchange. Prior to the COVID-19 pandemic, Australia was the fourth-largest destination for Vietnamese students studying abroad. In 2020 alone, nearly 30,000 Vietnamese students were enrolled across Australian education sectors, contributing an estimated A\$1.3 billion to Australia’s education exports. This demonstrates the high value placed on Australian education by Vietnamese students.

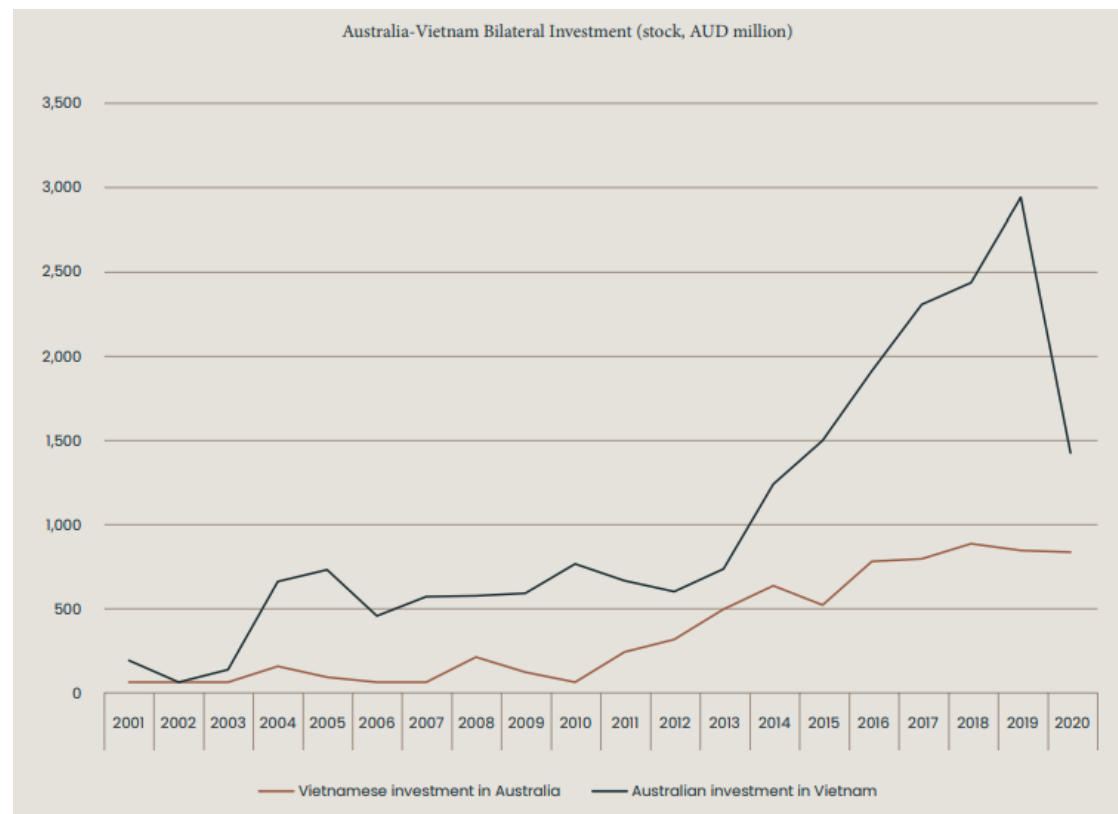
Vietnam's Openness to Foreign Education Investment

The Vietnamese government has actively encouraged foreign investment in the education sector, creating significant opportunities for Australian institutions. Several top Australian universities, such as RMIT University, Swinburne University, the University of Technology Sydney (UTS), Western Sydney University, and Monash University, have established a presence in Vietnam. These institutions contribute not only to higher education but also to skills training and workforce development.

Additionally, Vietnam has taken progressive steps in education reform, easing regulatory barriers for Australian institutions looking to expand operations. These reforms have paved the way for significant bilateral investments, further reinforcing the deep economic ties between Vietnam and Australia.

Australia-Vietnam Bilateral Investment

The growing bilateral investment between Vietnam and Australia reflects the deepening relationship and mutual trust between the two nations. The following chart demonstrates the trends in Australian investment in Vietnam and Vietnamese investment in Australia over the past two decades:



Australia-Vietnam Bilateral Investment (stock, AUD million). Source: ABS Cat. No. 5352.0 – International Investment Position, Australia: Supplementary Statistics, 2020

As shown, Australian investment in Vietnam has grown significantly, particularly in the last decade, almost peaking AUD 3.0 billion in 2019. This trend highlights Australia's confidence in Vietnam's economic potential, with major investments in education, infrastructure, and technology. Meanwhile, Vietnamese investment in Australia has steadily increased, showcasing a reciprocal commitment to economic collaboration.

These investment flows highlight the mutual economic trust between Vietnam and Australia, creating a robust foundation for deeper collaboration in emerging industries such as renewable energy, healthcare, and technology.

Key Initiatives Bridging the Gap

Several key initiatives are driving this collaborative effort to close Vietnam's skills gap:

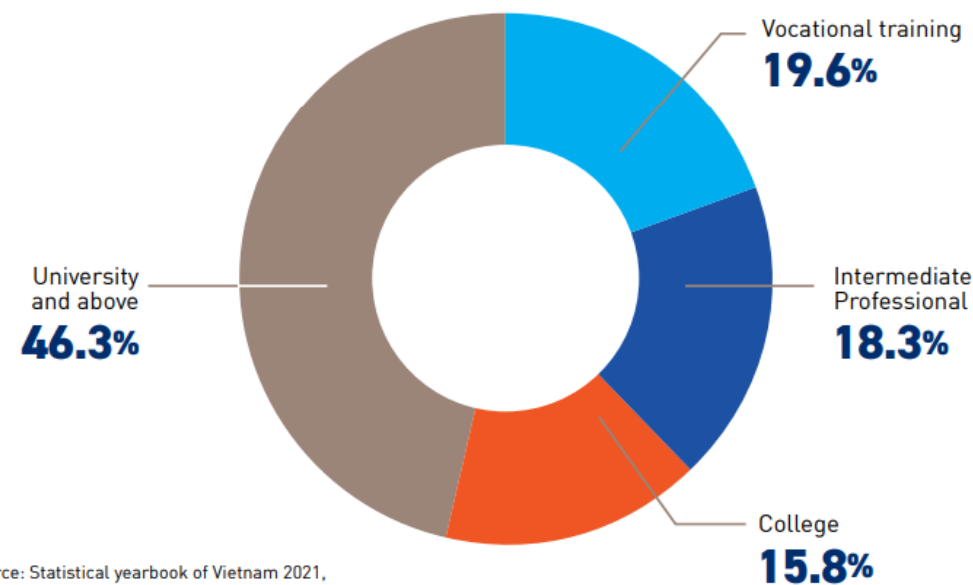
- **Aus4Skills:** This flagship program focuses on strengthening Vietnam's vocational education and training (TVET) sector. By promoting links between businesses and training institutions, Aus4Skills ensures that graduates possess the skills employers need. For example, the program has helped over 5,300 students from various vocational institutions gain practical skills in the logistics industry, leading to increased employability and a significant rise in admission rates for logistics-related courses.
- **University Partnerships:** Numerous Australian universities have established a presence in Vietnam, offering a wide range of programs and fostering a culture of innovation and entrepreneurship. Institutions like RMIT University, Swinburne University, and the University of Technology Sydney are not only delivering high-quality education but also collaborating with Vietnamese partners on research and development projects.
- **Focus on Emerging Industries:** As Vietnam's economy diversifies, new industries are emerging, creating a demand for specialised skills. The Australia-Vietnam partnership is actively addressing this need by strengthening collaboration in TVET, particularly in sectors like technology, healthcare, and renewable energy.
- **Digital Transformation:** The COVID-19 pandemic accelerated the adoption of digital technologies in education. Australia and Vietnam are collaborating on initiatives that promote online learning, micro-credentials, and short courses, ensuring that the workforce is equipped with the digital skills needed to navigate the changing world of work.

Addressing the Skills Gap

Vietnam’s economic success has fueled unprecedented demand for skilled professionals. Yet, the gap between industry needs and workforce readiness threatens to slow progress. Without significant investment in vocational training and upskilling, Vietnam risks losing its competitive edge in the global market.

Bilateral engagement between Australia and Vietnam also extends to multilateral forums, particularly under the ASEAN Qualifications Reference Framework. Australia offers technical expertise to Vietnam (and other ASEAN nations) in developing a national qualifications framework that facilitates student and labor mobility across borders, addressing both skilled labor and economic needs.

PERCENTAGE OF TRAINED LABOUR FORCE AT 15 YEARS OF AGE AND ABOVE, BY AGE GROUP AND BY QUALIFICATION, 2015 TO 2020



Source: Statistical yearbook of Vietnam 2021, General Statistics Office of Vietnam, p.157

Programs like Aus4Skills have played a crucial role in this area over the past four years. These programs have promoted links between logistics businesses and vocational education in Vietnam, ensuring that the skills of graduates meet the requirements of employers in the logistics industry. Since 2017, Aus4Skills has transformed Vietnam’s vocational landscape, enhancing teaching methods, industry partnerships, and employability for over 5,300 students. Admission rates to logistics-related courses have increased eightfold, and graduates are highly sought after by employers due to their readiness to work immediately.

As the Government of Vietnam undertakes fundamental and comprehensive reforms in education and training, aimed at further improving the quality of the education system, additional opportunities for international partnerships and collaboration with Australia will emerge. These reforms will enhance Vietnam’s educational landscape, providing a solid foundation for continued economic growth and development.

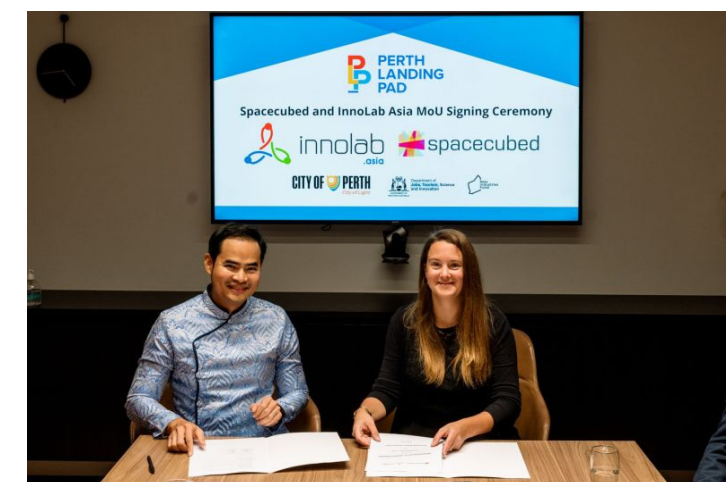
Embracing Future Opportunities

As Vietnam undergoes comprehensive education and training reforms, the potential for international partnerships and collaborations continues to grow. Vietnamese institutions are actively seeking to diversify and enhance their education programs, with Australian institutions recognising Vietnam as a priority partner. Initiatives such as Study Australia’s “Start Now, Come Later” campaign highlight this potential, with collaborations like VinUni-UTS demonstrating the demand for Australian education services in Vietnam.

Australian education providers have significant growth opportunities in Vietnam across multiple sectors, including schools, vocational education, higher education, edtech, online delivery, and transnational education. Strengthening these partnerships can foster broader and more diversified relationships, encompassing program delivery, staff and student exchanges, as well as innovation and research collaborations.

The Role of Local Organisations

Local organisations play a crucial role in enhancing Vietnam’s competitiveness by creating conducive learning environments and offering opportunities for mentorship, scholarships, and training across Asia. Local organisations, such as [Lead The Change](#) act as crucial facilitators, ensuring seamless coordination between Australian institutions and Vietnam’s education system. Their initiatives focus on mentorship, tailored skill programs, and regional workforce alignment. They also play a pivotal role in developing tailored programs that meet specific Vietnamese needs, thereby contributing to the overall advancement of education in Vietnam.



Another key player in Vietnam’s innovation and workforce development ecosystem is Innolab Asia, which bridges the gap between education, startups, and corporate innovation. In August 2024, Innolab Asia signed a Memorandum of Understanding (MoU) with Spacecubed, a leading Australian innovation hub. This partnership provides Vietnamese startups with access to the Perth Landing Pad program, helping them expand into the Western Australian market. By fostering cross-border collaboration, startup incubation, and workforce training, Innolab Asia plays a crucial role in preparing Vietnamese entrepreneurs and professionals for global opportunities.

Collaboration in Emerging Industries

Vietnam’s expanding economy is giving rise to new industries, offering significant partnership opportunities for Australian providers to cultivate industry-relevant skills. Beyond government initiatives, the private sector plays a critical role in addressing Vietnam’s skills gap. Companies such as VinFast, FPT, Software, and Viettel are actively partnering with international universities, including Australian Institutions, to develop industry-aligned training programs.



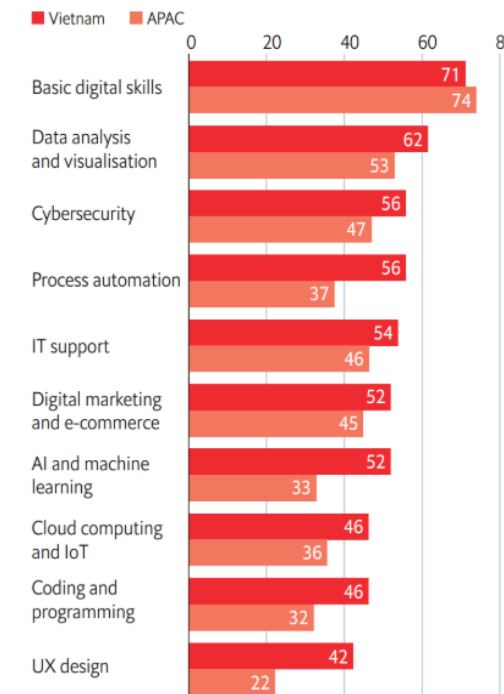
FPT Software has expanded its collaborations with Australian consulting firm Ascending Strategies to co-develop digital transformation services that impact workforce education.

Strengthening ties and partnerships in Technical and Vocational Education and Training (TVET) will be crucial to meet these evolving needs, align educational programs with industry requirements, and support Vietnam’s comprehensive ten-year TVET strategy.

As Vietnam’s economy embraces Industry 4.0, demand for advanced digital skills is rising. A comparison between **Vietnam and the Asia-Pacific (APAC) region** highlights the top digital competencies prioritised by Vietnamese workers compared to their regional counterparts.

Figure 2: Must-have advanced digital skills for employees in Vietnam vs APAC

Which specific types of advanced digital skills are a must have for the workforce in your sector today? (% of respondents who selected “must-have”)



Source: Economist Impact, 2023

Vietnamese employees place higher importance on **AI, machine learning, cybersecurity, and cloud computing skills** than the APAC average. This underscores a critical need for industry-aligned training programs. This highlights the importance of partnerships between Australian institutions and Vietnamese universities in integrating AI-driven curricula, cybersecurity certification programs, and cloud computing courses into existing educational structures. Australian institutions and vocational training providers can play a key role in bridging this gap by integrating these skills into technical education, university curriculums, and micro-credential programs.

The COVID-19 pandemic has highlighted the potential for Australia and Vietnam to collaborate on adaptable education formats like micro-credentials and short courses. These formats are increasingly vital for cultivating a resilient and skilled workforce essential for economic recovery. There are abundant prospects for Australian qualifications and partnerships facilitating joint degree articulation, fostering deeper institutional connections and collaboration.

Key Initiatives from Technical and Vocational Education and Training (TVET):

- **Digital Transformation in TVET Pilot Program:** Launching a pilot initiative aimed at digital transformation in TVET, fostering knowledge partnerships between Australia and Vietnam.
- **Promotion of Industry Linkages:** Continuously promoting industry linkages with TVET providers, starting with logistics and related sectors, through additional investment via Aus4Skills.
- **Establishment of Training Colleges in Vietnam:** Educating Australian TVET providers on the requirements for establishing training colleges in Vietnam post-Decree 15 in March 2019.
- **Delivery of Short Courses and Micro Credentials:** Supporting enhanced collaboration between Australian and Vietnamese VET colleges, including the delivery of jointly accredited qualifications.
- **Virtual Delivery of English Language Intensive Courses:** Promoting commercial partnerships between Australian providers and Vietnamese Ministries for delivering high-quality virtual English language intensive courses.
- **Technology-Focused Education Innovation Pilot Project:** Facilitating connections among educators, edtech entrepreneurs, and institutions through a pilot project focused on exploring key trends in the education markets of both Australia and Vietnam.

Recommendations for future collaboration

To effectively bridge Vietnam's skills gap and enhance workforce competitiveness, Australia and Vietnam must deepen collaboration through industry-aligned education models, digital transformation strategies, and cross-border knowledge exchange. The following key recommendations outline actionable steps to drive sustainable skills development and innovation:

- **Industry Partnerships:** Develop structured industry-led training programs, apprenticeships, and work-integrated learning initiatives to align education with real-world industry requirements. Companies operating in Vietnam, such as RMIT University, FPT Software, and VinFast, can collaborate with TVET providers to create co-designed curricula and skill certification programs.
- **Joint Training Programs:** Develop joint vocational training programs between Australian and Vietnamese institutions to offer specialised skills training in high-demand sectors focused on areas such as technology, healthcare, hospitality, and agriculture to address specific skill shortages.
- **Workforce Development Initiatives:** Implement initiatives that support continuous learning and upskilling of the existing workforce include short courses, workshops, and online training programs tailored to meet evolving industry demands.
- **Exchange Programs:** Expand student and faculty exchange programs between Australian and Vietnamese educational institutions to promote cross-cultural learning and knowledge sharing.

- **Research Collaborations:** Encourage collaborative research projects between universities and research institutions in Australia and Vietnam to address emerging challenges and opportunities.
- **Government Support:** Encourage bilateral government funding agreements that support skills training initiatives. Australia's DFAT and Vietnam's Ministry of Labour and Education could co-develop policy frameworks that provide tax incentives for businesses investing in upskilling programs, scholarship schemes for Vietnamese students in technical fields, and startup incubation hubs for workforce innovation.
- **Digital Skills Training:** Develop specialised digital upskilling programs in AI, machine learning, cloud computing, and cybersecurity, tailored to Vietnam's workforce needs. Australian universities and edtech companies can work with Vietnamese institutions to offer micro-credentials and blended learning models, ensuring scalable and accessible digital training.
- **Quality Assurance:** Regular evaluations and feedback loops can help identify areas for improvement and ensure that graduates meet industry expectations.

By implementing these strategic initiatives, Vietnam and Australia can co-develop a workforce equipped for the digital economy, emerging industries, and global trade. Strengthening education-industry partnerships, investing in digital transformation, and fostering cross-border research collaborations will ensure sustainable workforce growth, stronger business ties, and a resilient economic future for both nations.

In conclusion, education has long been pivotal to the strong bilateral relationship between Vietnam and Australia, enriching mutual understanding and delivering substantial economic benefits. Over the past decade, Vietnam's rapid economic growth has underscored the pressing challenge of a skills gap, hindering its momentum. The demand for skilled workers far exceeds the current training capacity.

Strategic collaboration with Australia offers a potent remedy. Australia's renowned education system, renowned for practical skills and industry relevance, complements Vietnam's eagerness to innovate. Together, they forge synergies in educational innovation, addressing the skills gap and fostering sustained economic growth.

Local organisations play a crucial role in enhancing Vietnam's competitiveness by creating supportive learning environments, providing mentorship, empowering 4.0 skill sets, and training opportunities. These organisations act as essential facilitators, fostering smooth collaboration between Australian and Vietnamese educational institutions and customising programs to meet local needs.

In conclusion, the partnership between Vietnam and Australia thrives on educational collaboration, driving economic growth, enhancing workforce capabilities, and fostering enduring connections between both nations.



Thang is the Chairman and CEO of InnoLab Asia. His leadership has been pivotal in crafting an innovation ecosystem that empowers organizations to foster internal capabilities and launch groundbreaking initiatives. InnoLab has become the go-to implementation partner for the Open Innovation Vietnam initiative, dedicated to stimulating a culture of success and collaboration across various sectors.

Serving as a Board Member of the Swiss-Viet Economic Forum, the Global Advisory Committee of the Daejeon Center for Creative Economy & Innovation, and Fellow of Australia Vietnam Policy Institute, he's played a key role in bridging Swiss, Korean & Australian and Vietnamese enterprises towards sustainable growth and innovation. With a strong command of creative ideation, problem-solving, and effective communication, his focus is on building a vibrant platform for knowledge exchange and mutual support in the Asian region.



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