Education financing in Vietnam

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1. Vietnam currently witnesses unprecedented development, marked by rapid and sustained economic growth. With regard to current average income, Vietnam has made remarkable achievements in education since the beginning of “Renovation”. UNESCO has recognised the achievement of the country with universal primary education for both boys and girls as a world record. The part of population aged 25-55 with no education fell from 23% in 1992 to less than 1% in 2008. Since 2006, the proportion of children attending school is stable at 100% at primary and 76% at lower secondary school. Much of the growth has occurred in rural areas, where most of the population still lives.

2. Education in Vietnam was a collective responsibility before becoming an individual right and duty. Begun in the maquis during Indochina war, the educational history of modern Vietnam continued along different paths after independence. Education was part of central planning in the North while remaining Western oriented in the South, combining free public and fee-paying secular or religious establishments. Reunification in 1976 allowed rebuilding and harmonising the system, drawing from the Northern as well as the Southern model. The state has made choices that have stimulated education development, while allowing a parallel financing system to emerge that it has since had great difficulties unravelling. While the model is that of “free” state education, families believe the quality of education in Vietnam is low, and develop strategies to improve the chances of their children to get quality education.

The quantity/quality trade-off

3. The long and almost uninterrupted war Vietnam faced between 1946 and 1979 forced the government to be practical and flexible about educational development. Straying from a colonial policy considered elitist, and aiming at training the cadres of the country, education seeks to increase the skills of as many individuals as fast and using as little resources as possible.
As enrolment rates increased steadily in the primary and to a lesser extent in other cycles, education developed. Since the first education reform in 1950, different reforms sought to improve both access and the quality of education (Trân Kiều, Nguyên Huu Châu, 2000). There was a gradual increase in the duration of schooling from 9 years in 1950 to 10 years in 1956 and 12 years in 1993. The number of weeks worked, the weekly number of periods, the variety of subjects taught, the percentage of teachers trained and their levels of professional training rose progressively. Reforms regularly changed the curriculum. Throughout, the government invested in school infrastructure and equipment.

There has been no trade-off between education quantity and quality in Vietnam. Education quality and duration of education increased with the number of enrolments scaling the use of rare, financial and human, resources.

However, the gap in learning opportunities and outcomes, especially among different income population groups, between urban and rural areas, and between ethnic groups, remains an important challenge for education in Vietnam. The cost is a barrier to learning opportunities. Budget expenditure on education in Vietnam has increased over time, reaching a high proportion of GDP compared to other countries in East Asia and the Pacific. But the effort did not bring the expected results. In spite of increased state spending for education, families still have to contribute more for basic education than households in other countries in the East Asia Pacific region, and this is an increasing burden for the poorest households.

Figure 1: The Vietnamese education system (2007)

The principle of state education financing

Post-reunification 1980 Constitution reaffirmed the role of the state in imposing free and compulsory education (Article 60). However, the cost for Vietnam of reconstruction at
home and in Cambodia after the Vietnamese troops entered the country, leading to complete international isolation, plunged the country into crisis. At the time, Bretton Woods institutions imposed user rights, including in education, to consolidate the budget and improve efficiency (Thobani, 1983; Mingat, Tan, 1986). Facing an unprecedented economic crisis, Vietnam decided to introduce fees in 1989, adopting a principle of fiscal reality. A directive emanating from the Council of Ministers’ President explains: “The state guarantees to sustain and, depending on financial conditions, increase the share of education and training expenditure in the yearly budget. The Ministry of Education and the Ministry of Higher Education, Vocational, and Technical Training, have the responsibility to set up a comprehensive plan for the sector consistent with the financial conditions mentioned above and with the plan and overall state budget.”

This principle continues to govern education financing in Vietnam. It allowed non-state schools running on cost recovery to appear. These schools enrol pupils who cannot access state schools because there is no local provision or because the children did not perform well enough to remain in state schools. Access and retention in the formal school system are possible at the cost of higher parents’ contributions but do not, in that case, mean high-quality education. Sources of education financing now include, in addition to the state budget (which includes education bonds, loans, grants), sources outside the state budget including tuition fees, revenue service of science and technology, contributions of individuals and organizations... The State budget however remains the main financing source for education, and the State retains the power to decide with regard to education policies (Figure 2).

Figure 2: State and people investment in education
Adjustment through added costs

9 For Vietnamese families, education at levels that keep increasing as universalisation progresses appears a necessary rather than a sufficient condition for employment. In a context of progressive rise in the general education of the labour force, the households who can afford it seek to take their children as far as possible beyond the average education level.

10 Basic education comes at a high cost to parents of students in Vietnam. There are too many types of school fees and contributions in addition to schooling fees, in numbers and under names that vary widely with localities. The HIDE Survey (IRC, 2013) identified 15 major groups of fees including on and off school fees including: tuition and enrolment, construction and repair, purchasing equipment, class fund, textbooks and stationery, uniforms, canteen, parking fee, supplementary classes at school, extra classes outside school, insurance, parents' association fund, gifts and envelopes for teachers.

11 While local financing accounts for most of the recurrent expenditure in education, schools are underequipped and teachers poorly paid. Parents pay “construction and maintenance” fees meant to cover school capital expenditure. They also contribute to a more or less extended list of “voluntary” payments used for recurrent expenditure. Teachers collect the various types of contributions, which are far from negligible, particularly when more than one child attends school. The collection methods sometimes border on harassment. But teachers benefit from these finances only at the margin, when they cover non-budget expenses such as travel expenses associated with the participation in meetings or training, or bonuses to the excellent teachers.

12 Paid for a half-day of class, teachers make available to families, their skills and time to help students improve their academic performance against a payment shared between the school providing the classrooms and the teacher. Supplementary classes “proliferate” fast as they benefit all, including the families, whose demand is on the rise in an increasingly competitive environment because of the progress of universal education. As growing numbers of students can pretend to attend higher education levels, supplementary classes appear as a way to offset what families see as teaching weaknesses and poor education quality.

13 Choosing the school is another family strategy to increase the quality of education: good schools deliver better education. School enrolment outside the catchment area of the home district is possible for parents who can get a waiver (civil servants, for example) or against payment. That is not, however, always possible. Residential strategies often are the only possibility for the parents to bypass the school mapping their children's school, particularly in urban areas.

14 At all rates, the costs for the parents of sending their children to school accounts for a large part of the household budget. According to schools' official financial statements, the contribution of parents represents almost 10% of their resources, 90% coming from the state budget. However, the reality is quite different. HIDE Research shows that while these funds do not seem to serve the common interests of the school or of a particular class, some of it is used in the interest of individual students. The system set up to mobilize funding for basic education from people’s contributions has not had an entirely positive impact on school management. Yet, parents still hope and expect their children
to receive higher quality education and have a better future if they devote more funds to the school.

**Foreign models, local choices**

Sending their children abroad for studies is a choice an increasing number of Vietnamese families make. Developed countries like the US and France remain an obvious first choice for these families. Australia and China are also favourite destinations for Vietnamese students. Japan, Korea, Taiwan, Singapore, or Hong Kong are attractive but also expensive to live in. Estimates put the number of Vietnamese students abroad at over 100,000 in 2012, of which only 10% receive grants or scholarships (Thanh Lam, 2013). Enrolling their children abroad from ages that tend to decrease, or at home in foreign educational institutions, appear to families as a way of ensuring they receive a high-quality education, or at least high value diplomas. Meanwhile, the Vietnamese state, following the Korean example, also sees studying abroad as a path to development. The Ministry of Education and Training currently manages and provides scholarships, partial or full, to close to 6,000 students in 47 countries and territories around the world (Thanh Lam, 2013). Over a third study in Russia.

Vietnam understood early the interest of drawing from the experience of other countries to design policies consistent with the domestic needs and conditions. Ready to experiment and inclined to control, the country fulfilled the conditions to pilot a few international initiatives such as Aid Harmonisation following Paris Declaration in 2005, and the One United Nations Initiative in 2006. According to the country-led evaluation report of the One United Nations Initiative: “Viet Nam has emerged as a global leader in the promotion and implementation of the aid effectiveness agenda, as exemplified by the 2005 Hanoi Core Statement on Aid Effectiveness (HCS), a localised interpretation of commitments and indicators under the Paris Declaration [...]” (Poate, Dang, Nguyen, 2010, p. ix). The main report remarks further that: “Specifically noteworthy, and what could serve as a model, are the achievements in Viet Nam, where the Government and the UNCT agreed on a framework that governs all operational aspects of their interaction.” (United Nations, p. 317)

While open to new ideas and methods, Vietnam has its own set of short, medium and long-term overall and sector development plans. According to Unesco, “Viet Nam appears to be one of the few countries that have begun to look for a solution [to the problem of achieving coherence between national plans and international commitments].” (Bahr, 2007) And the World Bank agrees that: “Policy formulation and public actions in Vietnam are guided by a range of well-developed and interconnected strategies and plans. [...] The Government has articulated its development vision for the decade [...] in its Socio-Economic Development Strategy (SEDS), which expresses a strong commitment to growth, poverty reduction and social equity. The specific actions needed to translate the SEDS into reality are described in the constitutionally-required five-year Socio-Economic Development Plans (SEDPs) [...] as well as sectoral five-year plans. Sectoral medium-term development strategies detailing a large number of targets and indicators are prepared by all line ministries to operationalize the SEDS and other longer-term sectoral plans.” (World Bank, 2007, p. 2)
The choices made by Vietnam for education development have ambiguous results. The country reached its own generalisation objectives for preprimary education at the age of 5, primary education, and lower secondary education. It also reached MDG targets, and will, in all likelihood, reach EFA objectives by 2015. The State has earmarked resources (financial and human) from its own and provincial budgets, parents’ contributions, and external aid to increase education access and quality step by step. Real efforts have been made over the years to improve education quality through better equipment and infrastructure, improved management, more qualified teachers, new teaching methods, renovated curriculum, and improved access.

Beyond the high number of children who still drop out of school too early and the high and rising educational inequalities, the model has failed to convince the families that it could provide quality education. The parallel financing system, tolerated by the government because it compensated for the low teacher salaries and school budget allocations, has become the main tool the parents mobilise in their search for higher quality education. It has so far proved impossible to eradicate while it continues shedding doubts on the quality of school education in the country. Detailed analyses of PISA and PASEC results might help assessing the state of education quality in Vietnam. These results project a favourable image of an education system considered of low quality by the public and education specialists. Whether and how these results may affect parents’ opinion of education quality and education strategies remains an open question.

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NOTES

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3. The number of Vietnamese students abroad is highest in Australia (almost 25%), in the US (16%) and China (13%), (Thanh Lam, 2013).

4. “Vietnam is in the forefront of efforts to implement the conclusions of the High Level Forum on Aid Effectiveness held in Paris in March 2005 (“The Paris Declaration”) and has been proactive in localizing the global agenda.” (World Bank, 2007, Annex 5 p. 1).

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