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PPP in education sector – A Vietnam case study

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Sources of funding for education

Sources

- 1. State budget
 - Capital
 - Recurrent
- 2. Government bonds
- 3. Aid, ODA
- 4. School fees, charges and other revenues.

Expenditures

- 1. State budget expenditure
 - Capital expenditure
 - Recurrent expenditure
 - Expenditure for National Target Program for Education and Training
- 2. Expenditure for the implementation of credit and grant ODA
- 3. Other expenditure, including
 - Expenditure for the collection of school fees, entrance exam fees
 - Cost of production and service delivery, including taxes payable, fixed asset depreciation ...

Expenditure for education (2)

No.	Category	2006	2007	2008	2009	2010	2006-2010
A.	GDP (real)	973,791	1,269,127	1,453,911	1,898,661	2,096,875	7,692,365
B.	Total State Budget Spending	292,232	361,329	407,695	531,625	587,125	2,180,456
C.	Total Education Expenditure	76,331	95,502	110,000	141,177	162,425	585,435
I.	State Budget Spending for Education	54,798	69,802	81,419	106,325	117,425	429,769
	Percentage in total State Budget Spending for all sectors	18%	19%	20%	20%	20%	20%
II.	Socialization	21,533	25,700	28,581	34,852	45,000	155,666
	Percentage in total Education Funding	28%	27%	26%	25%	28%	27%
I.	Tuition Fee	14,623	17,753	19,443	24,342	32,915	109,076
	Percentage in total education funding	19%	19%	18%	17%	20%	19%
1.1	Tuition fee collected by public schools	4,058	4,761	5,237	7,708	10,709	32,473
	By general education and pre-schools	1,368	1,571	1,713	1,884	2,073	8,609
B.	By training institutions	2,690	3,190	3,524	5,824	8,636	23,864
1.2	Tuition fee collected by non-public schools	10,565	12,992	14,206	16,634	22,206	76,603
2	Expenditure by citizens, social organizations for education and training	6,910	7,947	9,138	10,509	12,086	46,590
	Percentage in total education funding	9.1%	8.3%	8.3%	7.4%	7.4%	8.0%

Expenditure for education (3)

Observations:

- Education expenditure: 20% of total State budget expenditure, 2/3 of country's total expenditure for education. (The Education Law: the state budget **must hold the key role in the total resources invested in education**).
- Y2006: VND 54,798 billion, = 3 times Y2001. Y2010 = 3 times Y2001. (USD 1 = VND 20,000).
- Tuition fee: small share (around 20% of total sources for education, less than half of which are collected by public schools).
- Other sources: insignificant (around 8%).

The need for raising other sources for education, and how

- To achieve the EFA goals, VN needs additional USD 5 billion over the period 2011 - 2015.
- 20% of total State budget: quite high. Little possibility to raise further.
- "PPP" and "socialization"
- PPP still new in Vietnam
 - "Community contribution" is more widely known, includes individuals, businesses, organizations, charities, and foreign donors
 - "Socialization": no more sole reliance on State budget

The need for raising other sources for education (2)

- Socialization: community-based rather than entrepreneur-minded approach
- Emphasis on the need for educated people and the benefits it brings about to the society as a whole
 - A voluntary "sacrifice" for education, not a cost-benefit calculation or profit-seeking venture
 - Leading role stays with the State.
- Preferential treatment by the State (Gov. Decree 69/2008).

The need for raising other sources for education (3)

National Assembly Resolution:

- State budget is used mainly for general education and for the purpose of achieving education universalization, especially for disadvantaged learners and in disadvantaged areas;
- The cost of educational service is shared between the State and learners. The State provides education for free at primary sub-sector. Tuition fee is payable for other sub-sectors, but disadvantaged learners are entitled to an exemption or reduction depending on their circumstances;
- The State encourages citizens, businesses and organizations to contribute to financing education under the so-called "socialization scheme";
- The State encourages companies, corporations and businesses to invest in the establishment of educational institutions, provide financial support and strengthen school-business linkages. Businesses can offer scholarships to selective students and recruit them after graduation.

The need for raising other sources for education (4)

Government Resolution No. 05/2005/NQ-CP (18 April 2005):

- State continues to increase budget for education and training; ensure that sufficient budget is provided for education universalization; concentrate investments in major tasks and national targeted programs; give priorities to disadvantaged areas, areas of ethnic minorities.
- Mobilize resources of all sectors at all levels, from socio-economic organizations, international organizations and individuals to develop education and training.
- Enhance cooperative activities among organizations, government agencies at all levels, sectors, associations and social groups in order to accomplish EFA objectives.
- Encourage non-public educational institutions; high-quality cooperative and joint-operation training institutions in country and abroad.

Socialization: how it works

MoET statistics:

- 1996 – 2006: VND 900 billion, USD 22.3 million, GBP 232,000 and 1.5 million square meters of land (totalling roughly VND 1,000 billion)
 - 2007 – 2010: VND 1,300 billion, USD 17.8 million, EUR 276,800 and 167,127 square meters of land (totalling roughly VND 1,700 billion).
- Compare: Total state budget for Education 2006: VND 54,798 bln, 2010: VND 117,425 bln.*
- General Statistics Office data reveals that Vietnamese citizens reserve as much as 21.8% of their income for education.

Socialization: how it works (2)

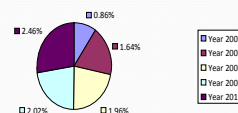
Contribution from foreign community:

- Booyoung: USD 10 mln on "blackboard" program for PE schools
- Toyota: car chassi processing workshop worth USD 100,000 to HN Industrial College
- Foxconn (Taiwan): USD 300,000 on lab and USD 34,000 scholarships to HCMC Technical Education College

Socialization: how it works (3)

- As of 30 June 2011: > 30 ODA projects @ USD 1.5 billion
 - USD 206.7 million non-refundable aid
 - USD 872.6 million is loan
- ODA funds in use – USD
 - 2006: 29.78
 - 2007: 64.53
 - 2008: 79.01
 - 2009: 100.84
 - 128.75

Socialization: how it works (4)



Conclusion

- PPP: new, but the tendency
- Needs adaptation
- Foreign experience valuable

THANK YOU!

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