

Chapter 9

Vietnam's Quest for Universal Primary Education and Analysis of Its Financial Structure *

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Summary

The current status of the development of primary education in Vietnam and the tasks to be performed are discussed. It follows a detailed analysis of the financial structure of primary education in order to make clear what problems exist in the task performing processes.

The enrolment ratio was 109% in gross terms and 95% in net terms by 1980. This situation where almost all children go to school has been retained to the present. However, according to statistics in 2002, the 5th grade survival ratio is 88.5%. This confirms that the country has reached the completion stage of the universalization of primary education. Difficulties in sending teachers to remote areas and the problem of instruction languages in ethnic minority group areas are related to the problems of those children who do not complete primary education. In order to improve the education quality, the government is making earnest efforts to change schools from the double-shift system to the full-day operation system. Presently, the schools in the double-shift system account for over 90% of all schools. The “socialization of education” policy means to financially support this transition.

60% of the total expenditure of primary education is accounted for by public education expenditures; the rest by household expenditures. Generally speaking, the donations from families and communities go to capital expenditure items such as school construction and rehabilitation. In rich areas they also go to current expenditure items such as school equipment, instruction materials and pay for additional classes. The transition to the full-day operation system requires construction of new class rooms and increases in teacher salary. Financing for such items falls on families because the budget for it has not been prepared by the government. There exist large financial disparities within prefectures although the government has contrived to reduce disparities among prefectures through its budget distribution. The “socialization of education” policy spearheaded by the government is a project to implement the community's financial ability into educational services. Thus, the government's implemental methodology – of starting the transition to the full-day operation system with those communities which are ready – necessarily enlarges the disparities within prefectures. There are policy instruments to alleviate disparities within prefectures such as donation exemptions for poor families, pooling donations at the prefecture level, subsidies from prefectures for that purpose, free textbook distribution for poor areas, and promotion of activities for the poor by enterprises and popular organizations. The author argues that these measures will become more important hereafter.

Key words

Vietnam, primary education, finance

* The author of Part One of this chapter is Ushioji, and that of the Introduction and Part Two is Hamano.

Introduction

As is commonly known, universalization of primary education has become an extremely important challenge for the international community. Historically, many campaigns were carried out directed toward universal implementation of primary education, e.g., the Universal Primary Education (UPE) campaign in the 1950s-60s, which includes the Karachi Plan, and “Education for All (EFA)” that have been promoted since the “World Conference on Education for All (WCEFA)” held in 1990. Pursuant to the outcome of the Dakar Conference in 2000, universalization of primary education is now positioned as one of the Millennium Development Goals (MDGs) of the United Nations. International aid agencies, NGOs and the governments of various countries are engaged in a variety of undertakings so that every child by 2015 will be able to complete free, quality primary education.

In this context, this chapter focuses on the case of Vietnam. It analyzes challenges for the universalization of its primary education and scrutinizes the financial aspect..

This chapter has two parts. The first part begins with a short review of the policy background and goes into discussion about the tasks to be achieved. The government’s challenges discussed here include (1) how to move to full-day schooling by extending the school hours that are currently short by international standards; (2) how to raise the rate of teachers staying on the job in remote areas; (3) how to prevent pupils from prematurely leaving school in places where the drop-out rates are high, especially in ethnic minority areas; and (4) how to spread education to the final 5% of the population that is currently left out.

The second part discusses extensively the finance structure, problems and tasks to be achieved from financial aspects. The discussion will show the actual difficulty in attaining the targets and a real perspective of the universalization of this country’s primary education.

Part 1 The Current Status and Challenges for Primary Education in Vietnam

Section 1 Policy Background and Achievement

1.1. The Targets of the National Education Plans to FY2010

In 2000, the government of Vietnam published its “National Strategy of 2010.” This strategy includes ten-year national economic and social plans, as well as a ten-year plan in the area of education.

The targets of the ten-year plans up to FY2010 in “National Strategy of 2010” can be summarized as follows: The rate of economic growth is targeted to rise from the 5.5 or 6% level in 2000 to 7 to 8% in the year 2010. In actuality, the annual growth rate has registered around 7% during the past few years. The per capita gross domestic product, which was 366 dollars in 2000, is targeted to increase to 645 dollars.

Table 1: Targets of the Ten-Year Plan

	FY2000	FY2010
GDP (billion VND)	5,160	9,089
Economic growth rate (%)	5.5-6	7-8
Per capita GDP (dollars)	366	645
Total population (million)	77.5	88.0
Population growth rate (%)	1.53	1.20
Agricultural population (%)	61.3	50.0
Industrial population (%)	16.7	24.0
Service sector population (%)	22.0	26.0

The composition of the labor force by industry shows that the agricultural sector accounted for 61% of the total population in 2000, maintaining a heavy weight in the country’s economy. The industrial sector, meanwhile, has a mere 17% of the population, although the country is currently endeavoring to expand this particular sector by enticing foreign investment. However, the ten-year plan estimates that the industrial population will increase to 24%, and that the population in the service sector will rise from 22% in 2000 to 26% in 2010.

In summary, Vietnam, though still an agricultural society, expects a major rise in its secondary and tertiary industries within the next decade. Thus, the education plan has been formulated according to a vision in which, at least those who belong to the generation currently in primary and secondary education will end up in the industrial and service sectors rather than continuing to be in agriculture when they enter the labor market. This is reflected in reforms of the curriculum and of education as a whole (nurturing greater autonomy and creativity in children).

The population growth rate, which was 1.53% in 2000, is projected to fall to 1.2% by the year 2010. The number of births is actually decreasing year by year due to the permeation of family planning, and as a result, the number of primary school pupils is already in a period of decrease. This has resulted in teachers having more time and classrooms having more space, freeing schools from operating in three shifts. Some regions have been able to use the extra time and space to change their schools to running full days instead of half days as in the past. The government, in view of this trend, has deliberately chosen a gradual shift to a whole-day school system, beginning from where it is possible, rather than a sweeping policy-led transformation.

1.2. The Ten-year Education Strategy Plan¹

In turn, the ten-year education plan sets as targets for the year 2010 an increase of primary school enrollment rate to 99% from 95%, of lower secondary school to 90% from 74%, and of upper secondary school to 50% from 38%. For higher education, the target enrollment per 10,000 persons is set to increase to 200 from the current 117.

Table 2 below shows the spread of education in Vietnam today in comparison to neighboring Asian countries.

¹ The information outlined below is gained from fieldwork as a part of JICA's "Primary Education Development Project" conducted from March 2000 to October 2003, unless otherwise specified.

Table 2: Primary School Gross Enrollment Rate

Country	1990		Recent Figure		Fiscal year
	Girls	Boys	Girls	Boys	
Cambodia	108	134	103	117	2000
Indonesia	114	117	109	111	2000
Laos	92	118	104	121	2000
Malaysia	94	94	99	99	2000
Myanmar	105	108	89	89	2000
Philippines	109	113	113	113	2000
Singapore	102	105	97	98	1998
Thailand	105	100	93	97	2000
Vietnam	100	106	102	109	2000

Source: World Bank

Table 2 shows the primary school net enrollment rates among Vietnam's Asian neighbors. All the countries have already achieved quite high rates. Until recently, Vietnam was conspicuous for having a primary school net enrollment rate above its neighbors.

This tendency is shown in the enrollment rate of secondary school. Table 3 below shows the gross enrollment rates of secondary school in the neighboring countries. Vietnam has the third highest rate (70%) for boys, below Thailand (84%) and the Philippines (74%). In contrast, the rate for girls (64%) is not as high as in the Philippines (81%), Thailand (80%), Malaysia (74%) and Singapore (73%).

Table 3: Secondary School Gross Enrollment Rate

Country	1990		Recent Figure		Fiscal year
	Girls	Boys	Girls	Boys	
Cambodia	19	15	13	24	2000
Indonesia	40	48	56	58	2000
Laos	19	31	31	44	2000
Malaysia	58	55	74	67	2000
Myanmar	23	23	38	40	2000
Philippines	73	74	81	74	2000
Singapore	66	70	73	75	1996
Thailand	30	31	80	84	2000
Vietnam	31	33	64	70	2000

Source: World Bank

Higher education is currently being built up, and the growth of clusters of private universities is noteworthy. However, the Vietnamese gross enrollment rate of approximately 10% is not high compared with its Asian neighbors. The national target at the present is to raise the number of enrollees in higher education to 200 per population of 10,000 in the year 2010 from 117 in 2000. These numbers, 117 in 2000 and the target of 200 in 2010 per 10,000 population, would be equivalent to those in Japan in the years around 1965 and 1990, respectively. Vietnamese higher education is growing rapidly, particularly in the area of private universities, and how to maintain its standards and quality is an issue of debate. Candidates for university have to take a standard national entrance examination. The number of examinees reached a large figure of 1.5 million (by contrast, the number taking the exam by the National Center for University Entrance Examination in Japan amounted to 0.57 million or so in 2005). On top of the large number of examinees, the examinees have to answer essay-type questions for three subjects. Thus, the scoring takes a long time, and its objectivity and fairness have been called into question (JBIC 2004 and a workshop organized by JBIC in March 2004).

Table 4: Higher Education Gross Enrollment Rate

Country	1990		Recent Figure		Fiscal year
	Girls	Boys	Girls	Boys	
Cambodia	0	1	2	4	2000
Indonesia	6	13	13	16	2000
Laos	1	2	2	4	2000
Malaysia	7	8	29	27	2000
Myanmar	5	4	15	8	2000
Philippines	33	24	33	30	2000
Singapore	15	22	40	47	1997
Thailand	19	17	32	39	2000
Vietnam	1	3	8	11	2000

Source: World Bank

1.3. Achievement

As stated earlier, Vietnam's 95% primary school enrollment rate is relatively high in comparison with its Asian neighbors. This has been achieved for the following reasons:

First, the mass "literacy campaigns" or "getting children go to school campaigns" as once organized in many socialist societies is one basis for the current high enrollment rate. The literacy campaigns in Vietnam were carried out in three periods: 1945-50, 1956-58 and 1976-77. It was reported that illiteracy was eliminated towards the end.

Second, local communities have developed various educational activities through mass organizations. One such activity is to persuade children to attend school and their parents to make them attend when local adults see them out of school. The Women's Union and Youth Union in particular are said to play an important role in this.

Third, Vietnam once belonged to the Confucian cultural sphere; the examination system of the Chinese Ching dynasty was used to select bureaucrats until just before the breakout of the First World War, and interest in culture and scholarship

is high among the general public.

Fourth, on top of the above tradition, “Ho Chi Minh Ideology,” which emphasized the importance of intellect and wisdom, was added after the establishment of the socialist regime, affecting the people to a great extent even up to this day.

Fifth, in many cases, attending primary school does not impose a heavy burden, as the hours are short – four hours either in the morning or in the afternoon (Pham Minh Hoac 2000).

Although those factors have facilitated the diffusion of primary education among the people, the government is now further facing various challenges, of which I’ll focus on the following four problems: shift to all day instruction, teacher training, language policy and language of instruction, and the “last 5%” problem.

Section 2 The Current Status and Tasks for Primary Education Diffusion

2.1. The Shift towards Full-day School Operations

2.1.1. Present problem-Short hours

As mentioned, Vietnamese primary schools are generally open for four hours in the morning, from 7:30 to 11:30, and in the afternoon, from 13:30 to 17:50. One classroom can be used for two shifts. There used to be a triple-shift arrangement in some regions, but in most places this was abolished in FY2004.

The number of school days also used to be short; before the implementation of the new curriculum in 2002, there were three curricula with different numbers of weeks – 165, 120 or 100 – for a five-year school, to be chosen depending on the regional needs. The mainstream has been the one with 165 weeks, which works out to 33 weeks or 165 days per year. Yet, 165 school days means only 660 hours or so throughout the year, amounting to a mere two-thirds of the international standard of 1,000 hours. The half-day school system had its value in an agricultural society that was highly dependent on child labor. Utilizing the school facility twice a day was also effective in terms of making good use of resources at a time when the country was in need of infrastructure. However, Vietnam is now in transition to an

industrial society, and will not remain an agricultural society forever. This brings the challenge of abolishing the double shift and changing it to achieve a system of full-day school operation in order to improve the quality and contents of primary education.

The reason that many schools have to operate in double shifts is clear: there are inadequate financial resources to do otherwise. As described in greater detail in an article on the financial structure of Vietnamese primary education (Hamano 2004), the funds for school building essentially come not from the national or ministerial budget but from each local community. Therefore, economically strong communities can build fine school buildings and are able to introduce the full-day system by physically increasing the number of classrooms if necessary. But regions without financial strength have to put up with poor facilities.

The gap between communities is quite apparent, as demonstrated in the style and size of school buildings. The fine ones are built with concrete and even have specialized classrooms for certain subjects, whereas those in poor regions are built with thatched roofs, wooden pillars and earthen walls. The latter is supposed to last some five years. When maintenance is needed, villagers do it by themselves. The wooden buildings are also consumed by termites, shortening their life-spans.

The double-shift system, resulting from the lack of classrooms, limits school hours as a whole and will make it difficult to even have one extra hour if left as it is. The physical limitation that forces the utilization of the same classroom twice a day is preventing improvements in the quality and standards of education.

Because of this, the Ministry of Education gave the impression that shifting to the full-day school system had quite high priority in FY2000, but the national policy changed afterwards toward a less positive one of “shifting first wherever it is possible.” Also in FY2000, there was much talk at the provincial level that “estimates for increases in the number of classrooms, teachers and the budget necessary to shift to the full-day system have been made, but the financial backing has been unclear.”

2.1.2. Towards Full-day School Operation

In shifting to the full-day system, there are other problems in addition to the lack of classrooms. Firstly, under the current half-day system, teachers are in charge of classes either in the morning or in the afternoon. This means that they have classes for only half a day. Putting aside what happens in practice, this half-day is officially considered to be “preparation time for the classes in the next day.” The

half-day still counts as part of the official duties included in the conditions of the teachers' salaries. Thus, even if the system is changed from a half-day to full-day one, the teachers cannot expect to receive additional pay from the government for the extended classes.

Giving teachers the incentive to teach the extra classes is the next question. If teachers cannot expect to receive an "overtime allowance" from the government, parents and the local community will have to offer them rewards and ask the teachers to extend the classes. In sum, shifting to the full-day system will create new expenses for parents and community members. Naturally, this will create gaps between communities. Some communities will swiftly build new classrooms and shift to the full-day system, whereas others will continue to be in need of classrooms and continue to operate on a half-day basis. Even from my limited observations, these gaps are apparent in practice.

2.1.3. Implementation of Full-day School Operation

The national policy on the full-day school system is to "gradually introduce it beginning with wherever it is possible." How does the system actually operate where it is introduced? First, there is no data available on what percentage of schools has implemented or what percentage of pupils have started to receive full-day primary education. The reason for this is that the way of introducing the new operations varies. Some schools did so only in the upper grades. Others did so not throughout the academic year but only in a certain period. Yet others did so only for certain days of the week.

The most salient problem in shifting to the full-day system is what to do about lunch. Needless to say, there are no kitchen facilities at schools. So, in most cases, children go back home for lunch in the middle of the day. When schools were asked whether the pupils come back to school, making it possible to conduct classes as planned after lunch, many answered that most of them came back.

2.2 The Teacher Training Program

Currently, there are teachers with different levels of qualifications including: (1) those with 12 years of training (high school graduates), (2) those with 12+2 years of training (junior college level), and (3) those with 12+4 years of training (college or university level). In terms of national policy, those with 12 years of training only, or those who became primary school teachers just after finishing high school, are now considered unqualified. Getting rid of this problem is one issue to be tackled.

However, many of these teachers were appointed in the era when there was a serious teacher shortage, and they are now in their 40s or 50s; they sustained the country's primary education for a period, and they already have long teaching experience. The hope of both the teachers and the government of improving their qualification through on-the-job training or on-line courses has yet to be realized.

However, there are also unqualified teachers who were appointed after the era of teacher shortages, or even today. This happens especially in remote areas where the teacher shortage continues. The reasons for not being able to secure teachers in remote areas include the following: (1) due to the large differences between the lives in cities, rural and remote areas, teachers in remote areas tend not to stay on; (2) teachers cannot be transferred from province to province as is done in Japan; (3) even when a rotation scheme is employed, those who get a post in a city do not give them up, and there is little hope for openings in cities; (4) even if a remote area allowance as high as 70% of the base salary is provided – the Japanese counterpart is 25% for comparison – the expectations for gains from a side job are higher in cities and (5) many remote areas are inhabited by ethnic minorities, and teachers with other ethnic backgrounds are unfamiliar with their living environment and fear social isolation in the communities.

As an idea for resolving the shortage of teachers in remote areas, candidates are often chosen from the targeted areas and given scholarships to attend training institutions on the condition that they agree to work in remote areas for a certain period after graduation. This idea has been tried out with many failures already. Once they experience city life, the students try to avoid going back to remote areas. In some cases, they call their families to the cities while studying and continue living there with their families.

However, each province has its own teacher training institution and, even when teacher rotations are planned, it only takes place within the province. “Rotating” does not mean to send someone from Hanoi or Ho Chi Minh to the mountainous area near the border with China, Laos or Cambodia. It is thus rather questionable whether there are large differences between cities and remote areas if they are within one province.

2.3 Policy on Language and the Language of Instruction

Vietnam is a multi-ethnic and multi-lingual nation-state. The languages spoken in the country are diverse. Preschool children learn the language spoken at home and

in the surrounding community. When they enter primary school, they have to start learning another totally different language – Vietnamese, or the Kinh language. A conflict between “national education” and “ethnic education” often arises herein.

A “modern nation-state” aims to construct, maintain and develop unification. It further aims to create a “national culture” and thus usually defines one language as the “national language,” making its use obligatory in the parliament, in courts, in governmental offices or other official institutions and designates it to be the “language of instruction” at school. However, those with a number of ethnic minorities face the challenge of dealing with the minorities’ languages.

In the case of Vietnam, there are 51 officially recognized minority languages, and which language to use for instruction in primary school is a problem. In Asia and Africa, and in other parts of the world as a whole, there are various ways to deal with language education, especially in primary education, for ethnic minorities. In Vietnam, the national standard is to conduct all educational activities in Vietnamese, or the Kinh language.

The ethnic composition of Vietnam is shown below.

Table 5: Ethnic Composition

Ethnicity	Population	Percentage
Kinh	56,100,000	87
Tay	1,150,000	2
Thai	990,000	2
Hoa	960,000	1
Khmer	870,000	1
Muong	870,000	1
Nung	700,000	1
Others	2,770,000	4

The vast majority (approx. 90%) are Kinhs (the Vietnamese). Each of the other minority groups is not so large; every one of them has the population of less than a million (Ishii and Akagi 1999).

These minority peoples live either in the northeast or in the midland mountainous areas. They all use different languages than Vietnamese at home or in their community. It follows that their children receive education in a different language from what is spoken at home or in their community as soon as they enter

primary school. But their daily contact with Vietnamese is considered to be minimal, as television sets are not widely spread among these peoples in the mountainous areas.

Thus, for children to smoothly adapt to primary school education in Vietnamese, language teaching is provided for preschool children at the local level. However, this program is received by less than 50% of the children, and it is not known how effective it is. The preschool program is not compulsory, and the targeted pupils are not obliged to attend. The program is held in classrooms in primary schools where there are no classes. The teacher is often not a qualified teacher but a female who has just graduated from high school. The government's attitude to this preschool education is to give tacit approval for the use of empty classrooms. It's position, however, is that the teachers' salary should be covered by local residents, not by national assistance or subsidy.

Table 6 below shows the preschool education enrollment rates in Asian countries. Vietnam is in high third position (41% of girls and 45% of boys) after Thailand (82% of girls and 84% of boys) and Malaysia (53% of girls and 51% of boys).

Table 6: Preschool Education Gross Enrollment Rate

Country	1990		Recent Figure		Fiscal year
	Girls	Boys	Girls	Boys	
Cambodia	6	5	7	5	2000
Indonesia	-	-	19	18	2000
Laos	7	6	8	7	2000
Malaysia	35	35	53	51	1999
Myanmar	-	-	2	2	2000
Philippines	-	-	32	30	1998
Singapore	-	-	-	-	-
Thailand	50	49	82	84	2000
Vietnam	-	-	41	45	2000

In interviews, many primary school teachers responded that they did not find any problem with this program, as children of ethnic minority peoples were already able to understand Vietnamese when they entered school. The teachers explained

that the children learned the language from their parents or formed preschool programs in many cases. However, these interviews were held in areas with a mixture of the Kinh majority and minority groups in which school classes would have just a few minority children. To what extent primary education in Vietnamese language is carried out in remote areas, such as mountainous areas, mostly occupied by the ethnic minority populations, is not known.

Table 7 below looks at the ethnic composition and the primary school drop-out rate by area. The areas with high drop-out rates among peoples other than the Kinhs are the northeast and the midland mountainous areas. The ethnic minorities tend to have higher drop-out rates in other areas also.

Table 7: Difference in the Primary School Drop-out Rate by Area

Area	Drop-out Rate of Pupils Other than Kinhs (%)	Overall Drop-out Rate (%)
Whole country	13.8	7.5
Red River Delta area	0.5	1.3
Northeast	33.9	6.8
Northwest	9.2	14.9
Mid-north	10.6	3.5
Mid-coastal	5.4	5.3
Mid-mountainous	36.6	13.2
Southeast	9.7	7.3
Mekong River Delta area	7.7	13.8

2.4 Spreading Primary Education to the “Last 5%”

Finally, I’ll mention the task of diffusing educational opportunities for the “last 5%.”

The goal of the ten-year plan of education is set as increasing the enrollment rate of primary education from 95% in 2000 to 99% by 2010 (JICA 2003).

As is well known, spreading primary education to the last remaining 5% of the population entails many difficulties that are qualitatively different from those

experienced in previous stages. The primary education plan in Vietnam is a typical example of the problem of the last 5%.” (Kaneko 2003)

The “last 5%” includes children with various backgrounds such as those from the lower social strata, having handicaps, living in remote areas or being ethnic minorities. Further, the “lower social strata” has a different situation in rural areas from its counterpart in urban areas, and thus requires different responses. Reducing the drop-out rate also requires individual responses in accordance with the characteristics of each area and its unique background. Solving the problems of primary education thus depends basically on the ability to create educational plans in communities. It can be said that the capacity building of local educational authority is crucial: this is a question involving the development of capability by educational authorities.

The next part will deal with the financial aspect to achieve these challenges. The ongoing transition to full-day school operation basically depends upon the capability to gather financial resources. A policy is currently under development to compensate for the lack of financial resources of the central government by mobilizing monetary resources from various local organizations or corporations under a “socialization” policy. This issue will be also discussed in another article.

Part 2 The Financial Structure of Primary Education in Vietnam

Section 1 Regional disparity in education and the role of the budget

Vietnam consists of 61 provinces, stretching from the south to the north. The country, having diverse geographical characteristics, also has big disparities among its regions. Each province consists of 10 districts on average. At present, there are 622 districts and over 10,000 communes under the districts.

Generally speaking, the problems with the education in developing countries are gender, regional, ethnic and income group disparities. In Vietnam, however, no significant gender disparity is observed in school enrollment, whereas regional disparity presents a particularly serious problem. In Vietnam, the enrollment ratio

of primary education is over 95% in terms of net enrollment ratio, reaching as high as 97% according to the data of the Department of Education and Training (DOET). The figure is extremely high vis-à-vis the figures of other developing countries with similar economic levels as well as its neighboring countries in Asia. Focusing on the phenomenon of enrollment alone, Vietnam may well be described as having already achieved the level of close to universal primary education.

However, its primary education completion rate is not necessarily high. According to the *UNESCO EFA Assessment Report 2000*, the rate of continuance to grade 5 (the final year of primary education) was 77.8% (1997-98), a low rate relative to the high enrollment ratio (95% in terms of net enrollment ratio). The completion rate is 69.5% by estimate as of 2000, indicating that some 30% of children fail to complete primary education.

Such a low completion rate for the country as a whole is due to the huge regional disparity. Such disparity does exist in enrollment ratios, too, but it is not as significant, partly because the country as a whole has accomplished a high level of 97%. However, as far as the completion rate is concerned, regional disparity is extremely large. For example, such provinces as Ha Noi, Ha Nam and Bac Giang have attained completion rates that exceed 90%, whereas some attained only meager levels of 20% (Table 8).

Table 8: Regional disparity of primary education completion rate

Primary education completion rate	No. of provinces	%	Provinces
Less than 30%	2	3.3	Can Tho, Ha Giang
30% ~ 40%	5	8.2	Cao Bang, Kon Tum, Soc Trang, Son La, etc.
40% ~ 50%	4	6.6	Lai Chau, Bac Lieu, Ca Mau, Gia Lai
50% ~ 60%	6	9.8	Tra Vinh, An Giang, Lang Son, Ninh Thuan, etc.
60% ~ 70%	10	16.4	Lao Cai, Lam Dong, Bac Kan, etc.
70% ~ 80%	11	18.0	Yen Bai, Tuyen Quang, etc.
80% ~ 90%	8	13.1	H-C-Minh, Quang Ninh, Thai Nguyen, etc.
90% or more	15	24.6	Ha Noi, Ha Nam, Phu Tho, Bac Giang, etc.
Total	61	100.0	

Source: Edited from MOET and JICA (2002)

One of the reasons for the low completion rate in primary education is poverty. Table 9 illustrates grade attainment rate by income, sex and region. The table indicates very little gender difference vis-à-vis greater difference between urban and rural areas as well as among income groups, which expands in higher grades in particular. With the poorest group among others, advance rate to 4th and 5th grades drops significantly.

Table 9: Education attainment rate (Ratio of those completed respective grades in the population of age 15-19: 2002)

Grade	Income group					Total	Sex		Region	
	Poorest (I)	II	III	IV	Wealthiest (V)		Male	Female	Urban	Rural
1	90.1	98.0	99.3	98.9	99.4	97.2	97.4	97.0	98.2	97.0
2	88.8	97.0	99.0	98.8	99.4	96.6	96.8	96.4	98.2	96.3
3	84.1	95.8	98.8	98.7	99.2	95.4	95.4	95.4	97.8	94.9
4	77.0	93.3	98.1	97.7	99.0	93.1	92.7	93.5	97.0	92.3
5	65.9	88.1	95.2	95.5	97.6	88.5	88.1	89.0	93.8	87.5

Source: DHS survey

As such, in primary education in Vietnam, though virtually every child enrolls, there are problems of regional and family income disparity in terms of promotion to higher grades and completion of primary school. What is important in correcting such disparities is the “redistribution” of resources by the government. My main interest in this paper is whether or not redistribution policies exist in Vietnam to correct the disparities described above, and if yes, what kind of policies they are and whether or not a structure for redistribution is available within provinces. I pay attention to the structure of the educational budget in Vietnam, particularly to the cost-sharing structure of primary education because they are essential to understand the issue mentioned above.

Section 2 Budget Structure in Vietnam

2.1. Central government-province relationship in budgets

Vietnam’s State Budget Law was adopted in the National Assembly in 1996 and was partially amended in 1998. The law went under further amendment in 2002 to be implemented starting in fiscal 2004. Since the specifics of the implementation of the newly amended law effective in fiscal 2004 were not available as of my writing, the examination shall be based chiefly on the 1996 and 1998 State Budget Laws.

In Vietnam, the state budget consists of a central budget and a local budget, but the country has no concept of independent local government finance, which therefore is considered as part of the central government budget (Nakatomi 2000). There are revenues that are completely allocated to local budgets, but in reality, the total of the revenue items completely allocated to local budgets is only 7.1% of the state revenue budget. Meanwhile, local expenditure accounts for 41.4% of the total expenditure of the state budget (Honda 2004, p. 306). In other words, whereas autonomous local fiscal resource is extremely limited (only 7% of the state budget), the local expenditure amounts to as high as 40% or more of the entire state budget. This means that to local governments, the subsidy from the central government is vital and how to secure such distributions is a great challenge to them.

In Vietnam the budget system is allegedly highly centralized. As for the budget

for education and healthcare and medical services, norms are determined depending on the number of employees, population, etc., based on which total amount of recurrent expenditure is determined. Capital expenditure is determined largely by the negotiation between the central and provincial governments. Provincial personnel in charge of budget therefore have to visit the central government once and again. Further, capital expenditures of a large scale are implemented under the direct control of the central government. As such, provincial budgets including both recurrent and capital expenditures are in fact firmly controlled by the central government.

2.2. Role of administrative organizations

In the central budget process, the National Assembly is the supreme decision-making organ. The National Assembly examines revenues and expenditures and determines the allocation to each province and at the same time has the authority to supervise and investigate the budget. The government, on the other hand, is positioned as an organ to execute the budget. The government's role is to prepare a budget draft for submission to the National Assembly and to explain it to provincial governments after it is approved. The Ministry of Finance (MOF) is in charge of tax collection and auditing with an authority to allocate chiefly recurrent expenditures in the budget process. The Ministry of Planning and Investment (MPI) is responsible for macro balance of social and economic development, providing advice to other ministries and agencies. In the budget process, MPI has the authority to allocate capital expenditures. As for the education budget, the Ministry of Education and Training (MOET) negotiates with MOF and MPI to secure it.

In the provincial budget process, the People's Council and the People's Committee perform an important role. The People's Council is responsible for determining the budget draft for respective provinces and approving financial reports. The People's Committee is an executive organ of the budget, implementing the management and control of budget allocation within the province.

Section 3 Allocation of Educational Budget

Let us now examine the process of allocating an education budget to provinces. The budget for education is largely divided into recurrent expenditure (salary and allowances, scholarship, school management and maintenance expense, etc.) and capital expenditure (cost for school construction and repairs, infrastructure and equipment, etc.). The following section (3.1) shall deal with recurrent expenditure, followed by the examination of capital expenditure in section 3.2.

3.1. Allocation of educational budget to provinces (recurrent expenditure)

3.1.1. Allocation from the central government to provinces

Prior to 1991, the educational budget was allocated from the central government to provinces based on the number of enrollment. Since 1992, however, the norm of allocation has been changed to the total population of each province. Using the total provincial population as the norm rather than the number of enrollment is based on the consideration toward the provinces with low enrollment ratios. In other words, this is an attempt to correct the disparity by favorably treating provinces with low enrollment ratios and hopefully achieving fairness by doing so (IIEP 2002). However, the allocation method based on the total provincial population involves various problems as follows:

(1) Population data are inaccurate

The census takes place only every ten years, and each year's migration population is not accurately grasped. As it is extremely difficult to grasp the provincial migration population, which is considerably large, the reliability of the data of the total provincial population is low. Consequently, budget allocation based on the total provincial population may not be capable of achieving the objective of fairness.

(2) Educational budget procedure lacks consistency

Despite the fact that the central government carries out budget allocation based on the provincial population, provinces in many cases allocate the budget to their districts based on the number of children (and the number of teachers calculated based thereupon). Namely, the norm applied to the budget allocation from the

central government to provinces and from the province to districts is largely different. This results in the lack of consistency in educational budgets, leading to a failure in securing stable allocation.

(3) Incentives are not engendered for provinces to increase enrollment

The biggest problem of having budget allocation based on the total provincial population is that this method fails to create an incentive to encourage the provincial governments to increase enrollment. Under this method, increased enrollment will not bring about an increase in the budget allocation. Rather, increased enrollment would decrease the expenditure per pupil, which could result in lowering the quality of local education. In other words, under the allocation method based on total population, non-increase of enrollment could enlarge expenditure per pupil, thus resulting in higher quality of education.

Since the method of using the total provincial population as a norm involved many problems, the system was revised and adopted the norm of the population of age 1 to 18, starting in 2004. As a supplementary norm, the central government is to subsidize funds so that the salary cost would not exceed 85% of the recurrent expenditure, i.e., the expenditure for items other than salary, etc. should account for minimum 15%. Furthermore, if the province has a commune or communes that are under the coverage of the poverty reduction program called Program 135, an additional 49,400 VND is allocated per person of age 1 to 18 within such communes (There are approximately 1,800 such target communes throughout the country).

The norm of education budget allocation to provinces in Vietnam has thus undergone changes from the number of enrollment prior to 1991 to total number of provincial population during 1992-2003, and to the population aged 1 to 18 from 2004 onwards. However, the actual allocation is conducted not in a mechanical manner that strictly abides by the norm alone. The actual allocation is determined by various other factors. Negotiations are conducted between the central and provincial governments based on the conditions and social and economic backgrounds specific to each province. In the process, negotiations also take place between the DOET and the MOF. Provinces not requiring financial transfer due to ample revenues tend to receive favorable treatment in the budget allocation of

advanced education and other areas. This is an incentive to motivate provincial governments to increase their own revenues. The budget allocation to provinces in the end is in the form of an education budget package, not divided by budgets for primary education, secondary education and advanced education (Brooke et al. 1999).

Generally speaking, the educational budget amount demanded by provinces is rarely fully provided by the central government, and the shortage must be replenished by each province. Wealthy provinces, by collecting natural resource tax or land utilization tax, can make up for the shortage, while poor provinces find it difficult.

3.1.2. Budget allocation within the province

Next, let us examine how the budget is distributed within the province. Budget allocation methods to sub-sectors are different for each province, but provinces as a common practice determine the number of teachers required for each sub-sector based on the class size and teacher-pupil ratio. Since the teacher salary level is determined by the national norm, the cost of teachers' salaries can be automatically identified. Teacher salary cost accounts for 80-90% of the recurrent expenditure. The guideline of the central government stipulates that the ratio of teacher salaries in the recurrent expenditure should be 70%, and yet hardly any province is capable of meeting this requirement. Every province first tries to secure the cost of teacher salaries within the recurrent expenditure, and this amounts to 80 to 90%. As stated earlier, since 2004, the central government is to subsidize so that salaries would not exceed 85% of recurrent expenditure to secure a minimum 15% for costs other than salaries.

The central government imposes various norms upon provincial governments, which often conflict with each other. Compliance with a certain norm sometimes contradicts with another norm. In the beginning of the 1990s, there existed a norm to restrict the salary ratio to within 60%. On the other hand, there was another norm that 1.15 teachers per class be secured. Some provinces allegedly had to spend every penny of the recurrent expenditure for teacher salaries to comply with this requirement (World Bank 1996). As shall be described later, in many provinces, non-salary costs (cost of textbooks, school construction and repairing, etc.) of the Vietnamese primary education are borne by local residents. In the background lies

the fact that the central government, despite its failure in providing adequate budget allocation to provincial governments, has demanded that various norms be fulfilled.

How the non-salary budget is distributed to districts and sub-sectors vary from one province to another. Some provinces use the amount per-pupil as a norm, while some distribute based on a per-class norm. Some use application from schools and districts as a norm, while some base allocation on past expenditures. In some cases, budget allocation takes place on an ad-hoc basis. Some provinces implement focused allocation to primary education in order to eliminate the financial burden of parents in primary education. The extent of authority given to districts in the utilization of non-salary budget also varies from one province to another.

Provinces are inclined to carry out allocation taking into account the standard expenditure per pupil established by the central government. The norm reflects the intention to favorably treat mountainous and other provinces where enrollment is difficult (Table 10). The standard amount, though determined by the central government, is in many cases reestablished by respective provincial government. Affluent provinces establish a higher amount while non-affluent provinces decide on lower amounts than the norm of the central government. In any case, provinces perceive the standard amount established by the central government as a mere guideline. Actual expenditure per pupil varies depending on the class size, level of teacher salaries and allowances, and the usage of non-salary expenses.

Table 10: Norms of per-pupil expenditure in primary education (Unit: VND)

Standard expenditure per pupil for primary education (nationwide average)	290,000
Urban	220,000
Flat country	242,000
Middle-land and coastal areas	286,000
Low mountain and remote	330,000
High mountain	440,000

Source: Edited from IIEP (2001)

3.1.3. The Japanese experience

For the purpose of comparison, I should like to touch upon the history in which

Japan has diminished regional disparity. In Japan, since the introduction of the school system, primary education was carried out basically with the funding of local municipalities (cities, towns and villages). Although the central government at times subsidized, basically it was financed by the municipal (cities, towns and villages) budget. The financial structure drastically changed after 1918. During the period between 1918 and 1940, the framework of central government contribution to finance compulsory education by tax revenue was introduced.

As the law concerning central government contribution for municipal compulsory education expenses (1918) came into effect, the distribution criteria of the central government contribution emerged as a big issue. Article 3 of the law stipulates that half of the 90% of the central government contribution be distributed pro rata to the number of regular teachers and associate teachers and the remaining half pro rata to the number of pupils in school. Associate teachers were included allegedly because counting only regular teachers would engender disadvantage to poor municipalities (substitute teachers were excluded, however). Sine using the number of teachers alone as a basis would be disadvantageous to municipalities that have many large-size schools; the budget is halved between the number-of-teacher based and the number-of-pupils based. And yet, this is disadvantageous to poor municipalities with small enrollment. Therefore, some called for the budget allocation pro rata to the number of households similar to the current population-based norm in Vietnam. However, Japan did not adopt the number-of-household-based allocation. Japan introduced as its standard the number of children in school rather than the number of school-age children because the country believed that central government contribution should be provided not to meet the potential education demand but to cover the actual cost. However, there is no need to mention that using the number of pupils in school as a standard is disadvantageous to poor municipalities. Therefore, the law concerning central government contribution for municipal compulsory education expenses stipulates in Article 4 that not more than 10% of the central government contribution be given as special subsidy to “financially weak municipalities.” And yet, in 1928, even 10 years after the enforcement of the law of 1918, there still existed close to 400% disparity among prefectures. The disparity among prefectures in Japan began to diminish after 1940, when the prototype of the current central government contribution system came into form, in which teacher salaries are borne not by

municipalities but by prefectures, and half of the required amount is paid by the central government. As described earlier, Vietnam, since 2004, has adopted the population of school-age children (age 1-18) as a norm, which is quite a contrast to Japan, which conducted budget allocation based on the number of teachers and the number of pupils in school.

3.2. Allocation of education budget (capital expenditure)

3.2.1. Size of capital expenditure for education

Let us now look into capital expenditure. As mentioned earlier, capital expenditure is used to construct and repair school buildings and for educational infrastructure and equipment, and as such its size fluctuates from one fiscal year to another. If a large-scale construction is undertaken in a certain year, the capital expenditure of the year swells, whereas it is smaller in a year when the number and size of constructions is small. The review of the ratio of education/training-related capital expenditure in the total capital expenditure since 1991 indicates that the ratio, remaining at the 2-3% level in the early 1990s, climbed close to 6% in the mid-1990s, and after a slight decrease toward the end of the decade, it again grew after 1998, posting 7.1% in 2003.

3.2.2. Allocation from the central government to provinces

As the capital expenditure allocation is closely linked with the public investment plan on the central government level, MOET has to negotiate with the MOF and the MPI to obtain allocation for education and training areas.

In Vietnam, public investment projects are divided into the following categories by size: (1) category A (75 billion VND or more); (2) Category B (7-75 billion VND) and (3) category C (up to 7 billion VND). Category A projects, being large size public investment projects, require MPI approval, whereas Category B and C projects may be undertaken with an approval at the provincial level only. Construction of primary schools predominantly falls into small-size construction project (Category C).

As for Category B and Category C, budget allocation to provinces is based on the size of the population, and different weights are given depending on the five geographical classifications (see Table 10). However, the final decision is made not by the population norm alone but by giving due consideration to various factors

such as social and economic conditions and the ratio of ethnic minority in the province, as is also the case with the recurrent expenditure. The budget allocation of capital expenditure, lacking such a clear-cut norm as with recurrent expenditure, is allegedly largely determined by negotiations (World Bank 1996).

The capital expenditure, when it is actually distributed to a province, is given in one package, not divided by sector. However, as for the provincial budget for Category B & C projects, a norm is applied that 15% of the budget should be directed toward education. And yet, this norm is not mandatory, and the actual execution is allegedly left in the hands of provincial governments.

Provincial governments then determine their order of priority for the budget allocated to education sector. Construction works, for instance, are conducted for a variety of objectives that include construction of school buildings and reconstruction of temporary classrooms to dissolve three-shift schooling, to separate school buildings between primary and secondary schools, etc. Each province has different priorities. There is no definite norm for the budget distribution from the province to the low administrative levels, and the budget is invested in accordance with the established order of priority. According to the study by Brooks et al, to what extent the community can pay strongly affects the budget allocation within the province. Specifically, there are cases in which budget is given only when the province has to pay for part of the cost of the construction work, while the community pays the rest, whereas projects do not receive budget when the provincial government has to bear the entire cost. In Vietnam, capital expenditure for constructing school buildings and other educational purposes is mostly funded by local residents. This is because the government's capital expenditure for primary education is extremely small in amount, failing to meet the actual needs of the community. Out of such budget shortfall arises a case in which construction work is planned in the budget allocation within a province based on the assumption that the funding will come from the community.

According to the Budget Law in 1996, provinces that have attained the revenue goal (fixed for five years) may retain a surplus, which must be used for construction in the social sector and therefore can be used for school construction, etc. Affluent provinces are utilizing this system.

Section 4 Contribution from Parents and Communities

4.1. Beneficiary payment in education

Since the contribution of both recurrent and capital expenditure from the central government cannot fully satisfy the actual need, provinces and communities are compelled to pay from their own accounts. Educational expenditure in Vietnam can be largely divided into “the state expenditure” and “the non-state expenditure.” The state expenditure includes public expenditure of government described above as well as ODA from overseas. Meanwhile, the non-state expenditure includes tuition, contribution from parents and local communities and private funds. As already mentioned, when the state expenditure (mostly public expenditure of government) for education is inadequate, the non-state expenditure such as contributions from parents and communities plays a bigger role.

It was in September 1989 that a nationwide system of official tuition fees was introduced in school education in Vietnam. In 1989, when the system was introduced, both tuition and textbook costs were to be paid by the beneficiary (World Bank 1995). Later in 1991, the “Law on Universalization of Primary Education” was enacted, making the tuition of primary education free in principle. However, the custom of giving presents to teachers at the end of the school term, teacher’s day, and Tet (Vietnamese New Year), remained unchanged, which were actually paid from parents’ pockets. Since the second half of the 1990s, the trend of “the socialization of education” has been gaining momentum in the country. The socialization of education includes the concept and activities to support education carried out by the entire society with parents, communities and private companies involved in addition to the government. Specifically, the trend is manifested in the move to demand parents, communities and companies to share the burden of educational costs.

Table 11 shows the distribution of total education expenditure by public subsidy and contributions and direct expenditures by parents. The calculation was based on the living standard surveys undertaken by World Bank. In the 1998 survey, of the

total cost for primary education, about 60% was financed by public expenditure, with the remaining 40% funded by households. In 2002, household expenditure was 27%, declining trend-wise, but the figure was still high compared with the other Asian countries. For instance, the household expenditure ratio in the Philippines is estimated to be 20% and in Indonesia about 5%. It is true that items included in household education expenditure vary from one country to another. For example, some include traveling expense to school and some don't. We therefore must be cautious in conducting international comparison, and yet, Vietnam and Cambodia are considered to have relatively high percentages of household expenditure (Bray 2002). The attainment of the extremely high enrollment ratio despite its high level of parents' funding may well be the Vietnamese characteristic.

Table 11: Funding sources of education expenditures (%)

		1993	1998	2002
Primary	Public subsidy	45	55	73
	Contributions and direct expenditures by parents	55	45	27
Lower secondary	Public subsidy	34	62	59
	Contributions and direct expenditures by parents	66	38	41

Source: Edited from World Bank (2005)

Contributions by parents are often collected as expenditure for construction and/or repairing of school buildings. In wealthier regions, schools and parents associations collect additional contributions, or parents are requested to make voluntary contributions in the name of "special event funds." This enables affluent provinces to purchase educational materials and teaching aids, which are recurrent in nature. As shall be described later, the urgent challenge Vietnam is currently faced with in introducing new curricula is transition from two-shift schooling to full-day schooling. In rich areas, two-shift schooling has already been dissolved. This was because in those favorable areas, parents have paid additional tuition for classes in the afternoon, which means that parents in those areas are funding even recurrent expenditures.

Table 12 illustrates the financial structure of primary education expenditure in Vietnam summarized from available resources, interview surveys, etc. Of them, the most obligatory and the largest is the expenditure involved in

construction/maintenance of school buildings. The annual amount that parents pay to school for construction/maintenance of school buildings based on the 1998 VLSS school survey is shown in Table 13. This indicates that as of 1998, schools receiving 10,000-30,000 VND from parents are the largest in number, accounting for more than 50%. In the interview survey I conducted in 2002, schools responding that they receive 30,000-40,000 VND were the largest in number. In Table 8 later shown, total contribution is 56,000 VND. There were a few schools that did not collect contributions at all. The maximal amount collected by a school was 100,000 VND. Table 14 shows distribution of contributions to Parents Association. This indicates that 36% of schools “do not collect” contributions for Parents Association, and even with schools that collect such contributions, the amount is smaller than the contributions for school construction.

Table 12: Financial structure of primary education in Vietnam

Items	Funding structure
Teacher salaries	Funded by the central government, but extra salaries are funded by local governments, parents and communities.
Construction/maintenance of school buildings	Basically funded by parents and communities. In some cases, funded by central and local governments.
Textbooks, teaching aids, stationeries	Funded by parents
Uniform, transportation	Funded by parents
Parents Association	Funded by parents but not necessarily obligatory
Study Encouragement Association	Funded by parents but not necessarily obligatory

Table 13: Contributions for construction of schools

Amount (Unit: VND)	Number of schools	%
0 (do not collect)	10	6.9
1~10000	16	11.1
10001~20000	52	36.1
20001~30000	28	19.4
30001~40000	20	13.9
40001~50000	8	5.6
50001 or more	10	6.9
Total	144	100.0

Table 14: Contributions to Parents Associations

Amount (Unit: VND)	Number of schools	%
0 (do not collect)	52	36.1
1 ~ 5000	37	25.7
5001 ~ 10000	30	20.8
10001 ~ 15000	10	6.9
15001 ~ 20000	9	6.3
20001 ~ 25000	2	1.4
25001 or more	4	2.8
Total	144	100.0

At the district level and lower administrative levels, efforts are being made to diversify funding sources, and thus funds are collected from various sources for capital expenditure. Districts, not requiring permission from the above to execute fund-raising for 1 billion VND or less construction expenses, are promoting school construction by contributions from corporations and mass organizations. According to the research by Brooke et al. (1999), of the 84 classrooms newly constructed in a district, only 14 were funded by the provincial budget and the rest were financed by contributions from NGOs and other provinces as well as contributions from individuals and agencies in and outside the province.

Most districts, however, do actually depend on the contributions from parents. They are either collected in the form of reserve funds for school construction or for support in the form of labor offering. The amount of contribution for school construction varies from one region to another, and poverty group families also pay to a certain extent. Table 15 shows the outcome of the living standard survey conducted by World Bank (2002), which indicates that a family pays approximately 270,000 VND (about 2% of the total household expenditure) a year on average for primary education. Table 8 also shows the amount of contribution by income group, and what should be noted here is the fact that the poor group and the poorest group also make contributions (contributions for school construction and to parents associations), the amount of which differs very little from that of the median and wealthy groups. The ratio of primary education expenditure in total household

expenditure is very much the same from the poorest group to the wealthiest group. Meanwhile, the wealthiest group spends a larger amount for tuition, contributions and payment for extra classes. This suggests that in schools where the children of the wealthiest families learn, full-day schooling is already in place and that their children are also learning in extra classes.

Table 15: Household spending on primary education

(Unit: 1000 VND/year)

	Tuition	Contribution	Uniform	Textbook	Stationery	Extra class	Others	Total	Ratio in household expenditure
Poorest	4.7	41.9	17.0	27.6	26.5	7.4	4.8	130.7	1.9%
Poor	7.5	47.2	24.9	36.4	34.6	14.1	8.8	174.3	1.9%
Median	11.5	50.3	33.0	41.3	38.6	22.6	15.4	215.0	1.8%
Wealthy	26.4	59.8	44.9	44.9	43.8	44.7	22.0	290.8	1.8%
Wealthiest	131.1	102.5	73.9	58.8	62.6	218.2	89.3	756.7	2.4%
Nation-wide	27.8	56.0	34.4	39.5	38.6	47.2	22.3	270.3	1.9%

Source: Edited from World Bank (2004)

4.2. Fee Exemption system

In Vietnam, a system is available for socially disadvantaged people and poor families to be exempted from school fees. Table 16 shows the percentages of children between age 6 and 14 that are exempted from school fees. Since children between age 6 and 14 are targeted, the figures do not exactly represent the situation of primary education but they do reflect an overall trend. On the nationwide level, children who received some kind of exemption account for 16.2% of the population in 1998 and 16.7% in 2002, showing no significant change during this period. However, focusing on the type of exemption, either partial or full, children with full exemption increased significantly from 5.8% in 1998 to 15.2% in 2002. Reviewing by income group, the ratio of children with exemption from relatively wealthy groups of III, IV and V of the five quintiles decreased from 1998 to 2002, whereas the exemption ratio in poverty groups of I and II increased during the same

period. As of 2002, the poorest group's full exemption ratio was 24.2%, indicating that one out of every four children are fully exempted. As an overall trend, exemption targets are directed toward poverty groups, but what should be noted at this point is the fact that the majority of the children of the poorest group are not benefiting from any exemption and that about 8% of the wealthiest group are receiving exemption. This means that the qualification of exemption is determined not by income alone but by various conditions.

Table 16 Fee exemption by income group in school education

(%)

Income group	1998			2002		
	Partial exemption	Full exemption	Total	Partial exemption	Full exemption	Total
I (Poorest)	8.9	11.6	20.5	2.2	24.2	26.4
II	10.7	6.5	17.2	1.8	18.2	20.0
III	13.4	3.6	17.0	1.4	15.0	16.4
IV	9.9	3.6	13.6	1.3	11.8	13.1
V (Wealthiest)	8.6	0.9	9.5	0.9	7.4	8.3
Nationwide	10.4	5.8	16.2	1.5	15.2	16.7

Table 17 shows the result of a survey in which schools that are implementing fee exemptions were asked about conditions for exemptions. With relation to partial exemption and full exemption respectively, the most important condition, as well as the second and the third important conditions given in the answers are exhibited. The foremost condition cited for partial exemption was "child of disabled soldier," followed by "low income" and "child of war martyr" in that order. The most frequent response as a condition for full exemption was "child of war martyr," followed by "low income" and "child of disabled soldier" in that order. Many schools decide on the application of both partial and full exemption based on other factors than family income. As for partial exemption, schools that provide exemption if the applicant is a child of a disabled soldier are in the majority, and for full exemption, the largest number of schools qualify children of war martyrs for exemption. This means that a child of a poor family does not necessarily qualify for exemption, while even wealthy children can receive exemption as long as

requirements are met. This explains why some 8% of the wealthy group receives exemption.

Table 17: Conditions for fee exemption

(%)

	Partial exemption			Full exemption		
	First (N=70)	Second (N=56)	Third (N=35)	First (N=120)	Second (N=80)	Third (N=65)
1. Disabled	2.9	1.8	5.7	0.8	1.3	6.2
2. Orphan	0	12.5	25.7	6.7	5.0	21.5
3. Ethnic minority	5.7	3.6	8.6	6.7	3.8	0
4. Low income	18.6	41.6	25.7	20.0	18.8	23.1
5. Child of war martyr	8.4	3.6	2.9	23.3	10.0	21.5
6. Child of disabled soldier	41.4	25.0	20.0	10.0	55.0	15.4
7. Living in mountains, remote areas	1.4	7.1	5.7	2.5	5.0	4.6
8. Mother or father is disabled cadre	1.4	3.6	5.7	0	0	1.5
9. Other	20.0	1.8	0	30.0	1.3	6.2

Source: Vietnam Living Standard Survey 1988

4.3. Regional disparity in final expenditure per pupil

Parent contribution is important particularly in capital expenditure, and such contribution accounts for a considerable portion of school construction/maintenance expenditure. Needless to say, the funding capability of parents and local residents is significantly different for each region, and therefore, big differences are observed in the final spending of each region. Final spending per child is affected by various factors, and affluence of the region is without doubt a major element. As for tax revenue, provinces that enjoy large revenue and therefore have a surplus, can negotiate to retain a surplus in excess of the norm, which they can use to increase their recurrent expenditure. Rich provinces enjoy large provincial tax revenues, which can be used for education expenditure.

Further, parent contributions vary greatly from one region to another depending

on the economic level of the region. In some provinces, parent contributions amount to as high as 50% of the expenditure per pupil. In poor regions, parent contributions are only meager, whereas in affluent regions parents can make greater contributions. Affluent provinces, despite the low standard amount of expenditure prescribed per pupil, can actually spend a higher amount per pupil as a result of large contributions from parents.

Table 18: Spending on primary education per pupil

(Unit: thousand VND)

	National norm	Province			District			Contribution	Total spending per pupil	
		Total	Salary	Non-salary	Total	Salary	Non-salary		Total	Non-salary
Yen Bai	286 330 440	334	299	35	311	280	31	28	339	59
Ha Noi	220	294	220	73	358	232	126	161	519	287
Soc Trang	242 330	229	206	23	222	194	28	4	226	32
Lam Dong	440	280	244	36	283	257	26	75	358	101

Source: Brooke et al. (1999)

Table 18 shows the end expenditure per pupil in the four provinces of Yen Bai, Ha Noi, Soc Trang and Lam Dong. Ha Noi, whose norm expenditure per pupil is the lowest of the four, actually spends the highest amount as a result of its ample provincial revenue and additional resources. Soc Trang and Lam Dong actually spend less than the central government's norm. The reasons given are that in case of Soc Trang, the school-age population increased at a higher rate than that of the total population of the province, and in Lam Dong, the population estimated from the last census fails to match the actual population due to a large number of immigrants into the province.

In the last result, Ha Noi's actual spending is 2.3 times that of Soc Trang. Ha Noi's non-salary expenditure is 9.0 times that of Soc Trang. As is demonstrated by

the table, this is due to the difference in the amount of contributions between the two provinces. Soc Tran prohibited collecting contributions from parents, wanting instead to raise its enrollment ratio, which has resulted in virtually no contributions. This in turn has brought about a decline in the spending per pupil, which means that quality education is not fully guaranteed in the province.

4.4. International comparison

Let us now examine provincial disparity of education in Vietnam in the international context. Here we shall look at the multiples of the per-pupil spending of the top prefecture (province, state) relative to that of the bottom prefecture (province, state). Table 19 shows such multiples in Japan, the United States and Vietnam. In the case of Vietnam, the difference between the top and the bottom province is 2.5 times. Regional disparity in Japan, which was smaller than in the United States from the pre-war days, was further reduced after the war, generally remaining at the level below 2 times. The multiple of 2.5 times in Vietnam could be described as large compared to Japan's post-war figures. However, it should be noted that in Vietnam, as we have already examined, private spending, which Table 12 does not include, could contribute greatly to the widening of regional disparity.

Table 19: International comparison of per-pupil expenditure in primary education

	Lowest spending province (Prefecture)	Highest spending province (Prefecture)	Highest/lowest	Coefficient of variation
Vietnam (2000)	303,635	759,576	2.5	0.228
Japan (1928)	17.2	65.8	3.8	0.302
Japan (1980)	574,896	356,400	1.6	0.114
United States (1930)	32	138	4.3	-
United States (1968)	432	1,140	2.6	-

Note: In the case of the U.S., the expenditure is for public primary and lower secondary education.

Currency figures are in units of the respective country's currency.

Source: Figures for Japan and the U.S. are edited from Ichikawa and Hayashi (1972), Ichikawa (1983)

Section 5 Emphasizing the Policy of the “Socialization of Education”

5.1. The socialization of education

Earlier, with Table 15, I pointed out that even the poor and poorest groups are making contributions amounts almost identical with median and high net worth groups, and this means that even the poorest group is not receiving exemption as far as contributions are concerned. As demonstrated by Table 10, it derives from the fact that poverty is not necessarily the sole condition for exemption. Another factor is that the “socialization of education” currently driven forward with strong pressure in Vietnam compels even poor groups to share the financial burden. It is to be noted that as education is increasingly “socialized,” heavier burden sharing is imposed upon parents and communities, which in turn may further widen the regional disparity.

Article 11 of the Vietnamese Education Law, describing the “socialization of education activities,” stipulates “Every organization, family and member of the community bears responsibility to cooperate with the school in order to create a general atmosphere to place value on learning, to create a sound education environment and to achieve education goals. The state shall play an important role in developing education works, diversify school forms and education methods and encourage mobilization and organization of members of the community, also encouraging individuals to participate in the development of education activities.” From the parents’ viewpoint, the trend of the “socialization of education” is bringing about heavier financial burden. Parents are required to pay not only for the reserve funds for school construction but also for Parents Association, textbooks, uniforms and stationery.

Some argue that the “socialization of education” is not necessarily a system to expand the financial burden on the part of parents alone. In various parts of Vietnam a community organization called “Study Encouragement Association,” a mechanism to collect education funds from residents, parents as well as local corporations and others, has been established. Namely, it is an attempt to collect funds from broad sectors beyond parents, and thus it makes a clear distinction from

just “shifting the financial burden to parents.” Study Encouragement Association, capitalizing on the funds collected, is engaged in various education encouragement activities (e.g., encouraging enrollment, improving educational infrastructure, supporting the establishment of community education centers, etc.) For the “socialization of education” to be successful, such activities of community organizations seem to play a vital role.

5.2. Regional disparity in local funding

Table 20 examines several provinces in terms of economic level (per capita GRP), provincial deficit (revenue minus expenditure) and the ratio of local funding of the expenditure for infrastructure construction and equipment.

Table 20 Ratios of the budget contributed by local government and local people in total budget for infrastructure construction and equipment

	GRP per capita	Provincial deficit (Revenue -Expenditure)	Local funding ratio of infrastructure construction and equipment (1997-99 average)
Ha noi	10,071	7,710	15.6
Hochiminh city	14,622	21,445	15.8
Binh Duong	7,268	350	13.4
Soc Trang	4,050	-215	28.9
Bac Lieu	3,719	-198	8.5
Ha Tay	2,825	-333	12.0
Quang Tri	2,638	-60	50.2
Gia Lai	2,575	-222	19.3
Quang Ngai	2,540	-355	45.1

Source: Edited from Nguyen Cong Giap (2004), MOET and JICA (2002).

The table illustrates firstly that in such provinces as Hanoi, Hochiminh City and Binh Duong, which enjoy high economic levels and budget surpluses, the local funding ratio is between 13-16%, remaining at a relatively low level. Meanwhile, in the provinces with low economic standards and having budget deficits (Soc

Trang, Bac Lieu, Ha Tay, Quang Tri, Gia Lai and Quang Ngai), the local funding ratio varies greatly between provinces. For example, in Quang Tri and Quang Ngai, the local funding ratio is very high (50.2% and 45.1% respectively), whereas in Bac Lieu and Ha Tay, the ratio is even lower than that in Hanoi and Hochiminh. First of all, the relatively low local funding ratio of big cities such as Hanoi and Hochiminh is presumably due to the fact that such affluent provinces can raise funds for the budget for infrastructure construction and equipment. In contrast, there is variation among poor provinces. Within the poor provinces, while some provinces actually rely heavily on local funding, but other provinces are less dependent on local funding than big cities.

What is the reason for this phenomenon within the poor provinces? The following two factors are conceivable:

Firstly, the community's level of "motivation" can be cited. For example, as for education, poor provinces have to rely on local communities for the budget for infrastructure construction and equipment, and in provinces eager to promote education, local people, though poor, are willing to contribute, while in provinces that lack such enthusiasm, contribution from local people declines. Also conceivable is that in provinces where there are many corporations and community organizations willing to support education, the local funding rate is higher, whereas in provinces where such organizations are inactive, the rate is lower.

The second factor is the provinces' exemption policies. As mentioned earlier, the payment for school fees is partially or totally exempted if such conditions of "poverty," "child of war martyr" or "child of disabled soldier" are met, but the exemption policy is different for each province. The Vietnamese Education Law (1998) provides as follows:

"The government prescribes the system of tuitions in every form of school and other education organs, the structure of the collection and utilization thereof and exemption measures of school fees for those covered by social welfare policies and poverty groups in a manner that does not rely on uniformity." (Article 92, section 1)

"The People's Council at each level, based on the demand for education

development, economic conditions, and the funding ability of people in the region, determines the amount of contribution in establishing schools or classes in accordance with the opinions of the people and proposals of the People's Committee." (Article 92, section 2)

As demonstrated by those provisions, exemption measures are to be determined "in a manner that does not rely on uniformity" and the specific amount of contribution is to be decided by the People's Council at each level. Provinces are to establish the limit for the amount of contribution, while districts determine their respective amount of contribution within the given limit. Since the demand for education development, economic conditions and people's funding capability for education varies among regions, the amount of contribution and the exemption conditions are also different for each region. In provinces where exemptions are implemented broadly, the local funding rate is lower, whereas in provinces not actively implementing exemption, the rate is higher.

Section 6 Budget Structure and Education Reform: The Case of Full-day Schooling

6.1. Transition from two-shift schooling to full-day schooling

Let us examine the ongoing education reform in the context of the budget structure of primary education and the "socialization" policy so far described.

In Vietnam, although the country has achieved the high primary education enrollment rate of 95%, two-shift schooling still prevails in many primary schools (4 hours each for morning and afternoon schooling). Table 21 shows the data compiled from the nationwide sampling survey implemented in 1998. The table illustrates that some 90% of primary schools adopt two-shift schooling and a few adopt three-shift schooling.

Table 21: Shift-schooling (1998)

	Number of schools	%
Full day schooling	29	9.0
Two shifts	288	89.7
Three shifts	4	1.3
	321	100.0

Note: Satellite schools are included in Number of schools

Primary schools annexed by lower secondary schools are not included.

The adoption of multi-shift schooling contributed greatly to the expansion of primary education in Vietnam, but it is difficult for Vietnam to continue two-shift schooling in primary education. Firstly, it is because the new curricula introduced in 2003 practically are based on the assumption that full-day schooling is introduced. Secondly, the industrial structure of Vietnam is changing from agriculture to manufacturing and services, and the education system, if it continues the current policy of two-shift schooling, will be unable to supply human resources required by this structural change of the economy. As such, the country is implementing a transition from two-shift to full-day schooling at a frenzied pace.

However, it is not an easy task to replace all the two-shift primary schools that account for 90% of all schools with full-day schools. For the transition to full-day schooling, two problems have to be solved. Firstly, classrooms have to be increased and secondly, additional salary for teachers has to be secured, both of which need to be funded by the local residents. In provinces where the people are well off and can afford to fund classroom increase and additional salary for teachers, schools have already shifted to full-day schooling entirely. In other provinces, however, either two-shift schooling is still maintained or teachers are teaching both morning and afternoon classes without any additional salary. In other words, the country's budget funding structure is likely to cause disparity between regions that are capable of responding to the education reform that involves the introduction of new curricula and the transition to full-day schooling and those that are not. This is because the feasibility of introducing full-day schooling heavily reflects the economic condition of the region. Such a system is likely to result in expanding the gap among provinces in terms of quality of education.

The cost for building more classrooms and for additional salary for teachers combined reaches a considerable amount. This then brings about a major impediment to a smooth transition to full-day schooling. However, in provinces with economic strength and strong demand from the people, such transition has already made progress. On the other hand, in the other provinces, two-shift schooling continues to prevail. If this trend persists, the gap will continue to widen not only among provinces, but also among districts within the provinces themselves.

6.2. Disparities among districts

Regional disparity includes disparities at various levels of provinces, districts, communes and others. The country's central government has taken various measures to diminish disparity among provinces. "Budget allocation based on total provincial population" implemented in the 1990s is one of such measures to reduce provincial disparity. As a result, some argue, improvements have been made in diminishing provincial disparity (World Bank 1996). However, a greater problem remains unsolved, namely regional disparity at lower administrative levels than provinces, i.e., districts and communes.

Table 22 exhibits the degree of transition to full-day schooling by district in the province I visited for a field survey in December 2004. Quang Ninh province consists of 13 districts, and in the district that has achieved the highest degree of full-day schooling transition, 74.0% of the children are receiving full-day schooling vis-à-vis only 1.3% in the district with the lowest achievement. The data demonstrates an extremely large gap among districts within the same province. Data concerning the disparity at commune levels is not available, which presumably is even larger.

Table 22: Transition to full-day schooling in Quang Ninh Province

District	Number of Children	Number of children in full-day schooling	% of children in full-day schooling
1	15,126	11,200	74.0%
2	13,088	7,600	58.1%
3	7,856	3,714	47.3%
4	8,143	820	10.1%
5	12,514	4,115	32.9%
6	12,174	3,920	30.8%
7	4,169	410	9.8%
8	3,738	373	10.0%
9	4,890	214	4.4%
10	3,632	120	3.3%
11	2,603	35	1.3%
12	5,316	256	4.8%
13	3,290	115	3.5%
Total	97,079	32,892	33.9%

Earlier studies have already confirmed that district disparity is larger than provincial disparity. Table 11, if analyzed in view of administrative levels, reveals that fluctuation is greater at the level of districts than provinces. Province-wise, the difference between the top province (Yen Bai) and the bottom (Soc Trang) is 105,000 VND, while district-wise, the difference between the top (Hanoi) and the bottom (Soc Trang) is 136,000 VND. In terms of multiples, province-wise, the top province's expenditure is 1.46 times of the bottom province's, while district-wise, it is 1.61 times, showing a larger difference. As such, the lower the administrative level is, the larger the difference is. The contributing factors are non-salary expenditure and contributions. Differences in non-salary expenditures are clearly larger than those in salary expenditures. This is more distinct at the district level.

6.3. Measures to reduce disparities within a province

A major challenge is how to cope with the disparity within a single province, not just between provinces. The interview survey I conducted at the DOET in some

provinces revealed that some provinces have no special policy to reduce those disparities, as their attitude is to “implement transition to full-day schooling where feasible within the province.” The survey also has revealed that the following activities are being conducted in some provinces to reduce disparities:

(1) Poverty reduction program

Measures are taken for poverty groups such as exemption of contributions. According to the living standard survey in 1998, some 10% of households are partially exempted from school fees and about 5% are totally exempted from such payments. In recent years, as part of the poverty reduction program called “Program 135,” exemption of school fees is institutionalized. As mentioned earlier, the communes that Program 135 is applied to receive subsidies in accordance with the age 1-18 population.

(2) Pooling method of contributions

Handling of collected contributions for the reserve fund for infrastructure construction varies among regions. In most cases, the school that collected the funds uses the money, and some adopt a method of pooling funds. This system is to be prepared for large-scale repair work needed once every several years, and is also intended to diminish disparity within a province.

(3) Subsidy from provincial government to rectify disparities

In some provinces, subsidies are given for school infrastructure construction needed for the transition to full-day schooling. For example, in a certain province, normally 10% of the cost required for infrastructure construction is borne by the provincial government, whereas for remote or low-income areas, the ratio is increased to 40% as a measure not to engender regional disparity.

(4) Free distribution of textbooks and other supplies

In Quang Ninh Province, measures are taken in the 39 poorest communes to distribute textbooks and other teaching tools free of charge or to provide teachers with additional allowances.

(5) Activities of corporations and mass organizations

In Quang Ninh Province, mass organizations such as Fatherland Front are

engaged in such activities as providing boats so that children of people that live on the water can go to school, or giving scholarships to the children of poverty groups. Further, cases are often observed in which private companies support part of the education budget including infrastructure construction and scholarship.

These activities vary from one province to another. It seems that the details of these activities are not fully grasped and the information thereof is not shared. In the future, based on the analysis of the effects of poverty reduction programs, policies to dissolve disparities within a province will seemingly increase their significance both at the central and local administrative levels. Various policy documents including EFA action plan are yet to present specific measures in this respect, which will be an important challenge for the future.

6.4. Likelihood of the widening of disparity and the administration of education according to national standards

Due to ongoing socialization, the regional disparity between affluent and poor regions is likely to expand (especially among districts and communes). However, the Vietnamese government, while taking a policy that leads to the widening of the disparity (socialization), is implementing a uniform application of standardized national norms. The nationwide implementation of the new curricula earlier introduced in a uniform manner and the “authorization” system under the national standards of primary education are examples. Formerly, three types of curricula were available in accordance with the situation of the localities, whereas the new system requires every school throughout the country to implement new curricula in a uniform manner, regardless of regional characteristics. Promotion of socialization and uniform educational administration has generated a variety of problems in school. To give an example, transition to full-day schooling is implemented starting from the lower grades, and in some areas many teachers are not receiving any overtime allowance, thus negatively impacting teacher salaries.

National standards of primary education consist of five areas, namely, “organization and management,” “establishment of teaching staff,” “construction of facilities,” “implement the socialization of education program” and “activities and education effect”. In the standards, there are some simply formalistic contents

such as “securing 1.15 teacher per class,” “the number of children per class should not exceed 35,” or “secure 10 m² or more per pupil for school ground.” The DOET, in answering my interview, said that the goals concerning construction of facilities are the hardest to attain. More specifically, the ministry is finding it difficult to attain goals in areas involving “capital expenditure” such as securing needed classrooms and school ground space and making walls and fences. The national norms on one hand demand an achievement of “socialization,” and on the other the attainment of norms in an extremely uniform manner.

Section 7 Conclusion: Future Tasks of Vietnam’s Primary Educational Administration

7.1. Tasks for disparity dissolution

Lastly, let me summarize the discussion from the viewpoint of fiscal policy to correct disparities between regions and groups. This study has clarified that the following three policies are taken in Vietnam. For each of the policies, tasks for the future shall be described.

(1) Population-based budget allocation to provinces

In the 1990s, the allocation was based on the total provincial population, and now it is based on the population aged 1-18. The norm of using the population aged 1-18 is a compromise worked out between the norm of total population and enrolled children, and the amount allocated under this system is close to half of what is based on the enrollment. Therefore, it helps to maintain consistency of education administration better than the norm of total population. However, as the norm is still based on the population rather than enrollment, the problem remains unsolved in that it fails to create an incentive for localities to increase enrollment. How to generate such an incentive will be a future task.

(2) Establishing a unit cost norm by taking into account local characteristics

As manifested by Table 10, the unit cost norm is determined in accordance with geographical characteristics. This intends to favorably treat regions with

geographical characteristics that pose difficulties for schooling. As we have seen in Table 11, the actual final spending is largely different from the national norm. The biggest factor of this is the parents' economic strength in the locality, and under the current policy to encourage funding by parents through "socialization," the disparity is likely to expand.

(3) Exemption of fees

As we examined in 4.2, exemption of parents from funding is implemented, and recently a trend is observed to increase complete exemption. However, three quarters of the poorest families are not receiving any exemption at all. Also needed is a measure to prevent negative impacts of the exemption. Cases of negative effects are reported that include the following: education quality deteriorated as necessary education funds were not collected due to exemption; as a result of expanded exemption, the financial burden of non-exempt children increased. A future task will be to implement exemption targeting appropriate sectors while curtailing those negative effects.

7.2 Budget task to achieve EFA

However, an essential problem remains: how to finance all costs necessary for the reform. In what direction is the Vietnamese government taking the budget structure to fund primary education? Will the government reduce the people's burden of funding by increasing funds from the central government? Table 23 illustrates the trend of the education budget of the central government. Though there are slight discrepancies between the figures of the MOET and the MOF statistics, as far as official figures are concerned, the government's education expenditure has been rising since the 1990s. In the 1990s at least, the education expenditure by the government consistently increased. Further, the ratio of the expenditure for public education to GNP also increased. The ratio rose from meager 1.6% in 1991 to 3.7% in 1997.

Table 23: Trend of the expenditure for public education and target figures

	1991	1995	1997	2002	2010 target
Ratio of education in government expenditure (%) [Note 1]	11.0	11.0	13.1	15.8	20.0
Ratio of education in government expenditure (%) [Note 2]		8.6	10.1	10.4	
Ratio of expenditure for public education in GNP (%)	1.6	3.0	3.7		4.0

Note 1: MOET statistics. Note 2: MOF statistics

Source: Edited from Rose (2002)

Vietnam, in its “Education Development Strategic Plan 2000-2010” and “Comprehensive Poverty Reduction and Growth Strategy,” has established a goal of increasing the ratio of education expenditure in government expenditure to 18% by 2005 and 20% by 2010. We need to closely monitor whether the rising trend of the education expenditure will continue in the future as was witnessed in the 1990s.

Table 24: Budget plan included in EFA Action Plan

(Unit: million US\$)

	2003	2005	2010	2015
EFA funding needs (Note)	1,187	1,467	1,976	2,585
Available funding				
(1) Government budget	852	1,098	1,775	2,465
(2) Donors	80	150	120	40
(3) Community (primary schools)	30	24	11	0
(4) Community (lower secondary schools)	58	61	61	70
Total	1,020	1,333	1,967	2,575
Community as % of EFA funding	10.4%	7.7%	4.1%	2.8%
Funding Gap	167	135	9	10

Note: Total of pre-school education, primary education, lower secondary education and non-formal education combined.

As for the primary education budget, “*Education for All Action Plan 2003*” says that in achieving EFA, the government expenditure shall be increased, while the financial burden on the part of parents and communities shall be reduced (Table 24). This projection is worthy of attention despite the fact that it is based on the assumption that aid from overseas will be obtained to a certain extent and that over 7% annual economic growth will continue.

What draws attention in the EFA campaign is “budget support” to achieve EFA. Without a financial commitment, it is difficult to achieve EFA either in terms of quantitative expansion or qualitative improvement. The EFA campaign in the 1990s was able to generate only limited results because it lacked the essential financial commitment despite a good deal of discussion that took place for its achievement. Furthermore, coupled by the trend to emphasize administrative capacity building on the part of developing countries, attentions have been drawn recently to the approach that provides direct budget support primarily promoted by World Bank, United Kingdom, etc. For example, World Bank in recent years has taken an approach of “First Track Initiative (FTI)” that prioritizes the development of primary education in the countries, mostly African, that have achieved progress in the development of a Poverty Reduction Strategy Paper (PRSP). To be noted in this approach is the clear-cut direction of budget support including the support of recurrent expenditures. I believe that FTI will be further analyzed in the future along with the effectiveness of PRSP. Vietnam is included in the target countries of the First Track Initiative (FTI) and the transparency of the educational budget structure and the budget implementation process of the country are attracting much attention from donors. It is presumably for this reason that several research reports were compiled on educational finance in Vietnam (World Bank 1997, IIEP 2001, Brooke et al. 1999, etc.)

“EFA Action Plan,” however, points out a gap that exists between the EFA funding needs and the available funding (government budget, international aid, funding by parents and communities combined) and that how to fill in the gap is a challenge. This could in a way be interpreted that expectations may grow for more funding from parents and communities.

As such, Vietnam, while externally presenting a policy to eliminate the financial burden of communities, internally adopts a policy to encourage such funding as

represented by the focus upon “socialization of education.” Needless to say, these two policies are contradictory to each other. The challenge of the country in achieving EFA budget-wise is how the government will rationalize these contradictory policies to the stakeholders concerned, meet the funding needs and resolve regional disparities.

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