

## **Education, Education Financing, and the Economy in Viet Nam**

Jim Cobbe\*

### **Introduction**

The government of Viet Nam emphasizes expanded investment in human capital to accelerate economic growth. This is appropriate in a country where sustaining rapid economic growth is the stated priority of government. Human capital is widely seen as a key ingredient for growth, although in recent years the quality of schooling has emerged as at least as important as the quantity (e.g., Hanushek 2008). In recent years, education policies have changed a great deal in Viet Nam, as have the administrative and financial structures to support it. Upper secondary and higher education have expanded rapidly, while disparities in the provision and financing of primary and lower secondary education have probably increased across different segments of the population, despite official commitments to universalize access to basic education and make it more equal. The policy for many years has been to increase the fraction of government expenditure devoted to public education, and the target of twenty percent was exceeded in 2008. However, and at the same time, education policies have increased the share of the cost of education borne by students, their families, and communities, a process somewhat ironically described as “socialization”.

This chapter examines economic aspects of education, but it is impossible to ignore other factors. It will start with a discussion of enrolment trends and three background issues that have

---

\* Department of Economics, Florida State University, Tallahassee FL 32306-2180, USA. At the time of writing in 2007, Fulbright Scholar at Đại Học Kinh Tế Đà Nẵng. An earlier version of this paper was presented at the Vietnam Update 2007 conference at the Australian National University, and comments and suggestions from other participants, and from colleagues at Đại Học Kinh Tế Đà Nẵng, are gratefully acknowledged; I bear full personal responsibility for opinions and errors. A version of this paper is likely to appear in the Vietnam Update 2007 conference volume.

implications for what happens in education: rapid demographic change and urbanization; rapid but geographically uneven economic growth; and the specifically Vietnamese constitutional, administrative, and political structures within which education exists. That is followed by sketches of trends arising from general government policies that impact on how education operates and the effects it has on peoples' lives. These involve changes in education financing, decentralization, deregulation, and governance. The chapter then turns to issues of education proper: access and imbalances; quality; actual and potential schisms and conflicts within the education sector and between different stakeholder groups; equity; and finally, whether or not the education sector is giving society and most groups within it good value for the huge resources it consumes.

Before launching into all this, let us make a brief aside about data quality. In all countries, data on the education sector are somewhat suspect. There are many reasons why it is difficult to obtain accurate enrolment and attainment data, and when it comes to financial and economic data on the sector, things are often even more difficult. Public financing of educational institutions is often far from transparent, with arcane budgetary and accounting rules and arbitrary distribution and accounting of costs over many levels and institutions.<sup>1</sup> Making sense of education data is particularly difficult when substantial portions of total costs are borne privately by students and their families, both in out-of-pocket expenses and in opportunity costs, such as foregone earnings and foregone household production. In Viet Nam, these problems are especially acute because of the general level of poverty, the relative autonomy and independence of lower levels of government, the prevalence of significant elements of educational expense that are unofficial or downright illegal, and the difficulty of estimating opportunity costs appropriately when the foregone opportunities are mostly in self-employment or household production.<sup>2</sup>

What follows will be my reading of the broad evolution of recent educational trends, without pretending to provide detailed references or data, although the appendix tables do give some official and other data — but those data should be interpreted with caution.

### **Enrolment Trends and Background Issues**

Numerically precise data on enrolments are published annually by both the General Statistics Office and MOET, and in recent years they have been close to consistent, with the minor differences probably due to slightly different dates for reporting. Data for recent years from both sources are in Tables 1 and 2 (See appendix).<sup>3</sup> Enrolment patterns reflect two major trends: the *Đổi Mới* process and subsequent economic growth and the freeing up of many restrictions and enrolment caps, including very substantial changes in how educational institutions are financed and how they determine how many students, and who, to enroll; and the demographic trends of the past thirty years or so, during which time the country has undergone a rapid transition toward the low birth rates characteristic of most East Asian countries.

Available data suggest demographic changes in Viet Nam have, in addition to economic growth, strongly altered enrolment trends. The United Nations (UN) estimates that Viet Nam's total fertility rate<sup>4</sup> peaked at about 7.25 in 1970, but had declined to 2.5 by 2000 and perhaps 2.30 by 2005. Because older women were more fertile in their youth, this implies that many younger women are already having fewer than two children each. Correspondingly, the population under age 15, estimated at 33 percent of the total in 2001, is projected by the UN to fall to only 25 percent by 2015. Urbanization has also accelerated under *Đổi Mới*; the UN estimates that the proportion of the population in urban areas increased by only two percentage points, from 18.3 percent to 20.3 percent between 1970 and 1990; but reached 26.7 percent in 2005, reflecting a three-fold increase in urban growth. GSO estimates that the urban population grew from 11.8 million in 1986 to 23.4 million in 2007, so that the absolute increment of the urban population

was almost as large (11.6 million) as the increment of rural population (12.5 million, from 49.3 to 61.8 million). The lower birth rates have produced the falling total primary school enrolment since the mid-1990s shown in the tables; note that lower secondary enrolment is now falling as well. The combination of lower birth rates and outmigration to cities and towns has resulted in many rural primary schools losing pupils at a quite rapid rate, even as schools in towns are often overcrowded. In poorer provinces, such as Thanh Hóa, this can result in difficult staffing problems as schools lose financing for posts that teachers are occupying. It is important to note that Viet Nam still has one of the most rural populations in the world, and it is in the rural areas that most poverty is found in Viet Nam.<sup>5</sup>

Beyond primary school, the story is somewhat different. Prior to *Đổi Mới*, enrolment at higher levels of the education system was strictly planned, with institutions receiving instructions as to how many students to enroll and then receiving funding on the basis of that number of students. However, in the early 1980s, the country's economic crisis resulted in declines in enrolment and levels of activity: schools had insufficient operating funds and finances for teacher salaries were also insufficient.<sup>6</sup> This situation continued into the early 1990s, but then the trend dramatically reversed as government budgets, and more importantly the economy and personal incomes, recovered and then grew. Primary education is now officially almost fully 'universalized,' although there remain pockets of disadvantaged and ethnic minorities who are still not in school.<sup>7</sup> Dropout and repetition rates in primary schools have fallen dramatically, although these are not good indicators of either school quality or demand for education since they are easily influenced by policy adjustments, such as those designed to ensure the country meets Universalization standards. Those standards include dropout and completion rates, encouraging Districts and Provinces (and perhaps MOET) to massage the numbers in one way or another.<sup>8</sup> Official policy is now that lower secondary education should also be universalized, with the target of meeting a 99 percent enrolment rate for 11 to 15 year olds by 2010.<sup>9</sup>

Upper secondary and higher education enrolment have been increasing dramatically since the early 1990s. This was achieved by a variety of methods: expansion of public institutions, although not always with commensurate expansion of staffing, physical facilities, or budgetary resources; permitting semi-public classes (in public schools, but with students paying higher tuition) and semi-public schools and people-founded schools; and permitting the establishment of higher educational institutions by a variety of groups, including foreign institutions and joint degree programmes in a few cases. This shifting of enrolment to non-public institutions is most marked at the pre-primary level,<sup>10</sup> and upper secondary level, where about a third of all schools are now non-public.

One of the more impressive aspects of the expansion is that after an initial lag, staffing at upper secondary and university levels seems to have almost caught up with the expansion of student numbers, with the number of teachers at upper secondary level almost doubling from 1999–2000 to 2006–07, and the number of university teachers increasing by over two-thirds in the same period. One consequence of this rapid expansion of the teaching force is that high proportions of teachers at these levels are young and inexperienced. On the other hand, the new staff has been recently trained and do not have the cynicism of older teachers who went through the bad periods of the 1980s and early 1990s.

This expansion of the teaching force has in fact occurred at all levels, including primary schools until 2003–04 despite the fall in enrolments. It has also resulted in falling pupil/teacher ratios at all levels. By 2006–07 the overall national rates were 20.4 at primary level, 20.0 at the lower-secondary level and 24.8 at the upper-secondary level. If we take the ratio of full-time students at universities to university instructors, that ratio has risen somewhat recently after falling in the first part of this decade, but is far lower than many assert and assume (see data in Table 2 of the appendix).<sup>11</sup> Of course, crude pupil-teacher ratios tell one nothing meaningful about actual instructional time that pupils receive,<sup>12</sup> or about the size of class in which they

receive instruction, which is widely believed to have an impact on quality, and certainly has an impact on parent and student satisfaction. Nevertheless, Vietnamese pupil-teacher ratios are now comparable to other countries in the region, and considerably better than in most other countries of similar income level.

However, one of the main ways in which the expansion of enrolment was achieved was by the introduction of double and triple shifting, especially in secondary schools. Historically, half-day schooling was common in primary schools, in part a response to inadequate salary levels for teachers (it gave them time to farm or hold another job). Official policy is to move to full-day schooling at all levels and everywhere, but apart from the physical infrastructure obstacles (one needs more classrooms to eliminate double or triple shifting if enrolment is not falling fast, and this can be very difficult to achieve in urban areas because of the availability and cost of suitable land), there are other difficulties standing in the way.

Currently, most teachers in Vietnam actually teach in their regular job for fewer hours per week and per year than in most countries; e.g., one estimate for lower-secondary schools is an average of fourteen hours a week of actual classroom time. Part of the reason for this is double shifting, which tends to shorten the school day for each shift, and teaching one shift is considered a regular job. But this also means pupils are getting less direct instruction than is desirable — and is likely to mean lower quality results. To eliminate triple and double shifting and increase the amount of instruction per year will mean teachers have to teach more; but they are not likely to be happy about that unless they are also paid more, which of course is a problem. It is particularly a problem because the current existence of double shifting implies that teachers can use their off-shift to either offer private “extra tuition” classes, or take a second job at a private or other non-public school when they are not teaching in their regular job.

Perhaps the most glaring example of this is connected with the attempts to move primary schooling to a full-day. Many primary schools that were not double-shifted have in fact offered

full day schooling for some time, but parents who wanted it had to pay and those payments supplemented teacher salaries. To think that now one could just simply say primary school will now be full day and you teachers will teach the full day, but not get paid more and lose the supplements from payments for full-day schooling, is to engage in a pipe dream. In these and other instances, the resources are not obviously available to increase teacher remuneration commensurately with the increase in workload that is probably necessary to lift the duration of officially provided public education to close to international norms.

In higher education, and vocational-technical (and “professional secondary”) institutions, the system of the 1980s was that not only did institutions get a quota of number of students to enroll, students were also earmarked for employment positions in terms of numbers, and sometimes individually at an early stage, although adjustments could be made for individuals on details of who went where.<sup>13</sup> This system began to unravel in the 1990s, as institutions were permitted to enroll “beyond quota” and “semi-private” students to help meet the demand for places. Such students did not receive government scholarships (under the old system, all students of higher and vocational / technical education were, at least in theory, on government scholarships) and were charged varying amounts of tuition. By 2007, the system had almost totally reversed, with institutions instructed to enroll a given number of regular students, on which public funding is based. The vast majority of students pay tuition fees, although some still receive scholarships and increasing numbers qualify for loans. Institutions are free to do close to what they like with respect to part-time courses, non-degree courses, or cooperative programs with other institutions, for all of which they keep all or most of the fees, and which are important sources of income for academic staff.

The very rapid economic growth Viet Nam has experienced since the mid-1990s has had many results, not least the vastly increased demand for private schooling, and the much greater ability of the state to finance public education. However, growth has been very uneven, and

internal income inequality, both on a regional basis and between individuals, has increased perhaps even more dramatically than national average income. While the country has made impressive strides in reducing poverty, it has also seen the emergence of a substantial high-income urban group, at the same time as large proportions of especially the rural population remain below or near the official poverty line. Education is a potential force to mitigate the effects of income inequality, particularly across generations, and definitely played that role in the 1975–90 period, when the children of workers and peasants officially received preference, but now that role appears to be increasingly attenuated.

At the school level, and increasingly with respect to higher education as well, a complicating factor in educational policy in Viet Nam is the tensions in the administrative, political, and constitutional structure. Under the constitution, People's Councils at all levels, national, provincial, district, and commune are sovereign within their sphere of responsibility though in principle all are accountable to the national level. The implication in education is that the central Ministry of Education and Training (MOET) is responsible for "professional" issues at all levels, but has no direct operational or budgetary control over most institutions, which "belong" to lower levels. When it comes to finance, the allocations of central funds to the provinces for school education are made centrally and ultimately by the Ministry of Finance, not MOET. The centre does not make allocation decisions for lower levels, although it attempts to provide guidance and influence them. At provincial, district, and commune levels the People's Councils have constitutional and real authority over expenditure and personnel with the actual decisions being strongly influenced by the permanent administrative bureaucracy.<sup>14</sup> The most recent Public Expenditure Review (World Bank 2005) estimates that in 2002, 98 percent of public expenditure for general education was channelled through local government.

The centre does issue "norms" on spending and staffing and other matters, but they are not necessarily adhered to at the local level. Many norms are outdated, and attempts to overhaul the

norms for education have repeatedly floundered. The basic problem is that there are both financial norms and physical norms (meaning pupil-teacher ratios, class sizes, teaching hours per week as well as building and equipment norms), and the two are often inconsistent and unrealistic in practice at current salary, price, and enrolment levels. To adhere to the physical norms would not be affordable at current financing levels; and to adhere to all the financial norms implies that education could not deliver what it is supposed to. So it is almost inevitable that norms will not be fully observed;<sup>15</sup> while attempts at adjusting them tend to get bogged down over what level of physical norms are both acceptable and affordable. So-called “Fundamental School Quality Levels” (FSQLs), strongly promoted by some foreign donors including the World Bank, are in effect an attempt at an end run around the problem of outdated and ineffective “norms” and MOET’s unrealistic standards for “excellent schools”.<sup>16</sup> Better off provinces can always supplement the centre’s allocations, the majority of provinces cannot afford to.<sup>17</sup> Provinces do not always or consistently do what the centre wants them to, nor do districts always or consistently do what the province wants them to.

Although the administrative system is relatively standard, even that is not completely uniform across provinces. Typically, primary schools and lower-secondary schools come under districts, and senior-secondary schools and colleges (and now, some universities) under provinces, while most public universities are under MOET.<sup>18</sup> There is intended to be one primary school in each commune, and at least one lower secondary school in each district. Communes often have influence over schools physically in their areas, to the extent that they may even provide them with supplementary resources. In addition, there are educational institutions, especially but not only in vocational-technical education, that come under the Ministry of Labour, Invalids, and Social Affairs (MoLISA)<sup>19</sup> or other line ministries. However, in some provinces upper-secondary schools have been delegated to district control. In theory, the Party is an overall

watchdog to maintain some consistency, but intra-Party differences that lead to divergences in actual practice and behavior in other matters are just as likely to be displayed in education.

## **General Policy Trends**

### ***Changes in Education Finance***

Both the absolute amount allocated to education in the state budget, and education's share of the total, has increased substantially over the past fifteen years, with the total estimated to reach VND 72.5 trillion (about \$4.5 billion) and 22 percent of the State budget in 2008. This was from a very low level, so the result has not been that institutions or their staff considers themselves as being adequately funded, nor do most outside observers. The key difficulty is one common in education internationally,, namely that by far the greatest part of expenditure is personnel costs. The opening of the economy and labour market has meant that successful workers and entrepreneurs outside the state sector can now command incomes many times greater than state salaries. It is open to debate what portion of the education labour force would actually succeed in the non-education private sector, but in a society where education is regarded as appropriately a major determinant of individual outcomes, these income disparities cause dissatisfaction amongst education staff and huge problems for the finance of education. Government policy can be interpreted as seeking to shift a growing proportion of the total cost to students and their families, although sometimes in ways that have had counterproductive effects.

Tuition as such is not charged at primary level, but is retained at all other levels. There are numerous other charges that exist in primary schools as well as other levels, some official and others unofficial. These include construction fees, parent-teacher association fees, and charges for such amenities as drinking water and electricity. Also widespread, although officially discouraged, is "extra tuition", to either the students' normal teacher or to after-school classes run by others. Tuition rates escalate as pupils move up through the system, and at university level

they account for a substantial portion of school budgets. Available data suggest that at all levels families do bear a substantial and growing portion of the total cost of schooling, although at primary level the share has actually fallen recently because of increases in teacher salaries.<sup>20</sup>

The reasoning of public rhetoric is that while primary and lower-secondary levels of education are intended to be universal and therefore at least primary schooling should be free to maximize access<sup>21</sup>, the benefits of upper-secondary, vocational / technical, and higher education accrue in increasing amounts to the users, so the users should make larger contributions to the cost. On this basis, the share of the state budget for education and training (E&T)<sup>22</sup> going to higher education has actually fallen in recent years to around ten percent or less of the total, although recent pronouncements about the need to expand higher education even more, and to improve quality and build four “international standard” universities, suggest that this trend may be likely to reverse. However, the universities and their students need reform of their financing and regulation systems, as well as quality improvement, and that process is not yet very advanced.<sup>23</sup>

With the encouragement of donors, efforts have been made to shift educational funding into a Medium Term Expenditure Framework (MTEF), a fashionable approach to attempting to plan for government expenditure. Unfortunately, like many other donor-promoted initiatives, it seems very unlikely that the MTEF exercises either are fully accepted by the key ministries involved, or reflects the reality of how budget decisions are made in Viet Nam. In brief, the system is that guidance is issued downward, based in part on formulas that take some account of population and local conditions, and then budget requests filter upward, at each stage involving some form of consultation or negotiation between education and finance authorities. Ultimately, the key decisions are made by the central government, and then the provincial allocations are made by the Ministry of Finance (MOF) and communicated through MOET. But, it is widely accepted that the final stage, the determination of provincial allocations, is subject to intense lobbying and

negotiation between provincial authorities and the centre, with the result that the actual distribution of state budget funding cannot be explained fully by any formula or MTEF, but is the outcome of a political process. This is of course normal, but somewhat throws off the usefulness of central financial planning, although in any case with the exception of National Target Programmes, no state budget funds can actually be earmarked for a specific purpose after they reach the lower levels.

This does not prevent the central ministries from trying to dictate how funds should be used once they reach lower levels, and in deficit provinces — i.e., most of the country — the centre can have a lot of influence over what happens, if it knows or cares. However, information flows are such that it is often an incorrect assumption to assume the centre does — with the exception of matters that are very prominent in the public eye. Local behaviour can vary substantially from official central guidance on the basis of local norms without attracting much if any attention from the centre.<sup>24</sup>

### ***Decentralization***

Another important policy trend that has relevance for education is the process of greater decentralization of authority and decision-making powers. One can argue this is more rhetoric than real as the centre has never held much sway over actual behaviour except in very limited spheres. But there is undoubtedly a trend to say publicly that more discretion is being given to provinces, districts, and institutions, at the same time as there is clearly a desire in the centre to exercise more control over budgetary and expenditure decisions at local level.

This together with changes in the budget law and regulations with respect to fiscal autonomy of institutions has resulted in substantial variation in what actually happens with respect to both state budget funds reaching schools and monitoring of what they do with them. Because the funds flow down through the finance hierarchy, subject to consultation at each level

with education and training agencies and decisions by the People's Council, what actually gets to a school is not necessarily what was intended at the higher level. Similarly, education and training agencies do not necessarily know very quickly what each school has at its disposal, nor how the schools are spending it.<sup>25</sup> To put it more simply, nobody can be quite sure how actual expenditures at school level are distributed across levels and types of purchase within provinces, although provinces may believe they know.

### **Access and Imbalances**

Access to primary school is mostly now a problem only in disadvantaged rural areas, basically mountainous and remote regions, islands, and some parts of delta regions where transport is highly problematic. Policy is that each commune should have a primary school, and each district a lower-secondary school, and this has been achieved. Where population densities are very low, this may involve a school with several locations, i.e., a main school and several satellites covering only some grades, which of course tends to result in multi-grade classrooms and difficult quality, staffing, and administrative issues. However, differences in enrolment ratios at the lower levels of schooling are largely believed now to be outcomes of economic and language<sup>26</sup> differences, and are being addressed by both government and donor programs.<sup>27</sup> Of course, in such areas, access to secondary school and higher education becomes increasingly problematic, but this is a world-wide issue. There is a long history of some public policy in Viet Nam to address the more extreme aspects of this, notably boarding schools and special programs for ethnic minority students. Unsurprisingly, disparities persist. For ethnic minorities, perceptions of, and real, discrimination and prejudices in education, society, and the job market contribute to the disparities.

There is also a question of access imbalances between rural and urban areas, and to some extent within urban areas. Urban areas in an absolute sense obviously provide better access than

rural areas to senior-secondary and higher education, because transport to the institution will almost always be easier in towns and cities. However, within cities, and particularly the rapidly growing ones, there are also access issues that align with income differences. Where low-income, high-density residential areas have grown rapidly, schools may be overcrowded or multi-shift and this can produce access problems for low-income residents. As press reports frequently tell us, schools also vary within urban areas in perceived quality and in the level of costs of attendance (because of fees that are in practice, if not officially, “required”), with the two usually correlated. The “good” ones often have to turn away many pupils who desire admission, and anecdotally are usually located in the areas where higher-income families tend to reside.

### **Quality**

One consequence of the demographic trends mentioned earlier is often overlooked but will be important in the next decade or so. This is simply that age cohorts are now shrinking, as the enrolment in primary schools shows clearly. As these shrinking cohorts move up through the education system, they will automatically make it easier to either improve the proportion of the cohort continuing in education, or to increase resources per student and thereby work on improvements in quality. This together with the rapid economic growth in the country, which shows no signs of stopping, suggests that in the medium term one should have great confidence in the potential to substantially improve the education system. However, in the short run there is widespread consensus that the quality of education is a real problem that requires attention.

At the school level, there have been extensive attempts to measure pupil attainment, and some of the results of the most extensive are summarized in Table 3 in the appendix, although they are not fully reliable and should be treated with considerable caution. Much donor and MOET effort has been expended on curriculum renovation and quality improvement, but it is unclear how effective these efforts have been. A paradox exists: the traditional veneration of education and

educators is still widespread, but there is simultaneously much and arguably growing concern about the performance of teachers and the quality of the education.

This may be less of a paradox than it seems. What employers in the most dynamic parts of the economy now want is rather different: they want workers who know the material they are supposed to, and can take direction and discipline — the attributes the old system was very good at — but who also can take initiative, are willing to accept responsibility and take decisions on their own, and who display some of the “soft skills” required to work in teams and deal with customers, inferiors, and superiors in the flexible, rapidly-changing sectors of the economy. In sectors that are being emphasized because of their growth prospects, notably manufacturing and tourism, foreign language skills are also much desired.

Many educators are aware of this clash between old and new, but it is neither universally accepted as a desirable change nor do many teachers, at all levels, really know how to change their behavior to encourage their pupils to make the necessary shift in their attitudes and therefore fit the new mould rather than the old one, which implied simple mastery of the stated material. To be fair, it is not clear that anyone is sure how to do it, but one can suggest with some confidence that in a system where progression to the next stage is determined by examination performance and the examinations test mastery of material, the incentives do not support the change. To the extent students want to be able to do well on examinations and schools are judged by their success in getting good results for their students on those examinations, students, teachers, and administrators will all resist experiments and changes that they doubt will improve examination performance.

The only exception to this conclusion, but unfortunately one that can only operate slowly is in higher education. At this level, employers and prospective employers can and do get very explicit about what they want in the graduates they wish to recruit, and complaints about the quality and skills of many graduates are widespread, and appear to have acted as a wake-up call

for government. Perhaps the best known example concerns the well-publicized initial recruitment attempts of Intel for its huge one billion dollar investment in manufacturing capacity. Intel planned from the start to send recruits overseas for a year of training, but stated publicly that only around forty engineering graduate applicants met their requirements, although they were prepared to hire up to 500 and received over 1,000 applications.

As the higher education sector becomes more competitive, and institutions compete for tuition income and therefore the best students and enrolment generally, the success or otherwise of the institution's graduates in the labour market will become increasingly important to them, and eventually universities themselves will wish to change their instructional techniques to better equip their graduates for employment. Currently, in practice, there is no great pressure on the universities to do this and their internal structures and incentive systems do not encourage staff to make the necessary reforms. Many younger academic staff, especially those trained abroad, may want to change the way their programs prepare students to better equip them with appropriate skills, but neither know for sure how to do it nor are in a position to initiate such changes if their more senior colleagues see no need for them. Sustained quality improvement in universities probably requires the reforms that are promised, and sustained quality improvement in the school system will probably require reforms of how selection for entry into especially the "better" universities is done.

### **Conflicting Interests**

It is wrong to assume that everybody has the same interests when it comes to education. Families want easy access, low costs, and good quality. Students do not want to have to study "too hard" to succeed. Teachers would like higher income, more prestige, and not to have to work more hours than they do currently. Employers want recruits to the labour force who have the desired skills, and would much rather the state and families, rather than they themselves, pay for

necessary training costs.<sup>28</sup> The state wants education to be low cost, high quality, and to support both general state goals and the efficiency and growth of the economy. High-income families are more concerned about quality and prestige while low-income families about the costs they have to bear. Low-income families are more likely to care most about primary and lower secondary schools providing children who go no further in the system with useful skills, high income families with how well they prepare pupils for examinations, and the quality of senior secondary schools and higher education. Clearly, these interests are often in conflict.

However, one of the consequences of a one-party state with relatively undeveloped civil society institutions is that these conflicts are little discussed and often unrepresented in what passes for public debate. Almost the only exception to this in practice are the large, and especially foreign, employers, who are increasingly willing to express their views about education. At the local level, all schools are supposed to have parent-teacher associations, and although these are often dominated by teachers and administrators, they do provide a channel for feedback and accountability. Although it would seem obvious that the interests of the teachers do not necessarily coincide with those of the state or the institutions that employ them, there is no independent teachers' union or academic staff organization at higher education levels.<sup>29</sup> It is possible that the absence of channels for the varied interest groups to express their interests makes the formulation and implementation of policy more difficult.

## **Equity**

There is ample evidence that enrolment and achievement varies along these lines: the more remote and rural, or the lower income, a family, the less likely that the child will be enrolled at any level of schooling or graduate from it. The same goes for belonging to an ethnic minority. However, in this crude sense, the evidence suggests quite strongly that not only is government at all levels aware of the inequalities, they are genuinely committed to doing something about them

and have had considerable success, particularly in comparison to other countries of similar income level. Relatively, it is probably better to belong to a poor family of an ethnic minority in a remote part of Viet Nam than to have the equivalent status in Thailand or Indonesia. This is an issue on which good reliable data are particularly hard to come by, but the numbers from the World Bank showing progress in closing the gaps in upper secondary enrolment between 1993 and 2002 are probably indicative of the progress that has been made.

However, one can question the appropriate interpretation of “equity” in the debates about education and its financing. One extreme interpretation is to look solely at the equity implications between individuals of state contributions to the cost of education, when considering say those who complete primary education versus those who complete higher education. A desire for equity on that dimension argues for more complete state funding of primary and perhaps lower-secondary education, and a reduction in state funding for the educational missions of higher education institutions — the trend of recent years.

An alternative view of equity is equity between identifiable groups such as ethnic, rural/urban, income level, class origin, and gender. This view of equity implies assessing equity outcomes more in terms of the composition of graduates from each program, and the reduction of barriers to completion by under-represented groups. It is this vision of equity to which most obvious policy initiatives of government speak. Yet a third way of looking at equity is to worry about intergenerational equity, where it is clear that most current students in the higher levels of education have a very high probability of higher lifetime incomes than current average tax payers — so why should they be subsidized? Official policy is somewhat murky on what the equity objectives of the government are, but it is also probable that perceptions of what they should be both differ among different groups, and are evolving — but it is unclear how that evolution will manifest itself.

### **Is It Worth It?**

This discussion of equity raises the more general question of whether the very large amounts of resources devoted to formal schooling and education generally are worth it, in the sense that they produce returns to the economy and society at least as good as what could have been achieved using them in other ways. It is probably axiomatic that the vast majority of both officialdom and the populace strongly believe that if anything, more resources should be devoted to education, and the willingness of families to devote large amounts to education from their own pockets supports this conclusion. However, this belief should not be axiomatic, and is not necessarily true. The underlying problem is that when the educational qualifications of those entering the labour force are escalating more rapidly than the educational requirements of new employment opportunities, what is best from the point of view of individuals and their families may not be optimal from the point of view of the society as a whole, unless one takes a very long time-horizon as one's reference, and believes that the external benefits of education are extremely large.

One way to see the problem is to ask whether it is possible to waste resources on education and formal schooling, and the answer is obviously yes — few would argue for switching all the money spent on, say, health, to education. A more useful way to get at it is to consider two different extreme approaches to interpreting the role of formal education in the economy, its growth, and individual income determination. At the one extreme, what one can think of as the “tournament” view or the “rent-seeking” explanation of behaviour, the economy grows at a given rate, and generates a given number of “good” jobs; the role of education is to determine who gets the “good” jobs. In this view, if the education system produces more graduates than the number of jobs for which they are qualified, the resources used to produce those who get jobs below their qualifications have been wasted.

At the other extreme, which we could call the “growth factor” view, one of the determinants of economic growth is the availability of human capital, i.e. educated people. So the more education produced, the faster the economic growth. Of course, as education expands, often there will be recent graduates who fail to obtain employment that meets their expectations of what they are qualified for, but this is normal, over time in most societies the formal educational qualifications required for a given job title tend to escalate, and the more educated persons who move into jobs for which they would earlier have been regarded as over-qualified will be more productive than the workers with lower qualifications they replace over time. In addition, at least some of the workers who feel themselves over-qualified will innovate and in effect accelerate economic growth and create new job opportunities.

Neither of these extreme views is likely to be wholly true, but it is also likely that both contain some insight into the interaction between formal education and economic growth. If the most obvious way to improve one’s children’s life chances is for them to get as much education as possible and land one of the “good” jobs in the economy, then it makes sense for parents to invest in their children’s education even if the probability of getting one of those jobs is much less than one. The larger the public subsidy to education, and the larger the ratio of the net benefits of the “good” jobs to those of the less desirable occupations, the stronger the incentive for parents to both invest their own resources in education, and to encourage government to improve the education their children get.

Our ignorance of the exact relationship between the qualifications of the labour force and the performance of the economy, and the impossibility of ever being able to predict the future, mean that judging whether the education system is in any sense optimal in terms of its size, resources, and structure is an impossible task in terms of producing a firm conclusion in which one can have confidence. However, there are bits of evidence that one can turn to which give some suggestions as to possibilities.

Labour market information in Viet Nam is not easily or frequently available by education level and age. However, a survey conducted in 2004 found that in the age group 22 to 25, only 9.6 percent of those with gainful activity were in professional or technical jobs, and only 5.5 percent were “office staff”. Almost half were in unskilled positions, and close to 30 percent in various kinds of “trained craft or similar” positions. For all those with gainful activity aged 14 to 25, more than 35 percent were self-employed with another 20 percent working for family enterprises. State firms employed 6.7 percent and private firms 8.7 percent. Although some university graduates are self-employed, the majority are likely to be working for private or state firms, and given that those firms employ many youthful workers who do not have higher education qualifications, the anecdotal information on the difficulty upper secondary and higher education graduates encounter now in finding appropriate employment seems very likely to be not misleading. This suggests that under current circumstances, where it is often widely alleged that as much as half of recent university graduates fail to find employment, it is plausible that already in Viet Nam, much schooling at the higher education level takes place to give graduates a better chance of acquiring a good job in competition with others in the labour market, rather than providing skills and capabilities that will raise productivity sufficiently to justify the investment in human capital involved for the cohort of students overall. In turn, this suggests that the reform of higher education, and attempts to improve quality throughout the system, should perhaps receive more emphasis than further expansion.

## **Conclusion**

Economists are notorious for practicing what has long been called the dismal science. In truth, we know far less about the things that are important about education and how it interacts with the economy than is often presumed. What we do know with some confidence is mostly little better than obvious platitudes: a more educated labour force is likely to facilitate faster economic

growth; more education that is of higher quality, on average, results in higher income for individuals; the pattern of educational access and attainment tends to be similar to the pattern of income levels and opportunity; reducing educational disparities tends to reduce economic disparities; investing in quality in education may be rewarded; families will tend to send children to school for longer, the lower the cost and the greater the perceived rewards; teachers will tend to do more of the things they are rewarded for.

The only issue this chapter raises that is perhaps not so obvious is that from a strictly economic perspective, it is possible to spend too much of society's resources on the quantity of schooling provided, and it is possible, and currently in Viet Nam perhaps even plausible, that spending more on quality improvement, and less on enrolment expansion, would be better for economic growth. Whether the population would agree is uncertain, especially if at the higher levels the "tournament" view of the function of education is widely held. In any case, continued attention to quality improvement and to the reform of incentive and governance structures, both projects of the government, is highly desirable.

## NOTES

1. This tends particularly to be the case with decisions and accounting of overhead and administrative costs. For example, in Viet Nam, overall estimates place the proportion of the recurrent E&T budget accounted for by personal emoluments at 70 to 75 percent in recent years, but at school level the ratio may be 90 to 95 percent and in some cases allegedly higher.

2. Two apocryphal remarks allegedly made by Vietnamese civil servants in educational settings outside Hà Nội illustrate some of the problems (I paraphrase and for obvious reasons do not provide more detail on the sources): first, when told answers were not consistent with a questionnaire completed and submitted earlier, “oh yes, I remember that, you badgered us to complete it. But we did not keep a copy, so I don’t know what numbers we gave you ...” Second, referring to an often-cited published study, “don’t believe the numbers in that; I helped prepare our submission, and we made up all the numbers over a weekend.” My own experiences make me fully willing to accept these as reflecting reality.

3. Despite multiple and competing outside-funded efforts to develop and implement an EMIS system to cover the entire country, no satisfactory system is yet functioning. Efforts continue, but it is unclear when they will produce the kind of data often available in other countries, in part because some lower level units like what they now have.

4. The TFR (total fertility rate), is an estimate of the total number of children a woman would bear during her reproductive years if in each five-year interval from ages 15–49 she gave birth to the same number of children as women of that age in the population as a whole did at the time of the estimate.

5. UN Population Division ranks Viet Nam’s 2005 urban population percentage as 159<sup>th</sup> in the world.

6. Anon. (2005), paragraph 20. The experience of this period still has real consequences more than twenty years later: throughout the government finance structures at all levels, meeting personal emoluments of established staff is the first priority for available funds. Only after those obligations are met can remaining funds be allocated to other operational expenses or capital improvements. This can be an important constraint on the quality of schooling in poorer provinces and districts, because of the limits it puts on non-personnel operating expense.

7. The World Bank asserts about a million primary school age children were not in school in 2005, although that is a higher estimate than government sources suggest (net enrolment of 88 percent vs. 98 percent from government sources).

8. An illustration is found in <http://english.vietnamnet.vn/educaton/2008/04/777327/>, showing that different authorities reported 14,000, 1,423, and 1,034 pupils dropping out in Khánh Hòa by the end of the first semester of the 2007–08 school year.

9. Lower secondary only covers four grades, 6 to 9, with entry to grade 6 guaranteed for all those completing primary school. Enrolment targets reflect a five year age group, however (99 percent of 11-15 year olds in secondary school), while universalization targets (for meeting national certification standards) are couched in terms of transfer rates of primary graduates (99 percent or 80 percent in disadvantaged communes); reduced repetition and dropout to achieve completion rates of 90 percent (75 percent in disadvantaged communes]; and 80 percent (70 percent in disadvantaged communes] of 15 to 18 year olds having completed lower secondary school.

10. In Viet Nam, Early Childhood Care and Education (ECCE) covers children from 3 months to 3 years (crèches) and 3 to 5 years (kindergartens). Over 10,000 kindergartens have between 2 and 2.5 million children attending, and well over half are non-public.

11. Counting only full-time students, the ratio has not exceeded twenty in the past decade; that number is exceeded at many US State universities, including some research-oriented ones. Of course, the ratio varies substantially across institutions, faculties and programs, and many

programs enroll large numbers of part-time students, students on upgrading and short-term programs, and other activities that raise income for the institution and its staff, but do not increase full-time student numbers (MOET has not yet devised an operational measure of “full time equivalent” for either students or instructors in higher education, making all comparisons somewhat dubious). However, in aggregate, the student-instructor ratio at Vietnamese universities is much better than many think. Instructors do teach much more than is desirable, however. This is because of the remuneration structure, which typically defines expected teaching load in terms of class hours. Teaching staff therefore resist attempts to increase class size, and many lower level classes in Vietnamese universities are taught in inappropriately small sections, so that staff can obtain overloads (typically in other programs in order to qualify for additional remuneration) often in reciprocal arrangements. Institutions with large enrolments may lack any lecture halls capable of holding more than a hundred students, and even when they do they are often under-utilized because of this reluctance on the part of instructional staff to reduce the collective wage bill by reducing instructional class hours.

12. The key issues are pupil time in class and teacher time in class, which often differ considerably; and the ratio of actual instructional time to class time. Both are notoriously difficult to collect data on with any reliability, because they require direct observation (which is costly) and direct observation tends to alter behaviour. Anecdotally, teacher absenteeism and low ratios of instructional time to class time are often alleged for all levels of Vietnamese education.

13. For example, universities were not expected to select those whom they wished to add as academic staff until the final year of undergraduate study — but if they did so select a student, that student was expected to comply.

14. The exception is funds in the National Target Programs (NTP), which are earmarked for clearly-defined purposes and must be spent on them. The education NTP's have been growing, partly because of donor funds channelled through them, and richer provinces have added their

own funds to the centrally-allocated amounts, but they amount to a very small fraction of total expenditure on education.

15. Cynics have been known to speculate that this situation is allowed to persist on purpose, the motivation being that in the circumstances any manager at provincial or district level who is actually doing his job will be breaking a norm. That means there are always grounds to discipline such a manager, should higher levels wish to for some reason.

16. Unrealistic in the sense that with current resources, only a tiny fraction of schools could possibly meet them.

17. Provinces are usually divided into “deficit” (those that net receive funding from Ha Noi) and “surplus” (those that net provide funding to the national budget) with respect to the taxes that are actually collected at the provincial level. There are only seven surplus provinces.

18. Provinces do have some influence over universities; e.g., senior administrative appointments are normally subject to local Party approval.

19. Ministry of Labour, Invalid and Social Affairs.

20. MOET was instructed in January 2008 to adjust tuition fees in public schools “so that they do not exceed 6–8 percent of each household’s income”, with actual rates to be determined by provincial authorities. No detail has been provided as to how this is to be done, since obviously tuition cannot be individually determined. See “Government expenditure on education to rise 10 percent”, [http://www.cpv.org.vn/english/scient\\_education/](http://www.cpv.org.vn/english/scient_education/), 10 January 2008.

21. I’m not aware of any serious discussion of abolishing tuition at lower secondary level. As an aside, I was once told by a lower secondary headmaster that primary school heads were actually better off than he was, because they could charge for full-day schooling and allocate the revenue how they saw fit, whereas the district took a lot of his tuition revenue and what was left had to be used according to strict guidelines.

22. In the state budget, “education” is general education, i.e., pre-primary, primary, lower secondary, and upper secondary, schools; “training” is vocational / technical and “professional secondary” schools, and colleges and universities (higher education). Some training funds go to other line ministries than MOET for the institutions that they control and run.

23. Technical assistance under the World Bank’s Higher Education Development II project is intended to facilitate plans for reform of the universities, but contracts for that were only let during 2008 and extend over up to three years. The importance to continued economic growth of reform and quality improvement in higher education is emphasized by many analysts, notably in the Harvard study (Wilkinson 2008, p. 50), which under the heading “Revolutionize higher education” concludes (italics in the original) “*(T)hese reforms must be implemented with great urgency; if not, Vietnam will find it difficult to attain the level of development enjoyed even by Southeast Asian countries.*”

24. This is a rather strong assertion, and it is obviously somewhat hard to document convincingly. I base it on both personal experience and observation, and the relatively frequent reports even in the English-language press of deviations from official policy at the local level; e.g., “Part-time education comes up short”, <http://english.vietnamnet.vn/education/2008/04/777921/> 11 April 2008, and “Apologies issued to students over late study loans, unapproved fees”, <http://english.vietnamnet.vn/education/2008/04/776373/>, 2 April 2008.

25. It has been reported that in some districts, the District Finance Offices have allocated and disbursed funds to schools without even informing the district-level office of education. Treasury controls on spending are designed to ensure funds are spent in conformity with the allocation, so that there is no reason for Treasury at the local level to alert local education and training agencies of deviations from the intentions at higher level if the spending is in accordance with the actual allocations made at the lower level. In theory, Treasury data could permit disbursement unit comparison of expenditure against original intent, but it would be a herculean job to obtain, and

then perform the necessary re-aggregations on, the detailed data that does not normally flow upward in a suitable form for that purpose.

26. Language is mentioned because schools always operate in Vietnamese, whereas this is not the home language of many ethnic minority pupils; there are also alleged to be difficulties arising from the attitudes displayed by majority Kinh teachers and administrators toward ethnic minorities. Economic causes arise not only from difference in family income, but also from differences in perceived opportunities as a result of success in school.

27. The best known are the World Bank's PEDC (Primary Education for Disadvantaged Children) project, and the elements of NTP funded by the Education For All implementation plan.

28. This is the reason why it is sensible for government to always be a little sceptical of employer views on what the education system should be doing.

29. Both an official union and disciplinary organizations do exist, but it is almost unknown for them to disagree with authority.

## REFERENCES

- Anon. "Education in Vietnam: Development History, Challenges and Solutions," [http://siteresources.worldbank.org/EDUCATION/Resources/278200-1121703274255/1439264-1153425508901/Education\\_Vietnam\\_Development.pdf](http://siteresources.worldbank.org/EDUCATION/Resources/278200-1121703274255/1439264-1153425508901/Education_Vietnam_Development.pdf), 2005.
- Anon. "Booming Online Trade in Fake Academic Degrees". Original source in Vietnamese *Tuổi trẻ Thanh Niên News*, 18 May, <http://www.thanhniennews.com/print.php?catid=10&newsid=38610>.
- Becker, Douglas L. "Private Sector Investment in Education – Welcome Ally or Unbidden Guest?" presentation at the International Finance Corporation Forum, "INVESTING IN THE FUTURE: Innovation in Private Education," Washington DC, 14 May, cited in Doug Lederman, *"The Private Sector Role in Global Higher Education"*, <http://www.insidehighereducation.com/news/2008/05/15/private>, 2008.
- Dapice, David O. "Vietnam's Economy: Success Story or Weird Dualism? A SWOT Analysis," A Special Report Prepared for the UNDP and Prime Minister's Research Commission. Hà Nội: UNDP, June, 2003.
- Hanushek, Eric A. and Ludger Woessmann. "The Role of Cognitive Skills in Economic Development." *Journal of Economic Literature* 46, no. 3 (2008): 607–68), September, 2008.
- Lin, Justin Yifu and Boris Pleskovic (eds). *Higher Education and Development*, Washington, D.C.: World Bank, 2008.
- Lodhi, A. Haroon Akram. "Vietnam's Agriculture: Processes of Rich Peasant Accumulation and Mechanisms of Social Differentiation", *Journal of Agrarian Change* 5, no. 1 (2005): 73–116.

- Ikeda, Miyako. “Formula Funding System for Vietnam Primary Education: Application of Needs-Based Resource Allocation”. Paris: IIEP, UNESCO, May 2004.
- Le, Van Hao. “General Trends of Higher Education and Models of Funding Development”. Paper presented at the CIECER Conference on Comparative Education, May 23 CIECER, HCMC University of Pedagogy, <http://www.ciecer.org/joomla> (in Vietnamese), 2008.
- London, Jonathan D. “Vietnam’s Mass Education and Health Systems: A Regimes Perspective”. *American Asian Review* 21, no. 2 (2003): 125–70.
- Melbourne Development Institute (in association with Strategic Consulting Co.). *Final Report: Secondary Education Sector Master Plan 2006-2010*. Ha Noi: Asian Development Bank and MOET, June 2006.
- Nguyễn, Kim Hồng. “Some Thoughts about Finance Sources for University Education in Vietnam in the New Era”. Manuscript, HCMC University of Pedagogy, 2008a.
- . “The Flow of Education in Vietnam in the Flat World”. Manuscript, HCMC University of Pedagogy, 2008b.
- Phạm Đỗ Nhật Tiến. “Vietnamese Education: Its Position on the World Map of Education and its Trends in Development”. Paper presented at the CIECER Conference on Comparative Education, 23 May CIECER, HCMC University of Pedagogy, <http://www.ciecer.org/joomla> (in Vietnamese), 2008.
- Socialist Republic of Viet Nam, Education Publishing House. *The Education Development Strategic Plan for 2001–2010*. Hà Nội: Education Publishing House, 2002.
- Socialist Republic of Viet Nam. *National Education for All (EFA) Action Plan, 2003 – 2015*. Hà Nội, June, 2003.
- Socialist Republic of Viet Nam, Inter-Ministerial Working Group of the CPRGS. *The Comprehensive Poverty Reduction and Growth Strategy [CPRGS]*. Hà Nội, November, 2004.

- Trần Kiên. *Education in Vietnam: Current State and Issues*. Hà Nội: Thế giới Publishers, 2002.
- Hoàng Tụy. “Educational Crisis: Reasons and Solutions in Globalization Challenges,” paper presented at the CIECER Conference on Comparative Education, May 23 CIECER, HCMC University of Pedagogy, <http://www.ciecerc.org/joomla>. (6 pp; translated from the Vietnamese by Dang Tan Tin and Nguyen Viet, 2008.
- United Nations Country Team Viet Nam. *United Nations Common Country Assessment for Viet Nam*. Hà Nội: UNDP, November, 2004.
- Wagstaff, Adam. “Decomposing Changes in Income Inequality into Vertical and Horizontal Redistribution and Reranking, with Applications to China and Vietnam”. Washington, DC: World Bank Policy Research Working Paper 3559, April 2005.
- Weeks, John, Nguyen Thang, Rathin Roy, and Joseph Lim. “Seeking Equity within Growth” In *The Macroeconomic of Poverty Reduction: The Case Study of Viet Nam*. UNDP, 2004.
- Wilkinson, Ben (ed). *Choosing Success: The Lessons of East and Southeast Asia and Vietnam’s Future*. Cambridge, MA: Harvard University, John F. Kennedy School of Government, Asia Programs, 2008.
- World Bank. *Vietnam Development Report, 2004*. Hà Nội: author.

## APPENDIX

## Data Tables

**TABLE 1**  
**Student Enrolment as of December of the School Year**

Year/level	1990/91	1995/96	2000/01	2004/05	2006/07
Primary	11,882,900	10,228,800	9,741,100	7,744,800	7,029,400
Lower Secondary		4,312,700	5,863,600	6,616,700	6,152,000
Upper Secondary		1,019,500	2,171,400	2,761,100	3,075,200
Professional Secondary		165,600	255,400	465,300	468,800
College and University	129,600	297,900	795,600*	1,182,000*	1,456,700*

\* This is the number in *public* institutions; in 2000/01 there were a further 103,900, in 2004/05 137,800, and in 2006/07 209,500 in non-public institutions; these numbers include both full-time students and those undergoing in-service training or other short-term or part-time courses, who have also grown rapidly in numbers. Full-time students numbered 173,100 in 95/96, 552,500 in 2000/01, 729,400 in 2004/05, and 917,200 in 2006/07. The number of full-time students in non-public institutions grew from 100,100 in 2000/01 to 162,300 in 2006/07.

Source: Socialist Republic of Viet Nam, General Statistics Office [*Statistical Yearbook*, various years, and webpage [http://www.gso.gov.vn/default\\_en.aspx?tabid=474&idmid=3](http://www.gso.gov.vn/default_en.aspx?tabid=474&idmid=3)]. The 2006/07 data for colleges and universities is preliminary.

TABLE 2

Published MOET data for 1999–2000 to 2007–2008

Item	99–2000	00–01	01–02	02–03	03–04	04–05	05–06	06–07	07–08
Pre-primary enrolment	2,497	2,480	2,488	2,547	2,589	2,754	3,025	3,147	3,284
Primary enrolment	10,063	9,751	9,337	8,841	8,350	7,773	7,322	7,041	6,995
Lower secondary enroll	5,767	5,918	6,254	6,498	6,612	6,671	6,459	6,218	6,100
Upper secondary enrolment, academic	1,976	2,200	2,334	2,458	2,616	2,802	2,977	3,111	3,184
Full-time upper secondary technical and vocational enrolment	129	149	148	240	298	366	407	433	
College enrolment, full-time	133	149	167	166	184	188	241	264	
University enrolment, full-time	376	403	412	438	470	501	547	677	
Pre-Primary teachers	142,954	146,871	144,257	145,934	150,335	155,699	160,172	163,809	
Pre-Primary P/T	17.5	16.9	17.2	17.5	17.2	17.7	18.9	19.2	
Primary teachers	340,871	347,833	354,624	358,606	362,627	360,624	353,608	344,521	
Primary P/T	29.5	28.0	26.3	24.0	23.0	21.6	20.7	20.4	
LS teachers	208,802	224,840	243,208	262,543	280,943	295,056	306,067	310,620	
LS P/T ratio	27.6	26.3	25.7	24.8	23.5	22.6	21.1	20.0	
US teachers	65,189	74,189	81,684	89,357	98,714	106,586	118,327	125,460	
US P/T ratio	30.3	29.7	28.6	27.5	26.5	26.3	25.2	24.8	
Votech teachers	9,565	10,189	9,327	10,247	11,121	13,937	14,230	14,540	
Votech P/T ratio	13.5	14.6	15.9	23.4	26.8	26.3	28.6	29.8	

Item	99–2000	00–01	01–02	02–03	03–04	04–05	05–06	06–07	07–08
College teachers	7,703	7,843	10,392	11,215	11,551	13,677	14,285	15,381	
College P/T ratio	17.3	19.0	16.1	14.8	15.9	13.7	16.9	17.2	
University teachers	22,606	24,362	25,546	27,393	28,434	33,969	34,294	38,137	
University P/T ratio	16.6	16.5	16.1	16.0	16.5	14.7	16.0	17.8	
Total regular State Budget expenditure [between VND, calendar years]	10,356	12,649	16,906	18,625	27,830	35,007	45,595	55,240	

Enrolment data in thousands, from the MOET website; GSO data [for December] are somewhat lower for enrolment, but the discrepancy is of the order of 1 to 2 percent by 2006–07.

TABLE 3

## Primary Sector Data

	1997–98 or 1998	1999–00 or 2000	2001–02 or 2002	2003–04 or 2004
Primary Pupils, number	10,250,214	9,751,431	8,841,004	8,350,191
Primary Schools, number	13,066	13,738	14,163	14,346
Primary Teachers, number	336,792	347,833	358,606	362,627
Estimated Primary GER, %	105.3	103.3	105.4	
Estimated Primary NER, %	91.0		90.1	
Estimated Primary NER, lowest HH expenditure quintile, %	81.9		84.5	
Estimated Primary NER, highest HH expenditure quintile, %	96.4		95.3	
Estimated Primary NER, urban, %	95.5		94.1	
Estimated Primary NER, rural, %	90.6		89.2	
Primary Share of MOET State Budget %	36.4	32.2	31.6	

	1997–98 or 1998	1999–00 or 2000	2001–02 or 2002	2003–04 or 2004
Education share of GDP %	3.5	3.5	4.2	4.6
Education share of Public Expenditure %	17.4	15.1	16.9	17.1
Operational expenditure as % total, Primary	15	16	18	
Investment expenditure as % total, Primary	30	19	18	
Pupil/Teacher ratio, number	30.4	28.0	24.6	23.0
Pupil/Teacher ratio, highest Regional <sup>^</sup> value, number			30.7	28.4
Pupil/Teacher ratio, lowest Regional <sup>^</sup> value, number			21.3	17.9
Promotion rates, %, Grade 5 Primary to Lower Sec.	91.7	94.0	95.6	
Completion rates, %, Primary	69.6	74.4	80.5	
Failure rate %, 2003-4 Primary, Regional range				0.17 – 4.3
Dropout rate %, Primary, Regional range				0.52 – 6.68
Mathematics Grade 5 Attainment; range of Provincial mean scores*	16 -- 73			65 – 95
Reading Grade 5 Attainment; range of Provincial mean scores*	20 -- 79			39 – 74

<sup>^</sup> Among the eight regions Red River, North East, North West, North Central, Central Coast, Central Highlands, South East, and Mekong Delta; Highest value in Mekong Delta both years; lowest value in the North West both years.

\* Not directly comparable between the two years or the two subjects.

Sources: *2004 Public Expenditure Review, Draft Annex [X], Education Sector* (World Bank Office in Vietnam, May 2004); and *Báo Cáo Đánh Giá Chi Tiêu Công 2004, Ngành Giáo dục và Đào tạo* (10 August 2004 draft) [the latter is preferred where the two are inconsistent].

**TABLE 4**  
**Trends in Primary Education Financing**

	Price Base	Trillion VND or as specified			
		1998	2000	2002	2004
Education Public Expenditure	Current	12.8	15.6	22.6	32.1
	1994 VND	8.6	9.7	13.3	16.7
Primary Share %		36.4%	32.2%	31.6%	
Primary enrolment number <sup>29</sup>		10,250,214	9,751,431	8,841,004	8,350,191
Implied PE/pupil-year, constant prices	Thousands 1994 VND	305	320	475	
Share of Operational expenditures in Primary sector PE, %		15%	16%	18%	
Implied Operational expenditures per pupil/year, constant prices	Thousands 1994 VND	46	51	85	
Same, current 000 VND	Current	68	82	164	
Same, current US \$	US \$	\$5.25	\$5.80	\$10.30	

*Note:* The table entries suggest a spurious degree of precision; after the first row of data, all entries should be regarded as highly approximate estimates that suggest trends only.

*Source:* 2004 Public Expenditure Review, Draft Annex [X], Education Sector (World Bank Office in Viet Nam, May 2004).