

**THE ROLE OF NON-PUBLIC INSTITUTIONS IN  
HIGHER EDUCATION DEVELOPMENT OF  
VIETNAM**

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## ABBREVIATIONS

ADB	Asian Development Bank
ASEAN	Association of South East Asian Nations
CPV	Communist Party of Vietnam
DOET	Department of Education and Training
DRV	Democratic Republic of Vietnam
FTE	Fulltime equivalent
HE	Higher education
HEI	Higher education institution
JBIC	Japan Bank for International Cooperation
MOET	Ministry of Education and Training
MOST	Ministry of Science and Technology
PROPHE	Program for Research On Private Higher Education, University of Albany, USA
RIHED	Regional Center for Higher Education and Development
SEAMEO	Southeast Asian Ministers of Education Organisation
SRV	Socialist Republic of Vietnam
UNDP	United Nations Development Programme
UNESCO	United Nations Education, Science and Culture Organization
UNESCO PROAP	UNESCO Principal Regional Office for Asia and the Pacific
USA	United States of America
VNHEAFS	Vietnam Higher Education Academic and Finance Survey
VNLSS	Vietnam Living Standards Surveys
WB	World Bank

## SUMMARY

Like many other countries in Asia Vietnam has a very long history of education. However the higher education during the feudal times meant mostly for the sons of mandarins and royal families who would be accepting official titles in the royal courts. For the commoners there were as good as very few chances to attend the higher education.

The French colonial administration was trying to keep the education system an elite system, mainly serving their manpower needs for the colonial bureaucracy. After overthrowing the colonial and feudal powers in 1945, the government of Vietnam has created a new education system focusing on the people's education. In the 1960s and early 1970s the people of the Democratic Republic of Vietnam (DR Vietnam), also called North Vietnam, were very proud of their country's educational system. In 1975 the two parts of the country were reunified into the Socialistic Republic of Vietnam (SRV). Vietnam then entered the period of postwar reconstruction and development. In 1987 Vietnam has adopted the policy of "renovation" (*đổi mới*) of the country's socio-economic development management. The most significant change in the management of higher education system was the adoption of "user-pay" policy, which created the new non-public institutions.

This study is aiming at examining the process of implementation of this higher education diversification policy in Vietnam, analyzing the opportunities and challenges that are facing the newly established non-public higher education institutions and to propose some orientations for their development in the current process of industrialization and modernization of Vietnam.

The main themes for the study are:

1. How have the non-public higher education institutions been doing towards the aim of contributing to the development of higher education in Vietnam?
2. What are the hindrances of the development of non-public higher education institutions in Vietnam and how could they be overcome, to realize the goals of non-public HE?

In Vietnam there are many studies looking at the development of the higher education system. But these studies were rather looking at the whole system of higher education or just research into the dominant public part of the system. Not very much was covering the development of non-public higher education institutions.

Only recently the issue of public non-public disparities has been brought back to the discussion among the different scholars when the country is preparing to get into the new phase of market liberalization. The debate on public versus non-public higher education in Vietnam has also its root in the overall perceived quality of these institutions. Many authorities and scholars are complaining that the non-public higher education institutions have focused much on the profit of their operations, ignoring the quality of the courses offered. Their proposal is that the government shall limit the non-public institutions as long as they could not ensure a reasonable comparable quality to that of the public institutions.

There are quite a number of literatures on private higher education from famous international scholars. The majority of these studies look at the development of private higher education in the changing context of development. Some authors like Philip G. Altbach and Daniel C. Levy do go further into the discussion of the public-private relationships. However studies into the development of non-public (or private) higher education in Vietnam are still very rare and incomplete.

This study will be one of the first independent reviews of the development of non-public higher education in Vietnam. The conclusions drawn from this study could to design policies regarding non-public higher education in Vietnam. This study could also contribute to the filling in the vacuum of knowledge about higher education in Vietnam, in particular outside of the country.

### ***Findings***

Vietnamese higher education had experienced significant changes in the recent decade in terms of institution number, academic staff, enrolment, financial and physical resources. In most of these aspects the public institutions have the more advantages thanks to the support from the public budget. The semi-public institutions, though getting less support from the public budget, but still better than the people-founded institutions, which have to rely on the fees collected from students and some small revenues from research and other services. The non-public HEIs, formed to catch the increased enrolment in higher education, are having much characteristics of the “third wave” as described by Levy, which was “to capture rising demand for higher education that exceeded the supply of public, ‘free’ higher education”. However the Vietnamese non-public institutions were moving ahead and had made some progress in comparison with the public institutions.

The non-public institutions of higher education in Vietnam has a mixed characteristics, resulted from their ownership and styles of management imposed on them. After 13 years of development, they are still playing a peripheral role in the higher education landscape. The current unclear management system has also limited their freedom by intention. However they have made contributions to the system by extending choices for clients, increasing equity and efficacy in higher education. The new type of institutions has

their own weaknesses and strengths, which shall be taken into account in designing of policies.

Experience from Japan, China, the Philippines, Thailand and USA shows that for-profit and non-profit character of private HEIs is a very complex issue. In the position of educational institutions, serving the education needs of people and development of the nation, the private universities and colleges should have non-profit character. But in the context of economic conditions of a poor country like Vietnam, where these institutions have to start off with very little financial and physical resources, with as good as none public funding for the training, research and service activities, these institutions should have ways to get benefits for both the institutions themselves and the investors. These additional benefits will help them to maintain and to develop further. In the short-run, some degree of for-profit nature will be good for the private HEIs in Vietnam, but in the longer term, there shall be legal measures to limit the degree of for-profit.

The lessons from privatization of public institutions in Thailand, where the real private institutions were put into shadow of privatized institutions, the experience of China in classification of private universities and colleges by their performance quality the experience of the Philippines in accreditation of higher education would be of great values for the administration of higher education in Vietnam. This is especially important when the public institutions are going to be privatized. A privatization of public institutions in Vietnam could create a two tier system of private HEIs, with the top one belonging to those new institutions with much endowment from the past 'public' character and the lower tier consists of 'purely' private institutions, without any support from the government.

Continuing the development in the past decades, higher education in Vietnam will grow in the years to come. The total enrolment in higher education could be up to 4 million in 2015. It is possible that the system of higher education will become a mass system. In this

trend the public policies will have strong impacts on the private institutions. More liberal policies will lead to a faster growth in private sector, giving the students more choices, and relieving the public budget from a significant burden. The higher education system will also become more balanced between public and private. This is very important in consideration of increasing public expenditure for quality improvement in public HEIs. Liberalization of higher education policies also initiates other qualitative improvements in the private sector of higher education.

### ***Conclusions***

The non-public institutions accommodate about 12% of the total enrolment in higher education, and provide more opportunities to the students. They have contributed towards diversification and quality improvement of the higher education. The non-public higher education institutions have mobilized a significant amount of financial resources for higher education. The non-public higher education institutions have made little contribution to improvement of higher education quality in Vietnam yet; they have however trained and supplied thousands of trained experts needed for industrialization and modernization of the country.

Non-public universities and colleges in Vietnam are now still facing many difficulties. They are still considered as a peripheral component of the system of public institutions. Their academic and administrative autonomy and flexibility are very restricted. They are facing also with difficulties regarding land for location, building infrastructure, facilities and equipment for teaching and learning. They have also difficulties in academic and managerial staff.

## ***Recommendations***

More clear regulations on non-public higher education in Vietnam are needed. Forming a governmental office overseeing the non-public institutions would simplify the administrative matters relating to non-public institutions. Institutions, public and private, shall get more autonomy. All higher education institutions shall get equal treatment. The government shall consider some support for non-public sector by financial subsidies, staff development. More cooperation among the non-public institutions and between non-public and public institutions is needed to take full advantage of each of them and to strengthen the whole system.

## CHAPTER 1. INTRODUCTION

Like many other countries in Asia, Vietnam has a very long history of education. However higher education during the feudal times was meant mostly for the sons of mandarins and royal families who would be accepting official titles in the royal courts. For commoners, there were very little chance of attending higher education.

The French colonial administration tried to keep the education system an elite system, mainly serving their manpower needs for the colonial bureaucracy. This explained why the first institution of modern higher education in Vietnam was set up only at the beginning of the 20<sup>th</sup> century.

After overthrowing the colonial and feudal powers in 1945, the government of the Democratic Republic of Vietnam (DRV) created a new education system focusing on the people's education. Even during the hard years of the resistance war against French colonial forces, higher education institutions were being developed and getting ready for the restoration of the country.

In the 1960s and early 1970s the people of the DRV, usually called "North Vietnam" by Western media, were very proud of their country's educational system. The DRV in this period was a developing country with a very low income, facing continuous attacks from the US Air Force and Navy. Despite these difficulties, education and training activities were carried out successfully. Ninety percent of the population was literate; and primary schools were operating in all villages/communes, secondary schools in all districts. In every province there were institutions of post-secondary education serving the local population. By 1970 there were 42 institutions of higher education and 213 institutions of technical training for a population of about 30 million people. All of these were "public" (owned and operated by the government).

In 1975, after the liberation of South Vietnam, the two parts of the country were reunified to become the Socialistic Republic of Vietnam (SRV). Vietnam then entered the period of postwar reconstruction and development. At the beginning of this period, the education and training sector, including the higher education system, was in a difficult position and struggling. Public resources were not readily available whereas the demand for trained manpower was increasing rapidly. Support from the allied socialist countries rapidly fell, especially material support.

In 1987, Vietnam adopted the policy of “renovation” (*đổi mới*) of the country’s socio-economic development management. This policy maintained socialistic objectives but moved away from management by centralized, bureaucratic planning and adopted market mechanisms for the country’s development management. Within the framework of this general policy change, the higher education system began to change.

The most significant change in the management of higher education system was the adoption of user-pay policy. The cash-strapped higher education institutions were allowed to charge tuition and other fees to cover part of their operational expenditures. However, the demand for the higher education places grew so rapidly that the government has had to allow non-public institutions to operate in order to satisfy this ever-increasing demand. Starting with experimental institutions, the non-public institutions have continued to expand and now are a significant part of the higher education landscape. Today there are 7 non-public colleges and 22 non-public universities out of the total of 230 institutions of higher education (more than 14%). In addition, there are now foreign-owned institutions operating inside of Vietnam. All together, the non-public, domestic and foreign institutions now enroll about 12% of the total of students in higher education.

While a significant change and one occurring over a relatively short period of time, the new types of higher education have also led to a new wave of discussion about the

“purpose of higher education,” as well as concern about the quality of higher education (in these non-public institutions).

## **1.1. Objectives of the Study**

This study aims to examine the process of implementation of this higher education diversification policy during the last 16 years in Vietnam, to analyze the opportunities and challenges that faced by the newly established non-public higher education institutions and to propose some orientations for their development in the current process of industrialization and modernization of Vietnam. Since non-public higher education is a relative new phenomenon in the education landscape in Vietnam, this study will also compare the development of the non-public/private higher education sector in Vietnam with the experience of other countries, especially in Southeast Asia. The experience from these countries will help to draw policy options for the further development of non-public higher education in Vietnam.

The main themes for the study will be:

- What is the role of the non-public sector in the current and future development of higher education in Vietnam?
- What are the hindrances to the development of non-public higher education institutions in Vietnam and how can they be overcome so that Vietnam’s higher education system can contribute effectively to the on-going socio-economic development of the country?

More concretely the study will assess the accomplishments of these higher education institutions (HEIs) in the realization of the above-mentioned aims, by answering the following questions:

1. How have the non-public HEIs contributed to the enlargement **and diversification** of higher education enrollment in order to create more equity **and flexibility** in access to higher education?
- § How have the non-public HEIs contributed to the improvement of higher education quality and meet the needs of Vietnam's socio-economic development, including the services for local development?
2. How have the non-public HEIs enhanced the investment for higher education development by mobilizing resources from people and various organizations in the society?
3. What are the opportunities and constraints for the development of non-public HEIs in Vietnam in the coming years, and how can these institutions make full use of the opportunities and overcome the constraints?

The result of this assessment could help decision-makers to elaborate a policy for non-public higher education development in Vietnam. It could also provide to the managers of the non-public HEIs suggestions for amelioration of the role of non-public higher education institutions in the national task of development of higher education in the country

## **1.2. Importance of the Study**

The system of higher education in Vietnam is facing many issues. These are, to some extent, Vietnamese-specific, and to some extent they are common to all countries and found with higher education systems elsewhere. One set of issues revolve around the development of non-public higher education. The lack of clear regulations, the presence of non-transparent management and official resistance to the “privatization” of education

services have caused difficulties for, and resulted in deficiencies in these new institutions. This dissertation will attempt to highlight the strengths and weaknesses of the current non-public institutions in Vietnam. It is hoped that the study will have some policy implications applicable in the context of higher education expansion and the intention to realize the massification of higher education in a low-income developing country like Vietnam.

This study will be one of the first independent reviews of the development of non-public higher education in Vietnam. The study will also compare the different aspects of the non-public HEIs with their public counterparts to draw conclusions about their relative strengths and weaknesses, which may help to make predictions about their future development. Comparing the international experience from countries with large private higher education sectors should help us to draw conclusions about the possible development scenarios for Vietnam's non-public HEIs. The conclusions drawn from the analysis could also help in the design of policies covering non-public higher education in Vietnam.

This study will provide information necessary for a comparative study of educational systems in Southeast Asia and in transitional economies. The study could also help fill the vacuum of knowledge about higher education in Vietnam, in particular from outside the country.

In addition this study may help policymakers to understand more about the role and functions of the non-public sector in the higher education and support them in making more appropriate decisions regarding these types of institutions.

### **1.3. Terminology**

The higher education system in Vietnam began to diversify only quite recently,

following the *đổi mới* (renovation) policy of the late 1980s. This diversification has caused some changes in the definitions and classifications being used. Following are some important terms explained as commonly used in Vietnam and hence as used in this study.

### ***Higher education***

Unlike in some other countries where “higher education” refers to any form of tertiary and/or post-secondary education (often understood as any form of education for those who have completed secondary education), higher education (*giáo dục đại học*) in Vietnam refers only to post-secondary education leading to a degree. For the purpose of this study, higher education is understood as education leading to bachelor’s or associate bachelor’s degree and higher degrees. Higher education is to be conducted and administered only by officially recognized institutions of higher learning, namely those with the word *đại học* (equivalent to university) and *cao đẳng* (equivalent to college).

Higher education study in Vietnam lasts 3 years (for colleges of shorter term training - *cao đẳng*, leading to the associate bachelor’s degree) or 4 to 6 years (for universities - *đại học*, leading to the bachelor’s degree). Postgraduate training is also conducted in selected institutions of higher education (National Assembly of Vietnam 1998 Article 6 and 34, 2005 Article 4 and 38) lasting an average of two years for the master’s degree, and three to four years for doctoral degrees. Some selected government-run research institutes now provide master’s and doctoral degrees, but they are not counted as HEIs because they do not provide undergraduate courses.

Post-secondary training not counted as part of Vietnam’s higher education system are:

- Long-term vocational training which lasts for 1.5 - 2 years, admitting graduates from secondary schools and leading towards a certification of vocational skill

- Professional Secondary Education with 2 - 2.5 years training, admitting graduates from upper secondary schools and leading towards a Diploma of Professional Secondary Education (mid-level technicians, nurses, etc.). .

### ***Public***

Before 2005 there was no official definition of public education. Generally it was agreed that public educational institutions (including higher education institutions) are those owned, operated, and funded (to larger part) by public authorities. This authority could be the Ministry of Education and Training - MOET (which oversees the largest number of HEIs) or line ministries, provincial governments or larger public corporations. The institutions are financed from the public budget, especially when it comes to development or capital costs, and traditionally they were seen as serving the needs of the supervising authorities (line ministries or local governments).

According to the new Law on Education (National Assembly of Vietnam, 2005, Article 48), a public education institution is an institution established by a public authority and having capital investment and at least some part of recurrent expenses covered from the state budget.

Institutions of higher learning that serve the military and security forces, although they provide degree courses, are independent of MOET and fall directly under the Ministry of Defense or the Ministry of Public Security. Although they are public HEIs, they are not covered under this study.

### ***Semi-public***

Semi-public institutions are those that have been established from once-public institutions, but in which the physical infrastructure has been turned over to the institutions, in which autonomy is given to the institutions to mobilize financial resources,

and in which institutional operations are decided by institutional managers and without full financial support from the public budget (National Assembly of Vietnam 1999). The assets and accumulated savings of semi-public institutions remain under public ownership. This type of ownership will be phased out with the stipulations of the new Law on Education (National Assembly of Vietnam, 2005).

### ***People-founded***

People founded institutions are a new type of education institution in Vietnam. People-founded refers to those higher education institutions that have been established by professional, social and economic organizations (the “sponsoring organization”<sup>1</sup>), funded from non-governmental sources (funds from the organization’s budget or investments from individuals), and operated according to Vietnam Education Law 1999. Public properties and funds are not to be used directly for the operation of people-founded institutions. Though people-founded institutions could be considered as legal autonomous entities, the sponsoring organization has responsibility and accountability for the outcomes of the institution’s operations. Assets and savings of people-founded institutions belong to the collective group founding, managing and administering the institution.

### ***Private***

Private education institutions are institutions founded and operated by private persons in line with governmental regulations. All operating funds are covered from private investments or contributions, tuition fees and income from research and service activities (National Assembly, 2005).

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<sup>1</sup> *Cơ quan bảo trợ* in Vietnamese

For the distinction between people-founded and private institutions, the official affiliation of the institution with another organization is the most important feature. Assets and savings of private higher education institutions belong to the investors.

### ***Non-public***

Non-public is the common term describing those educational institutions not categorized as public. In this study, non-public higher education refers to semi-public, people-founded and private HEIs.

## **1.4. Literature Review**

### **1.4.1. Literature from Vietnam**

In Vietnam there are many studies looking at the development of the higher education system. However, most of these studies looked at the entire system of higher education. Not very much has been said about the development of non-public higher education, except some small studies conducted by request of MOET or the Ministry of Sciences and Technology (MOST).

In 1991, with the assistance from UNDP and UNESCO, MOET conducted a comprehensive education sector review. The higher education system was looked at as a whole owing to the fact that there were no non-public institutions in operation at that time. The idea of non-public was then outside the mindframe of most Vietnamese officials and researchers involved. In an article in *International Higher Education*, Hoa (1999) described the ideas of private fee-charging universities as those "...which until not long ago were considered by Vietnam's leaders a characteristic of capitalism." This describes well the confusion and ambivalence among Vietnamese officials in the late 1980s and early 1990s.

In 1995 MOET, with technical assistance from the World Bank, conducted a first-time survey of all public higher education institutions in Vietnam. The non-public institutions were excluded in that first survey since there were only a few at the time and the purpose of the survey was intended to assess the situation of the public institutions for the preparation of the loan project that would be financed by the WB afterwards. Moreover, there was little interest at the time on the part of the government to spend resources to learn more about non-public education.

One of the first reviews of nonpublic higher education in Vietnam was a report by Lam Quang Thiep, the former Director of MOET's Higher Education Department, at the First Regional Seminar on Private Higher Education in Asia and the Pacific organized by UNESCO PROAP and SEAMEO RIHED at Xiamen University in China in 1995. In his paper, Thiep categorized private higher education institutions into people-established (initial translation of the later official term, "people-founded") and semi-public. Thiep identified the issues of private higher education institutions as follows:

- Lack of permanent academic staff<sup>1</sup>;
- Lack of own buildings;
- Financial reliance on tuition fees, which were inadequate to cover the full costs of quality education;
- Narrow focus on subjects in market demand.

In his paper, Thiep already expressed worries about quality assurance in the higher education system in general and in private institutions in particular.

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<sup>1</sup> "teaching staff" by the author (Thiep 1995, p.129)

These issues were also mentioned by Nguyen Loc (2001) at the Second Regional Seminar on Private Higher Education in Asia and the Pacific held in Bangkok. But Loc also pointed out the contributions of the people-founded universities to the system of higher education in Vietnam. These contributions, he said, were:

- Mobilization of more resources for the higher education system;
- Quality improvement through competition between public and people-founded universities;
- Diversification of opportunities for students;
- New, flexible and more effective model of training management;

Loc further suggested that the government should help the non-public sector to attain the ambition set out for the higher education system.

In 1999 the Higher Education Project funded by a credit agreement with WB conducted the first full-scale academic and financial survey of all higher education institutions, including the growing number of non-public institutions. The outcomes of this survey did provide some data that could be used to compare the public institutions with the newly emerging non-public ones. Similarly designed and conducted were the higher education academic and financial surveys (VNHEAFSSs) in 2001 and 2003. The major issue with these surveys was that not all institutions were ready to provide information; especially those that were not eligible to take part in the Project's activities, which was the case for the non-public institutions. The available data are not complete for all institutions and for all time periods. However these surveys could help to draw trends in the development of the higher education system as well as the non-public part of it.

In 2004, the Association of Vietnamese Non-public Colleges and Universities (VAPU) on the occasion of its foundation issued a general report on the current situation

of non-public universities and colleges in the country and proposed orientations for activities of this association during the period 2004-2010. These activities include: (1) Amelioration of training objectives, curricula and contents; (2) Development of academic staff and training methodologies; (3) Amelioration of non-public higher education administration; (4) Rational use of financial, educational infrastructure and facilities resources; (5) Increased socialization of education efforts (VAPU, 2004).

Only recently, the issue of public versus non-public disparities has been brought back to the debate among scholars as the country is preparing to move into the new phase of market liberalization. In the discussion about which services (previously provided solely by public authorities) should be liberalized, the interested parties have come to focus on the fate of education in general and higher education in particular. The debate in fact gets into a discussion of the role of the Government/State in education and of the possible effects of “marketization/commercialization” on education services. Many scholars and educators believe in education as a “public benefit/good”, not as a private commodity that can be exchanged in the market<sup>1</sup>. Others propose treating higher education as a special good, which can be sold or exchanged (whether or not for profit)<sup>2</sup> and argue that there is nothing to fear from a market in education. Among the proponents of an

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<sup>1</sup> Cam Lu. (07/01/2005). *Tranh cãi nhiều về thị trường giáo dục* (Much discussion on education market). Retrieved 09/01/2005 from <http://www.vnn.vn/giaoduc/vande/2005/01/363131>.

<sup>2</sup> Tu Nguyen Thach. (08/01/2005). *Giáo dục không thể quay lưng với kinh tế thị trường* (Education shall not turn away from market economy). Retrieved 09/01/2005 from <http://www.nld.com.vn/tintuc/giao-duc/108867.asp>

“education market” are people like Prof. Tran Hong Quan, the former Minister of Higher Education and then Minister of Education and Training. Among the opponents are Prof. Pham Minh Hac, former Minister of Education and former Director of the CPV Directorate for Sciences and Education. The proponents argue that the government’s budget is already strained, with government taking on too many matters, whereas there are thousands and millions of people ready to pay for education. The savings to government from (partial) privatization of the education system could be used for better action in other areas<sup>1</sup>. The opponents are worried about losing the socialist characteristics of the higher education system, which has come to be expected now by many generations of Vietnamese people. These two parties cannot agree about whether to consider higher education as a public welfare service or an important contributor to national income and growth. If it is public welfare, then the State/Government must continue with the provision of this service to its citizens. If higher education adds value, and if at least some of the benefits accrue to individuals, then those who benefit should bear at least some of the cost of higher education study, even if this means that some social groups will have more limited access to higher education than others. This debate continues.

The debate on public versus non-public higher education in Vietnam has also its roots in the overall perceived quality of these institutions. Many authorities and scholars complain that non-public higher education institutions have focused too much on the profit of their operations, ignoring the quality of the courses offered (Hoa, 1999a, Ngoc &

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<sup>1</sup> Tran Hong Quan. (22/10/2004). *Nên "sòng phẳng" với trường ngoài công lập!* (Be equal to non-public institutions!). Retrieved 09/01/2005 from <http://vietnamnet.vn/giaoduc/2004/10/337604/>

Ashwill, 2004). Their proposal is that the government should limit and/or regulate non-public institutions in order to ensure a reasonable quality comparable to that found in public institutions.

The Law on Education of 2005 for the first time recognized the various types of ownership in Vietnam's education system, including "purely" private ownership. It also helped to clarify the different categories of education institutions.

#### **1.4.2. Literature from Outside of Vietnam**

There is an extensive literature on private higher education by international scholars. The majority of these studies look at the development of private higher education in the changing context of development. Some authors like Philip G. Altbach and Daniel C. Levy go further into the discussion of public-private relationships. However, these authors were focusing mainly on private higher education in the USA, Latin America and some other countries with a long established private sector in the higher education system. All these studies agree on one point, that there is no single model of private higher education that fits all places. The two fundamental works related to the development of private higher education are *Private Prometheus: Private Higher Education and Development in the 21st Century*, edited by Philip G. Altbach, and *Higher Education and the State in Latin America: Private Challenges to Public Dominance*, authored by Daniel C. Levy.

In his analysis of the development of private higher education against the monopoly of public higher education in Latin America, Levy (2002) categorized this development as appearing in three "waves":

- Growth of Catholic universities with a religious role

- Growth of private higher education as a reaction to the perceived “massification” or decline in quality of public higher education
- Growth of private higher education to capture rising demand for higher education that exceeded the supply of public, “free” higher education

In *Private Prometheus: Private Higher Education and Development in the 21st Century* as well other works by Altbach, the private sector role is seen as crucial to the development of higher education since the public authorities are no longer able to meet the increasing need for higher education. In this context, private higher education is filling the gap. The shrinking of public funds is making public universities to become “privatized” (Altbach 1998). The basis for this change is the switch from the concept of an academic degree as a “public good” to a “private good”. This switch has spurred the growth of private HEIs even in countries where they had not been before. Altbach points towards aspects of private higher education that need further study or attention as follows:

- What are the elements that make up private higher education? What kinds of institutions exist? What roles do they play in the higher education systems of the nations in which they exist?
- Private higher education is largely market driven. To what extent should the market control developments? Should restraints be imposed? How do restraints work in countries where they exist?
- How should the older, established, and often high-status private universities relate to newer, less-well-endowed institutions? Do the former have a special responsibility to assist or monitor the emergence of new private universities?
- What is the appropriate balance of accountability and autonomy in the private sector of higher education?

- How should private higher education institutions be accredited?
- What is the appropriate role for government in private higher education? How should public and private institutions relate to one other? Should private higher education be funded (partly) by public sources?
- What should the role of the new private vocational post-secondary institutions be in the higher education system?

Altbach has also differentiated the variations of Asian private higher education in recent years (Altbach, 2002). Although some countries like Japan and Korea have had a long history of private higher education, other countries have only recently witnessed their development for the first time. In general, private universities in the developing countries of Asia belong to the lower end of the university hierarchy (with the exception of a few famous private institutions). The development of *min ban* (people-founded) institutions in China is considered an interesting case. They serve students who do not qualify for public university programs by offering them non-degree courses. Vietnam, Cambodia and other Southeast Asian countries are seen as new frontiers for private higher education.

Discussions about the development of private education and explanations of the reasons for this development have been summarized by Sayed Yusuf. Based on many studies on the development of private education in developing countries, Sayed (2001) has pointed out why so much policy attention has been focused on private education. First, the Education for All (EFA) agenda focused on primary education, ignoring the need for secondary and higher education to complement and interact with the growth of primary education. Successful primary education leads naturally to the need for secondary schooling and higher education. Second, growth in private and public/private provision at the post-basic level has been rapid. Private provision is mushrooming as confidence in the

public school system diminishes. A third reason for the increasing prominence of private education is the policy of educational decentralization which, particularly in the developing world, has created the conditions for greater private sector involvement in educational provision as it has deregulated and diminished the state monopoly over education.

Sayed has also proposed explanations for the growth of the private education sector. First, private schools and higher education institutions are a response to market demand. In instances where public provision of schooling is insufficient to meet demand, the private sector often grows to fill the gap. The second main reason for the growth of private education is the 'differentiated demand' for educational services. Where there is a differentiated demand, private schools and universities can fulfill such a need. A third important rationale for the emergence of private schools and universities is 'elite demand'. It is argued that private schools emerge in response to the demands of the wealthy and prosperous sections of society for 'something better' for their children, which will enable them to have a competitive advantage in the labor market. Fourthly, in most countries higher education is less likely to be a right, which the state has to deliver universally. A fifth proposition for private higher education, particularly in the developing world, is the 'value' of qualifications from international overseas providers. Often overseas private higher education is perceived to provide additional advantages for learners. A sixth reason for the growth of the private sector in education is linked to the influence of international agencies.

In his book, "Private Education and Public policy," Levy (1986a) argues about the meaning of "public" and "private" in education. A real differentiation between these types is hard to make in different countries. In USA, the private sector prefers to be labeled as 'independent', while in England, public institutions operate very much like autonomous or

private institutions. The lack of a clear distinction between 'private' and 'public' in the USA has existed since 1776 and not just in the 20<sup>th</sup> century. For that Levy suggests looking at the following aspects in analyzing the private and public characteristics of higher education system:

- Financial resources
- Control
- Mission
- Extant usage

In *Higher Education and the State in Latin America*, Levy has made an excellent framework for studying the development of private higher education. Levy defines the differentiation of public and private higher education according to four aspects (Levy, 1986b):

- Freedom
- Choice
- Equity
- Effectiveness.

In Levy's concept, institutional freedom has two dimensions: (i) institutional autonomy from external control, and (ii) participatory freedom. The institutional freedom is also understood as the freedom of the institution to decide on what to offer students. The choice, or 'societal choice', is to be associated with offering more diversity, adaptability and innovation, and is less constrained by remote bureaucracy. Choice is related to equity. Private education is fair in the aspect that beneficiaries pay themselves for their education and, therefore, potentially accessible to anyone who can pay. (Of course, those who

cannot pay may be excluded.) Effectiveness reflects the ability of institutions to survive and garner resources. All these aspects were used to describe the Latin American higher education system. However, in the absence of scholarly attention given to private higher education in other places, this framework is useful beyond Latin America.

The characteristics of private HEIs may vary much from country to country in terms of size, profile of courses offered, funding, and governmental control. The share of private institutions in the higher education system differs also from system to system. The variation has been described and categorized by Roger L. Geiger. In *Private sectors in higher education* (1989), Geiger classified private higher education into the following:

- Mass private sectors
- Parallel public and private sectors
- Peripheral private sectors

These categories have been used by other scholars in describing different higher education systems.

It is noted that in many documents the phrase “private higher education” does not refer only to the private ownership of the institutions. It can be used to describe a wide range of institutions with different ownership forms other than the public sector. Therefore, in this study, the non-public sectors currently existing in Vietnamese higher education are considered as equivalent to “the private sector” in the international literature and vice versa.

Levy (2002 p.3) has described the changing roles of private higher education as follows: “Private higher education’s roles emerge mostly unanticipated, not following a broad preconception or systemic design.” The implication of this is that governments have not created, designed, or even anticipated emerging private sector roles. This lack of

anticipation often leads to inappropriate regulations governing the private sector, and these can hinder and impede the roles of private higher education.

An issue looked at in policy studies is how public funding is directed to private institutions. The available evidence from England, Germany, New Zealand and the state of Pennsylvania in the United States suggests that, in systems with weak or newly emerging private sectors, unclear regulations and concerns about quality often result in public funding being channeled into private institutions indirectly (e.g., through tax-abatements and student financial aid). In systems where private institutions play a more substantial role, public funding is channeled to private HEIs using a mix of indirect and direct mechanisms (Salerno, 2004).

However studies into the development of non-public (or private) higher education in Vietnam are still very rare and incomplete.

In 1996, Sauvageau conducted a comprehensive study on the history of higher education development in Vietnam. His work did not focus on the development of private higher education in Vietnam.

In 1999, Hoa completed her dissertation at the State University of New York at Buffalo on the higher education system in Vietnam entitled "Vietnamese higher education at the intersection of French and Soviet influences." This dissertation (Hoa, 1999b) focused on the whole centrally planned higher education system during the transitional period. According to Hoa, while under foreign influences in modern history, Vietnamese higher education has, nevertheless, developed its own characteristics, "the Vietnamese factor." However, for the current development of higher education in Vietnam, Hoa was not sure how the socialist ideologies could co-exist with the market principles.

All this research and some other minor studies looked more at the system as a whole. Only a few studies have focused on non-public higher education in Vietnam. Glewwe and Patrinos (1999), while analyzing the outcomes of the Vietnam Living Standards Surveys (VNLSS), observed that private higher education in Vietnam is just a "recent phenomenon" and that the Vietnam Living Standards Survey of 1992-1993 could not reflect this new phenomenon.

Huong and Fry (2002) drew a draft sketch of the new private sector in Vietnam higher education. They said that the new private higher education was the result of a flexible policy in education, which was to mobilize additional sources of resources for investment in education (p.131). Private higher education in Vietnam, according to Huong and Fry, started in 1988 with the establishment of Thang Long University. The private universities have achieved some good results such as getting their own buildings and laboratories instead of renting these from other organizations. The quality of private universities is also considered to be "improving." The issues remaining to be resolved are: legal and governance, curriculum, teaching methods, teaching staff, evaluation and research functions. The authors did not make any distinction between the different types of non-public higher education institutions in the Vietnam.

In his paper about the development of private higher education in Asia, Altbach referred to the trend in China and Vietnam as a growing force where it had not been active previously. In this paper, Altbach divided the Asian countries into two groups, those with a high proportion of private universities such as Japan, South Korea and the Philippines, and the other with only a small percentage of private universities. Vietnam and Cambodia are described as countries with "*rapidly growing private sectors*" (Altbach 2005, p.87).

Non-public higher education in Vietnam has been more correct categorized by Ngoc and Ashwill (2004) who grouped them into semi-public and people-founded

institutions. They also listed the lack of legal infrastructure, a regulatory framework and an accreditation system as the major drawbacks for the nonpublic institutions in Vietnam. Ngoc and Ashwill recommended that Vietnam could learn from Japan, Korea and the Philippines, countries with long-standing histories of private higher education.

For the comparative purposes of this study, information and papers about the development of private higher education in transitional economies like the People's Republic of China and in other countries neighboring Vietnam, Thailand and the Philippines have been used as references.

## **1.5. Analytical Framework**

This dissertation will look at the development of the non-public higher education institutions as part of the whole higher education system. Using Geiger's (1998) above-mentioned criteria, the relationship between public and non-public higher education will be highlighted. Data on the major aspects of the non-public higher education institutions in recent years will be used to define the differences between public and non-public higher education in Vietnam. With this description, utilizing Levy's suggestion, the dissertation will discuss the weaknesses and strengths of these institutions. Experience in developing private higher education from countries with large numbers of private higher education institutions and from Vietnam's neighboring countries will be made to draw lessons in aspects appropriate to Vietnam. Forecast about their development will be made based on the development trends of the whole higher education system as well of the non-public themselves. Predictable external factors will be taken into account to provide some reasonable projection. The development scenarios will provide grounds for policy recommendations for further development of these institutions. More importantly, this study can make decision makers more aware of the characteristics of the non-public higher

education and the relationship between non-public higher education and government policies in the development of Vietnam's higher education system so that these institutions will receive the attention and support they need to help meet national development demands.

## **1.6. Methodologies**

This study will employ the following methods for research:

- Review and analysis of existing documents, including documents issued by government offices and HEIs in Vietnam,
- Interviews with key persons, and collection of information and data from selected non-public HEIs.

For the analysis and illustration of the findings, data on non-public higher education in Vietnam will be used. There are two main sources of data for the analysis:

1. Official statistics on the Vietnamese education published by the Ministry of Education and Training (MOET), the General Statistical Office (GSO)
2. Data from the Vietnam Higher Education Academic and Financial Surveys conducted by the Higher Education Project in 1999, 2001 and 2003

This regular survey was set up within the framework of the Higher Education Project with a US\$80 million credit from the World Bank. As part of the project the survey is introduced as an attempt to initiate a more frequent, regular collection of detailed data from all higher education institutions and to build a time series of data on the academic, staffing, financing and physical aspects of the institutions. These surveys have generated a huge amount of data over a time span of six years.

Data from other sources, including those published by the institutions themselves, will be also used to compare or fill in the missing parts where appropriate.

## **1.7. Limitations of the Study**

One of the difficulties this study has faced is the fact that there was not much existing information available on non-public HEIs in Vietnam. The regular statistics collected by MOET and GSO do not reflect all aspects of the development of the new institutional breed. Therefore, this study will be based upon existing published data and data collected in surveys conducted by the author as well as information from other projects/studies. The quickly changing regulations issued by governmental authorities regarding the non-public institutions in the country have also rendered information collected quickly out-dated. Even the VNHEAFSs could not provide all of the data because they were conducted irregularly and did not provide a continuous, consistent time series data set.

## **CHAPTER 2. BACKGROUND ON THE DEVELOPMENT OF HIGHER EDUCATION IN VIETNAM**

This chapter will provide a brief overview of the country and the education system in Vietnam. The development of higher education in Vietnam will be presented along the history of the country. The last section of this chapter will provide brief information on the beginning of the non-public institutions in the overall system development.

### **2.1. Overview of Vietnam and Its Education System**

#### **2.1.1. The Country and People of Vietnam**

Vietnam, officially known as the Socialist Republic of Vietnam, is a country located on the eastern coast of the Indochina Peninsula. To the North Vietnam have borders with China, to the West with Laos and Cambodia, and to the South and East *Biển Đông* (or East Sea in Vietnamese - the South China Sea internationally). Hanoi is the capital of the country. The country land area is 330,363 km<sup>2</sup>, not counting are many archipelagos and islands in the surrounding seas. The land border of Vietnam is 3,730 km and the cost line 3260 km long.

Currently Vietnam has a population of about 80 million. The Vietnamese population is quite young. Population in the higher education age is now about 11 millions and will reach 12 millions in the year 2015. The total number of higher education student students is now about 1.1 million people, or 13.75% of the cohort group.

Vietnam developed as an agricultural society, and the population is still very much rural. In 2001, 25 percent of the population lived in urban areas. People are increasingly

migrating to cities, swelling the population of Ho Chi Minh City, Hanoi, and other big cities.

The official language of Vietnam is Vietnamese, a member of the Austro-Asiatic language family. Other languages spoken in Vietnam are the languages of the ethnic minority groups. Today besides the Vietnamese and Chinese Vietnamese only a few ethnic minority groups like Khmer, Cham, Tay, Thai are having their own written languages, other ethnic groups do not have a distinct written language by their own.

From 1857 Vietnam was step by step occupied by French invaders and became a French colony. In 1945 by the August Revolution, under the leadership of Ho Chi Minh, Vietnamese people had overturned French domination and Japanese occupation, regained independence and established the Democratic Republic of Vietnam (DRV). Some months after the proclamation of independence of the DRV, French colonialists, with assistance from other western countries, launched a new aggression war against Vietnam.

After 9 years of war struggle, the Vietnamese People's Army defeated French concentrated forces at Dien Bien Phu, northwest of Vietnam. This victory forced the French government to sign the Geneva Peace Accord in 1954. According to this peace accord Vietnam was temporarily divided into two parts at the seventeenth parallel before a national general election for the whole country to be held two years later. The French Army had to withdraw from the North and the Viet Minh (DRV Government as referred by the French) will govern this until the elected national government takes the role. However, the USA, unhappy with the advancement of communist forces in Asia, has dismissed the Geneva Peace Accords and set up a pro-American government in South Vietnam with the aim of putting the whole Vietnam under American influence. The second Vietnam War, last from 1961 until 1975, when the people from North and South Vietnam has freed the country from American-supported forces.

The decade after reunification was a period of centralized management of the country. This management, linked with the isolation from the outside world introduced by the American imposed embargo, has led the country to a near broke. The economy went down, along with that all other social services, including education.

Since the mid-1980s, with the reform in many economic and social aspects – know as *đổi mới* (renovation) - a more complicated social system has developed as a result of market economic reforms, especially the market based management system. Although most Vietnamese remain active in agriculture related areas, the proportion of industrial active population is increasing. Furthermore, an urban middle class is emerging, which includes many private entrepreneurs. The economy has improved, the living standards have been improved, but Vietnam is still belong to the least developed countries in the world, with a GDP per capita of little more than US\$400 in 2003 and about 514 \$US in 2004.

Administratively Vietnam is divided into 64 provinces/cities under central government. These provinces/cities are often grouped by geographical and economical characteristics into 8 regions:

- Northwest;
- Northeast;
- Red River Delta;
- North Central;
- Central Coastal;
- Central Highlands;
- Southeast; and

- Mekong Delta

Among these regions the most developed are Red River Delta (which includes the capital Hanoi) and Southeast (which includes Ho Chi Minh City, the largest urban center of Vietnam). The least developed regions are Northwest and Central Highlands.



## 2.1.2. The Education System of Vietnam

The current education system in Vietnam consists of:

- Preschool education: accepting children from 3 months to 5 years of age. The pre-school institutions are divided into crèches and kindergartens. The crèches (or sometimes referred to as daycare groups) are accepting children from 3 to 35 months of age. The primary goal of the crèches is providing care of children while their parents are at work. Kindergartens accept children from 36 to 60 months of age, preparing them for a social life and are also providing the transition to primary education. The enrollment into preschool educational institutions is not compulsory, however the government encourages the parents to enroll their children at least in the last year of kindergarten before coming to primary schools.
- Primary education: consists of Grade 1 to 5, serving children from 6 years to 11 years of age. Primary education has been declared by the Constitution of Vietnam 1992 as part of the basic education and free of charge to every Vietnamese. For the development of primary education the Vietnam has enacted the Law on Universalization of Primary Education in 1991. This level of education has been declared as universal to Vietnam in 1998.
- Lower secondary education: consists of Grades 6 to 9, serving children from 12 to 15 years of age. Lower secondary education is also part of the basic education. Vietnam is striving to make this level of education universal around 2010.
- Upper secondary education: consists of Grades 10 to 12. Graduates of Upper Secondary Schools are considered as having necessary knowledge to pursue

further studies or entering the workforce with some additional vocational training.

- Professional secondary education: accepting graduate from lower secondary and upper secondary schools, providing training for students who will become technicians in industrial jobs or equivalent jobs in other sectors. The study duration varies between 1.5 years for graduates of Upper Secondary Schools and 3.5 years for graduates of Lower Secondary Schools. In practice the majority of the new entrants are graduates from Upper Secondary Schools.
- Vocational schools: accepting graduate from lower and upper secondary, providing training towards semi-skilled to skilled certification. Students coming from lower secondary schools will also get the equivalent of Upper Secondary School Diploma upon successful completion of a 3.5 years course in vocational schools.
- Higher education: accepting graduates of Upper Secondary Schools. A study in undergraduate level of higher education will lead to a first university/college degree. Further study at post-graduate level will lead to post-graduate degrees of master and doctors.

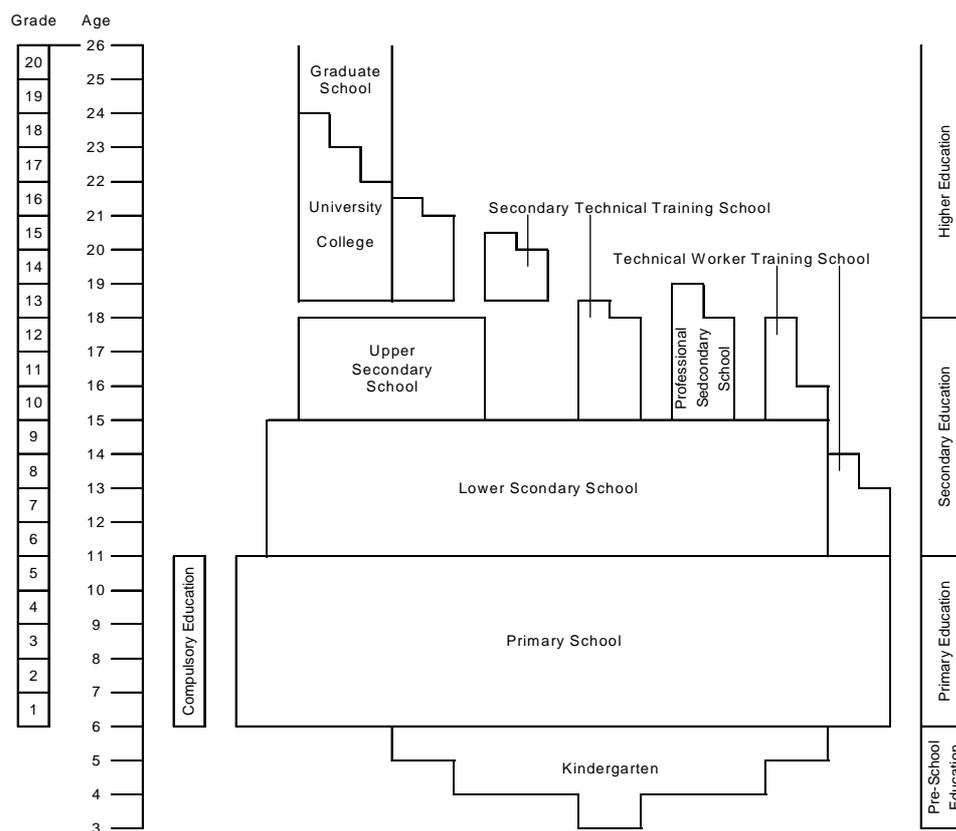


Figure 2.2 Structure of Education System in Vietnam

The management of the education system is the responsibility of central and local authorities.

The Ministry of Education and Training is the central authority overseeing the entire education system except the vocational education schools. It governs directly about 60 universities and colleges, 70 professional secondary schools. It manages also, in cooperation with other line ministries, provincial governments, all institutions of higher education.

At provincial level there are (provincial) Departments of Education and Training - DOETs, reporting directly to Provincial People's Committees. The DOETs oversee all grade schools, some provincial professional secondary schools and colleges/universities.

At the district level, under guidance of DOET there are district Offices of Education, in charge of all primary and lower secondary schools in the district.

MOET consists of functional departments and administrative offices. The functional departments are responsible for different areas of administration. These are:

- Department of Higher Education and Postgraduate Training
- Department of Professional Education
- Department of Secondary Education
- Department of Primary Education
- Department of Preschool Education
- Department of Continuing Education
- Department of Defense Education

The functional departments are the advising bodies to the Minister and Vice-Ministers about matters related to their functional areas. They also prepare guidance and regulations to the educational institutions under their supervision.

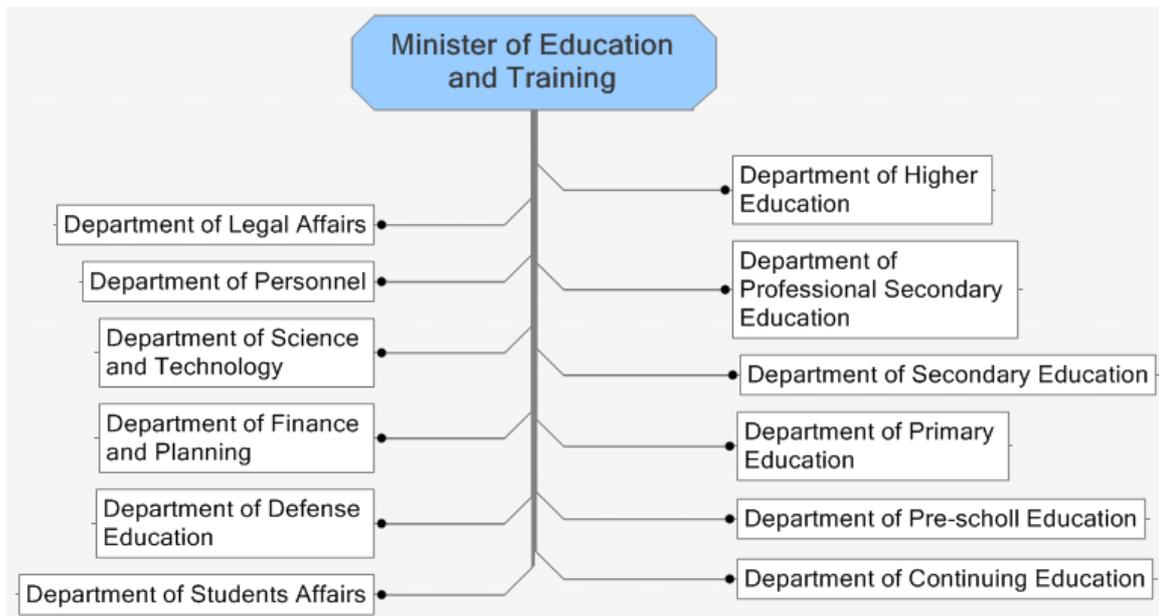


Figure 2.3 Organizational Chart of MOET

Most of the schools, some professional secondary schools, colleges, and universities are under direct supervision from MOET. The majority of professional secondary schools, colleges and universities belong to the line ministries or provincial People's Committees. Those institutions with reporting responsibilities to a central authority are often referred as central institutions. Those reporting to provincial government are called provincial or local institutions.

This current administration structure at MOET has no office focusing on matters of the non-public educational institutions.

## 2.2. The Development Process of Higher Education in Vietnam

The Vietnamese nation state has come to reality about nearly 3000 years ago. According to the survived telling this nation state was having a rich diverse cultural background from the many ethnic groups involved. However there is no evidence of an organized education in this period. During the year of Chinese domination, from 111 BC -

938 AD, Chinese learning and philosophies have been brought into Vietnam. Though having their own spoken language the Vietnamese had to rely on Chinese as written language to transfer the knowledge to the next generation. This practice was maintained until the late 18<sup>th</sup> century.

### **2.2.1. Traditional Higher Education in Feudal Times**

As in many other societies, non-formal, out-of-school educational and training activities existed very long time ago in Vietnam. The first schools, however, appeared in Vietnam probably in the years around 200 AD, when Vietnam was under Chinese domination. These schools, organized by Chinese mandarins governing Vietnam, intended for the Confucian education of their children (Hac, 1995). Very few Vietnamese children were admitted to these Chinese schools. In 938 AD, after more than one thousand years of struggling against Chinese domination, Vietnam got its independence by the historical victory of Vietnamese people on Bach Dang river. From 939 to 1009, during the administration of Vietnamese dynasties Ngo, Dinh, Le Anterior, education activities were carried out mostly in Buddhist temples. Many monks were the brightest learned people of the nation.

In the Ly dynasty (1009 - 1225) the feudal government of Vietnam began to organize the management of education. In 1070 the Temple of Literature was built for worshipping Confucian education; in 1075 the 1<sup>st</sup> national examination was organized based on *three schools (tam trường)* model (Thu, 1974); in 1076 the College for Wards of the Nation (*Quốc Tử Giám*) was established. These events created the basis for the establishment of Vietnamese national traditional education in feudal period. The Trần, Lê posterior, Nguyễn dynasties continued to develop educational activities in the country

from 13th to the beginning of 20th century based on this traditional Confucian education model.

During the years of Chinese rule and Vietnamese independence education was provided to the younger people mainly through private tutoring in the communities, often at the home of the teachers or in a public place provided by the local community. Often the rich families provided their houses for the private classes. However the private teaching was conducted as a form of knowledge transfer, not for the purpose of profit. The education at this time was not really divided into basic and higher education or any similar structure. Formal certification of the education achievement was not in existence besides the court exams to select people who would become bureaucrats for the feudal administration.

During the reign of Nguyễn dynasties (1802-1945) public schools were organized in 3 levels: one national school, the College for Wards of the Nation, at the capital; one provincial public school at each provincial town; one district public school at every district center. Public schools trained a very limited number of students. Private and community founded schools existed everywhere, from the capital to remote villages, and trained 90% of students in the country. Examinations were organized at 3 levels: inter-provincial/regional (*thi hương*), pre-court examinations (*thi hội*) and court examinations (*thi đình*) in the capital (Giang, 2002). Only the best candidates from regional examinations were allowed to participate pre-court examinations and successful candidates from pre-court examinations were allowed to participate in the court examination in the capital. Candidates successfully passed 3 steps of regional examination were awarded with “tú tài” (bachelor) degree. Those passing successfully 4 steps were awarded with the degree of “cử nhân” (master). People with “cử nhân” degree have the right to participate in the pre-court examination. Successful candidates of this examination had the right to

participate in the court-examination. The first successful candidate of court examination, presided by the king himself was awarded with the title of “trạng nguyên” (first laureat), the second with the title of “bảng nhãn” (second laureat), the third with “thám hoa” (third laureat) title, and “tiên sĩ” (doctor) title for all candidates successfully passing the four steps of the examination (Hac, 1995).

Together with literary education there was the system of military education. Under Trần dynasty, in 1235 was organized in Thang Long capital (nowadays Hanoi) the School for Military Training (*Giảng Võ Đường*). In the Lê Posterior and Nguyễn dynasties, together with national literary examination, there were national military examinations and award of military bachelor and master degrees. The feudal governments also organized, in every 10, 12 or 15 years, mathematical examinations to select experts for financial and land administration.

At the close of Tu Duc's reign (1829-1883), the education system in feudal Vietnam could be described as follows:

All educational activities of the country were administered by the Ministry of Rites (*Bộ Lễ*). In each province there was a mandarin who was in charge of education called *Đốc học*. At the district level, there was a mandarin called *Giáo thụ*. In smaller districts, the mandarin was known as *Huấn đạo*. These mandarins were chosen among the best-educated people and were appointed by the government to take care of public education in each area. The promising students in private schools were also accepted to study in the public schools of the districts or provinces...

In this period public schools existed only at district level and higher up. In the villages/communes education was in the hands of private institutions. There was no coordination of private educational activities (Thu, 1974 p.44).

Following the occupation of Vietnam by French forces, this traditional feudal system of education was operating until 1864 in Southern Vietnam and until 1919 in Northern and Central Vietnam.

### **2.2.2. Higher Education under French Colonial Rule**

The French administration had tried to remove the old Confucian education and replacing it with a “Franco-indigenous” system intended for Indochina’s population. But modern education in general and higher education in particular was not setup until the early years of the 20<sup>th</sup> century.

The education system during the French rule was characterized by the introduction of the Romanized version of the Vietnamese written languages (*chữ quốc ngữ* - script of national language). Introduced by French and Portuguese missionaries in later half of the 18th century, the new Vietnamese written language has gradually replaced the old *Nôm*, Vietnamese script using Chinese characters. The total phase-out of the traditional Confucian education was in 1919 when the Vietnamese Royal Government conducted the last court examination.

In early years of the 20th century, the colonial government started to open universities and colleges in the whole Indochina. This process of higher education development can be divided into 3 phases:

1. From the begin of the 20th century to 1924
2. From 1924 to 1939

### 3. From 1939 to 1945

#### ***From 1900 to 1924***

This period was marked with the official use of the new Vietnamese script based on the roman characters, which replaced the more complicated *Nôm* script. The new written language enabled a faster distribution of knowledge and information through new media. Education was also subject to the change. Starting from the beginning of 20th century the French administration in Indochina has recognized the needs for a system of higher learning in French Indochina since the colony needed more skilled and educated labor to maintain the economy. The newly established schools in the very early years of the 20th century were only at professional secondary level, yet not reached to university or college levels.

In the decree dated December 29, 1928, the General Governor for Indo-China promulgated regulation on college education in Indochina. According to this regulation, the following campuses were ranked in college level:

- Hanoi Faculty of Medicine and Pharmacy (1902). To be admitted to this university, students had to possess lower secondary qualification. Studying time consisted of 3 years for medicine and 4 years for pharmacy. Beside, there're also classes for local female medical nurses, studying in 2 years, entrance conditions required primary education qualification.
- The Indochina College of Veterinary Sciences (1918) was developed from the veterinary department of the Faculty of Medicine and Pharmacy, focused on training veterinarians. Duration of study was 4 years, with entrance requirements same as for the Medicine university.

- College of Law and Administration (1918), provided training to officials serving in the colonial administration, included: administration, judiciary, and finance. Study duration was 4 years with the same entrance requirements as applied for the Faculty of Medicine.
- College of Pedagogy (1918), trained teachers for primary pedagogic schools and lower secondary schools (known as primary colleges at this time). Study duration was 3 years with the same entrance requirements as applied for the Faculty of Medicine.
- Public works college (1918), provided training for officers in 3 departments: department of public works, land department, geography department. A study here lasted for 2 years with the same entrance requirements as those of the Faculty of Medicine.
- Commerce college, where the study lasted for 2 years, entrance conditions were the same as above-mentioned.
- Practical Commerce College in Saigon to supplement practical skills and improve knowledge related to domestic and foreign trade for graduates from Commerce College in Hanoi. (In 1924 this college was merged with Commerce college in Hanoi).
- Literature College (1923), in 1924 merged with College of Law and Administration to form The Indochina University later.
- College of Practical sciences, established in 1923, and soon dissolved due to the shortage of facilities and lecturers.
- College of Basic Sciences (in 1919), provided teaching in Physics, Chemistry, Biology.

- College of Fine Arts and Architecture (1924)

In this period, news about the developments in China and Japan, the Asian neighbors, were coming to Vietnam as well. Independently from the French colonial administration, many Vietnamese scholars, patriots were trying to learn from these neighbors in how to gain independence in a peacefully way rather than armed struggles. Many Vietnamese students were sent to Japan and China for higher study. Famous for this was the *Đông Du* (Going East) movement, organized by the famous Vietnamese patriot Phan Bội Châu. As counter measure for this move by Vietnamese the French administration has tried to broaden up the colleges in the colonies to divert the flow of Vietnamese young people seeking higher education in foreign countries.

### ***From 1924 to 1939***

In this period, after the abolition of the old Vietnamese traditional Confucian education, and under political pressure, the French administration has made several changes to the education system in Vietnam, in particular towards the institutions of higher learning. The changes were:

- Stricter enrollment conditions: applicants to colleges, beside the above-mentioned conditions, had to hold certificates of completing 2 secondary schooling years (a full secondary cycle consisted of 3 years). Students holding baccalaureates (completed 3 secondary schooling years) got straight acceptance to colleges.
- Increased study time, in average 1 year longer than before.
- Revised and improved training contents

Among the established higher education institutions in this period the Faculty of Medicine in Hanoi has experienced the most and biggest changes. Study duration was

increased to 6 years for Medicine and 4 years for pharmacy, with the final year for final examination to be completed in France.

### ***From 1939 to 1945***

The 2nd World War broke out in 1939, France joined the war and colonial manpower and material power from Vietnam were mobilized to support the battlefields in Europe. In September 9, 1940, the French colonial administration in Indochina surrendered Japan; Indochina actually became a colony of both France and Japan.

During this time the French colonial government in Indochina has adjusted its education policies in general and higher education in particular with following activities:

- Renamed the joint-preparatory College for Medicine and Pharmacy into combined College for Medicine and Pharmacy
- Renamed Hanoi Law College to Law University.
- Opened College of Agriculture and Forestry in Hanoi (in 1938) and made adjustments to train agricultural engineers and agriculture controllers. This was the first college in Indochina to train engineer.
- In 1944, opened the College of Public Works which trained engineers and assistant engineers of public works.
- In 1941, opened Veterinary College and improved training regulations.
- In 1941, opened Hanoi Science College to train science bachelors, copying the model of Science University in France.

All the above-mentioned universities and colleges were later merged into the French Indochina University.

In 1941 an institution with university status was officially established in Hanoi: the French Indochina University, with 2 faculties: Faculty of Law and Faculty of Sciences. Two more faculties were added later: The Faculty of Agriculture, in 1942, and the Faculty of Civil Engineering, in 1944. Other colleges remained outside and independent from the university.

Enrollment into higher education was very much limited. At the end of French colony period all institutions had only about 1,000 students in total (the highest number was 1,085 students in 1942, of those 200 were French nationals who due to the war in Europe had to be enrolled in the colony). All these institutions are public and aimed at training professionals for the French administration rather than serving the learning needs of the Vietnamese population. Teaching staff was from France and the official teaching media was French.

Despite the fact that the catholic missionaries have been active in Vietnam for very long time, even before the French occupation of Vietnam, the Catholic Church was not involved much in the education. Unlike other countries under European colonial rule their involvement was mostly in the provision of their own schools to train Vietnamese priests and some small rural schools. This could be partly explained by the Vietnamese kings' policies of hindering the foreign missionaries to involved in transferring foreign knowledge to the Vietnamese people. The French administration was also not encouraging the missionaries to provide education to the general population. This lead to the fact that there was very few church related educational institution in Vietnam in this period.

During the eighty years of French rule in Vietnam higher education was not developed because of the policies by the colonial administration. The higher education system was maintained and controlled by the public administration system. There was no

opportunity for private involvement in provision of higher education during the administration of French colonial power in Vietnam.

### **2.2.3. Higher Education in the Period of Resistance War against French Aggression (1945-1954)**

In August 1945, the national liberation revolution succeeded, the DRV was born. In the first period of independence (1945-1946), the young government of Vietnam encountered numerous difficulties. The new democratic government has set the priority tasks in the new age as “consolidating the government, fighting the French aggressors, eliminating the betrayers and improving the people’s life”. Concerning culture and education the task is set as “...organizing of popular education<sup>1</sup>; eliminating illiteracy; opening higher and secondary education; reforming the learning towards new ideas...” (MHPSE, 1975). Over a very short time the new education policy has helped to reduce the illiteracy rate from the initial 90%; illiteracy classes had been opened even in the remote villages. The new government of Vietnam has also made Vietnamese language the official language of instruction in the whole education system.

As part of the policy for developing education, the Government of the young DRV tried to restore the normal operations of the HEIs. All HEIs were placed under the administration of the Ministry of National Education<sup>2</sup>. With the start of the anti-French war in late 1946, staff, students and part of the equipments of the HEIs have been evacuated from Hanoi to the rural and mountainous areas, which were under control of DRV Government.

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<sup>1</sup> The old term in Vietnamese for non-formal literacy education (*bình dân học vụ*)

<sup>2</sup> Bộ Quốc gia Giáo dục in Vietnamese.

Despite the difficulties of the anti-French war the literacy campaign was further developed throughout the country. The school network has been expanded with many forms: government-run schools, schools operated by local communities, half-public half private schools... As of 1950 14 millions of people have become literate, most of them are poor farmers, workers who did not have the chance to go to school during the time of French rule.

For the training of the staff and professionals the new government has decided to form a higher and professional secondary education system, even under the hardship and isolatedness of the war. In October 1947 the Faculty of Medicine and Pharmacy has been established in mountainous area of the northern part. To meet the increasing needs on higher qualified staff of the resistance war and for the socioeconomic development of the areas under control of DRV Government new colleges have been established in the late 1940s and early 1950s:

- Public Works College (*Cao đẳng Giao thông Công chính*) in 1948;
- Pedagogical College and College for Basic Sciences (*Sư phạm Cao cấp và Khoa học Cơ bản*) located in northern mountainous areas and later on transferred to Guangshi province, China, in 1951;
- Advanced Pedagogical College in Social Sciences (*Sư phạm Cao cấp về Khoa học Xã hội*) in 1953;

During this time about 700 Vietnamese had been sent to the former Soviet Union, China and other East European countries for higher education studies, as preparation for the post-war construction period.

In Hanoi, which fall under control by French forces early 1947, French authorities reopened the University of French Indochina in 1949, renamed it to National University of

Vietnam, with the faculties of Pedagogy, Medicine, Pharmacy, Architecture, Literature, and Sciences. The training followed exactly the pre-war model. After the signing of Geneva Peace Accord this university was transferred to Saigon (nowadays Ho Chi Minh City) in the South and placed under the control of the then South Vietnamese government.

#### **2.2.4. Higher Education in Southern Vietnam from 1954 to 1975**

After 1954 the system of higher education in the southern part of Vietnam was under strong influences of France and US higher education models. In 1975, before the liberation of Saigon, there were 4 public higher education institutions in South Vietnam. These were large universities, agglomerating many colleges, with each college consists of many specialized sections.

##### ***Saigon University***

The largest and most important institution was the Saigon University, consisting of 13 colleges, including 41 sections. They were:

1. College of Pedagogy, with 2 sections: Section of Literature including departments of Vietnamese, History-Geography, English, French and Philosophy; Section of Sciences, including departments of Mathematics, Physics, Chemistry and Biology.
2. National Center of Agricultural Sciences also named as College of Agriculture, with 3 higher schools: School of Agriculture, of Water and Forestry, School of; School of Water and Forestry; School of Husbandry and Veterinary.
3. National School of Public Administration, located in Da Lat City, with 3 sections: Section of Public Administrators; Section of Senior Public Administrators and Section of Postgraduate Administrators.

4. College of Medicine, also named as Medicine Education Center, with 3 schools: School of Medicine, School of Pharmacy and School of Dentistry.
5. College of Pharmacy, established in 1962, based on the School of Pharmacy of the College of Medicine.
6. College of Dentistry, established in 1963, based on the School of Dentistry of the College of Medicine.
7. College of Architecture, with 3 sections: Section of Architecture, Section of Urban Planning and Technicians in Architecture.
8. National Center of Technology in Phu Tho, belonged directly to the Ministry of Education in 1957, joining the University of Saigon some years later, and left the University in 1972 to become the independent Polytechnic University of Thu Duc, belonging to the Ministry of Education and Culture. This institution had 5 colleges: College of Civil Engineering, College of Electricity, College of Technology, College of Chemistry and College of Marine Navigation.
9. College of Technical Pedagogy, founded in 1962 as an institutions depending from the University of Saigon, left the university and joined the Polytechnic University of Thu Duc in 1974.
10. Nha Trang Institute of Oceanography, established in 1923 and run mostly by French experts. In 1969 it became part of the Saigon University. Along research it provided also undergraduate courses.
11. Faculty of Literature had the status of a “university faculty”, which means authorized to accept students graduated from upper secondary education by registration and had no examination. This faculty had 8 departments: Vietnamese, Ancient-Vietnamese,

Philosophy, History, Geography, Humanities, French and English. This college offered also postgraduate training at master and doctor level.

12. Faculty of Law, part of the Saigon University since 1957, trained students in laws and economics at undergraduate as well as postgraduate level.

13. Faculty of Sciences, trained students at undergraduate and postgraduate level. The college had 6 sections: Mathematics, Physics (and Electricity and Electronics), Chemistry, Biology, Geology and Geography. The courses were conducted in collaboration with French universities.

### ***Hue University***

Hue University was established in 1957 as higher education center for the central part of Vietnam under the South Vietnam government. In 1960 it had 3 faculties and two colleges:

1. Faculty of Literature, with the sections of: Vietnamese; English; French; Philosophy; History - Geography and Ancient Vietnamese.
2. Faculty of Laws.
3. Faculty of Sciences, with the sections of: Mathematics; Physics; Chemistry; Biology.
4. College of Pedagogy, trained teachers for secondary schools.
5. College of Medicine, trained medicinal doctors.

Instructional media were Vietnamese and English.

### ***Can Tho University***

Can Tho University was established in 1966, as higher education center for the Mekong River Delta. It had 3 faculties and 2 colleges:

1. Faculty of Literature, with sections of Vietnamese, French and English.
2. Faculty of Laws and Social Sciences, with sections of Laws, Economics and Social Sciences.
3. Faculty of Sciences, with sections of mathematics, Physics, Chemistry and Biology.
4. College of Pedagogy, trained teachers for upper and lower secondary schools.
5. College of Agriculture trained agricultural engineers and master of agricultural sciences.

### ***Thu Duc Polytechnic University***

The Thu Duc Polytechnic University, established in 1973, by combination of the National Center for Technology Phu Tho and the College of Technical Pedagogy. This university was directly supervised by the Ministry of Education and Culture.

### ***Community Colleges***

Together with these universities there were 3 community colleges established in the early 1970s. These were an early adaptation of the American model of mass higher education. They were just starting their activities when the reunification of the country took place. These community colleges were:

1. Tien Giang Community College in My Tho.
2. Duyen Hai Community College in Nha Trang.
3. Da Nang Community College in Da Nang city.

All of the above mentioned HEIs were public. Again the main purpose of these public institutions was to provide the needed qualified manpower for the administration. The access was restricted to only a few bright students.

### ***Private Higher Education Institutions***

Along with the public higher education institutions there were also 11 private HEIs, mostly run by religious organizations. These were setup in the early 60s to cater for the increasing learning needs in higher education by the population. In early 70s the total number of students were already 168.000, the majority of whom were part-time students. The larger private HEIs were:

1. University of Da Lat (established in 1958).
2. Van Hanh University (established in 1964).
3. Minh Duc University (established in 1969).
4. Hoa Hao University (established in 1970).
5. Cao Dai University (established in 1971).

Beside these 5 large private HEIs there were 6 other smaller, less significant institutions, namely Cuu Long, Tri Hanh, Phuong Nam, Minh Tri, Lasan and Regina Pacis University. Most of these are located or had branches in Saigon.

The University of Da Lat was the first private university in (former South) Vietnam. It was established with support from Roman Catholic Church in 1958. The University of Da Lat had the following faculties:

- Education
- Letters
- Science
- Government and business
- Graduate school of business (located in Sai gon)

The first batch of students (in 1959) had only 49, but in academic year 1972-1973 the total enrolment at this university has increased to 4,182<sup>1</sup>.

Van Hanh University was established in 1964 with support from the Unified Buddhist Association. It has faculties of:

- Education;
- Letters;
- Social sciences;
- Buddhist studies; and
- A language center.

The first 696 students enrolled in 1964 and by 1972 the enrollment was 3,375<sup>2</sup>.

Minh Duc University was founded by private investors with Catholic support<sup>3</sup> in 1970. It had the faculties of:

- Medicine;
- Philosophy;
- Applied sciences;
- Agriculture; and

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<sup>1</sup> Viện Đại học Đà Lạt (University of Dalat) *Chỉ nam sinh viên (Student guidebook) 1972-1973 as cited by Thu, Nguyen Xuan 1974 p.88.*

<sup>2</sup> Viện Đại học Vạn hạnh (Van hanh university) *Chỉ nam sinh viên (Student guidebook) 1973-1974 as cited by Thu, Nguyen Xuan 1974 p. 88.*

<sup>3</sup> According to information from anabin Project available at [www.anabin.de](http://www.anabin.de)

- Economic and business.

It started with 685 students and two years later the enrollment totaled 1,569.

Hoa Hao University was established in Long xuyen by a religious sect named Hoa Hao. It had schools of letters, pedagogy, international relations management, commerce and banking. Attached to the university were also a language center and the Institute of Hoa Hoa religious studies. In 1972 it had already 2,004 students. In 1973 Hoa Hao University had opened a branch campus in Sai gon.

Cao Dai University belonged to Cao Dai religious sect, one the two major religious sects in Southern Vietnam of that time besides Hoa hao. It had faculties of education and agriculture. It was planned to have faculties of theology and management/business as well as a language center.

In academic year of 1974-1975, there were 18 higher education institutions, with 7 public, 11 private in South Vietnam. Total enrollment was 166,475 students. The total number of academic staff was about 1,000. In this system the Saigon University was the biggest institutions with 113,552 registered students and 749 academic staff.

In 1974 three more private universities have been established in Saigon and were waiting for operating licenses from the Senate. These were Phuong Lam University (Viện Đại học Phương Lâm) a Buddhist institution, Tri Hanh University (Viện Đại học Tri Hành) and Minh Tri University (Viện Đại học Minh Trí) (Truyet, 2000).

The development of private universities in the former South Vietnam has been facilitated by the public budget. In 1974 the former South Vietnam government has a special budget of about 600 millions South Vietnamese dong for the private universities under discretion of the Senate's Education Committee.

The private higher education sector in the South of Vietnam during the period of 1954-1975 was characterized by their number and a significant enrollment. The support from the government has made positive impacts on the education system by that time through:

- Decreased enrollment pressure at the public universities such as Sai gon, Hue or Can tho;
- Minimized financial burden for the students and their families;

These factors have helped to increase the enrollment in higher education in the former South Vietnam.

#### **2.2.5. Higher Education in Northern Vietnam from 1954 to 1975**

As mentioned, the first higher education institution of the independent Vietnam was the University of Vietnam, established in 1945, based on the University of French Indochina. During the resistance war against French aggression, from 1945 to 1954, it was evacuated to the countryside and mountainous areas, broken up into smaller institutions, with limited enrollment. These small institutions were carrying out training activities in the different liberated areas of the country.

After 1954, when the Northern part of Vietnam was completely liberated, higher education experienced a rapid development. The former Soviet Union, the People Republic of China and other socialist countries actively assisted Vietnam in this development. Higher education system management in the Democratic Republic of Vietnam has been influenced by experience of higher education in these socialist countries. The system of HEIs included a great number of specialized training institutions, named as “universities” but in reality mono-disciplinary institutions. In practice, apart from Hanoi University with the faculties of natural and social sciences, there was no real multi-disciplinary university.

The so-called “comprehensive university” (*đại học tổng hợp*) was a training institution specialized in natural, social sciences and humanities only. All students in higher education, including students of universities, were admitted based on the results of competitive examinations. Tuition was free and majority of students had received governmental fellowship.

The studies in HEIs were divided into undergraduate (*đại học*) and postgraduate training (*sau đại học*). Undergraduate study lasted 4 to 5 years. All HEIs were public and placed under the supervision of the former Ministry of Higher and Professional Secondary Education. Some teacher training colleges were supervised by the former Ministry of Education.

From the year 1965 to 1975 Northern Vietnam was in condition of a destruction war carried out by United States Government. All cities and urban center, industrial establishments, major structures of the country, including educational institutions, were targeted by US Air Forces. Universities and colleges have been evacuated to the countryside and remote mountainous areas of the country. Larger universities were divided to small colleges for adaptation to these special conditions. Examples of this was the Agro-forestry University, which was broken into the College of Agriculture, College of Forestry and College of Fisheries or the Hanoi University of Technology, which was separated into University of Civil Engineering, University of Geology and Mineral Resources and the College of Light Industries.

Before the liberation of Southern Vietnam and reunification of the country in 1975, in the former DRV there were 22 higher education institutions:

1. Hanoi Comprehensive University (*Đại học Tổng hợp Hà nội*), founded in 1956, with 5 faculties in natural sciences: faculty of Mathematics and Mechanics, faculty of Physics,

faculty of Chemistry, faculty of Biology, faculty of Geography and Geology; and 4 faculties in humanities and social sciences: faculty of Vietnamese linguistics, faculty of history, faculty of philosophy, faculty of foreign languages linguistics and literature. Many other faculties were later step-by-step added to the University.

2. Hanoi University of Technology (*Đại học Bách khoa Hà nội*), founded also in 1956 with 5 faculties: faculty of mechanical engineering, faculty of civil engineering, faculty of electricity engineering, faculty of chemical engineering, faculty of geology and mining. Many other faculties were later step-by-step added to this University.
3. College of Agriculture & Forestry, founded also in 1956, with 4 faculties: faculty of Agriculture, faculty of Forestry, faculty of Husbandry, faculty of Fisheries. Many other faculties were later step-by-step added to this College.
4. College of Medicine & Pharmacy, founded in 1955,
5. College of Pedagogy, founded in 1955.
6. College of Arts, founded in 1958.
7. College of Economics and Finances, founded in 1956.
8. College of Water Resources, founded in 1959.
9. College of Transportation, founded in 1960.
10. College of Marine Transportation, founded in 1966.
11. College of Forestry, founded in 1964.
12. College of Fishery, founded in 1966.
13. College of Foreign Trade, founded after 1965.
14. College of Communications, founded in 1965.

15. College of Gymnastics and Sport, founded in 1964.
16. College of Mining and Geology, founded after 1965.
17. College of Light Industry, founded after 1965.
18. College of Mechanics and Electricity in Thai Nguyen, founded after 1965.
19. College of Architecture, founded in 1969.
20. Hanoi Conservatory, founded in 1965.
21. College of Applied Arts, founded in 1965.
22. College of Teacher Training in Foreign Languages Teachers, founded in 1967; and

Not included are many colleges in the provinces, mostly teacher training and technical colleges.

In 1975 the former DRV had 30 institutions of higher education, providing training in 23 groups of disciplines including 184 specialties. These institutions had 56,100 students and 8,400 teaching staff. Among the students 26.8% of was enrolled on part-time basis and 40% were female. All HEIs were public institutions, admitting students by annual competitive examinations. The number of students to be admitted every year was decided by the central government.

The higher education, as in all educational institutions at that time, was free from tuition charges. The government provided all the needed funds for the institutions. Most of the students were also given living allowances during their study. The official instruction media was Vietnamese.

Support for the HEIs in the former DRV came also from the former socialist countries, in kind as well as in expertise. Students and academic staff of the HEIs were

sent to these countries with grants from their government. The majority of the current senior academic staff in Vietnamese higher education had studied in these countries

Table 2.1 Data on the Development of Higher Education in DRV from 1955 to 1975

Academic year	Institutions <sup>1</sup>	Students	Academic staff
1955-1956	4	1,190	100
1965-1966	23	60,020	3,600
1975-1976	59	92,100	9,640

*Source: Ministry of Higher and Professional Secondary Education 1985*

During this period there was no need for private involvement in the education sector since higher education as well as other postsecondary education was considered as a task by the Government, namely Ministry of Higher and Professional Secondary Education. Students, who could not get into higher education but wishing to pursue the learning, could also be enrolled in vocational and professional secondary schools. Helping to depress the “needs for private HE” was also the fact that almost all graduates of post-secondary education institutions (universities, colleges, technical and vocational schools) were employed automatically by public enterprises or agencies under the centralized management system or cooperatives for agricultural, handicraft and industrial production.

### **2.2.6. Higher Education in Re-unified Vietnam from 1975 to 1986**

After the reunification of the country, in the years 1976-1978, under the supervision of the Ministry of Higher and Professional Secondary Education of the newly

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<sup>1</sup> Central and local institutions are all counted.

founded Socialist Republic of Vietnam (SRV), the HEIs in the two former parts of the country have made necessary arrangements to unify the country tertiary education system. The universities of Hanoi, Hue, Saigon (renamed to Ho Chi Minh City in 1976), and Can Tho were maintained and developed. New specialized universities/institutes have been established. Various ministerial and provincial authorities have established a relative large number of short-term training colleges.

In the academic year 1980-1981 in the SRV there were 85 institutions with university status and 33 with college status, among them 24 teacher training colleges. These institutions had in total 146,000 students and 17,300 academic staff. [All higher education institutions were public. The former private universities and colleges of South Vietnam were merged or converted into public ones.](#)

During the years after reunion the higher education system in Vietnam was developed following the previous model of the North, whereby the Government took over all responsibilities in higher education. The need for private higher education was depressed by this managerial style.

### **2.2.7. Contemporary Higher Educational Reform and Emergence of Non-public Institutions**

#### *Starting of renovation in management of higher education system*

During the implementation of this education reform, from 1986 to 1992, when the policy of renovation in socio-economic management was adopted by the Government of Vietnam, by moving away from the centralized planning system to a socialist-oriented market economy, the higher educational system of Vietnam has also started its own

renovation. This renovation consisted of the adoption of new orientations and specific changes in higher education management (Quan, 1995). The new orientations were:

- Higher education institutions must train manpower not just for state-run organizations, but also for non-public organizations, and have to meet the willing of study at higher level of all people;
- Higher education development has to rely not only on investment from state budget, but also on the contribution from the society;
- Higher education training is not based only on state planning, but has to investigate and forecast the training and learning needs of the society and to meet the needs outside of state plans;
- Graduates from higher education institutions, apart from people having job assignment by governmental authorities, have to find employment by themselves or to be self-employed.

The specific changes in higher education management consisted of:

- Renovation of higher education entrance examination, changing the system of single centralized national examination organized by MOET into examinations organized by the HEIs themselves.
- Renovation of higher education training process by using credit system and division of this process into 2 phases: (i) 1st phase, or the foundation studies, comprised of two years; and (ii) 2nd phase or the specialization phase, lasting from two to four years, depending on the fields of training. During the 1st phase, students are provided with basic science knowledge needed as foundation of specialization in the 2nd phase. Upon completion of the 1st phase students are

given a Certificate of higher education foundation studies, giving them the right to take examination into the 2nd phase in a related institution of higher education.

- Renovation of post-graduate training by adopting the two postgraduate degrees: master and doctor; and enhancement of post-graduate training quality.
- Diversification of higher education training forms: long-term, short-term, full-time, part time, formal and non-formal.
- Diversification of ownership of the institutions: public, private, people-founded, and semi-private<sup>1</sup>.
- Renovation of the system of fees and scholarship.
- Creation of research, extension and production units HEIs; encouragement the cooperation between HEIs and production, research organizations by contracts.
- Reorganization of the national system of higher education by establishment of national and regional multi-disciplinary universities, specialized universities / colleges, community colleges.
- Democratization of administration in HEIs through nomination of heads of institutions, faculties, departments based on public consultations with academic staff, students and other staff.
- Renovation of staff development, especially academic staff teaching fields related to economic management.

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<sup>1</sup> This was the first time ownership forms other than public have been mentioned in the official documents of the Government. These categories were presented as initial terminology only.

- Expansion of international cooperation by HEIs.

Starting from 1987 MOET carried out 5 action programs towards renovation of higher education on:

- Reform of training objectives, contents and methods (Program 1),
- Intensification of research, extension, social service, increase higher education institutions income, improvement of educational facilities, working and living conditions of teachers and staff (Program 2),
- Renovation of higher education administration and management (Program 3),
- Development of academic and administrative staff (Program 4), and
- Establishment of advanced training orientations, nurturing of talented academic staff and students (program 5).

In the academic year 1990-1991, the number of universities/ colleges in the country was 103, including 60 universities and colleges of longer term of training, and 43 short term training colleges. These numbers did not include the institutions under the supervision of the Ministry of Defense and Ministry of National Security. The total number of students was about 150,000, that of academic staff about 25,558 persons, among these 1,889 had doctoral degree.

### ***Continuation of education and training renovation***

The 2nd attempt in renovation of higher education management was the issuance of Resolution Nr 04- NQ/HNTW, on 14 January 1993, of the Central Committee of CPV on “Continuation of Renovation of Education and Training”. This decision was based on the general principles of renovation of the country’s socio-economic management and the

review of renovation effort carried out by the education and training sector from 1987 to 1992. Concerning higher education, the decision determined the following orientations:

- Authorization of non-public HEIs.
- Encouragement of non-formal and self-learning education and training activities, giving to all citizens, in the frame of established laws and regulations, the right to learn, to participate in examinations, to choose the educational establishment, the training specialties, to receive education inside or outside of the country.
- Reorganization of the higher education institutions network to make efficient use of investment, infrastructure, facilities and teaching staff; to combine teaching - learning with research activities; to promote cooperation between universities/ colleges and research - extension institutions; establishment of key national universities / colleges.
- Enlargement of the higher education enrolment in a rational way, further development of post-graduate education.
- Review and elaboration of new training objectives, curricula, contents and methods.
- Development of academic and administrative staff.
- Redefinition of managerial tasks between ministries, governmental agencies.
- Improvement of higher education planning, inspection activities; giving more autonomy to universities/colleges and democratization of these institutions management.

### ***Education and training in the country's industrialization and modernization***

The 3rd attempt of education reform/renovation was started with the issuance of Resolution 02/NQ/HNTW, on 24 December 1996, by the Central Committee of CPV. This Resolution, entitled "Strategic Orientations for Education and Training Development in the Period of Industrialization and Modernization" (CPV, 1996), defined six major orientations for education and training development in the new period:

- The task of education in the new period is the training of new generations of Vietnamese with the qualities and abilities to contribute to the country's socialist oriented industrialization and modernization.
- Education and training, as the most important national development strategy, is to be given high priority in investment.
- Education and training is the common task of the (Communist) Party, the State and of all people and their organizations in the society.
- Education and training is to be developed in close coordination with the needs of socio-economic development and progress of science and technology.
- Promotion of equity in education and training.
- Giving the public education and training institutions the leading role in parallel with the diversification of institutional ownership; development of non-formal education and training activities.

For higher education the Resolution indicates the following directives:

- To expand the enrolment by 1.5 times of 1995, with a structure of student body appropriate to country's development needs.

- To improve the higher education institutions network by establishment of key universities/colleges, of community colleges to supply necessary science and technology manpower on the place.
- To increase number of people undergoing training, further qualification in advanced countries.
- To increase the enrolment of students from ethnic minorities groups.
- To encourage the Vietnamese living in foreign countries and foreigners to participate in education and training activities in Vietnamese institutions; to cooperate with existing institutions in the country; to establish in the country their own institutions.
- To continue the establishment of people-founded and private higher education institutions.
- To continue the academic staff development, so that in the year 2000 30% of universities/ college's teachers will attain the determined professional criteria.
- To establish incentives for teacher training institutions and their students.
- To continue the renovation of education and training contents and methodologies.
- To improve the management of HEIs in terms of planning, entrance examination, and employment for graduates.
- To strengthen the cooperation between universities/colleges and research and extension organizations.
- To continue and develop international cooperation activities by universities/ colleges.

Though the higher education system has made significant changes during the period of planned economy, the demand for higher education has never been satisfied. Entering into higher education institutions remained the privilege of a very small number of young people, who passed the rigid entrance examination into colleges and universities. The gap between supply side –the public HEIs- and the demand side –the portion of population who wish to pay for their children higher education from their pocket rather than relying on the limited numbers of government scholarships- has led to the expansion of higher education in non-traditional ways. It was started by many public institutions by “[extension of training](#)” in accepting fee-paying students besides those students officially financed by the Government. In the first step, public institutions were charging the students with some fees to recover partly the ever-increasing cost of teaching process. The introduced fees did not slow down the demand for higher education while the institutions still had some abilities to offer more courses than the official assigned teaching duties. As the next step institutions were experimenting with accepting more students without support from governmental sources, but paying tuition. The late ‘80s were witnessing a rapid expansion of the enrollment into public institutions.

But the limited capacities of public institutions could not satisfy the increasing needs for higher education among graduates of upper secondary schools, especially in the transitional period when then public sector is no longer the sole employer of the young people, and the prospects of higher earning related to the higher education qualification are attracting more and more applicants to higher education. The needs for more education in the new academic fields, which were not in the list of courses offered by the rigid managed public higher education, is also contributing to the call for a more flexible training system.

On 24 May 1993, the Prime Minister had signed Decision Nr 240-TTg, regulating the forming and operating of private universities. This was the first time ever in the

modern history of SRV, private sector got an official acknowledgement for their involvement in higher education. However, due to the ideological discussions about the legitimacy of the private sector in the education system, soon after this a “Temporary regulation on establishment of the people-founded universities” was issued by the MOET (Decision 196/TCCB dated 16 January 1994). All non-public institutions authorized to operate afterwards become automatically people-founded.

The acceptance of non-governmental ownership in higher education was also reflected in the Law on Education, enacted by the National Assembly of the Socialist Republic of Viet Nam on 11/12/1998. This was the first law governing education system enacted in Vietnam since 1945. In this Law, educational institutions, including general, professional secondary and higher education, have been clearly classified according to their ownership as public, semi-public, people founded and private institutions.

Based upon on the stipulation of the Law on Education 1998, the Prime Minister signed the Decision 86/2000/QĐ-TTg dated 17/07/2000, which officially put the people-founded universities into the higher education system. The semi-public institutions, which were established based on once-public institutions, did not get any official acknowledgment yet, beside the temporary regulations on their organizations and operations (MOET, 1994). The definition of semi-public HEIs was not clearly formulated, except that these institutions have to operate on a cost-recovery basis rather relying on the public funds.

The opening of higher education to the non-public stakeholders has created a new turn in the development of modern higher education in Vietnam. An increasing portion of the students is enrolling into the new institutions without spending any expense from the public budget.

Building upon the experience with semi-public and people-founded institutions, at the end of 2004 the Government has decided to allow the private sector to be involved more in the business of higher education by enacting the Regulations on private higher education institutions (GOV 2005a). This new regulation also opens the possibility for other non-public institutions to switch their ownership into private. The new Education Law, enacted by the National Assembly on 14 May 2005, in its article Nr. 48, has abandoned the notion of semi-public educational institution. Officially there are now in Vietnam only three categories of educational institutions: public, people-founded and private.

Table 2.2 Major Changes in Higher Education System with the Renovation of Education Policy

Aspect	Before	After
Ownership type	Public	<ul style="list-style-type: none"> <li>• Public;</li> <li>• Semi-public; and</li> <li>• People-founded</li> <li>• Private</li> </ul>
Resources	All resources for higher education provided by Government	Government provides only part of resources; higher education institutions have to cover part of resources by themselves
Access	<ul style="list-style-type: none"> <li>• Selection through national entrance examinations;</li> <li>• All students get tuition-free education and fellowship</li> </ul>	<ul style="list-style-type: none"> <li>• Selection through entrance examinations;</li> <li>• Students have to pay tuition;</li> <li>• Only part of students has fellowship</li> </ul>
System planning	HEIs plan their activities according to Government's target set in national socio-economic development plan	HEIs plan their activities by themselves, Government provides only general orientations
Employment for graduates	Graduates get jobs assigned by public agencies	<ul style="list-style-type: none"> <li>• Students are responsible for their employment;</li> <li>• Higher education institutions help only by providing information and advices</li> </ul>
System structure	<ul style="list-style-type: none"> <li>• Mostly narrow professional specialized institutions</li> <li>• Some universities focused on basic sciences</li> </ul>	<ul style="list-style-type: none"> <li>• Multi-disciplinary national and regional universities</li> <li>• Specialized universities/colleges</li> <li>• Local universities/colleges</li> <li>• Open universities</li> </ul>
Curriculum	Prescribed list of training specialties, training objective, curricula	Curriculum framework and autonomy for institutions to design their courses
Administration	<ul style="list-style-type: none"> <li>• MOET and line ministries, provincial governments in charge of higher education institutions</li> <li>• Centralized, uniform institutional administration</li> </ul>	<ul style="list-style-type: none"> <li>• More autonomy for institutions from MOET</li> <li>• Decentralized system of institutional administration</li> </ul>

Table 2.3 Management Characteristics of Higher Education Institutions in Vietnam

Type of institution	Supervision	Capital investment	Current expenditures	Example
Public	Government	Government	Government budget and fees	Hanoi National University
Semi-public	Government	Government	Fees	HCM City Open University
People-founded	Social Organization	Social Organization/ Investors	Fees	Thang Long University
Private	Private person	Private person(s)	Fees	Thanh Do College

### *Summary*

It could be said that higher education in Vietnam has experienced many changes. The higher learning during feudal times was un-structured and provided mainly through the privately owned schools. No formal curriculum was in use and the ultimate goal of the learning was to be successful in the examinations. The French colonial rule has created the foundation of modern higher education system in Vietnam to serve their needs for trained manpower in the public institutions. The modern higher education system was kept mostly public through the modern history of Vietnam. Private higher education has been started in the southern part of Vietnam during the years of Vietnam War but eliminated after 1975. The new non-public higher education institutions have been established only after the renovation policy. The new non-public higher education has introduced many changes in the system.

## **CHAPTER 3. THE NON-PUBLIC INSTITUTIONS IN THE HIGHER EDUCATION SYSTEM OF VIETNAM**

As presented in Chapter 2, the modern higher education as in its current form in Vietnam, has experienced many changes. One of the important changes was the creation of non-public institutions. This chapter will provide an overall picture of the higher education system of Vietnam from different aspects. The relationship between public and non-public institutions will be also presented.

### **3.1. Institutions**

As already mentioned above, in 1980 there were 116 higher education institutions in Vietnam, with 85 having university status and 33 having college status. In 1990, as outcome of the government's policy on streamlining the system, the number was reduced to 103, with 60 universities and 43 colleges. All of these institutions were public. In 1998, higher education study was offered in 63 universities and 73 colleges. Of these 136 HEIs, 118 were public, 3 semi-public and 15 people-founded. The figures for the academic year 2004-2005 are 93 universities and 137 colleges, among them 201 are public, 29 non-public, including 6 semi-public, 22 people-founded and 1 private.

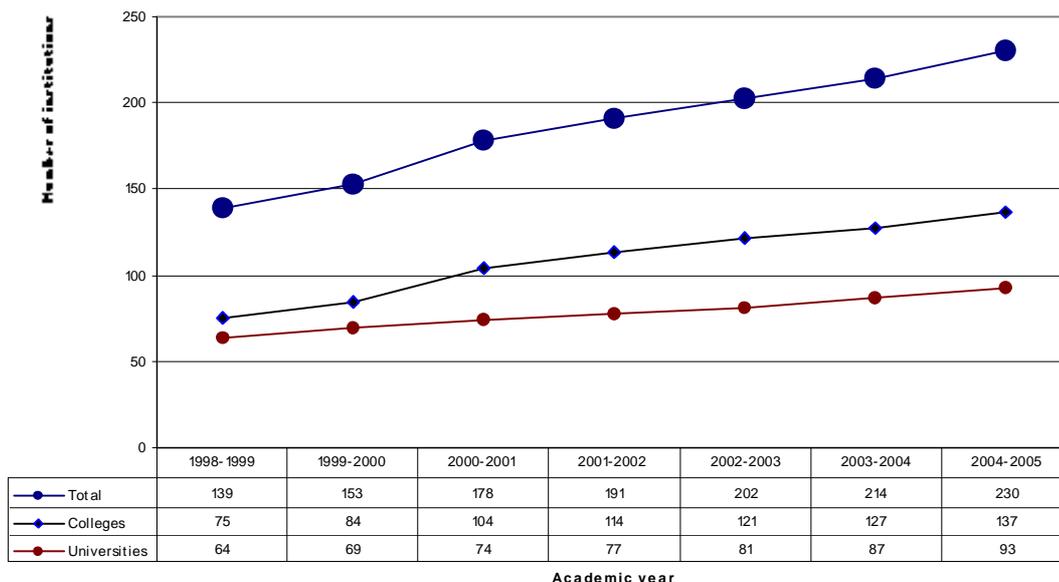


Figure 3.1 Changes in Number of Universities and Colleges in Vietnam

Source: Education statistics, MOET

These figures illustrate a very rapid growth in number of HEIs in Vietnam. In this development the number of universities was growing at higher rate compared to the colleges (Figure 3.1). Despite the reduction of the number of universities prior in the ‘90s, whereas many small mono-disciplinary institutions were merged into larger, multi-disciplinary universities, such as the national and regional universities, the number of universities is still bigger than that of colleges.

Vietnamese public HEIs are subordinated to a “supervising authority”, which could be a ministry, a provincial government or a public agency. At present, 73 public universities are placed under management by 15 ministries or equivalent agencies and 6

provinces. Among these authorities, MOET manages 33 universities, Ministry of Health 8 and Ministry of Culture and Information 6<sup>1</sup>.

The non-public institutions had no place in this system until 1993. Since then the number of non-public institutions had followed the same trends as the public institutions. From 1998 to 2004 the number of non-public HEIs has increased from 16 to 29, an increase of more than 50%. However, the non-public institutions are still lagging behind the increase in the public institutions. Over the same time period the number of public institutions has increased by 78, or a 66% increase.

In 1998, higher education courses in Vietnam were offered in 63 universities and 73 colleges. Out of the 136 HEIs, 118 were public, 3 semi-public and 15 people-founded. In 2004, the number of universities and colleges has been increased to 230, with 137 colleges, 93 universities. Among these there were 6 semi-public and 22 people-founded institutions. 2004 is also the first year, in which the Vietnamese education system had a private college.

The most increase by non-public institutions is by people-founded HEIs. The semi-public institutions have increased only by 3 smaller colleges in this period.

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<sup>1</sup> VietnamNet. (26/12/2005) *Gỡ quyền bộ chủ quản: 2 vấn đề cần giải quyết (Removing managing ministries' authority: 2 issues to be solved)*. Retrieved 28/12/2005 from <http://vietnamnet.vn/giaoduc/2005/12/526032>.



Figure 3.2 Changes in Number of Public and Non-public Higher Education Institutions in Vietnam

Source: Education statistics, MOET

### 3.2. Enrollment

The higher education system in Vietnam is expanding not just in number of institutions but also in terms of enrollment. In 1980 the higher education system had only 146,000 students, and in 1990 the number of students rose to about 150,000. The low increase in these years was the consequence of a strict centralized planning system, where all changes in the system were pre-programmed by different government authorities.

Table 3.1 Enrollment in Public and Non-Public Universities and Colleges

Academic year	Total Enrollment	Public	Non-public
1998-1999	759,635	657,153	102,482
1999-2000	844,592	737,054	107,538
2000-2001	875,592	771,327	104,265
2001-2002	923,176	822,186	100,990
2002-2003	960,692	848,836	111,856
2003-2004	1,032,440	895,318	137,122
2004-2005	1,319,754	1,181,994	137,760

*Source: Education statistics 2001, 2002, 2003, 2004 and 2005. MOET*

With the introduction of the renovation policies the enrollment in Vietnamese higher education has increased significantly. From 1990 to 1999 the new admission has been increased by nearly six times (Figure 3.4). This trend is maintained until today. The annual growth of enrollment has seen its peak in the mid '90s when the enrollment was increasing at about 50% every year. The speedy expansion of enrollment in the early 90s was the direct consequences of the gradual liberalization of the higher education administration as well as the permission for non-public institutions to operate. The rapid expansion of enrollment and the impacts of the Asian economic crisis in the late '90s have resulted in more tightly control by the government. In recent years enrollment has been steady with at least 4% a year (see Table 3.1).

Table 3.2 Annual Growth of Enrolments in Higher Education Institutions

Time point <sup>1</sup>	Estimated enrollment growth
Academic Year 1992	22.1%
Academic Year 1993	7.2%
Academic Year 1994	39.0%
Academic Year 1995	56.4%
Fiscal Year 1996	55.6%
Fiscal Year 1997	26.5%
Fiscal Year 1998	22.0%
Fiscal Year 2000	12.74%
Fiscal Year 2002	8.86%
Academic Year 2003	10.28%
Academic Year 2004	17.25%

*Source:*

*Vietnam HEAFS 1999, 2001 and 2003*

*Education statistics, MOET 2000, 2001, 2002, 2003, 2004, 2005*

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<sup>1</sup> Data prior to 1995 and after 2002 was calculated based on enrolment reported by institutions to MOET at the beginning of the academic year (i.e. September). Data for years from 1995 to 2002 was calculated based on numbers collected by the HEAFS for November and June of the corresponding year, which enable to calculate the average student load for each institution.

Though the number of universities is smaller than that of colleges, the universities always enrolled more students. Nearly 80% of students are in universities while the colleges, making up nearly 60% of the institutions, enroll only 20% (see Figure 3.3).

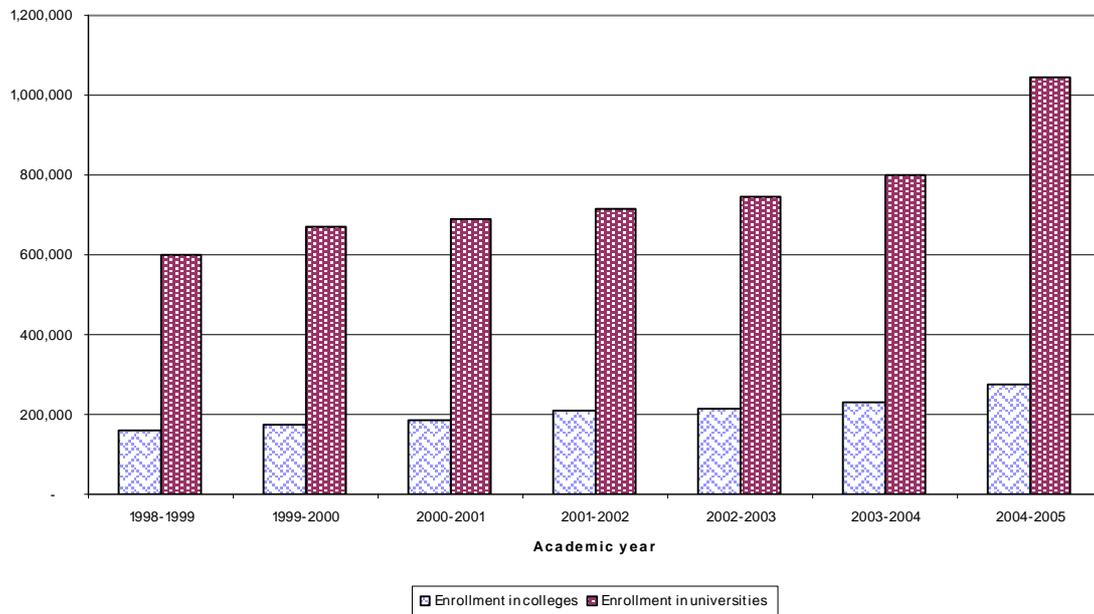


Figure 3.3 Enrollment in Universities and Colleges

Source: *Education statistics, MOET*

The rapid growth in enrollment in the recent years shows that there is a huge unsatisfied learning needs among the population. The real enrollment growth rate has far exceeded the 10% ceiling imposed by MOET since academic year of 2003-2004. To some extent, this growth could be explained by the population growth in the previous decades, and to other extent, by the perceived benefits of having a university degree in the time of market economy (Moock & Patrinos & Venkataraman, 1998). The figures of new admission for the last 20 years show a more dramatic development in enrollment (see Figure 3.4). Over just 20 years, the number of newly admitted students has increased by ten folds.

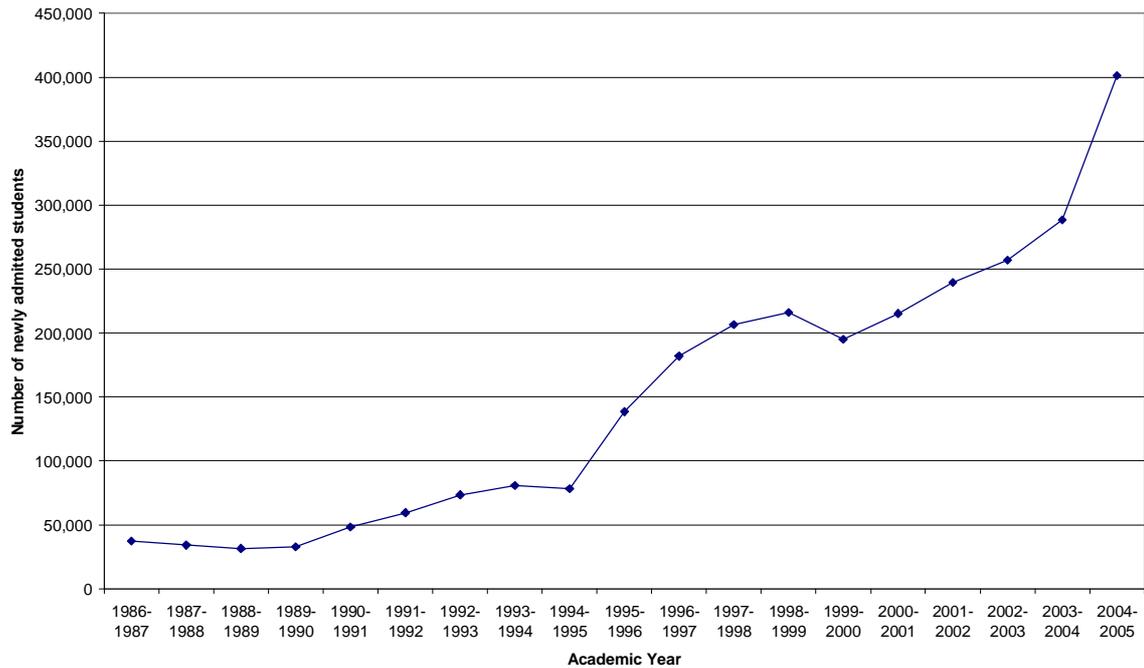


Figure 3.4 Trend of New Admission into Higher Education

Source: Education statistics, MOET

In terms of enrollment the non-public institutions still played only a minor role. They account for only 11% in the number of institutions and their enrollment is only about 11-12% of all students in degree courses. This situation has remained quite constant over the years. The fastest growth in enrollment by non-public institutions occurred in the late 90s when they took in nearly 14% of all new students. But, with the growing concerns about the excessive intake and discussions on the quality of education in the non-public institutions, MOET has reduced the quotas allocated to these institutions. One example for the excessive intake and the subsequent quota cut was Dong Do People-founded University. This university had been allocated an enrollment quota of 1,500 per year, but

had constantly exceeded this quota by 2 or 3 folds from 1997 to 2000<sup>1</sup>. The extra number of students had helped the university to increase its cash account from VND 13 billions in 1998 to VND 40 billions in 2000<sup>2</sup>.

Enrollment into higher education institutions is determined by admission quotas allocated by MOET to each of the HEIs and the applicants' results at the higher education entrance examination. Prior to 2002, the entrance examination was organized and conducted by each institution. This resulted in the many tests students had to take if they applied at many different institutions. In order to reduce the number of examinations students have to take, starting from 2002, the entrance examination is centrally administered by MOET in July each year. In the entrance examination each applicant has to complete the tests in 3 subjects. The subjects are as follows:

- Mathematics, physics and chemistry for applicants of natural sciences, engineering, technical departments (Group A);
- Mathematics, biology and chemistry for applicants of biology, medicine-related departments (Group B);
- Literature, History and Geography for applicants of social sciences (Group C);

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<sup>1</sup> VnExpress. (30/11/2001). *Gần 3000 sinh viên ĐHDL Đông Đô có nguy cơ phải nghỉ học (Nearly 3000 students of Dong Do People-founded University face the risk of being expelled)*. Retrieved 12/10/2002 from <http://vnexpress.net/Vietnam/Xa-hoi/Giao-duc/2001/11/3B9B6E4F>

<sup>2</sup> Anh Thu. (14/11/2003). *Công nghệ thương mại hóa giáo dục ở Đại học Đông Đô (Commercialization technology at Dong Do University)*. Retrieved 09/01/2004 from <http://vnexpress.net/Vietnam/Phap-luat/2003/11/3B9CD3E7>.

- Mathematics, Literature and a foreign language of choice<sup>1</sup> for applicants of schools/departments with special focus on foreign language (Group D).

Institutions with programs requiring special skills like drawing, sports etc. could require different subjects.

The final score by each of the applicants are the sum of the test scores they received in each of the three subjects. The final score will be submitted to the institutions they have applied for. The institutions will list the scores from their applicants, starting with the highest ones, and find the cutting score, the lowest at which they could accommodate the given admission quotas. This listing and the cutting score (admission score<sup>2</sup>) are subjected to approval from MOET. Applicant's acceptance will be notified by the institutions along with the deadline for matriculation. In case the number of matriculated students is below the allocated admission quota, the institutions could propose a lower admission score to MOET to fill in the missing students. Since applicants could apply to many institutions, there is always a possibility to get less students than expected. Most of the institutions have the practice of notifying more applicants than the allocated admission quota, practically lowering their admission score. There were cases when institutions have lowered their admission scores by 6 or 5 out of the possible

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<sup>1</sup> Applicants could select the language they have been taught in schools, for the time being these are English, Chinese, French, Russian.

<sup>2</sup> *điểm tuyển* in Vietnamese

maximum score of 30 for 3 subjects<sup>1</sup>. This practice is much common among the institutions with less popularity among applicants or located in the less developed areas.

As an measure to improve the quality of inputs and preventing students with poor academic performance to enter higher education, in 2004 MOET has set a minimal admission score (floor score<sup>2</sup>) for all institutions. Applicants having a final score less than the pre-defined floor score will not be able to matriculate in any HEI. The floor score is often set around 15 for three subjects. The introduction of floor score has changed the picture of enrolment in many institutions. Many non-public institutions like Van Hien People-founded University or People-founded University of Technology in Ho Chi Minh City, which often had cutting scores at about 12 or 10 in previous years, could matriculate only two thirds of the admission quota in 2005<sup>3</sup>.

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<sup>1</sup> Examples low admission scores from 2002 could be checked at

<<http://www.edu.net.vn/Default.aspx?&tabid=2&mid=38&tid=88&iid=1103>>

<sup>2</sup> *điểm sàn* in Vietnamese

<sup>3</sup> Nguyen Duc Nghia. (11/08/2005). *Điểm sàn: Bài toán khó cho Bộ GD-ĐT (Floor scores: a difficult assignment for MOET)* retrieved 17/12/2005 from <http://www2.thanhvien.com.vn/Giaoduc/2005/8/12/118684.tno>.

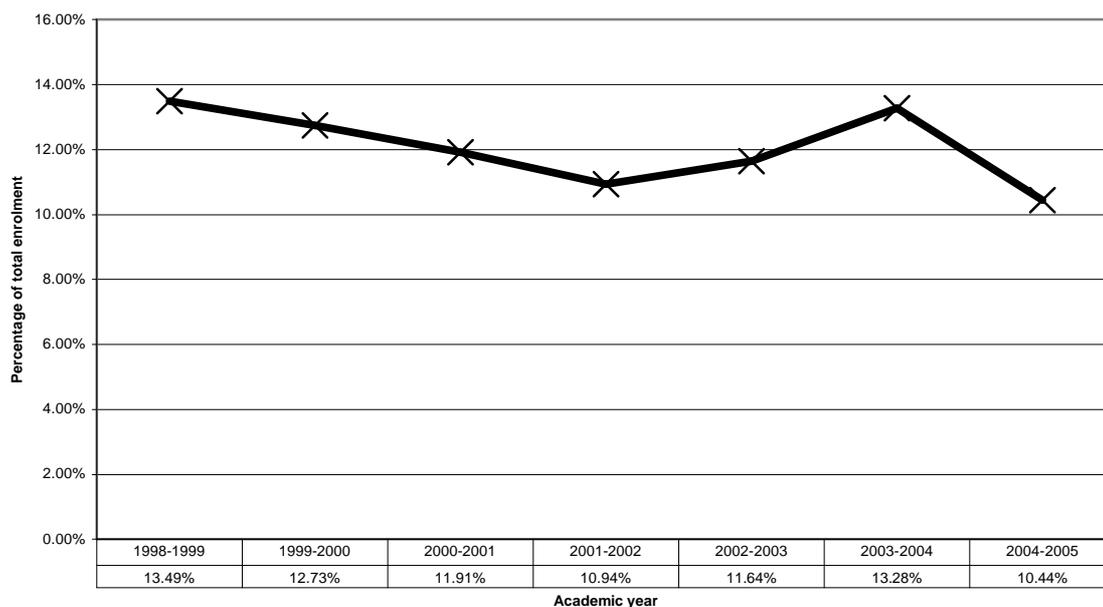


Figure 3.5 Enrollment in Non-public Institutions as Percentage of Total Higher Education Enrolment

The data from MOET statistics and data from VNHEAFSS show clearly that the size of higher education institutions in terms of full-time equivalent (FTE) students has been growing with the time (see Table 3.3). The non-public institutions follow the same trend, especially the people-founded institutions. In 1996, the average enrollment in the people-founded institutions is only less than half of the system average. But in 2002 their size was nearly the same as system average. The size of the semi-public institutions has however decreased, mostly because of the establishment of new semi-public colleges, which had much smaller sizes. The decision by MOET to change the admission procedures into the Semi-public Open University of Ho Chi Minh City from non-limited free-registration into matriculation based on admission quotas and national entrance examination scores had also contributed to the reduction of the semi-public institutions' size. Nowadays, admission quotas for all institutions are subject to a nominal increase of 5-10% per year decided case by case by MOET.

Table 3.3 Size of Institutions (Average Full-time Equivalent Enrollment)

	1996	1997	1998	1999	2000	2001	2002
Semi-public	7151		7861			4339	4889
People-founded	1164		3786	4867	5112	4804	5061
All HEIs (including public)	2961		4649	4645	5237	4214	4588

Source: VN HEAFS 1999, 2001 and 2003

The quotas for new admission indicate also the size of institutions. Table 3.4 compares the average admission quota by different types of higher education institutions in 2005. For this academic year, people-founded institutions get significant smaller quotas than their public counterparts. Semi-public institutions had higher quotas.

Table 3.4 Average Admission Quota for Full-Time Study by Type of Higher Education Institutions in 2005

	University	College	Average
Public	1,813	505	985
Semi-public	2,060	1,200	1,630
People-founded	1,316		1,316
Private	n.a.	700	700
All	1,720	523	1,030

Source: Department of Higher Education, MOET 2005

The geographical distribution of HEIs is also reflected in the allocation of admission quotas. Table 3.5 presents the total admission quota by geographic region for the academic year of 2005 – 2006. This data shows that the Red River Delta and South East regions, the most developed regions in the country, have very diversified higher education. In these regions all types of higher education, from public to semi-public,

people-founded and private are present. Institutions in these regions are also taking in the majority of the new students. The least developed regions in the country, namely North East and North West, have only public higher education with much limited admission quotas.

Table 3.5 Admission Quotas in 2005 by Geographical Regions and Ownership

Region	Public	Semi-public	People-founded	Private	All	% of non-public
Red River delta	82,462	1,000	7,650	700	91,812	10.2%
North East	8,370				8,370	0.0%
North West	2,780				2,780	0.0%
North Central	13,000				13,000	0.0%
Central Coastal	18,800		2,400		21,200	11.3%
Central Highlands	6,140		700		6,840	10.2%
South East	45,965	8,780	12,850		67,595	32.0%
Mekong Delta	15,620		1,400		17,020	8.2%
Total by type	193,137	9,780	25,000	700	228,617	15.5%

*Source: MOET 2005*

### 3.3. Training Profiles of Institutions

The difference between public and non-public institutions is also shown in the profiles of their courses. The VNHEAFS 1999 has conducted a very detailed study on the profiles of courses provided in the surveyed HEIs. For classification of courses the VNHEAFS 1999 had applied the categories from classification of socio-economic

activities from the General Statistics Office (GSO). The broad categories in HEIs (referred as fields of training) were:

- Education;
- Arts;
- Human sciences;
- Social and behavior sciences;
- Media and communications;
- Business and management;
- Law;
- Life sciences;
- Natural sciences;
- Mathematics and statistics;
- Computer sciences;
- Engineering;
- Mining and extraction;
- Manufacture and processing;
- Construction and architecture;
- Agriculture, forestry and aquaculture;
- Veterinary;
- Health care;
- Social works;
- Sports;
- Transportation;
- Environmental sciences and protection; and
- Non-specified.

Some results of this study are presented in Table 3.6 and Table 3.7. The difference between the public and non-public institutions could be looked at by:

- Level of courses provided; and
- Coverage of courses.

### *Level of courses provided*

MOET has maintained its policy on keeping postgraduate programs in public institutions only. This illustrated by data from VNHEAFS of 1999. At the time of this survey master and doctoral courses were available only in the public universities. Only one non-public institution, namely the Semi-public Open University of Ho Chi Minh City, had the permission to provide master course in business management.

### *Coverage of courses*

The majority of doctoral students of the surveyed institutions are located in social sciences and natural sciences. Some fields of training, such as Arts or Media and Communication, did not have courses at doctoral level. Courses in Business and management had more doctoral students than engineering. Law schools got more doctoral students than education or computer sciences. In a developing country like Vietnam this is rather a skewed distribution in the training of doctoral students.

Though the master courses offered by surveyed institutions covered all areas of training, there were still areas under-represented such as mining and extraction, manufacturing, veterinary and media and communication. These areas of training had less than 1% of all enrolment in master courses, which is rather low. Courses in Agriculture, forestry and aquaculture got only 4.86% of the total enrolment in master courses. Considering the characteristics of Vietnamese economy, where agriculture is still the major employer of about two thirds of the population, this is a very much disproportional distribution of manpower training.

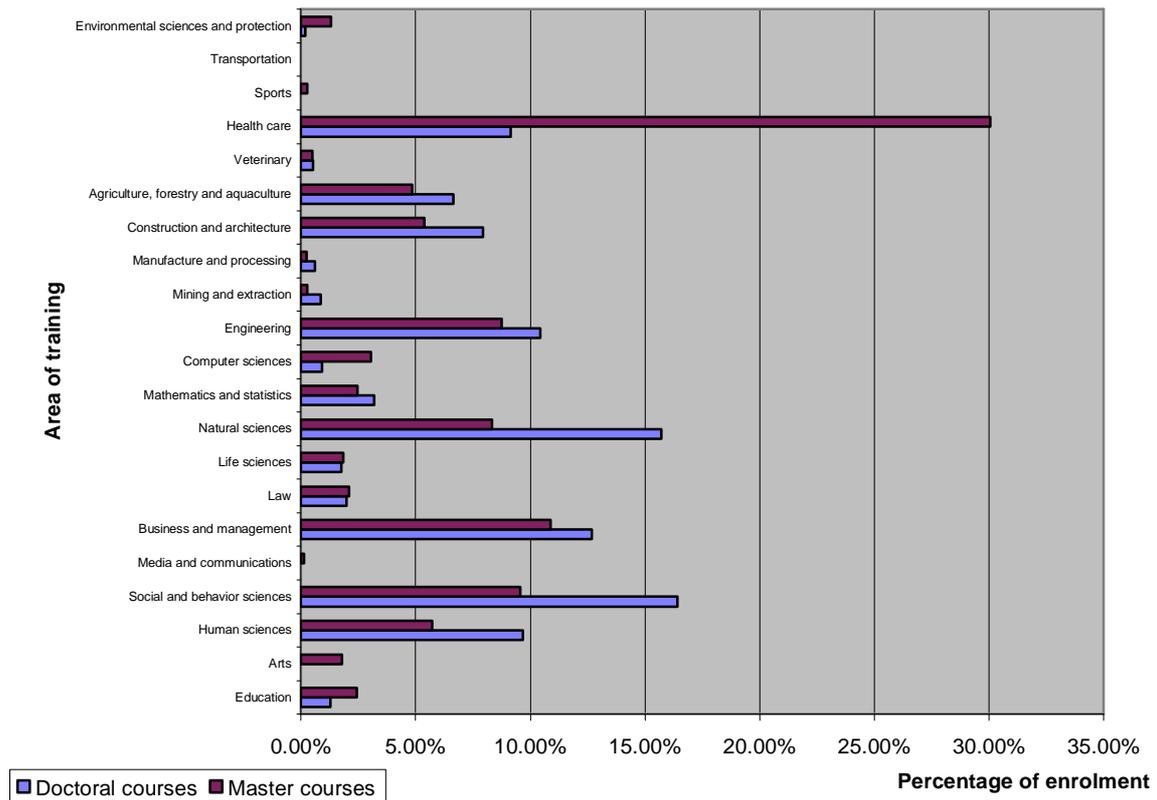


Figure 3.6 Profile of Postgraduate Courses in Vietnamese Universities 1999

Source: VNHEAFS 1998

While the public institutions have a very wide coverage in terms of undergraduate courses, the non-public institutions have a more restricted profile. Some fields of training are not present in the non-public universities, such as natural sciences, arts, agriculture-forestry-fisheries, media and communications, mining, veterinary, health care, sports and transportation (Table 3.6). In their courses, non-public institutions have a strong emphasis on the business and computer sciences courses. This is true to both semi-public and

people-founded institutions. However, due to their small number, the semi-public university<sup>1</sup> had less study choices than the people-founded universities.

The explanation for this heavy concentration on a few courses could be found in the fact that these courses are very much popular among students and employers. Not to mention that delivering these courses does not require much in terms of physical basis or qualification of lecturers as compared with engineering or forestry.

The overemphasis on some subject areas was also the result of the central government policy in keeping some subject areas as monopoly for some public institutions, such as law, media and communication and education (teacher training in particular).

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<sup>1</sup> At the time of this survey there was only one semi-public university, the Open University in Ho Chi Minh City.

Table 3.6 Training Profile of Bachelor Programs in 1998

Area of training	All	Public	Semi-public	People-founded
Education	12.43%	14.75%		0.81%
Arts	0.73%	0.87%		
Humanities	12.42%	12.45%	18.07%	10.44%
Social and behavior sciences	10.12%	10.68%	14.17%	4.98%
Media and communications	1.67%	2.00%		
Business and management	21.82%	17.86%	44.55%	41.26%
Law	3.94%	3.63%		7.28%
Life sciences	0.85%	0.85%	2.58%	0.29%
Natural sciences	1.57%	1.88%		
Mathematics and statistics	0.98%	1.04%		0.87%
Computer sciences	5.41%	4.42%	5.23%	12.19%
Engineering	10.68%	10.90%	5.69%	10.78%
Mining and extraction	0.83%	1.00%		
Manufacture and processing	0.25%	0.29%		0.12%
Construction and architecture	7.22%	7.37%	9.72%	5.42%
Agriculture, forestry and aquaculture	3.07%	3.67%		
Veterinary	0.22%	0.27%		
Health care	3.46%	4.13%		
Social works				
Sports	1.69%	1.46%		3.83%
Transportation	0.16%	0.20%		
Environmental sciences and protection	0.47%	0.30%		1.73%
TOTAL	100%	100%	100%	100%

Source: VNHEAFS 1999

The training profile of the colleges had a similar distribution. The public colleges had a wider coverage as compared with non-public colleges in terms of courses offered.

The non-public colleges had no program in life sciences, mathematics or veterinary. The majority of enrolment in public colleges was in education (more than half of the students are studying in this field, due to fact that the public colleges were mainly teacher training colleges run by provinces). Engineering was also a focus of public colleges with 15% of students. The semi-public colleges, mostly colleges associated with public agencies in finance and accounting, offered only courses in business and management (81% of enrolment), computer sciences (16%) and human sciences (3%). The people-founded colleges offered courses in computer sciences, engineering, business and management, construction, manufacture and processing (Table 3.7). Here again is the disproportional distribution of courses visible.

Table 3.7 Training Profile of Associate Degree Programs in 1998

Area of training	All	Public	Semi-public	People-founded
Education	54.09%	58.25%		
Arts	0.98%	1.06%		
Human sciences	2.82%	2.76%	2.94%	5.35%
Social and behavior sciences	2.27%	2.45%		
Media and communications	0.14%	0.15%		
Business and management	10.00%	6.08%	80.87%	16.46%
Law	1.21%	1.30%		
Life sciences				
Natural sciences	0.12%	0.13%		
Mathematics and statistics				
Computer sciences	8.03%	6.96%	16.19%	34.83%
Engineering	14.96%	15.44%		28.46%
Mining and extraction	0.83%	0.89%		
Manufacture and processing	0.15%	0.12%		1.71%
Construction and architecture	1.11%	0.88%		13.19%
Agriculture, forestry and aquaculture	1.45%	1.57%		
Veterinary				
Health care	0.86%	0.92%		
Social works	0.15%	0.16%		
Sports	0.12%	0.12%		
Transportation	0.45%	0.49%		
Environmental sciences and protection				
TOTAL	100%	100%	100%	100%

Source: VNHEAFS 1999

### 3.4. Academic staff

As at the beginning of the academic year of 2004-2005, there were 47,646 academic staff working in 230 HEIs. In 5 years, the total number of academic staff has been increased from 30,309 in 1999 to 47,646 in 2004, a 57,2% growth. In this period the non-public institutions have an increase in academic staff of 138.3%, higher than the 47,6% of the public institutions. The colleges had a bigger growth (77%) compared to the universities (50%). The number of academic staff in non-public colleges increased by 161% while the number of their peers in public ones increased only by 73%. The public universities had an increase in academic staff of only 38%, while the non-public universities has increased their number of academic staff by a 135%.

Table 3.8 Academic Staff in Higher Education Institutions

	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005
Academic staff - Total	30,309	32,205	35,938	38,608	39,985	47,646
<i>Public</i>	27,098	27,689	31,419	33,347	34,914	39,993
<i>Non-public</i>	3,211	4,516	4,519	5,261	5,071	7,653
Colleges	7,703	7,843	10,392	11,215	11,551	13,677
<i>Public</i>	7,326	7,364	9,801	10,652	10,821	12,692
<i>Non-public</i>	377	479	591	563	730	985
Universities	22,606	24,362	25,546	27,393	28,434	33,969
<i>Public</i>	19,772	20,325	21,618	22,695	24,093	27,301
<i>Non-public</i>	2,834	4,037	3,928	4,698	4,341	6,668

Source: Education statistics, MOET 2000, 2001, 2002, 2003, 2004.

According to stipulations of the Vietnamese Law on Education of 1998, which were also repeated in the Law on Education of 2005, an academic staff at higher education must possess at least the degree equals to the qualification level of the program/course he/she is teaching at. MOET and HEIs have also set out goals to get more teaching staff with postgraduate degrees. The results of the efforts are shown in Table 3.9. In 1991 only 11.8% of all academic staff had a postgraduate degree. This proportion in the college was only 1% while 14.2% of the academic staff in the universities had postgraduate degrees. The proportion of academic staff with postgraduate degrees has been increased steadily since and has reached 44.6% in 2004. In 2004 the universities had more than half of their academic staff with postgraduate degrees, whereas the colleges had only 23.5% of their staff with postgraduate degrees.

About 15 years ago, holders of postgraduate degrees were very much limited in number, but nowadays they constitute nearly half of the academic staff contingent. This change was, to a larger part, due to the changes in the graduate training system in Vietnam. Prior to the 90s, the postgraduate programs offered only doctoral degrees<sup>1</sup> in very limited number. With the innovation in the economy, the education system has been able to catch up with the international customs. Master degrees have been introduced into the education system in the very late 80s and early 90s. Doctoral programs have been redesigned to deliver just one doctor degree instead of the previous two. The number of institutions authorized to offer postgraduate programs is increasing, not just in the higher education

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<sup>1</sup> *phó tiến sĩ* (doctor) and *tiến sĩ khoa học* (doctor of sciences) very much like the postgraduate programs in the former Soviet Union and some other former socialist countries.

system, but also in the system of public research institutes<sup>1</sup>. The training capacities have been also improved, allowing more students to go on with postgraduate studies. The improvement in the economy had enabled public agencies, including HEIs, to send more of their staff to advanced studies. All this lead to increased enrolment in postgraduate studies. However there is still a significant proportion of the academic staff without postgraduate qualifications.

Looking at the qualifications of the academic staff in the non-public institutions one could see that they are similar to that of the public ones (Table 3.10). In 2004, about 46% of the academic staff in people-founded institutions were holders of bachelor degrees. This proportion in the semi-public institutions was almost identical. The semi-public institutions have a slightly higher proportion of academic staff with master degrees but they had less doctor degree holders.

Though the academic staff of non-public HEIs was having similar qualification as those in public institutions, they did have a difference in age. The age of academic staff in non-public institutions are often higher then their peers in public ones, due to the fact that many of them are retired staff of public institutions, re-employed at the non-public ones, where the retirement age of staff is set higher and often not strictly kept<sup>2</sup>.

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<sup>1</sup> Public research institutes, with adequate number of qualified research staff, could offer master and doctoral courses, as a measure to link research and training.

<sup>2</sup> For public higher education institutions the retirement age is set at 60, same as for other public employees. For lecturers holding professor and associate professor titles the retirement age is extended for further 5 year to 65. These limits are extended for 5 years in case of academic staff in non-public institutions.

Table 3.9 Proportion of Academic Staff with Postgraduate Degrees

	Universities	Colleges	All
Academic year 1991	14.2%	1.0%	11.8%
Academic year 1992	15.0%	0.7%	12.2%
Academic year 1993	15.4%	1.0%	12.6%
Academic year 1994	16.7%	3.1%	14.1%
Academic year 1995	20.8%	6.7%	18.0%
Fiscal year 1996	35.2%	8.0%	28.9%
Fiscal year 1997	40.2%	12.5%	33.8%
Fiscal year 1998	43.6%	15.8%	37.1%
Fiscal year 1999	42.3%	18.5%	37.2%
Fiscal year 2000	44.7%	20.1%	39.0%
Academic year 2001	47.7%	20.8	42.2%
Academic year 2002	50.8%	20.7	45.1%
Academic year 2003	52.5%	22.8%	44.1%
Academic year 2004	52.8%	23.5%	44.6%

*Source:*

- *VNHEAFS 1999, 2001*
- *Education statistics, MOET 2000, 2001, 2002, 2003, 2004, 2005*

Table 3.10 Qualifications of Academic Staff in 2004 (% of total)

	All	Type of institutions		
		Public	Semi-public	People-founded
Doctor degrees	13.1%	11.4%	19.3%	22.2%
Master degrees	30.5%	30.6%	33.8%	29.0%
Bachelor degrees	52.1%	53.2%	45.9%	46.2%
Associate bachelor degrees	1.7%	1.9%	0.0%	0.6%

*Source: Education statistics, MOET 2005*

Though the number of academic staff in higher education institutions has been increased, the growth in enrollment had increased at faster pace. This has lead to rather high students/academic staff ratios in the recent years. Before the renovation policy this ratio was kept at 10 or below, now it has been pushed up to more than 30 (see Table 3.11). The student/academic staff ratio in the universities has been always higher colleges. Compared to some other neighboring countries it was nearly double. This could be thought of as a serious indication about the low quality of higher education in Vietnam.

Table 3.11 Student / Academic Staff Ratios in Higher Education Institutions

	Universities	Colleges	All HEIs
Academic year 1991	5.6	5.3	5.5
Academic year 1992	5.6	5.0	6.3
Academic year 1993	7.6	5.3	7.2
Academic year 1994	10.1	6.1	9.3
Academic year 1995	14.3	8.0	13.0
Fiscal year 1996	19.0	13.3	17.7
Fiscal year 1997	23.2	16.2	21.5
Fiscal year 1998	26.9	17.6	24.6
Fiscal year 1999	23.6	16.3	21.7
Fiscal year 2000	26.0	17.8	23.9
Academic year 2001	29.9	20.3	23.5
Academic year 2002	29.4	19.2	23.5
Academic year 2003	31.6	20.1	28.4
Academic year 2004	30.8	19.9	27.7

*Source:*

- *World Bank [1996]*
- *VNHEAFS 1999, 2001*
- *Education statistics, MOET 2000, 2001, 2002, 2003, 2004, 2005*

In this context the non-public institutions seemed to have some advantages in comparison with the public ones. Statistical figures from recent years showed that the non-public universities had a better students/academic staff ratio than the system average (16.9 to 30.8). The non-public colleges have higher than average students/academic staff ratio

(25.2 to 19.9). But all non-public institutions together show a significant better ratio than the system average (18 to 27.7).

Table 3.12 Student/Academic Staff Ratios in Non-public Higher Education Institutions

	University	College	All non-public HEIs
1999-2000	33.67	32.15	33.49
2000-2001	22.16	30.90	23.09
2001-2002	21.03	31.13	22.35
2002-2003	19.41	36.75	21.26
2003-2004	25.72	34.89	27.04
2004-2005	16.94	25.20	18.00

*Source: Education statistics, MOET*

Teaching load is a critical issue of academic staff. The teaching load of the academic staff in Vietnamese universities and colleges has been growing significantly in recent years. In 1996, an average fulltime academic staff conducted only 350 hours of teaching; one year later, it has increased up to 396 hours. In 1998 the average teaching load has reached 410 teaching hours per year for a full-time lecturer, and this figure was 452 in 2000, almost double of the official teaching norms of 280<sup>1</sup> (see Table 3.13).

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<sup>1</sup> In Vietnamese public HEIs a teaching staff has to fulfill at least 280 teaching periods/hours in an academic year. Some research and administrative activities were converted into equivalent numbers of teaching periods for the purpose of accounting. Any teaching periods above the 280 hours is counted as overtime work.

Table 3.13 Average Teaching Load in Higher Education System

Year	1996	1997	1998	1999	2000
Hours per year	350	396	410	417	452

*Source: VNHEAFS 1999, 2001*

However the teaching loads are not equal in all institutions. In big public universities the average teaching load could go up to 800 or 900 teaching hours annually, triple of the mentioned norm, while in small public or provincial institutions the load was as low as 130 hours per year (Table 3.14). Academic staff of non-public institutions had a lower teaching load than in public institutions. As for the 21 institutions surveyed by JBIC (2004, p.23) the academic staff at Ton Duc Thang Semi-public University had a very low teaching load. The two people-founded universities covered in the same survey had a slightly higher teaching load than Ton Duc Thang Semi-public University, but still lower than the public universities. The low teaching load per academic staff could be explained by the fact that the non-public institutions are relying on outside (visiting) staff rather than their own permanent academic staff. In the 1990s only 5% of academic staff of the non-public institutions were permanent. In 2002 only 11.6% of the academic staff in semi-public institutions were permanent, for people-founded institutions this figure was only 9,74%. The majority of academic staff in non-public institutions was invited/visiting staff from other public institutions or part-time lecturers, retired academic staff from public institutions, working on contract basis. Contracting academic staff from public universities and research institutes helped the non-public institutions to select the best academic staff in their specialization, who could bring the most updated knowledge accumulated in their

career into teaching processes, improving the quality of education in non-public institutions<sup>1</sup>. However this reliance has also created difficulties for the non-public institutions in opening new courses or getting necessary academic staff for subjects high on demand. In many cases non-public institutions were forced to accept academic staff, who might not necessary be relevant to the jobs. This practice eventually had a negative impact on the quality of the graduates. However the contracted staff has helped to reduce the students/academic staff ratio of the non-public institutions, as indicated in the official statistics (Table 3.12). The utilization of the already retired academic staff of public institutions had helped the higher education system to make use of those academic staff, who had long time experience in teaching and research, giving the society more access to these staff' knowledge. Working in non-public institutions helped the retired academic staff to get extra income to supplement their limited pension.

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<sup>1</sup> Ha Anh & Cam Lu. (20/10/2004). *Giảng viên ngoài công lập: “Ẩn số” (Teaching staff of non-public institutions: “the unknown variable”)*. Retrieved 12/8/2005 from <http://vietnamnet.vn/giaoduc/2004/10/337269/>.

Table 3.14 Average Teaching Load in Selected Higher Education Institutions

Institutions	2000-01	2001-02	2002-03
1. Da Nang University	900	900	900
2. National Economy University	896	960	704
3. Vinh University	475	568	592
4. Pharmacy-Medicines University of HCM City	450	470	490
5. Central No.1 Sport and Physical Education University	551	516	447
6. Can Tho University	401	416	447
7. HCM City Technical Teacher Training University	456	420	430
8. Duy Tan People-founded university	295	370	420
9. Maritime University	456	399	398
10. HCM City Agriculture, Forestry University	406	445	396
11. Hoa Binh Teacher Training College	330	350	320
12. Dac Lac Teacher Training College	413	368	315
13. Tay Nguyen University	260	280	290
14. Construction University	242	273	282
15. Foreign languages college - Hanoi National University	250	250	250
16. College of social sciences and humanities- Hanoi National University	280	260	250
17. Hai Phong People-founded university	238	251	235
18. Ton Duc Thang Semi-public University	228	229	201
19. Technology Faculty- Hanoi National University	156	135	174
20. Hong Duc University	115	130	140
21. Law Faculty- Hanoi National University	70	75	75

Source: Japan Bank for International Cooperation – JBIC 2004

In the efforts to meet the standard set by MOET, which requires the non-public institutions to have at least 20% of their academic staff on permanent status, many non-public institutions are trying to employ new academic staff. In 2002 the permanent and long-term contracted academic staff of the semi-public institutions comprised 25.4% of all academic staff (VNHEAFS 2003). This was an improvement compared to 1996, when the semi-public institutions had only 20.1% permanent and long-term contracted academic staff (VNHEAFS 1999). The people-founded institutions had raised this proportion from 13.4% in 1996 to 28.2% in 2004. However these new staff are mostly newly graduates or, in some cases, low qualified academic staff previously employed by public institutions.

### **3.5. Financial Resources**

In the years of centralized planning system, the financial resources for the (only public) higher education were provided from the public budget. With the increasing number of students in public institutions and the slow growth of the economy in the initial years of the renovation the budget for (public) higher education could not meet all the needs of the system. Besides that the government has also to spend much financial resources for other levels of education, especially for the universalization of primary and lower secondary education in the country. In that context, the higher education system (colleges and universities) could not get more from the public budget for education. The share of higher education expenditures in the education budget has been remaining quite constant at about 13% of the education budget (see Table 3.15). With this constraint and the needs for financial means to improve the higher education programs, it could be expected that the public budget could not support more students in the higher education system.

Table 3.15 Breakdown of public education budget by levels

% of total budget for education	1995	1996	1997	1998	1999
- Pre-school	4.9	4.4	5.6	5.4	5.6
- Primary	29.7	32.3	34.5	35.2	35.5
- Lower Secondary	19.5	19.1	19.0	19.4	19.4
- Upper Secondary	7.4	10.1	8.6	8.4	8.5
- Other	10.8	6.0	4.9	4.9	4.7
- Vocational training	4.5	4.3	3.8	3.8	
- Professional Secondary training	5.3	5.4	4.7	4.8	
- Colleges and universities	11.7	12.5	13.2	12.4	
- Post-graduate	0.7	0.6	0.7	0.8	

Source: Ministry of Finance 2004

The real situation of spending for higher education is best illustrated by the unit cost figures. Per student FTE expenditure in VND has been increasing in the last 15 years. From 1993 to 2002, the average expenditure had more than doubled in absolute numbers. But the per student FTE expenditure expressed in US\$ was rather low. For many years the average annual expenses were less than US\$200 per student. Only in 2001 this figure has passed the US\$200 mark. This was a big improvement but it still far below the GDP per capita level of Vietnam (US\$413 in 2000, US\$514 in 2004 and US\$640 in 2005<sup>1</sup>). The low level of expenditures in Vietnamese higher education was also indicating a possible cause

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<sup>1</sup> Vietnam News. (30/12/2005). *Viet Nam records highest GDP growth*. Retrieved 03/01/2006 from <http://www.vneconomy.com.vn/eng>.

of low academic quality. The World Bank had estimated that in 2000 and 2003 the recurrent public expenditure per student in higher education was only 38.6% of per capita GDP<sup>1</sup>.

Table 3.16 Estimated Average Unit Cost (Recurrent Expenditure)<sup>2</sup> per Student FTE

In VND ‘1000

Academic Year 1993	1,289
Academic Year 1994	1,818 (~US\$165 <sup>3</sup> )
Academic Year 1995	1,812 (~US\$164)
Academic Year 1996	2,133 (~US\$193)
Fiscal Year 1997	1,684
Fiscal Year 1998	1,617
Fiscal Year 1999	1,881 (~US\$134)
Fiscal Year 2000	1,926 (~US\$137)
Fiscal Year 2001	3,103 (~US\$209)
Fiscal Year 2002	3,214 (~US\$211)

*Source:*

- *World Bank 1996*
- *VNHEAFS 1999, 2001 and 2003*

With limited financial resources the institutions of higher education in Vietnam had hard time to struggle for the quality improvement goals. In the mid ‘80s the government

<sup>1</sup> Retrieved 28/11/2005 from <http://devdata.worldbank.org/edstats>.

<sup>2</sup> Recurrent expenditure excludes fund for scholarships from public budget.

<sup>3</sup> The exchange rates are taken from various sources, mostly mid-year exchange rates.

has started to allow the public institutions to charge fees from students as a measure to recover part of the costs incurred during the training process. The introduced fees have helped to relieve the financial burdens by the institutions at that time. With the time, the initial “extra fees” had become “tuition fees” and “other fees”. However the tuition charges in public institutions are currently limited to a ceiling of VND1.8 million per year (equivalent to US\$115-120), still less than what the government pays for each student in the public system (see Table 3.17).

Table 3.17 Share of Expenditure between the Government Budget and People’s Contributions (1994)

Level	Total expenditure per student (VND’000)	Govt. Budget Expenditure		People’s contributions	
Primary	234,000	130,000	55.5%	104,000	44.5%
Lower secondary	458,000	235,000	51.3%	223,000	48.7%
Upper Secondary	995,000	483,000	48.5%	512,000	51.5%
Vocational training	1,259,000	478,000	37.9%	781,000	62.1%
Professional Secondary Training	2,430,000	1,649,000	67.8%	781,000	32.2%
Universities and colleges	2,549,000	1,768,000	69.3%	781,000	30.7%

*Adopted from World Bank, “Vietnam Public Financing” (1997)*

The figures in Table 3.17 indicate that public higher education was highly subsidized in Vietnam. What is noteworthy here is that higher education students and their parents had to bear only 30% of the costs occurred during their education. This proportion is lower than in other levels of education, especially the compulsory primary education, where this proportion was 44.5%. The high private costs of higher education however

could hinder students from poor background to enter the system. In this aspect the subsidies for public institutions were more to the benefits of the better offs.

Subsidies for higher education is also visible if one compares the per student public recurrent expenditure with the per capita GDP. In 2000 this ratio was 5.8% in primary education and 5.9% in secondary education, but 38.6% in higher education. The picture was the same in 2003, where the ratios were 5.9%, 5.9% and 38.6% respectively<sup>1</sup>.

The subsidies to the public institutions are shown also in the share of public funds in the institutions' recurrent incomes (Figure 3.7). The financial resources from government were making up to nearly 70% of the revenues by public institutions. The semi-public institutions were getting about 7% of their incomes from government funds. In this period the people-founded institutions did not benefit from the public recurrent funds.

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<sup>1</sup> Retrieved 28/11/2006 from

<http://devdata.worldbank.org/edstats/SummaryEducationProfiles/CountryData/GetShowData.asp?sCtry=KHM,vietnam>

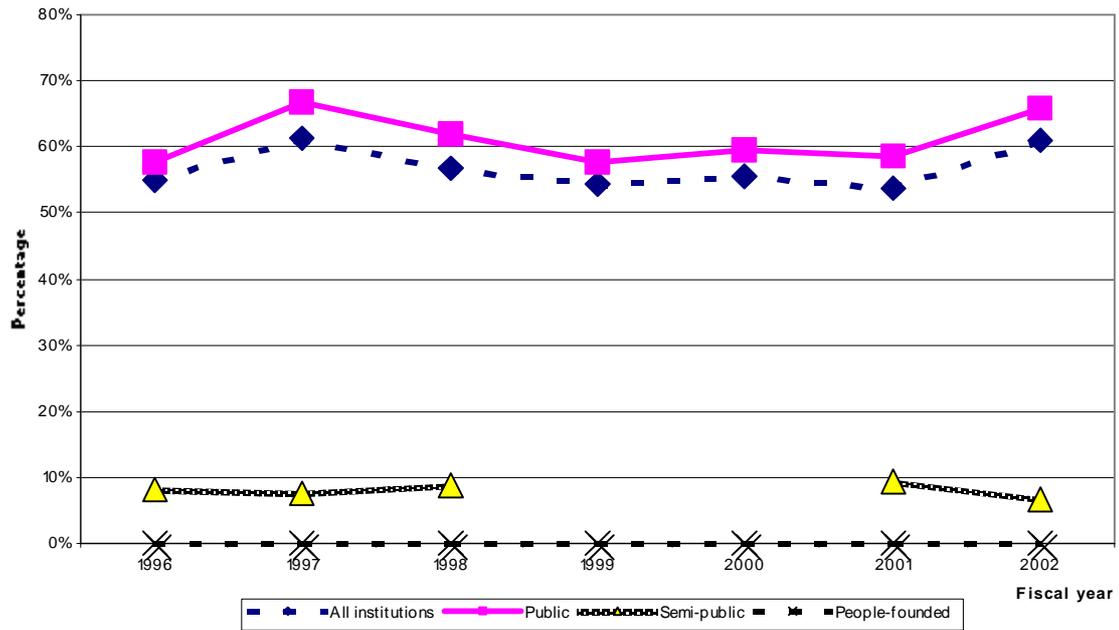


Figure 3.7 Government Funds as Percentage of Recurrent Incomes by Institution Type

The non-public higher education institutions were not subsidized by the government in the way the public institutions were. Semi-public institutions did get some public funds for providing certain types of education services. Example for this were the distance education programs using public radio conducted by the Ho Chi Minh City Semi-public Open University for the Mekong Delta. The public funds were given also to the semi-public institutions from the supervising agencies to maintain the infrastructures of these institutions. The people-founded institutions did not receive any public funds for their operations. They had to cover most of their expenditures by incomes from tuition fees and contracts. The share of fees and contracts in the income of these institutions is given in Table 3.18.

In average the Vietnamese HEIs had about 30 to 40% of their income from tuition fees and contracts. This proportion was increasing in the recent years by all institutions,

including the public institutions, which were able to raise this from 20.5% in 1996 to 35.8% in 2000. Tuition fees and contracts were making up to 86% of semi-public institutions. In the same time tuition fees and contracts were making up 93 to 97% of income of the people-founded institutions.

Table 3.18 Tuition and Fees as Percentage of All Income by Type of Institutions

Fiscal year	All institutions	Public	Semi-public	People-founded
1996	23.8%	20.5%	87.5%	90.6%
1997	31.8%	26.5%	85.8%	95.3%
1998	36.5%	31.3%	84.0%	94.0%
1999	39.5%	35.8%	n.a.	97.1%
2000	39.6%	35.8%	n.a.	96.7%
2001	39.2%	34.2%	86.1%	93.9%
2002	33.1%	28.5%	79.2%	93.3%

Source: VNHEAFS 1999, 2001 and 2003

Though the non-public institutions (both semi-public and people-founded) are relying much on the tuition fees and contracts, they were not free to set the tuition fees. The tuition fees of people-founded and semi-public higher education institutions were subject to a ceiling set by the central government, which is currently about VND5 millions (about US\$314<sup>1</sup>) a student per academic year. This is not high in comparison to the per-

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<sup>1</sup> Hoang Xuan Sinh. (21/10/2004). “Chăm điểm” trường ngoài công lập (“Scoring” non-public institutions). Retrieved 15/11/2005 from <http://vietnamnet.vn/giaoduc/2004/10/337295>.

student allocation to public HEIs. Big universities like the National Universities of Hanoi and Ho Chi Minh City are receiving about VND 7 millions a year for each student enrolled; medium sized public universities are being given about VND 5 millions for each of their students.

Until now the non-public institutions have generated little incomes from other sources than tuition charges. Research and scientific services are bringing in only a small proportion of the income by non-public institutions. For semi-public institution is about 2% of all recurrent income, while the people-founded institutions could get only 1.7% of incomes from research and scientific services.

In this context the non-public institutions were forced to operate and are operating at higher efficiency compared to the public institutions. Streamlining the administration and cutting costs by contracting out services help them to achieve this efficiency. It is common for people-founded institutions to have vice rectors acting as deans of faculties or head of administrative offices. A staff could take care of many posts to fully utilize manpower. This also helped to reduce cost on personal, which is one of the major expenditures of these institutions. Table 3.19 shows the proportion of personal costs (salaries and salary alike) in the recurrent expenditures of the people-founded institutions from 1996 to 2002. The data shows clearly that the personal costs constituted up to 40% of all recurrent expenditures. With this huge personal cost one could expect that the people-founded institutions could not save much from their little incomes.

Table 3.19 Proportion of Expenses Made on Salaries and Alike by People-Founded Universities and Colleges

	1996	1997	1998	1999	2000	2001	2002
Salaries and alike as percentage of all expenses	25.84	43.52	34.56	41,88	40,07	38.2	39.4

*Source: VNHEAFS 1999, 2001 and 2003*

The efficiency of the higher education institutions could be described also by the unit costs. Table 3.20 provides the unit cost (recurrent expenditure per student FTE) of the universities<sup>1</sup>. This shows that the public universities had the highest unit cost among the surveyed institutions. From 1999 to 2002 their unit cost has increased by 50%, from VND 2.2 millions to VND 3.4 millions. In the same time period the people-founded universities has increased their unit cost from VND1.6 million to VND 2.84 million, more than 70% increase. As of 2002, the unit cost of people-founded universities is reaching 85% of the system average. This is a big improvement in spending for the instructional process in the people-founded institutions. In the same time semi-public universities were spending only 77% of the system average.

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<sup>1</sup> Due to different data formats and classifications across surveys it was not possible to include the colleges into this table.

Table 3.20 Unit Cost of Universities (VND'000)

	1999	2000	2001	2002
All institutions	2130	2326	3140	3340
Public	2190	2390	3210	3420
Semi-public	n.a.	n.a.	2640	2600
People-founded institutions	1597	1700	2680	2840

*Source: VNHEAFSS 2001 and 2003*

These figures show that the non-public institutions have tried to make their operation as efficient as possible in a very limited budget. Streamlined operations and improved cost-efficiency have helped these institutions to make some savings, though not much. Data from VNHEAFS in 1999, 2001 and 2003 showed that this saving could be from 5 to 15% of the total revenue. Average people-founded university such like Phuong Dong University could have a saving of about 12% (Hang, 2005). These savings are being used for both capital investment and dividend to investors. With this, the margin for improvement of teaching process through capital spending is very much constrained.

### **3.6. Physical Resources**

There is quite a lot of information on the physical resources of the higher education institutions in Vietnam. But due to the different approaches used in data collection and the ways they are classified little could be used to describe the situation. Following are some significant indicators representing the situation.

In 1999 there was only one computer in the library serving more than 2000 student FTEs. In 2002 this has been reduced to 500 student FTEs per computer.

Stock of books in libraries has been slowly improved. In 1999 for each student FTE there was only 2.3 book titles. In 2002 this has been up to 2.72. However the number of book copies has been increased slower, from 13.2 to 14.22 (see Table 3.21). Not all higher education institutions in Vietnam are connected to Internet yet.

Table 3.21 Some Indicators on Physical Resources of Higher Education Institutions

	1999	2000	2001	2002
Students (FTE) per search computer in libraries	2.242	947	839	504
Book titles per student (FTE)	2.3	2.4	2.45	2.72
Book copies per student (FTE)	13.2	13.1	12.71	14.22
Institutions with direct Internet connection		23	68	77

*Source: World Bank 1996 and VNHEAFS 1999, 2001 and 2003*

The non-public institutions in general have less physical basis than the public ones. Most of non-public higher education institutions are renting out needed structures. They just have classrooms and some basic laboratories. Only some institutions in the provinces outside of big cities could afford to buy land for building their own structures. Larger institutions in Ha noi and Ho Chi Minh City have to build their structures on rented land, which is quite small in size and located in the less favorable areas. Laboratories are mostly basic and have to serve a huge number of students. Less often used labs are just rented from other academic and research institutions nearby. Some people-founded universities are leasing out buildings from public institutions as their classrooms and laboratories. The average space per students of the non-public institutions is much lower than that of the public ones.

Laboratories and libraries are also very much needed by most of the non-public institutions. In 1999 for each student FTE in the public universities there was 0.20 sq. meter of floor area in the libraries. This was reduced to 0.16 sq. meters in 2000. In people-founded universities to corresponding figures were 0.04 and 0.06 sq. meters. This indicated a serious lack of basic physical resources at the non-public institutions.

Non-public institutions, both semi-public and people-founded, are lacking of boarding facilities for students. While the public institutions, especially the provincial teacher training colleges, could provide accommodation for a large percentage of their students, the non-public institutions had to look into other boarding choices for their students, such like private housing or private dormitories. The only non-public institution with large boarding facility is Hai Phong People-founded University, which has built its own "Students' hotel" for about 1000 students.

### *Summary*

Vietnamese higher education had experienced significant changes in the recent decade in terms of institution number, academic staff, enrolment, financial and physical resources. In most of these aspects the public institutions have the more advantages thanks to the support from the public budget. The semi-public institutions, though getting less support from the public budget, but still better than the people-founded institutions, which have to rely on the fees collected from students and some small revenues from research and other services. The non-public HEIs, formed to catch the increased enrolment in higher education, are having much characteristics of the "third wave" as described by Levy, which was "to capture rising demand for higher education that exceeded the supply of public, 'free' higher education"(2002 p.5). However the Vietnamese non-public

institutions were moving ahead and had made some progress in comparison with the public institutions.

## **CHAPTER 4. CHARACTERISTICS OF VIETNAMESE NON-PUBLIC HIGHER EDUCATION**

This chapter will describe in details the different types of non-public higher education. Based on these facts and the findings of Chapter 3, the characteristics of the non-public sector in Vietnamese higher education will be discussed along the analytical framework proposed in Chapter 1. At the end of this chapter, weaknesses and strengths of the non-public institutions will be discuss in the context of higher education development in Vietnam.

### **4.1. Categories of Non-public Higher Education Institutions in Vietnam**

As already mentioned in the previous chapters, concerning institutional types, non-public higher educations in Vietnam are divided into three categories: people-founded, semi-public and private. The characteristics of these types are as follows:

#### **4.1.1. Semi-public Higher Education Institutions**

The characteristics of semi-public higher education institutions have been defined in the Decision Nr. 04/QD-TCCB, issued on 03 January 1994 by the Minister of Education and Training on Issuance of Temporary Regulations of Semi-public Higher Education Institutions. This is a draft regulation prepared by MOET and did not have legal effect on other government agencies.

### ***General regulations***

A semi-public HEI could be (i) an institution jointly established by government and social organizations or private individuals/organizations participating in investment and management of the institution or (ii) a newly established or established based on an previous public institution. Semi-public HEIs are part of the system of higher education in Vietnam under the state management of MOET. Semi-public HEIs carries out their activities based on the principle of self-sufficiency in financial expenditure. The main activities of semi-public higher education institution are training and research. The decision on establishment of semi-public higher education institution is decided by Prime Minister Decision, based on joint proposal of MOET and the supervising authority (line ministry or local government) governing the institution. The Minister of Education and Training has to approve the nomination of Board of Trustees' Chairman and members, and the Rector. MOET has also to ratify the institution's status and charter, training programs. The Minister of Education and Training also decides admission quota based on proposal from the organization establishing the institution.

### ***Establishment of semi-public higher education institution***

- Semi-public higher education institutions could be established by two ways: (1) newly established based on cooperation between a governmental authority (ministry, central agency, provincial/city people committee) and social organization(s) or private organization/individual investing in infrastructure, facilities and staff for the activities of the institution; (2) conversion from an existing public higher education institution.
- The Founding Committee of the new semi-public higher education institution is nominated by the related governmental authority (supervising authority) in

agreement with MOET. Members of this committee include: representatives of the supervising governmental authority; representatives of MOET and representatives of investors (if any). The Founding Committee responsibilities include: drafting of the proposal for establishment of the new semi-public higher education institution; elaboration of the institution's regulations; proposing list of members of the new semi-public HEI's Board of Trustees; preparation of necessary conditions for establishment and activities of the institution.

### ***Organization and management of semi-public higher education institution***

- Organization structure of semi-public higher education institutions includes: academic faculties, departments, research organizations and administrative divisions and offices.
- The Board of Trustees has the responsibility of overall management of semi-public higher education institution. It has the right to ratify the regulations, the organizational structure, the orientation of development and management of infrastructure and facilities, the mechanism of financial management, the planning of training and research activities, control and inspect the various activities of the institution; nomination of rector and heads of divisions and offices in the institution.
- Members of the Board of Trustees include: the Rector, the Secretary of the Communist Party organization in the institution, the Chairman of Trade Union, representatives of supervising authority, representatives of non-governmental investors; representatives of teaching and administrative staff. The term of the Board of Trustees is 5 years.

- The Rector is nominated by MOET based on proposal from the Board of Trustees. The Rector represents the institution in relations with the state, the society, and in international relations; and implements the decisions of the Board of Trustees; decides on nomination of heads of offices, divisions and units in the university. The term of the rector is 4 years. The rector is assisted in his work by deputy rectors
- Semi-public institutions have reporting responsibilities to the supervising authorities about their operation, financial and personnel matters.

### ***Financial management***

Resources and incomes of semi-public university consist of: capital investment by the government; contribution from investors; tuition fees and income by research and service activities; contribution from funding by individual or organizations; loans from various sources; funding from government. For the semi-public institutions established on the basis of a public institution, the government provides regular financial resources based on training quota determined by MOET. During the first years of the semi-public university establishment, these funds could be up to 50% of needed total expenditures. In the following years the governmental investment will decrease. Financial and other material resources of the semi-public university should be managed according to existing state regulations. Investors could receive the benefits from the university activities according to provisions of investment agreement.

### ***Training and research activities of semi-public institutions***

Semi-public institutions carry out training and research activities according to regulations issued by MOET and related government authorities. Semi-public institutions have the right to defer degrees and certificates linked to the specialties registered with MOET.

### ***Responsibility and rights of teaching and administrative staff***

Semi-public institutions recruit their academic and administrative staff based on governmental regulation of working contract. This staff has the same responsibility and the rights towards the semi-public institutions as the staff of public institutions. The difference is that the staff of semi-public institutions is paid from the institutions own budget, not from the government payroll.

### ***Students***

All Vietnamese citizens and foreigners living in Vietnam have the right to attend semi-public university courses if they meet the requirements set by the institutions. Semi-public university students have the same political, social and economic rights as students of public universities.

### ***Inspection, recompense and discipline***

Semi-public higher education institutions have to follow regulations concerning inspection, recompense and discipline issued by MOET. The closing of semi-public higher education institution, or transfer of the institution to another party, should be decided by the Prime Minister based on proposal from MOET.

### ***Decommissioning and changing of status***

The semi-public higher education institution could cease its activities in case of: lack of resources; unavailability of working conditions; by decision of MOET. In case of necessity and possibility semi-public higher education institution could propose to the government to be changed into public higher education institution.

According to the new Law of Education passed by the National Assembly on 14 June 2005, starting from 1/1/2006 there will be no semi-public educational institution in Vietnam, including institutions of higher education.

### ***Chartering of Semi-public HEI***

As mentioned in previous sections, semi-public institutions could be formed from scratch or converted from existing public institutions. But all the current semi-public institutions were converted from previously public institutions. Therefore this part will summarize the conversion of public institutions into semi-public ones.

The proposal for a new semi-public institution has to come from the supervising authority of a public institution itself. The supervising authority and the institution's directorate have to work together to prepare a Proposal for Conversion of Public Institution into Semi-public institution. This proposal has to describe:

- The history of the institution;
- The prospect for the institution in the future;
- The institution's capacities to generate revenues and to manage financial resources from other sources;
- The reasons for the supervising authority to give more autonomy to the institutions.

This proposal has to be submitted to the MOET and other governmental offices related to the education management.

The MOET will review the proposal and call for an inter-ministerial committee to assess the proposal. The committee will also compare the institution's proposal with the

government's master plan for higher education development. The conclusion of the inter-ministerial committee will be submitted to Prime Minister for consideration

The final decision will be made by the Prime minister (in case of universities) or Minister of Education and Training (in case of colleges).

#### **4.1.2. People-founded Higher Education Institutions**

The characteristics of people-founded higher education institutions are defined in Decision Nr 86/2000/QĐ-TTg, issued on 18 July 2000 by the Prime Minister, on Regulation of People-founded Universities. The main points of this decision are as follows:

##### ***General regulations***

People-founded HEI is established as autonomous institution, by a social organization providing resources from non-state sources for its establishment and activities. The people-founded HEI is autonomous in managing its organization, staff and finances. The ownership of its resources is collective and belongs to the institution's investors, teaching and administrative staff. The establishment of a people-founded institution is based on decision of Prime Minister, proposed by MOET. People-founded HEIs are under the management of MOET

##### ***Conditions and procedure for establishment of people-founded institutions***

The establishment of a people-founded university should be based on the following conditions: establishment proposal should be consistent with government's plans and orientations on higher education development; the institution should have sufficient staff and resources investment. The documents of the proposal for a new people-founded university should indicate the satisfaction of the above mention conditions, along the list of

the proposed university Board of Trustees members, the rector and the list of permanent academic staff and administrative staff. MOET has to approve the nomination of university Board of Trustees members, Board of Trustees' Chairman and Rector. It is also MOET responsibility to ratify the institution's status and charter, training programs. The Minister of Education and Training also decides admission quota based on proposal from the organization establishing the institution.

### ***Organization and activities of the people-founded institutions***

Organizational structure of the people-founded university includes: the Board of Trustees; the Rector and deputies; the administrative offices and divisions; the academic council; the academic divisions (faculties, sections and departments); the research and extension organizations; the organizations of the Communist Party and mass organizations.

#### ***Board of Trustees***

The Board of Trustees consists at least of 7 members, including representatives of the organization proposing the establishment of the university; representatives of investors; representatives of academic and administrative staff; rector; representatives of the Communist Party organization in the university. The Board of Trustees Chairman is responsible for the decisions of the Board, leads the activities of the Board and controls the management activities of the Rector. The Chair has the right to use of the organizational units and the official stamp of the university. Activities of the Board of Trustees include: decision on the policy and strategy for university development; review of education and training plans; determination of norms and standards of income and expenses of the university; mobilization of investment for university development; control of financial management; planning of the university; proposal to MOET the nomination or

denomination of the rector and other proposal for decision concerning the university to be made by MOET. The term of the Board of Trustees is 5 years.

#### *The Rector*

The Rector of the people-founded institution is appointed by the Board of Trustees and approved by the Minister of Education and Training. The rector is responsible for the overall management of the university based on decisions made by the Board of Trustees. The rector is assisted in his work by his deputies. Deputy-rectors could be members of the Board of Trustees, but the number of rector and deputies-rectors in the Board of Trustees should not exceed 1/3 of total number of members of Board of Trustees. .

#### *Training and research activities*

People-founded institutions could enroll Vietnamese citizens and foreigners living in Vietnam according to regulations issued by MOET and related government agencies. People-founded institutions could carry out research, extension, service and international cooperation activities related to its training fields according to regulations set by the government.

#### *Financial management*

People-founded institution is autonomous in management of its financial resources. People-founded institutions operate based on the cost-recovery principle.

Revenues of people-founded institutions consists of: tuition fees and incomes from research and service activities; interests from bank accounts; capital from investors; loans from credit institutions; gifts, grants from individuals, organizations.

Expenditures of people-founded institutions comprise of: overhead expenditures, expenditures for academic activities, benefits for staff, rent of structures, taxes, interests on investment, loans, capital expenditures.

### ***Responsibility and rights of teaching and administrative staff***

People-founded institutions recruit teaching and administrative staff based on governmental regulation of working contract; they have the same responsibility and the rights towards the university as the staff of public university. Permanent staff shall be staff of the government agencies, institutions.

At the beginning of the first academic year permanent academic staff shall make up at least 20% of all academic staff needed for teaching a major. This proportion shall be up to 50% in the fifth year.

### ***Students***

All Vietnamese citizens and foreigners living in Vietnam have the right to attend people-founded university courses if they have the necessary conditions requested by the university. People-founded university students have the same political, social and economic rights as students of public universities.

### ***Inspection, recompense and discipline***

People-founded higher education institutions have to follow regulations concerning inspection, recompense and discipline issued by MOET. It is prohibited to use the name of the people-founded institutions to conduct for-profit business. The closing or dissolution of non-public higher education institution, or transfer of the institution to another party, should be decided by the Prime Minister based on proposal from MOET and other concerned authorities.

### ***Chartering of People-founded HEI***

The proposal for a people-founded institution shall be made by a social/political organization and some investors/proponents. The proposal shall reflect:

- The need for the to be established institution
- Reason for the social / political organization to take the initiative
- Financial resources committed by the organization and other investors
- The prospect for the institution in the future
- The institution's capacities to generate revenues and to manage financial resources from other sources
- The guarantee on the land use right for the to be established institutions

The proposal should also identify the member of the Founding Committee, which takes the responsibility for the procedures and paper works related to the new institutions. A decision by the social/political organization shall formally announce this committee. The proposal for the new people-founded institution has to be submitted to the Prime minister office, MOET and other governmental offices related to the education management. MOET will review the proposal and match it with the master plan for higher education development. Other public agencies, especially the local government agencies in the province/city where the new institutions will be located, will be called in the review. The review will be conducted a review on the locational choice of the institutions, financial commitments and capacities of the proposed staff. If no rejection is raised, the Prime Minister/Minister of Education and Training will make the final decision on the establishment. The MOET will work with the Board of Trustees before issuing the permit for operation (i.e. approving the first student intake).

### **4.1.3. Private Higher Education Institutions**

The characteristics of private higher education institutions are defined by Decision Nr 14/2005/QĐ-TTg on Issuance of Regulations for Private Higher Education Institutions dated 17 January 2005, replacing the previous Decision on Regulations on Private Higher Education Institutions issued in 1993.

#### ***General regulations***

Private university is established by private individual(s) providing resources for its establishment and activities. All Vietnamese citizens have the right to establish private university; private university is a component of the system of higher education of Vietnam, under the management of MOET, established based on a decision of the Prime Minister.

#### ***Organization of private institutions***

The General assembly of investors is the representative organization for the shareholders and it has the ultimate power in nominating, electing and dismissing trustees. The meeting is held once in a year by request of Board of Trustees or at least 30% of the common shares. The meeting also reviews the financial statements as well as the strategic plan of the institution.

The Board of Trustees, elected by the General assembly of investors, should have no more than two thirds of the members from investors; at least one fourth of the members nominated by MOET; at least 2 members representing the permanent academic staff of the university. The Board of Trustees nominates the Rector and Deputy-rectors. The nomination of the Rector is subject to approval by MOET.

The Board of Trustees has the right and responsibility of policy-making, strategic planning of education and training, organizational and personnel administration of the

University. The Board of Trustees meets in regular meetings every 6 months, its term lasts 5 years. The Chairman of the Board of Trustees chairs the Board meetings and supervises the activities carried out by the Rector between the regular meetings of the Board.

The Rector manages all educational, research, and administrative activities of the University, based on laws, governmental regulations, regulations of MOET and of the institution itself. The term of the rector is 4 years.

MOET approves the nomination of Rector by the Board of Trustees. In case of non-accomplishment of his duties, or severe violation of laws or regulations the MOET will propose to the Board of Trustees to denominate the rector.

### ***Financial resources of private university***

Financial resources of private institution consist of: contribution from investors; tuition fees and income by research and service activities; contribution from funding by individual or organizations; loans from various sources; funding from government.

Revenues of private institutions consists of: tuition fees and income from research and service activities; interests from bank accounts; capital from investors; loans from credit institutions; gifts, grants from individuals, organizations.

Expenditures of private institutions comprise of: overhead expenditures, expenditures for academic activities, benefits for staff, rent of structures, taxes, interests on investment, loans, capital expenditures.

The surplus of income, after paying all operational costs, will be used for taxation purposes, investment or dividend for shares.

### ***Training and research activities***

Private institutions carry out education, training and research activities according to regulations issued by MOET and related ministries; private institutions could carry out training in all specialties in which it has necessary conditions of teachers, curricula, teaching learning materials, laboratory and practice conditions accepted by MOET.

### ***Teaching and administrative staff***

Private institutions recruit the academic and administrative staff based on governmental regulations for labor contracts. The staff have the right to organize and participate in social organizations inside the university; the rector has the responsibility to create necessary conditions for these organizations to be formed and to operate.

### ***Students***

All Vietnamese citizens and foreigners living in Vietnam have the right to attend private institutions courses if they have the necessary conditions requested by these institutions. Students of the private institutions have the same political, social and economic rights as students of public institutions.

### ***Control, inspection and discipline***

Private higher education institutions have to follow regulations concerning control, inspection and discipline issued by MOET. The closing of private higher education institution, or transfer of the institution to another party, should be decided by the Prime Minister based on proposal from MOET.

### ***Chartering of Private HEI***

Basically the chartering process for private higher education institutions is almost identical with that of the people-founded institutions. The establishment process consists of the following steps:

- Preparation of an intention letter to MOET by proponents (if applicable), which shall receive a response from MOET on whether MOET agrees with the intention or not.
- Submission to MOET a project on establishment of the private university and a proposal on university regulations. The proposal shall reflect: The need for the to be established institution; financial resources committed by the organization and other investors; the prospect for the institution in the future; and the institution's capacities to generate revenues and to manage financial resources from other sources. The proposal for the new private institution has to be submitted to the Prime minister office, MOET and other governmental offices related to the education management. MOET will review the proposal and match it with the Master plan for higher education development. Local government agencies will be called in the review. The review will be conducted on the locational choice of the institutions, financial commitments and capacities of the proposed staff. The Prime Minister Office/MOET, based on outcomes of a review of this project proposal, will issue to the proponent(s) the permission to establish the university,
- Nomination of Board of Trustees by the proponent(s) to MOET. If the MOET agrees with this nomination it will propose to the Prime Minister to issue the Decision on establishment of the new institution. Based on this decision, MOET

will formally approve the nomination of Board of Trustees and grant the permit to open the new institution.

The MOET will work with the Board of Trustees before issuing the permit for operation (i.e. approving the first student intake).

Private institutions could be also formed from an existing public institution. In this case the supervising authority or the social organization in charge of the institution will have to make the proposal, which has to identify the conversion of institution's properties into private properties.

The differences of the different types of non-public higher education institutions could be summarized in the following Table 4.1.

Table 4.1 Comparison of Current Categories of Non-public Higher Education Institutions

Aspect of Comparison	Semi-public higher education institutions	People-founded higher education institutions	Private higher education institutions
Regulations issued on	n.a.	18 July 2000	17 January 2005
Regulations issued by	n.a.	Prime Minister	Prime Minister
Proposal of establishment of higher education institution	Supervising authority and the institution	A social organization	Private person(s)
Permission of establishment	Decision of PM or Head of supervising authority (in case of conversion from public)	Decision of PM	Decision of PM

Decision on establishment of higher education institution	Prime Minister (for universities) or Minister of Education and Training (for colleges)		
Permission to carry out activities by	MOET	MOET	MOET
Founding Committee	n.a.	Social organization and proponents of the establishment of higher education institution	n.a.
General assembly of investors	n.a.	n.a.	Yes
Board of Trustees	n.a.	Nominated by the Founding Committee.	Elected by General assembly of investors
The rector	Appointed by supervising authority	Proposed by Board of Trustees and approved by MOET	Proposed by Board of Trustees and approved by MOET
Financial management	Cost recovery through fees and other incomes	Autonomy in management of its financial resources	Autonomy in management of its financial resources
Inspection, recompense and discipline	Follow the regulations defined by MOET for all higher education institutions		
Closing or transfer of the institution to another party	Decided by MOET and the supervising authority	Decided by Prime Minister based on proposal from MOET	Decided by Prime Minister based on proposal from MOET

## 4.2. Chronicle of Non-public Higher Education Institutions in Vietnam

The first non-public higher education institution in Vietnam was officially established in 1993. Since then many institutions have been established. The following Table 4.2 will list these institutions and their date of establishment in chronicle order.

Table 4.2 List of Non-public Higher Education Institutions and their Date of Establishment

Institution	Date of Establishment
Đại học mở bán công Thành phố Hồ Chí Minh HCM City Semi-public Open University	25/07/1993
Đại học dân lập Phương Đông Phuong Dong People-founded University	07/07/1994
Đại học dân lập Thăng Long Thang long People-founded University	08/08/1994
Đại học dân lập Đông Đô Dong Do People-founded University	02/10/1994
Đại học dân lập Ngoại ngữ Tin học Thành phố Hồ Chí Minh Ho Chi Minh City People-founded University of Foreign-languages and Informatics	25/10/1994
Cao đẳng bán công Marketing (nâng cấp lên Đại học bán công Marketing) Semi-public College of Marketing (upgraded to Semi-public University of Marketing)	03/11/1994 (04/03/2004)
Đại học dân lập Duy Tân Duy Tan People-founded University	11/11/1994
Đại học dân lập Văn Lang Van Lang People-founded University	26/01/1995
Đại học dân lập Kỹ thuật Công nghệ Thành phố Hồ Chí Minh Ho Chi Minh City People-founded University of Techniques and Technology	25/04/1995
Đại học dân lập Hùng Vương Hung vuong People-founded University	13/08/1995

Institution	Date of Establishment
Hung vuong People-founded University	
Cao đẳng bán công quản trị kinh doanh (sát nhập với Cao đẳng tài chính 1 thành Cao đẳng Tài chính – Quản trị kinh doanh) Semi-public College of Bussiness Administration (merged with College of Finance Nr. 1 into College of Finance – Business Administration)	05/06/1996 (11/2005)
Đại học dân lập Quản lý và Kinh doanh Hà nội Hanoi People-founded University of Management and Business	14/06/1996
Đại học dân lập Hồng Bàng Hong Bang People-founded University	10/07/1997
Đại học dân lập Văn Hiến Van hien People-founded University	10/07/1997
Cao đẳng dân lập công nghệ Thành phố Hồ Chí Minh Ho Chi Minh City People-founded College of Technology (upgraded to Sai gon People-founded University of Technology)	23/09/1997 (04/05/2004)
Đại học dân lập Lạc Hồng Lac hong People-founded University	23/09/1997
Đại học dân lập Hải phòng Hai phong People-founded University	23/09/1997
Đại học dân lập Tôn Đức Thắng (chuyển thành bán công) To Duc Thang People-founded University of Technology (converted into Semi-public)	23/09/1997 (27/01/2003)
Đại học dân lập Bình Dương Binh Duong People-founded University	23/09/1997
Cao đẳng bán công Hoa sen Lotus Semi-public College	26/04/1999
Cao đẳng bán công công nghệ và quản trị doanh nghiệp Semi-public College of Technology and Industrial Management	7/1999
Đại học dân lập Cửu Long Cuu long People-founded University	04/01/2000
Đại học dân lập Phú Xuân Phu xuan People-founded University	01/06/2003

Institution	Date of Establishment
Đại học dân lập Lương Thế Vinh Luong The Vinh People-founded University	01/12/2003
Đại học dân lập Yersin Yersin People-founded University	01/10/2004
Cao đẳng tư thục Thành đô Thanh Do Private College of Technology	30/11/2004
Private Economic-Technical-Professional College Nguyen Tat Thanh	05/08/2005

From this listing it is clear that the number of non-public institutions was increasing quickly in the mid of '90s (see Figure 4.1). There were years with many new institutions, like 1997; but there were also years without new institutions coming to life.

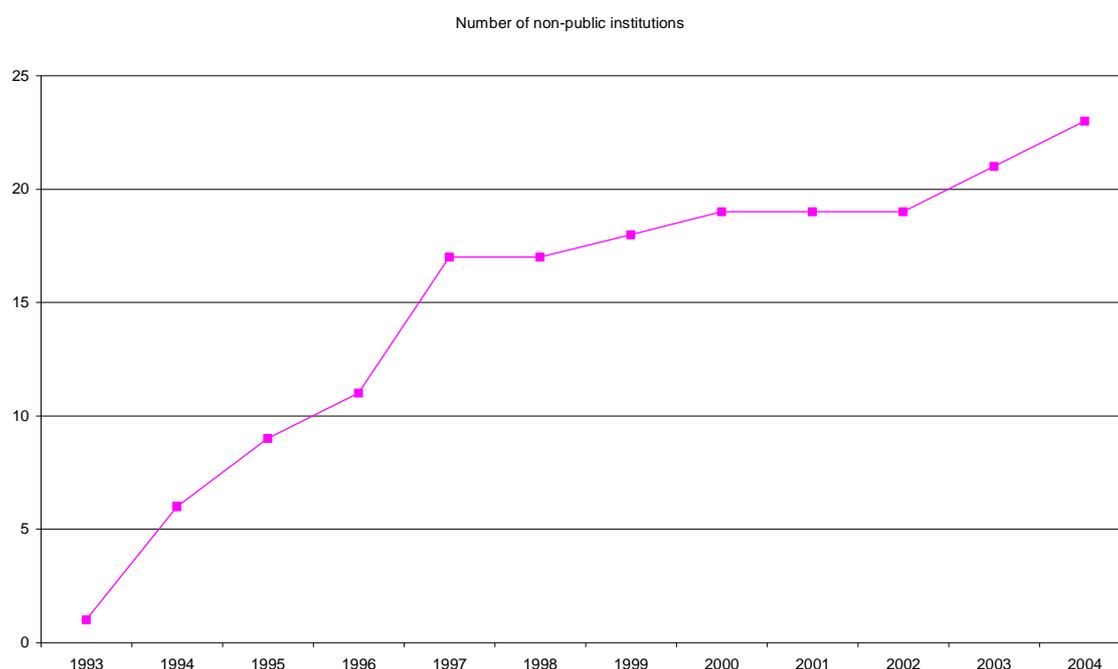


Figure 4.1 Number of Non-public Higher Education Institutions by Year

This chronicle shows also that the semi-public and people-founded types are preferred by the decision makers. For more than 10 years, no private institution has been allowed to be formed, despite the fact that there was already a Temporary Regulation for Private Universities signed by the Prime Minister in 1993, the very first official regulation concerning non-public higher education in modern Vietnam. The first real private college just came into existence in late 2004. Proposals for establishment of new private universities or conversion of existing people-founded universities into private ones are made to the Prime Minister Office, but none has been approved yet.

The geographical location of the non-public institutions is very much skewed toward the better-off areas. Table 4.3 provides a draft picture about this distribution. The majority of these institutions located in the two big cities of Hanoi and Ho Chi Minh City, where the most of the public higher education institutions are located. Others are located in the vicinity of these cities or regional centers.

Table 4.3 Number of HEIs by Geographical Region and by Ownership Type

Region	Public	Semi-public	People-founded	Private	Total	% of non-public
Red River delta (including Hanoi)	77	1	6	1	85	9.4%
Northeast	17				17	0.0%
Northwest	5				5	0.0%
North central	11				11	0.0%
Central coastal	21		2		23	8.7%
Central highlands	6		1		7	14.3%
Southeast (including Ho Chi Minh City)	37	5	9		51	27.5%
Mekong delta	22		1		23	4.3%
Total	196	6	19	1	222	11.7%

Source: Department of Higher Education, MOET 2005

### 4.3. Some Typical Non-Public Higher Education Institutions

#### *Semi-public Open University of Ho Chi Minh City*

The Semi-public Open University of Ho Chi Minh City, or Open University in short, was established in June 1990 by the Ministry of Education and Training. Initial it was formed to be an experimental and research institution in non-formal education, as indicated by its old title of Institute for Extended Education<sup>1</sup>. After some try-outs with distance education programs MOET has decided to make it one of the two open

<sup>1</sup> Viện đào tạo mở rộng in Vietnamese.

universities in the country. The name was changed into Open University in 1993. With the prospect of being attractive to thousands of people, who did not have the chance to study at university level before, through the status of an “open” university MOET has legalized the fee-collection by giving the new Open University the status of a semi-public institution. With the “non-public” status, but classified as “public service institution with full recovery of recurrent expenses<sup>1</sup>”, the Open University of Ho Chi Minh City could collect tuition fees from students to cover recurrent expenses.

But the Open University did not have to acquire land and physical basis. The MOET had given the new Open University many buildings, land as well as equipment, facilities needed to conduct the teaching. Staff of the Open university, as regulated by the MOET and the then Government Agency for Personal and Organization<sup>2</sup> for the semi-public institutions, comprises of (i) permanent public employees, who take the key positions like rector, chief accountant etc., (ii) permanent contracted employees (non public employees) and (iii) short-term contracted staff. The permanent staff with public employee status are placed on the public payroll while all other will be paid from the institution’s own funds. In 2004, more than 10 years of being “semi-public”, the Open University still get a large amount of public funds from MOET.

The Open University enjoyed also a special favor by its supervising authority, the MOET, through the generous admission quota. In 2004, with 386 academic staff, of whom 103 are permanent, this university had an enrolment of 19069, among them 3032 are new students admitted in the same year. The admission quota for 2005 was set at 3600.

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<sup>1</sup> *Đơn vị sự nghiệp có thu đảm bảo 100% kinh phí hoạt động* in Vietnamese.

<sup>2</sup> *Ban tổ chức – cán bộ chính phủ* in Vietnamese.

## ***Hanoi University of Business and Management***

Hanoi University of Business and Management was established by the Association of Economic Sciences of Vietnam, based on the Decision Nr. 405/TTg, dated 15 June 1996, of the Prime Minister of Vietnam.

Hanoi University of Business and Management's vision is to be an "co-operative organization of intellectuals who make voluntary contribution of capital in terms of money, knowledge and fame for the construction and development of the university, for the building up of the manpower and nurturing the talents for the country, based on a non-profit principle...<sup>1</sup>"

Hanoi University of Business and Management objective is to train practical economists, able to carry out the function of key executives for enterprises, such as director, manager of commerce, director of finance, administration, international relations of enterprise. Comprehensive educational quality is the most important concern of the university training, which is aimed not only to provide for students knowledge but also practical skills, methods of analysis and creative thinking. Raising student personal qualification and health development is also an important concern of the university.

Hanoi University of Business and Management train students in three bachelor programs: Business Management, English as a foreign language and Computer Sciences. The Business Management Faculty provides training in 5 majors: Commerce - Tourism; Finance - Accounting; Foreign relations Economy; Business Management; Business Administration. The Faculty of English as a Foreign Language provides skills in Business

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<sup>1</sup> Self-introduction of Hanoi University of Business and Management retrieved from <http://www.hubm.edu.vn/gioithieu.asp>

English; Business administration and Computer skills. The Faculty of Computer Sciences provides skills in Programming Techniques and Application of Computer Sciences in Business Management; Economics and Business Management Knowledge.

The number of students was 3,100 in 1999, 5,500 in 2000 and is now 5,359 with 1,931 admitted in 2002. In September 2004 the total enrolment in this university was 6,564, of whom 1,807 newly admitted. Number of graduate students: 235 since 1992 to 1998. In 2003, 1837 students have taken the graduation examination.

Financial resources of Hanoi Business Management University comes from students tuition fees, which was set at about VND 4.1 million a student a year.

International cooperation is also a focus of the university's activities. The university has signed cooperation agreement with many foreign universities and organizations in Taiwan, Netherlands and the USA. The university has also submitted to MOET in 2002 a proposal for master courses in Management in collaboration with Dutch partners.

### ***Hai Phong People-founded University***

Hai Phong People-founded University was founded based on the Decision Nr. 792/TTg, dated 24 September 1997, by the Prime Minister of Vietnam.

Hai Phong People-founded University mission is to implement the Government of Vietnam's policy of "socialization of education", which is aiming at solution of conflict between the increasing needs for higher education of people and the limitation of governmental resources to meet these needs. The vision of the university is to maintain the high quality of its education and training activities. In case of Hai Phong people-founded University the key to quality depends firstly on the capacities of its academic and management staff, and the infrastructure and facilities conditions of the institution. In the

very first years of its existence, the leaders of this university have focus their efforts on the construction of buildings, provision of appropriate teaching-learning equipment and facilities, and the selection and development of academic and administrative staff. The Hai Phong People's Committee provided the university with land, preferred treatment. After 6 years of Hai Phong People-founded University becomes now one of the major non-public higher education institutions in Vietnam. The university has now 12.500 square meters of floor area, with 70 lecture rooms and 22 laboratories, 25,628 square meters of student housing accommodating up to 1,200 students. In the year 2002, 795 bachelors have been graduated from Hai Phong People-founded University. About 80% of them has founded jobs in the first six months after graduation. Many of these graduates have been admitted to master degree courses in prestigious public universities.

Hai Phong People-founded University trains students at bachelor level in 12 majors: Civil Engineering, Electricity Engineering, Electronics, Information Technology, Petrochemical Engineering, Environmental Engineering, Agricultural Engineering, Agricultural Products Processing, Business Management, Accounting - Auditing, Tourism and Office Management and Tourism Culture. Academic staff is working in 14 departments: Basic Sciences; Accounting - Auditing; Business Administration; Tourism Administration; Cultural Tourism; Information Technology; Electronic and Electrical Engineering; Telecommunications; Civil and Industrial Engineering; Construction Engineering; Environmental Technology; Food Preservation and Processing; Agricultural Engineering; Oil-processing Engineering; Foreign Languages.

In 2004 Hai Phong People-founded University had 415 academic staff, among them more than 120 are permanent staff. Among the permanent academic staff 3 are holders of doctoral degrees, 48 master degrees and 68 with bachelor degrees. These staff were providing courses to 5,836 students, among them 1807 were newly admitted. This

enrolment has been increased as compared with 2002, when the total enrolment was 5,232 with 1,638 new admissions. In 2003, 613 students have passed the graduation examination.

Hai Phong People-founded University focus also on the research by its academic staff. The 1st research conference of the university was organized in December 2002. Collaboration in twining training programs is also an important part of the university's international cooperation. In 2003 Hai Phong People-founded university has started a joint bachelor program with HELP University College from Malaysia which will be conducted in English.

Financial resources of Hai Phong People-founded University comes from investment by its investors and tuition fees, which is set at about VND 4 million per student per year. The university budget was VND 70 billion in 2002.

### ***Saigon Technology University - STU***

Saigon Engineering College is the English version of the Ho Chi Minh City Junior College of Technology. A group of professors, lecturers and managers of various public universities and colleges in Ho Chi Minh City, based on Decision Number 798/TTg, dated 24 September 1997 by the Prime Minister, has established the college in 1997.

SEC's mission is to contribute to the training of a technological manpower possessing a strong theoretical basis and good practical professional skills to serve efficiently the industrialization and modernization of Vietnam. The goal of SEC is to provide for students appropriate technological knowledge and know-how according to the demands of manpower market. Training curricula and contents should be at the highest level inside the country and up to date with technological progress in the world, especially in training specialties, such as information and communication technology, electronics and mechanics. Special attention has been given to the elaboration of teaching curricula and

teaching-learning materials for associate programs, which could not be directly derived from materials for bachelor programs.

In 2004, by Decision 57/2004 of the Prime Minister, SEC has been granted the university status and changed its name into Saigon Technology University - STU<sup>1</sup>. Currently STU has the following faculties: Electronics and Telecommunications; Mechanics-electronics; Information technology; Business administration, Civil engineering; and Food technology.

From 1997 to 1999 every year SEC admitted to its associate programs about 900 students, from 2000 to 2002 about 1300. In 2004 STU had 8018 students, of whom 7211 are in bachelor programs. The number of new admission in 2004 was 1601, with 1156 into bachelor programs. In 2003 533 students of associate programs have taken the graduation examination, in 2004 this number was 951. About 30% of former SEC's graduates could find employment right after graduation, the remaining 70% after 12 months. The academic staff is about 285 people, including 85 permanent staff and 200 invited teachers.

The Saigon Technology University now has adequate infrastructure and facilities necessary to train thousands of students. The university's buildings, which have more than 15,000 square meters of floor area, provide enough space necessary for teaching - learning and boarding by lecturers and students.

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<sup>1</sup> The official name in Vietnamese is *Trường Đại học Dân lập Kỹ nghệ Thành phố Hồ Chí Minh*.

### ***Dong Do People-founded University***

This university was established in October 1994. It admitted the first students in 1995. In 1995 Dong Do University admitted 180% of the quota given by MOET; in 1996 this was 147% and in 1997 217%. Staff of Dong Do University had cooperated with some local authorities to open “university certificate courses” with thousands of students without any permission from MOET. Two years later, in 1997, the number of students at this university had increased to the impressive number of 20,000. The number of permanent academic staff by then was only 48. Responding to complain from the public, in 1998, the MOET has conducted the first investigation about wrongdoings at Dong Do University. Based on the conclusions of this investigation the rector has proposed a major change in the Board of Trustees, which had 6 members at the time. The new board of trustees had only 3 previous members, 3 members are new. After the change in the board of trustees, the Minister of Education and Training has appointed a new rector.

Despite the changes at the management Dong Do University was still admitting more students than the allocated quotas from MOET. The collected fees were also diverted to extra pays for key staff and some trustees rather than improving the poor physical basis of the institutions. Disagreement about the use of funds has lead to more complain to competent authorities. In January 2002 MOET sent the second team to investigate the university’s operations. The second investigation discovered that Dong Do University was very poor in infrastructure and facilities for training. All of the necessary teaching facilities were rented. The average floor area for teaching and learning was only 0.71 m<sup>2</sup> per student. Though “promoting advanced technology” in average 59 students had to share 1 computer and 2.7 students could have only 1 book in the university’s library.

After this many key staff of the university, including the then rector and board of trustees’ president were found guilt in a criminal case. The MOET had given the

university one year to reorganize itself and to fix the mistakes and the consequences. The university could only admit new students again in 2003 with a much limited quota.

### ***Van Lang People-founded University***

Van Lang People-founded University is located in Ho Chi Minh City, established in 1994, based on Decision Nr. 71/TTg of Prime Minister, and started training activities in academic year 1995-1996.

Van Lang People-founded University is carrying out training activities in 9 major: Information Technology; Applied Sciences; Environmental Technology and Biotechnology; Economics and Trade; Enterprise Management; Tourism; Financing and Accounting; Business Law and Foreign Languages.

All current programs are at Bachelor level. A project for training at Master Level in Environmental Science and Technology is prepared with cooperation with some public universities in Vietnam and the Agricultural University in Wageningen (Netherlands) and awaiting permit from MOET.

In 2004 Van Lang People-founded University had an enrolment of 6,517, of those 1,811 are new students. Currently 718 lecturers are teaching at Van Lang People-founded University, 536 of them are permanent staff. About 40% of the academic staff are holders of postgraduate degrees. In 2004 958 students has graduated from this university.

Among non-public HEIs, Van Lang People-founded University is considered as a big university with established name. It was the first non-public institution to get a grant from the Dutch government to carry out an important international cooperation training project, named REFINE (Research and Education for Industry Environment), in collaboration with the Department of Environmental Technology of Wageningen

University and the Institute of Urban Development under the framework of SAIL Programme of the Netherlands.

#### **4.4. Characteristics of Non-public Higher Education System in Vietnam**

The above sections have outline to position of the non-public higher education institutions in the higher education system in Vietnam. This section will focus on the distinct characteristics of these institutions.

##### **4.4.1. Being Peripheral**

The first people-founded universities were formed in the very early 90s. Now there are nearly 30 people-founded and semi-public higher education institutions, or more about 12% of the number of institutions. The growth of the new types of institutions was not a gradual one, but rather sporadic, depending on the political context.

As described above the non-public higher education, whether in terms of enrolment or academic staff, is a peripheral sector in the current education landscape. Over more than a decade of existence, the non-public institutions are providing opportunity to study at higher level, namely university and college level, to only 12 to 14% of the students (Figure 3.5). Non-public institutions have only 16% of all academic staff. But if we look into the number of permanent academic staff this percentage falls down to a merely 5.8%. The non-public higher education in Vietnam is peripheral also in the size of institutions. While the largest public institutions, such like the two national universities or the regional universities, could have enrolment of more than 60,000 or even 80,000 the average people-founded universities had only 6,000 or 7,000 students. Even an average public university could easily enroll more than twice of that. The peripheral character of the non-public

institutions in Vietnam is also reflected in the instructional levels of courses provided. With the exception of the Semi-public Open University, which has a master course, non-public institutions are limited to bachelor or associate degree courses only. It is also common for non-public institutions in Vietnam to run non-university courses as a mean to gain more revenues.

Unlike other peripheral higher education systems, where the public dominance is maintained because of the high cost usual associated with the provision of higher education services (Geiger 1986 p.107), the public dominance in Vietnamese higher education is intentionally maintained by the Government. Article 11 of the Law on Education 1998 and Article 12 of the Law on Education of 2005 states “the State maintains the key role in development of education”. Article 12 of 1998 Law and Article 13 of the 2005 Law sets forth with the statement of “The public budget should constitute the majority in provision of resources investing in education”. Though the role of the Government as provider of higher education has decreased in recent years, as reflected in the share of public budget in the total budget of HEIs (Figure 3.7), the Government still has the power to control the development of higher education system by administrative/legislative means. The master plan for higher education development prepared by MOET/MPI, supposedly to design the whole higher education system, was focused mainly on the development of the public institutions. Non-public institutions got only a small notation in this master plan. The master plan did not set any support from the government for the non-public institutions. Ideological reasons and “concerns about university credentials” are also used to limit the growth of non-public sector.

Though being peripheral, the non-public sector of Vietnamese higher education is not focusing much on the vocational education as described by Geiger (1986). The non-public HEIs in Vietnam still look at providing degree courses as their primary goal. The

various applications for permission to open postgraduate courses by the people-founded universities are the evidence for this. Many people-founded institutions are even trying to establish their name through niches on the market of university choices. The opening of unique courses such as Vietnamese studies with focus on Vietnamese martial arts at Hong Bang People-founded University, computer graphics with focus on animation or hospital management at Hung Vuong People-founded University is indicating the new trend. This is understandable in a high demand system like Vietnam where only 1 out of 6 applicants could get into higher education. This is also a way for non-public institutions to survive the artificial public dominance.

The peripheral characteristics, as discussed here, do not have to apply to the semi-public institutions in full. The developmental history of these institutions has endowed them with abundant physical basis (buildings, land, capital constructions). The supervising authorities are also providing them with some recurrent funds from the public budget (Figure 3.7). The Semi-public Open University of Ho Chi Minh City is a very special case of not being peripheral. Its sole investor and supervising authority is the MOET. The Open University is assigned with the task of provision of distance education programs to the Mekong Delta. It is also the only non-public institutions permitted to confer master degrees, which is still a privilege of public institutions to date. With these special privileges the Open University had become one of the largest universities in the country.

Unlike other private sectors, the non-public HEIs in Vietnam are not the places for those staff excluded from public teaching. Academic staff of Vietnamese non-public institutions are mostly visiting academic staff from public institutions or already retired academic staff of public institutions. Academic staff of non-public institutions has to conform to the requirements for higher education lecturers.

In terms of inputs non-public higher education in Vietnam is also being peripheral. Due to the cost related to the study in non-public institutions, the prospective students and their families are often choosing public institutions first, come to the non-public ones only when they failed. The choice of these second chance students is making the non-public institutions into 2<sup>nd</sup> class institutions. This in turn creates a perceived “low quality” of the non-public institutions.

#### **4.4.2. Limited Freedom**

According to Levy (1986b) freedom of private sector encompasses the autonomy from external control. Geiger (1986, p.7) defined private sectors as by-products of the development of the modern secular state and private institutions are privately controlled institutions offering educational programs equivalent to those given in public institutions. In Vietnam the non-public sector of higher education is not free from external control like those. According to the Regulations on people-founded universities (GOV, 1993) and Regulations on private universities (GOV, 2005a) the institutions have the autonomy in organizational matters, academic operations, financial and personnel issues. However the curricula have to follow the curriculum framework set out by the MOET and has to be approved by MOET (Law on Education 2005, Article 41). This has limited the non-public institutions in exercising their academic autonomy. In fact most of the educational programs offered by the non-public institutions are copies or variations of the similar programs in public institutions. The organizational structure of the institutions, the operations of the non-public institutions, including the opening of new departments and courses, are also subject to prior approval by related authorities. Non-public institutions could not decide themselves about admission and enrolment. The use of admission quota mechanism confines them in “what to do”.

The heavy external control imposed on non-public institutions is also reflected in their financial management. Tuition and other fees have to conform to the pre-defined fee structure enacted by Ministry of Finance and MOET. The use of financial means is also subject to subjective judgment of the MOET and other relevant agencies. The financial monitoring activities conducted by MOET and other state financial auditing agencies are evidence of the disinterest in giving them a real financial autonomy.

Until now the people-founded and semi-public institutions are considered as “fee-charging providers of social services<sup>1</sup>”, in some way very close to the public institutions which are also charging fees to students. With this classification the financial resources generated by these non-public institutions are under strict financial control by the competent authorities like MOET, taxation agency, local government etc. The current regulations do not provide a clear guidance on how to use the surplus funds (or savings) after paying all the operating expenses. The officials are not sure whether the funds could be redistributed to the share-owners/funding contributors/investors or to remain in the “social ownership” represented by the university? This has led to many scandals about abuse of funds or overpaying to shareowners.

Financial management of the semi-public institutions is a clear evidence of the unclear management. The Semi-public Open University of Ho Chi Minh City has a special guidance on financial matters issued by Ministry of Finance<sup>2</sup> for its own. Other

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<sup>1</sup> *Đơn vị dịch vụ giáo dục có thu* in Vietnamese as used by Pham Minh Hac during the forum “Education in the socialist oriented market economy” organized by the Central Committee for Education and Sciences on 04/12/2004.

<sup>2</sup> Decision 999-TC/QĐ-CĐKT dated 02/11/1996 by Ministry of Finance.

semi-public institutions are applying the regulations for non-public institutions operating in education<sup>1</sup>. At the same time the Semi-public Lotus College had to conform to business law. The similar picture could be found at the people-founded institutions, where staff of different government agencies, not familiar with the “not public” organizations, are trying to force these institutions to follow the patterns or behaviors of the public ones.

The limited financial autonomy the non-public institutions hinder non-public institutions in enhancing their revenues. The low tuition fees plus the limited admission quotas, as set by the government agencies, and the high costs of operation deter their efforts to accumulate resources and invest back in to capital projects. They are also forced to streamline their administration to save the recurrent funds. The increasing capital costs are making them more difficult to acquire necessary properties for expansion of the institutions. This explains why most of the people-founded institutions could not have their own campus after many years in operation.

However the non-public HEIs are autonomous in making choice about their future. Unlike the public institutions where the decisions about the future development often come from the direct supervising authorities, the non-public institutions could design their future plans and prepare for the implementation of those plan with their own means and resources. This particular aspect of freedom is useful to those institutions, which could work with the localities and preparing their plans according to the local conditions.

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<sup>1</sup> Decision 12/2001/QĐ-BTC dated 13/03/2001 by Ministry of Finance.

#### 4.4.3. Unclear Management

For HEIs in Vietnam, the management responsibilities are given to (1) the state management agency (*cơ quan quản lý nhà nước*<sup>1</sup>) and (2) the supervising authorities (*cơ quan chủ quản*). This division of management duties is a residual from the time of centralized management, when the (then only public) institutions had to have someone to provide the staff, physical basis and the operational funds (the supervising authority) and someone to guide their specialized/professional activities (state management agency). These two authorities did not have to be the same.

For public HEIs the supervising authority was the government agency providing recurrent funding and capital investment. The supervising authority was also the authority making the request for the institutions output, number of graduates, through the admission quota system. This management has worked in the centralized subsidized economy since the supervising authority used to be also the largest employer for the graduates of these institutions. For the public institutions the supervising authorities could be ministries or equivalent agencies, provincial government or its public agencies. In this respect the supervising authorities ensured the operations of the institutions by being both fund provider and client. For many public HEIs, especially the teacher training universities, the MOET is playing the role of both supervising authority and state management agency at the same time.

For semi-public institutions, the terminology of supervising authority is still applicable since these institutions have to be under the responsibility of one government agency. This government agency is the one provides the physical basis and staff to the

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<sup>1</sup> Which could be better translated as *administrative agency*.

institutions. Like the public institutions this supervising authority could be a ministry (MOET in case of the Open University in Ho Chi Minh City) or local government (People's Committee of Ho Chi Minh City in case of Ton Duc Thang Semi-public University). However the supervising authorities of semi-public institutions are not responsible for the employment of the graduates, like the case of public institutions in the past. In semi-public institutions the role of supervising authority as fund provider is much less than in case of public institutions.

For people-founded institutions there is no supervising authority in such a meaning like the public or semi-public institutions. They do have the "sponsoring" authority, which applied for the establishment of these institutions and is responsible for the operation of these institutions afterwards. The sponsoring authorities of people-founded institutions are not required to provide physical or financial resources for the operations of the institutions.

For both public and semi-public types the institutions are held accountable to the supervising authorities (fund providers) for their financial matters. Though not clearly defined by the regulations, people-founded institutions are generally held accountable to MOET and financial authorities for the financial operations despite the fact that non of these agencies provide any funding to the institutions.

The state management agency for all HEIs is by law Ministry of Education and Training. This state management agency provides guidance on academic and administrative matters to all institutions (Law on Education 1998, Articles 13, 36, 37, 39 and 55; Law on Education 2005, Articles 14, 38, 41, 43, 51, 52 and 54). In the Law on Education of 1998 there were no specific stipulation concerning the non-public institutions, which leave anyone to assume that these institutions have to follow the same procedures like the public institutions. In the newly enacted Law on Education 2005 there are already one sub-chapter specifically devoting to the non-public institutions. According

to the stipulations in this sub-chapter (Articles 65 and 66) the non-public institutions will be subject to state management by educational administration authorities (i.e. MOET for HEIs).

Given this variation in management of non-public institutions there are three modes of management:

- The semi-public institutions, getting the physical resources from the public authorities (supervising authorities) as well as academic support from MOET, much like the public institutions, are operating like public institutions but with much more autonomy in deciding about their operations.
- The people-founded institutions, having no real supervising authority like the public or semi-public institution, have to follow the identical code of conduct of the public institutions, including in utilization of financial resources, though these are from much different sources than those of the public institutions. Putting more in the difficulties of the people-founded institutions is the lack of clear-defined procedures for their operations. The first regulations for people-founded institutions issued in 1994 were the temporary regulations prepared by MOET. They did not have the official regulations for the next six years. The fuzzy situation in management has created much confusion about their responsibilities and accountability. The application of management practice in public sector into people-founded institutions also creates extra burdens and limits the autonomy of these institutions.
- The private institutions, though a new player in the field, are better prepared. The regulations for this type of institutions have been issued in advance of the

permit for them to operate. The regulations do cover the aspects, which were not clearly regulated for the previous types (Table 4.1).

Ownership issue is still un-regulated for the majority of the non-public institutions. In the regulations for semi-public and people-founded institutions there was no mention about ownership of these institutions, but there were provisions for investment from private persons. The private institutions are better defined where they have an Assembly of investors representing the owners of the institution (GOV 2005a, Article 15).

The wide variation of management styles applied to non-public institution in Vietnam has led to many problems. The disputes between the Rector and the Board of Trustees, a very common problem in the people-founded institutions, or the conflicting judgments about correctness in financial operations often started from unclear delineation of responsibilities and powers between them. The change of Ton Duc Thang University from people-founded into semi-public type in 2003 was the result of the disputes about the ownership and control of a people-founded institutions resulted from the fuzzy regulations.

#### **4.4.4. Extending Choices to Clients**

Like in other countries, the existence of non-public institutions has opened up some more choice to the clients (i.e. students and their families).

Firstly, the clients could have institutional choice according to their ability and budget. The non-public institutions with their selection of courses and mode of deliveries have enriched the options for the applicants. In many cases the non-public HEIs offer also more locational choices to students, especially those with limited financial resources. The Semi-public Open University of Ho Chi Minh City is an example for this. Through its “open” programs many farmers’ sons and daughters have been able to pursue higher education courses. The success of distance education programs by Binh Duong People-

founded University is the clear indication of this<sup>1</sup>. The elimination of “catchment area” for HEIs two years ago has given many institutions, especially the people-founded universities in the South of Vietnam, the opportunity to enroll more students. Students are also benefiting from this since they do not have to retake the entrance examination again.

Secondly, non-public institutions focus on the fields of training, which are in great demand by the society. This is evident by enrollment in different fields of training. Data from VNHEAFS 1998 shows that the majority of students in non-public institutions are studying business, humanities and computer sciences, both at bachelor and associate degree levels. These training fields are the economic sectors with great demand on higher qualified manpower in Vietnam by that time. The public institutions, with their chronic sluggishness in responding to the social demands, could not satisfy the increased demand and leave the play ground to the non-public institutions. These fields are the also the ones require least in terms of structures, equipment. Today, when the demand for these fields has decreased, non-public institutions are switching focus on other new fields of training which otherwise only offered very limited.

Thirdly, the entrepreneur non-public institutions are more sensitive to the clients’ needs. They are offering not just the regular studies, but also some research and consulting services to the local communities, businesses. The Hanoi People-founded University of Business and Management had “more incomes from professional non-degree courses and

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<sup>1</sup> Dong Thi Thanh Phuong. (12/05/2005). *Đại học từ xa - Cánh cửa mở rộng cho mọi người* (*Distance higher education – the open door for all*). Retrieved 17/12/2005 from <http://www.nld.com.vn/tintuc/giao-duc/118008.asp>

consulting services than savings from tuition fees<sup>1</sup>”. Semi-public colleges, taking advantages of their own links to the supervising authorities, and the business communities, have setup many working relationships with the financial and business companies. These relationships have created mutual benefits to both the institutions and the businesses, where the businesses could have voice on what they wish to see by the graduates and the institutions could have more financial means for their education. The students are benefiting from this interaction as well since they are prepared for the jobs in these businesses.

However the non-public institutions, as mentioned, are not free from the rigid administrative and academic regulations issued by MOET. The opening of new fields of training, new forms of training need approval by MOET. The resituates for the new training fields and forms are the same by public and non-public institutions. This has lead to the fact that the non-public institutions focusing mainly on the fields of training in high popularity among the students like business, social sciences etc. instead of opening new, and unique fields of training. The non-public institutions are also disfavored by government authorities in allocation of research funds from the central government.

#### **4.4.5. Contribution to Equity**

Proponents of public higher education are complaining that the non-public institutions are serving the better-off groups. To some extent this could be considered as partially true since the average tuition fee in non-public HEIs is twice as much as that of the public ones. But tuition fees are not the only costs related to the study at higher

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<sup>1</sup> Mr. Le Khac Doa, Vice rector of Hanoi People-founded University of Business and Management in private discussion in 2003.

education. The cost of living in places, where HEIs are located, is often much more than that. For a student in Hanoi or Ho Chi Minh City the annual cost of living could be VND 8 to 10 millions. Living cost in areas outside of these urban centers could be lower, VND 5 to 6 million. In this aspect the tuition fee is no longer the major burden to students or their families.

Students enrolled in non-public institutions do not have all the same financial support and aids like their peers in the public institutions. All the student aid from the public budget is placed in the public institutions. The government has not decided yet on how to give students of non-public institutions the much-needed students aids. However, in order to help the students, non-public HEIs are not charging the full fee as allowed. Many institutions have tuition fee reduction schemes for students from rural areas or disadvantaged background.

One of the students support programs financed by the central government is the student loan program. While not all public institutions were motivated to involve in this student loan program, the non-public universities have been actively participating in this program since the first years. This loan program has also helped many students to go through the years in higher education. Many people-founded universities have also made contacts with local businesses, sponsors to arrange for scholarship or support programs for their students. In 2004 the Semi-public Open University has setup its own student loan scheme to help students to cope with the ever-increasing expenses related to study<sup>1</sup>. Other

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<sup>1</sup> SaigonNet. (28/04/2004) *Thêm một quỹ tín dụng sinh viên (One more student loan scheme)*. Retrieved 07/08/2005 from [http://www.thegioigiaoduc.saigonnet.vn/tin\\_da\\_dua/2004-04/tdd20040428.htm](http://www.thegioigiaoduc.saigonnet.vn/tin_da_dua/2004-04/tdd20040428.htm)

non-public institutions have also some small-scale students aid program. Collective arrangements between Binh Duong People-founded Universities, local authorities and the local residents have helped the students to get cheap and safe boarding in the neighborhoods surrounding the university<sup>1</sup>. Tuition fee reduction and exemption are also measures by non-public institutions to help students. Unlike the public institutions, where the fee reduction and exemption is covered by financial means from the public budget, the non-public institutions have to cover the costs of these measures with their own financial resources. Because of this, the extent of tuition fee reduction and exemption is much less than in public institutions.

The existence of non-public HEIs in less developed areas like Binh Duong (outside of Ho Chi Minh City) and Nam Dinh (in the center of Red River Delta) is showing that the non-public HEIs are catering to the groups with limited access to public higher education. The Semi-public Open University in Ho Chi Minh City and Binh Duong People-founded University are also offering distance education to the people in the Central Highlands and Mekong Delta, who were hindered to join higher education studies because of the living cost in urban areas.

The fact that the applicants who failed in the admission to public institutions could try their chance at the non-public institutions is clearly showing that these institutions indeed have been providing more opportunities to the students. Without these institutions hundreds of thousands high school graduates could have miss the chance to study for a degree, and the market will be have less trained manpower.

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<sup>1</sup> Mr. Cao Van Phuong, Rector of Binh Duong University in private exchange.

#### 4.4.6. Contribution to Efficiency

Non-public HEIs in Vietnam have to rely much on the tuition and fees collected from the students and other clients (see Table 3.18). Aware about their disadvantages compared to the public institutions, especially the lacking of capital investment, the non-public institutions have been trying to work in more efficient ways. The institutions have been able to reduce the overhead and maintenance costs, and with that the overall cost for the institution and for students as well. The savings have been used to upgrade the structures, buying new equipment or getting more land for their campus. In the last 5 years many non-public institutions like Phuong Dong University or Van lang University have been able to acquire land and new buildings for teaching and research. Other institutions are also accumulating the savings for upgrading their physical resources. These institutions have set example on transparency in financial management in higher education<sup>1</sup>.

The active links with industries, public institutions and local government help the non-public institutions to reduce the cost for expensive facilities. Many public institutions /agencies have facilities which are underutilized. By sharing these facilities with non-public institutions have helped these institutions / agencies to get some extra funds for maintaining the facilities while the non-public institutions could use the facilities needed for their educational process at a lesser cost than owning these facilities by themselves. In this aspect the sharing of facilities is helping both parties to increase the efficiency of their resources.

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<sup>1</sup> Dang Van Dinh in Workshop on Semi-public institutions organized by MOET on 25/08/2004

## **4.5. Weaknesses and Strengths of the Non-public Higher Education in Vietnam**

### **4.5.1. Weaknesses**

#### *Playing the role of second rank of higher education institutions*

Due to concerns about high tuition fees in the non-public institutions the majority of students would go to non-public HEIs only if they could not be admitted to the public. Within the Vietnamese system of entrance examination into higher education applicants are allowed to make choices about which institutions they would go to, as long as their entrance examination scores are greater or equal to the so-called admission score of the respective institutions. Their first choice is nearly always public institutions. If the first choice could not be realized the applicants would go for another institution, which has, lower admission score as the second choice. In recent years the majority of students matriculated into people-founded institutions were these second-chance students. To some extent these students are not the best-performing students, which again contributing more to the perceived “low quality” of the non-public institutions.

The second rank role of non-public institutions is also visible in the discrimination against the non-public institutions. The most obvious discrimination was the way MOET treated graduates from non-public institutions. In the Regulations on admission to postgraduate training it is stipulated that only graduates from public institutions are eligible for admission into postgraduate training in public administration, education administration, public health, management of sciences and technology and agricultural systems (MOET 2002b, Article 5). The discrimination of non-public institutions is shown also in the limiting them to deliver undergraduate degree courses only (with the exception

of the Semi-public Open University of Ho Chi Minh City). Despite the fact that some of the non-public institutions do meet the academic and physical requirements set by MOET for eligibility to provide postgraduate courses, and they had applied for the permission to carry out master courses, the MOET did not give them the permission to conduct master courses yet, not to mention doctoral courses. Given the fact that among academic staff of the non-public institutions there are many professors with unmatched expertise in their fields, the limit of these institutions on undergraduate courses only is hindering these academic staff to transfer their knowledge to the graduate students.

The discrimination against the non-public institutions could be seen also in the way the government offices are treating the permanent or long-term contracted staff of non-public institutions. In all services the staff of non-public institutions always have to pay higher fees than their public peers. Staff of non-public institutions are also not eligible to apply for the scholarship program by the GOV for overseas postgraduate studies.

The disfavor by government agencies towards non-public institutions, the concerns about possible low quality by the non-public institutions have lead to their discrimination by society. In recent years, it has become a reality that employers would rather select graduates from non-public HEIs only if they could not find graduates from public ones.

### ***Restricted academic autonomy***

By MOET regulations non-public HEIs have to follow all academic regulations that applied to public ones. Part of this is the common framework curriculum for all fields prepared by MOET. This is in fact an agreement between institutions and MOET on what will be taught in each area of training. The curriculum framework, designed mostly by senior staff from public institutions, reflects rather the public institutions' philosophy in providing these courses. Due to their peripheral characteristics, the non-public institutions

could not have much voice in designing these curricula. Using the uniform curriculum design therefore eliminating the institutions' autonomy in deciding what to offer in their courses.

Autonomy of institution in deciding about their enrolment is also limited. MOET and supervising authorities, set admission quota not just for the whole institutions, but also detailed into each of the courses, based on their subjective judgment rather on the actual capacities of the institutions. The openings of new degree programs are subject to rigid procedures of the public authorities rather than the social needs for them. The only autonomy left to the institutions is the elective subjects, where the institutions could vary parts of the subjects or add the elective subjects to the courses. This usually occupies less than 20% of the program time.

***Dependent from public higher education institutions in senior teaching staff and teaching contents and methods***

The majority of the permanent academic staff members of non-public HEIs are immature young graduates from public institutions. They are lacking of experience and in-depth knowledge in the subject matters. Because of this these staff are assigned to teach lower courses. The advanced courses or specialization courses must be taught by the more experienced senior academic staff, invited or contracted from the public institutions. Since these staff are committed to courses in the public institutions, scheduling their courses is depending on their free "slots" in the timetable of already overloaded public institutions (Table 3.11). Overtime classes or intensive classes are therefore often observed in non-

public institutions<sup>1</sup>. The limited time by “*borrowed*” staff limit also their capacity to provide the required knowledge and skills to the students like in regular classes in public institutions or their devotion to the quality of teaching.

The borrowed/contracted academic staff are less committed to develop the teaching materials for their courses in the non-public institutions. They just use the same syllabus/textbooks from their courses from public institutions to the contracting non-public institutions. The limited resources of non-public institutions hinder them in spending much on curriculum development, preparing of course/teaching materials. They just accept the materials from public intuitions as they were.

***Dependent on public higher education institutions in laboratories and teaching facilities***

As described in Section 3.6 non-public HEIs do not have much of the facilities, physical basis. Though they do have some basic facilities, like libraries, computer labs, but not the more expensive, specialized labs, because of shortage of financial means for investment. They are renting out labs or other teaching facilities from public institutions/agencies, often the more outdated labs for cheaper prices.

This dependence on public institutions makes it more difficult for students from non-public institutions to carry out experiments or conducting their own research. It creates many problems for students since they have to move from one place to the other. The consequence of this is a visible lower quality of the training process for the research-

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<sup>1</sup> Nguyen Bang & Doan Truc. (12/09/2005). *ĐBSCL: Thiếu trầm trọng giảng viên ĐH* (Mekong Delta: Serious shortage of university academic staff). Retrieved 15/09/2005 from <http://vietnamnet.vn/giaoduc/2005/09/488537/>

extensive programs like basic sciences or engineering. This contracting practice is also not permanent, subject to the conditions and policies of public institutions.

While the facilities are important to the improvement of the training quality the non-public institutions do not have much resources to acquire land and physical facilities. Cost of land is very high in Vietnamese urban areas, especially in big cities or urban centers like Hanoi or Ho Chi Minh City. Many non-public HEIs in reality have no campus in their possession. They have to rent buildings, houses to use as auditorium, laboratories and offices. Only a small number of non-public higher education institutions, which are located in less developed provinces, could have land to expand their physical facilities.

The complex procedures on land use and land use titles are also hindering non-public institutions in acquiring land and getting official land use titles from local governments. But these land use rights are important before the institutions could start to build their own building, laboratories or dormitories, which are essential facilities of good universities. Titles on land use right are also important since they could be used as collateral at banks if the institutions need to borrow capital. Only some non-public institutions not located in the more developed urban areas could get some of the land from the local government as an incentive for the service to the local population (for example Binh Duong People-founded University or Luong The Vinh People-founded University in Nam Dinh).

### ***Lack of experience in institutional management***

Most of non-public HEIs are relatively young compared to the public ones. The managerial staff of non-public institutions are often ex-officials of public institutions. Therefore managing the non-public institutions is conducted in the way of public institutions. The difference in ownership and resources sometimes make the public

management practice irrelevant to the non-public sector. However, the managerial staff are not always aware of this.

Not just the managers of institutions, but also the staff of public authorities are lacking experience in managing the new types of institutions. Persons who have been working since the time of centralized planning system often occupy the key positions in public authorities, these people often force the non-public institutions to work in the mode of the public institutions. This was visible in supervising or monitoring by MOET and other supervising authorities (Section 4.4.3). The management system is also slow in adopting management practices relevant to the new market conditions (GOV, 2004 2005d).

#### ***Weak in competition with public higher education institutions***

Though the non-public institutions have some comparative advantages but they are facing also serious competition from the public institutions. The public institutions, with the increasing public funding (Table 3.18), with the properties and facilities provided from the government, and the lower tuition fee could easily take away the students who could enroll in the non-public institutions. This is the case of the in-service programs or part-time courses offered by public institutions in the provinces. These types of courses are often financed by local government funds. With their legal status the public institutions have more advantages in absorbing these funds.

Public institutions, for the enhancement of the teaching and learning quality, could rely much on the public funding as well as loans from international financial institutions. The experience of the World Bank financed first and the proposed second Higher Education Projects, which focus on the quality improvement grants to public institutions, is an example of this bias. Other international donors, such as JICA and Japan Bank for

International Cooperation, are working in the same way with the larger public universities like National University of Hanoi or Ho Chi Minh City University of Pedagogy.

***Weak in competition with foreign higher education institutions operating in Vietnam***

The involvement of foreign higher education in Vietnam has started for quite some time. Foreign higher education is coming to Vietnam in three different ways.

First, foreign institutions could establish their physical branch in Vietnam, or having “commercial presence” as described by WTO. With branches in Vietnam these institutions could deliver their services directly to Vietnamese customers. There are already two foreign institutions of higher education, which have already established filial in Vietnam. The first is the Asian Institute of Technology - AIT, which has its main campus in Bangkok (Thailand). With approval from the Vietnamese government, in 1993, the branch of AIT, known as AIT Center in Vietnam, has established the first training facility in Hanoi, later on the second facility was opened in Ho Chi Minh City. Originally established as branch campus of the famous Asian Institute of Technology, through its operations, AIT Center in Vietnam has expanded its operations to the equivalent of a graduate school with master courses as well as short courses. Given the reputation (brand name) of the original AIT and the success of the Center’s activities in Vietnam it is expected that this Center will get the status of an independent institution soon. The second is the Royal Melbourne Institute of Technology International University Vietnam (RMIT Vietnam), also with a campus in Hanoi and another in Ho Chi Minh City. RMIT Vietnam was established in 2000 as an independent branch of RMIT in Australia. RMIT Vietnam has degree courses at bachelor and master levels. These two institutions are working fully independent from Vietnamese authorities. They are not bound to regulations concerning academic and administrative affairs. These institutions have only to report to Ministry of

Planning and Investment (MPI), who has issued the licenses for their operations. They are free to determine the courses to be offered and admission criteria for choosing students. They are not limited to any admission quota. This explained why RMIT, despite the to Vietnamese context high fee (US\$ 7000 to 9000 per academic year for degree courses and US\$4500 for language or preparatory courses) could attract so many students (currently RMIT Vietnam has about 1500 degree students and a not specified number of students in language and preparatory courses).

Besides these two institutions, there are numerous other foreign institutions working with Vietnamese institutions in twinning and cooperation programs to provide education services to Vietnamese students in Vietnam. Most of these cooperation programs are links between well-known public institutions in Vietnam with international institutions, which charge a reasonable amount to the students in these programs. Degrees are granted from the foreign institutions instead of the Vietnamese counterpart institutions. Students enrolled in these twinning programs could also be enrolled in 1 or 2 terms overseas at the foreign institutions. These twinning programs often charge US\$2000 or 3000 for an academic year in Vietnam. The media of instruction is often English, by choice of the involved institutions. These twinning programs are now the favorite mode of cooperation between Vietnamese and foreign institutions. Degrees could be conferred by the foreign institutions or both the foreign and Vietnamese institutions.

Examples of this twinning mode are Monarch University, University of Queensland, La Trobe University, University of New England (Australia), University of Houston-Clear Lake, Troy University, Northcentral University (USA), Technische Universität Dresden (Germany) Yonsei University (Korea) University of Westminster (United Kingdom) L'Université de Liège (Belgium) Universiteit Maastricht (Netherlands).

Foreign institutions are involved in Vietnam not just by means of their physical presence. Many institutions, accredited and not accredited as well, are delivering distance education modules to Vietnamese students through their representatives in Vietnam. The courses are often conducted by Vietnamese in Vietnamese in places not belonging to educational institutions. These institutions offer their programs at a very low fee without telling the students that they are not accredited or recognized in their own home country, but they are able to get the attention from many Vietnamese, who want to get easy access to “foreign” degrees without leaving the country. This delivery of educational services using the “cross border” mode is easy to the foreign providers since they do not have to invest into facilities, nor undergo any review process. The minimal costs incurred in provision of distance education services explain why the fees could be much cheaper than other services. The quality of these “courses” is also questionable. The presence of non-name non-accredited institutions like American University of Hawaii, Columbia Commonwealth University, American Capital University or Akamai University are taking the chance to make money from the learning desire of the young Vietnamese. Their “degrees” would distort the perception about values of private schools’ degrees.

This is just the start for a new development. According to the Bilateral Trade Agreement between Vietnam and the United States of America, American providers are allowed to setup joint programs/joint ventures with Vietnamese in delivering higher education to Vietnamese people. Starting from 2008 American universities will be fully eligible to open their branch campus/institutions in Vietnam. The commitments Vietnam

has made in bilateral and multilateral trade negotiations with other countries will open the way for foreign universities and colleges to come to Vietnam<sup>1</sup>.

Overseas study, or “consumption abroad” by WTO, is now a new way for Vietnamese to get a higher education degree. The changes in politics and economy have helped many Vietnamese to gain much financial means. Many families have decided to spend part of their financial resources on their children’s education. Thousands of Vietnamese students are studying in USA, developed countries in Western Europe, Japan, and China with money provided by their parents. The most recent estimates show that about 40,000 Vietnamese are studying in other countries, taking along about US\$ 300 million a year. This is equal to the public budget for the more than one million students in the public institutions<sup>2</sup>. Vietnamese are studying abroad not just by their own financial means, but also by means of scholarship programs from Government of Vietnam, international organizations, foreign governments and universities. Each year hundreds of Vietnamese students are going abroad for study.

The presence of foreign HEIs in Vietnam, the flow of Vietnamese students going to foreign countries for study, the increasing number of Vietnamese students participating in distance education courses managed by foreign universities are indication for the

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<sup>1</sup> Ha Anh & Phuc Van. (12/11/2004). *Nguy cơ "giành thị phần" của trường ngoài công lập (Risk of losing market share by non-public institutions)*. Retrieved 25/06/2005 from <http://www.vnn.vn/giaoduc/2004/11/345517>

<sup>2</sup> Quang An. (12/01/2006). *Đổi mới giáo dục ĐH: Quan trọng là lựa chọn chiến lược (Innovation of higher education: important is the choice of strategy)*. Retrieved 12/01/2006 from <http://www.nld.com.vn/tintuc/chinh-tri-xa-hoi/139196.asp>

globalization of higher education in Vietnam. The globalization, and with it, the internationalization of higher education, on one hand, is taking away resources and opportunities from Vietnamese institutions, and on the other hand, provides good chances for modernization of Vietnamese institutions.

The globalization of higher education in Vietnam, is affecting not just the HEIs, but also the ways of thinking, the management and the politics of higher education. This process is not avoidable, but if Vietnamese institutions of higher learning are not well prepared for that, they will be come the periphery of the internationalization process (Altbach 2004, p.6).

In this competition, the Vietnamese non-public institutions have some disadvantages compared to the foreign owned institutions:

- Lack of brand names: foreign universities have been operating for many years, even hundreds years while Vietnamese non-public institutions have been working only for the last 15-16 years.
- Lack of financial means: Vietnamese non-public institutions do not get big endowments, credits like foreign institutions, which hinder them in creating a good physical basis for the competition.
- Lack of flexible admission: foreign universities could accept students almost without any limit like entrance examination scores or admission quotas while the Vietnamese non-public institutions have to follow the regulations concerning students' scores in the national entrance examination or admission quotas.
- Lack of experience in market economy when the foreign institutions are more advanced in this.

The public institutions, as in their current form, are more protected since they could rely on the funds from the government. As long as the government is providing funds for public higher education, their existence is secured. Non-public (private) institutions do not have these options. For a survival in this competition they have to compete by:

- Provision of courses suited to the needs by students.
- Improvement of the quality of courses.
- Increasing of efficiency of the operations.
- Provision of flexible programs for students to accommodate their diverse needs.

The Vietnamese non-public HEIs have only one advantage in this competition: tuition fees. While the tuition of Vietnamese non-public institutions is currently only about VND 4 million a year (equivalent of US\$250), foreign universities could charge up to US\$9000, nearly 40 times higher.

#### **4.5.2. Potentials/Strengths**

*The establishment of non-public higher education institutions is in line with the “socialization” policy of Government of Vietnam concerning education services*

Education has been defined in the Constitution of the SRV (National Assembly, 1992) as one of the top national policies (Article 35). The Constitution has also specified that the Government shall give priority in investment for education while encouraging other sources (Article 36).

The Government of Vietnam's policy is to enhance the system of education by mobilizing resources from the population (GOV 1997, 1999, 2005c). This policy is aiming at (i) exploiting the rich intelligent and financial potentials in the population, and (ii) supporting the disadvantaged groups to benefit more from public services (GOV 2005c). "Socialization" of education is also regulated in the Law on Education 1998 and its amendment in 2005 (National Assembly, 1998 and 2005). In these policy statements it is emphasized that education and training should be carried out not only by governmental institutions, but also by all institutions that could be established in the society. With this, the existence of non-public institutions is legalized and acknowledged.

The current policy is to increase the proportion of students in non-public HEIs to 40% in the year 2010 (GOV 2005c). The new regulations have promised assistance from central and local governments to non-public education. Land could be given to the non-public education institutions working on the non-profit principle.

***Ability to meet the need for higher education by millions of young and adult people in Vietnam***

Vietnamese are eager for study. The desire for a higher degree is a natural need by the population. The competition ratio of 1 to 20 at many Vietnamese HEIs is clearly an indicator for the huge need by the young population. Adults who would like to continue their education at higher level or getting retrained to fit into new jobs are also limited by the fact that public HEIs have very little choices for them. Though the government has done much to accommodate these needs, it could not meet them yet by the public means. The existence and development of the non-public institutions in the past years had shown that the new type of institutions could play a very important role in supplementing the unmet need.

As pointed in 3.2 the current proportion of students enrolled in non-public institutions of about 13-14% is artificially maintained. This will increase if the limits are lifted. As the living standards of Vietnamese have been improved, many Vietnamese are ready to pay more to the education of their family members (GOV 2005c). This leaves open the ability for non-public higher education to enroll more students.

### ***Mobilization of resources from the society for higher education***

The non-public institutions, though still the peripheral sector in the higher education system of Vietnam, has mobilized much of resources from the population.

The enrolment data in 28 non-public institutions for the academic year of 2004 – 2005 was 137,760. With an average tuition fee of VND 4 millions per student these institutions have collected about VND 550 billions (or US\$ 35.5 millions). In the fiscal year 2004 the total public funds provided to the MOET in 2004 was VND 1,895 billions (including students' scholarships, capital investment and national targeted programs)<sup>1</sup>. In the same year the total spending of all government levels for education and training was estimated to be VND 30,000 billions<sup>2</sup>. With this information one could see that the non-public institutions had mobilized an amount equals to one fourth of the central budget for education and training, or 1.83% of the nation's public spending for the education system.

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<sup>1</sup> Ministry of Finance (2005). *Dự toán chi ngân sách của các Bộ, cơ quan trung ương năm 2004* (State Budget Expenditure Plan of Ministries, Central Agencies For 2004). Hanoi.

<sup>2</sup> Ministry of Finance (2005). *Dự toán chi cân đối ngân sách nhà nước năm 2004* (State Budget Expenditure Plan For 2004). Hanoi.

Taking into account the total GDP of Vietnam in 2004, reported at US\$ 35.3 billions<sup>1</sup>, the 28 non-public institutions have already mobilized circa 0.1% of national GDP.

Without these institutions, the central government should have spent about VND 482 millions more for these 137,760 students at VND 3.5 millions a student<sup>2</sup>. This implies that the Vietnamese government had been relieved from USD 30 millions in recurrent funds in 2004. Compared to the total loan of US\$ 83.3 million from the World bank for the first Higher education project, which has a proposed duration of 5 years and involved nearly 100 universities and colleges, one could see how significant was the amount of resources mobilized.

The ability of non-public institutions to mobilize resources from the population is more visible if taking into account also the amount of financial resources needed for students' living allowance. With an estimated VND 5 millions as minimum living allowance for a student in a year, the sum spent by the 137,760 students will be VND 688.8 billions (US\$ 44.01 millions). The total amount of financial resources mobilized by the non-public sector will be VND 1,238.8 billions (US\$ 79.31 millions) or 0.22% of the national GDP.

The non-public institutions have contributed also to the development of local economy in areas where they are located. The communities in these locations are

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<sup>1</sup> Vietnam Venture Group. (26/10/2005). V V G ~ Economic Indicators. Retrieved 28/11/2005 from [http://www.vvg-vietnam.com/economics\\_cvr.htm](http://www.vvg-vietnam.com/economics_cvr.htm)

<sup>2</sup> MOET (2003). *Phân bổ giao dự toán thu, chi thường xuyên sự nghiệp giáo dục - đào tạo năm 2004 - Các trường và Đơn vị trực thuộc* (Allocation of recurrent expenditure for education – training 2004 – Subordinated institutions and agencies). Hanoi.

benefiting from the services catering to students. This is more important if one considers the potential economic gains the local communities could get when switching from agricultural cultivation into services, with thousands additional jobs.

The ability of non-public institutions to mobilize financial resources is already recognized by many potential investors. According to Prof. Tran Hong Quan, Presidents of the Vietnam Association of Non-public Universities and Colleges, many investors are eager to invest into non-public institutions<sup>1</sup>. There are Vietnamese investors ready to provide up to VND 500 billion (US\$ 31.5 million) as startup capital for a new private university<sup>2</sup>.

### ***Mobilization of academic staff and facilities***

In 2004 the number of staff working in non-public institutions was 7,996, of whom 7,653 was academic staff (MOET, 2004 p.199). This means that the non-public institutions have provided employment for thousands of academic staff, including those currently employed and the already retired academic staff of the public institutions. Because non-public HEIs could pay attractive salaries to academic staff, it is possible to get the best academic staff from the public institutions to involve in the teaching and training process in the non-public institutions. This helps the non-public institutions to have necessary level of knowledge for delivering courses and training of the needed teaching staff through the interaction between non-public institutions and staff of public institutions.

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<sup>1</sup> VietnamNet (08/09/2004). "*Nâng tầm" trường ngoài công lập: Cách nào?*" ("Raising the level" of non-public institutions: How?). Retrieved 10/09/2004 from <http://www.vnn.vn/giaoduc/vande/2004/09/256996>.

<sup>2</sup> Private exchange with Prof. Tran Hong Quan in July 2005.

Many managers of non-public HEIs believe that they could contribute efficiently to the progress of higher education in Vietnam and are dedicated to the goals of education in Vietnam. The active proponents for non-public higher education in Vietnam are former professors and managers of public institutions, who did see the needs for higher education among the population as well as the potential for further extension of the higher education system. These are people, heartedly dedicated to the development of non-public higher education.

Non-public institutions are also capable to mobilize people from the business and industries to involve in the education process. With their autonomy and flexibility non-public institutions have gotten the cooperation from the businesses and industries. The involvement of experts from businesses and industries is creating links between institutions and the businesses, industries. These links are of mutual benefits, where the institutions get more practical knowledge and skills for students and businesses and industries

As presented in 3.6 non-public institutions are utilizing many facilities and physical basis owned by public institutions/agencies. Some facilities of public HEIs, especially the mono-disciplinary ones, are not fully used; they could be rent out by non-public HEIs. This is mutually beneficial sides since the public institutions could get more financial resources to maintain their expensive facilities, while the non-public institutions could use facilities, which otherwise are out of their reach, in their training process. In fact this is a model for sharing of facilities among institutions, improving their efficiency in higher education.

### ***Willing to cooperate among non-public higher education institutions***

In 2004 the non-public HEIs have organized the first conference where the rectors and presidents of all non-public institutions have decided to establish the Association of Non-public Universities and Colleges in Vietnam. This is evident that after nearly two decades these institutions recognize that they have to unite to strike for a common cause. The Association is supposed to be the forum for the institutions to discuss and set the way for their future actions. This Association is to be the collective representative of the members in disputes with external bodies. In fact the Association has expressed its opinion in some recent disputes between MOET and its member institutions. The Association is also working with international organizations and institutions in creating international collaboration on behalf of the members. The Association members have recognized that with their limited capacities and resources working together will help to achieve more outcomes. This is the starting point for a further expansion of cooperation among the non-public institutions.

### ***Summary***

The non-public institutions of higher education in Vietnam has a mixed characteristics, resulted from their ownership and styles of management imposed on them. After 13 years of development, they are still playing a peripheral role in the higher education landscape. The current unclear management system has also limited their freedom by intention. However they have made contributions to the system by extending choices for clients, increasing equity and efficacy in higher education. The new type of institutions has their own weaknesses and strengths, which shall be taken into account in designing of policies.

## **CHAPTER 5. COMPARATIVE ASSESSMENT OF CURRENT SITUATION OF PRIVATE HIGHER EDUCATION IN VIETNAM**

Non-public higher education in Vietnam is now in the process of rapid development. However, in this process institutions are facing many new policy, strategy, technical and institutional management problems, for which the country did not enough experience. Many other countries, both developed and developing, in the world, including neighboring countries of Vietnam, such as Thailand, the Philippines have relatively rich experience in development of private sector in higher education, with a relatively great number of private institutions operating for many decades. In China, a country with much similar socioeconomic conditions like Vietnam, after the adoption of reform and open-door policy 25 years ago, together with the development of public HEIs, private universities and colleges have been rapidly developed and effectively contribute to the task of training of highly qualified experts for China's development. Learning from the experience of these countries could help Vietnam to foster in a right way the development of private higher education institution in the country.

### **5.1. Share of Non-public Higher Education**

According to Geiger (1996), considering the presence of private institutions in the system higher education system in the world could be categorized in three types:

- Higher education system with mass private sector and restricted public sectors,
- Higher education system with parallel public and private sector,
- Higher education system with dominant public sector and peripheral private sector.

The first type of higher education system have arisen in countries where the provision of public higher education has been limited to relatively few public institutions of generally high academic standing. The distinctive feature of mass private sector is the accommodation of a large proportion of students in low-cost, low quality institutions, created to absorb excess educational demand, with inadequate resources and part-time staff.

The second type of parallel systems is characterized by a symmetrical relationship between private and public sector. This type requires three conditions:

- Existence of “legitimate” cultural groups whose interest are represented in the development of private higher education policy,
- A common high national standard for university degrees,
- Extensive governmental subsidization of private institutions in order to equalize conditions with public sector.

The third type of peripheral private sector emerge to serve purposes not acknowledged by the state, where public sector are designed to fulfill all of the recognized need for higher education, and government support for higher education is concentrated in the comprehensive public sector. Peripheral private sector institutions are unlikely to have resources to compete academically with public sector institutions.

An indicator for assessment of level of development of private/non-public sector in the higher education system of a country could be the percentage of private enrolment in total higher education enrollment in the country. According to data published by Program

for Research On Private Higher Education (University of Albany, N.Y., USA)<sup>1</sup>, in the years from 1994 – 2004, the percentage of private higher education enrolment in the world varied from 0.2% (Albania) to 78.3% (South Korea). In these countries, during the same period, the percentage of private institutions to total number of HEIs varied from 78.3% (South Korea) to 0.8% (Albania). From these data we could differentiate the 40 countries listed by PROPHE in 3 groups:

- Countries with highly developed private sector in higher education system, with enrolment private in sector varies from 50% to 79%. Among the listed countries included in this group are Brazil, Chile, Japan, Pakistan, the Philippines, South Korea and Taiwan;
- Countries with developed private sector in higher education system, with the proportion of private enrolment from 20% to 49% in total enrolment. Among the listed countries included in this group are Argentina, Estonia, Ethiopia, Georgia, Latvia, Malaysia, Mexico, Moldova, Mongolia, Poland, Portugal, Romania, Thailand, USA and Venezuela;
- Countries with less developed private sector in the higher education system  
Countries with developed private sector in higher education system, with the ratio of enrolment in private sector varying from 20% to 49%. The countries included in this group are 18 countries. Vietnam, with its private enrolment equals to 12.0% in 2004, could be listed in this group: Albania, Belarus, Bulgaria, China, Croatia, Czech Republic, Germany, Hungary, Israel, Kenya,

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<sup>1</sup> PROPHE. Country Data Summary for 2000-2005.

Kyrgyzstan, Lithuania, Macedonia, Russia, Slovak Republic, Slovenia, Ukraine, and Uruguay

Listed data show that the level of participation of private sector in the total higher education enrolment is not directly dependent on the level of economic development of the country. In the first group there are developed countries with very high income, such as Japan, South Korea, but there are also developing countries with middle income, such as Brazil, the Philippine. In the second group the diversification is even larger. Economically very developed, with high income USA is grouped together with middle-income developing countries such as Argentina, Estonia, and even developing country with low income such as Mongolia. Especially large is the distribution in the third group, where one could find countries with different in economic development, as well as in geographical distribution and political characteristics.

Vietnam, with private enrolment equals to 12% of total higher education enrolment in 2004 could be placed in this third group.

However, the target of the Vietnamese Government is set higher than the current number. It is planned to have 200 higher education students per 10.000 inhabitants in 2010, and in 2015, 400 higher education students per 10.000 population. In order to reach these targets, Vietnam needs, in the coming years, to have a more rapid increase in enrolment in non-public institutions.

A second indicator to assess the level of participation of private/non-public sector in the national higher education system could be the percentage of private HEIs in the total number. Based also in the data published by PROPHE it is possible to classify countries into three groups: (i) countries with high percentage of private HEIs in total number of

higher education institution (more than 50%); (ii) countries with this middle percentage (from 20% to 49%) and (iii) countries with low percentage (less than 20%).

As of 2003 – 2004, to the first group of high percentage belong the following 18 countries: Brazil, Chile, Estonia, Ethiopia, Georgia, Hungary, Japan, Malaysia, Mexico, USA, Venezuela, Mongolia, Philippines, Poland, Portugal, Romania, South Korea, and Taiwan.

To the group of middle percentage belong the following 14 countries: Argentina, Belarus, China, Czech Republic, Germany, Kenya, Kyrgyzstan, Latvia, Lithuania, Uruguay, Moldova, Russia, Slovenia, and Thailand.

To the group of low percentage belong the following 9 countries: Albania, Bulgaria, Croatia, Israel, Macedonia, Pakistan, Slovak Republic, Ukraine, Vietnam,

The above listings show that Vietnam is lacking behind many countries with similar socioeconomic conditions. If Vietnam wants to catch up with these countries it has the only option to accelerate the development of non-public sector in higher education by allowing more non-public institutions to be established and to operate.

### ***In China***

In China, after the begin of the reform, it was realized that the state alone cannot provide necessary educational services to satisfy increasing social aspirations and parental expectations, the state has encouraged non-state sectors to engage themselves in higher educational endeavor, and gave this sector an important place inside of the country's higher education system. However the reality is that the public higher education sector remains much larger than the private in term of enrollment size, financial and resources terms, given its predominance in teaching and research staff, as well as in expensive fields

of study, graduate programs and research, the private sector is thus forced to be isomorphic to the public sector, and in very narrow in scope, purpose and quality.

In fact the private higher education, which is emerging in China, is a peripheral one. In this development Chinese private higher education is playing a very limited role. The new private tertiary institutions are having more the substance of higher vocational institutions. These institutions were focusing on such areas as English, Japanese, computer applications, business administration, accountancy, law, finance, marketing, journalism, nursing, international trade, traditional medicine, clerk training and archives management. Their teaching staff rely heavily on retired professors from public universities. Some institutions did provide undergraduate courses but the degrees were to be conferred by the big public universities.

China's private HEIs are now facing competition with the "second-tier colleges", a kind of private colleges set up by public universities. These public universities use state property and rely on reputation and resources of public institutions to run-profit making education business (Lin, 2004).

### ***In Thailand***

In Thailand the position of private HEIs is different from that in China. In 1996 the enrollment in universities was 375,330, not including enrollment at open universities. That of private universities was 173,760 or 46% of total enrollment, or 0.86% of enrollment of public institutions.

The National Commission on Private Education of Thailand recommend to the Government to learn from experience of Japan and Korea to subsidy the establishment and development of private HEIs, to use these institutions as driving force in economic development and industrialization in the country. In 1997, despite economic difficulties,

the government has set up a fund of 2,000 millions Baht for academic staff development of private universities and colleges.

Another policy of the government was the privatization of public universities. This step has helped to increase the share of private higher education in the system. However the government policy of upgrading teacher's colleges to universities and the oversized Open University Ramkhamhaeng, are taking away students from some private universities (Vargo, 2000).

With the on-going development, the current private higher education system in Thailand will soon have the characteristics of parallel systems of higher education. This system is based on symmetrical relationship between private and public sector and requires three conditions:

- Existence of "legitimate" cultural groups whose interest are represented in the development of private higher education policy,
- A common high national standard for university degrees,
- Extensive governmental subsidization of private institutions in order to equalize conditions with public sector.

### ***In the Philippines***

According to some researchers on private higher education system in the Philippines the most important characteristics of private higher education system in the Philippines are:

- Predominance in quantity by private institutions.
- High private benefits held to be attached to certain degree programs or to certain institutions. Enrollment figures are high only in some tertiary courses

such as: teachers training, business and management studies, computer sciences and health related areas such as medicine and nursing. By contrast public institutions account for most of the enrollment in high-cost programs such as natural sciences, agriculture and fisheries.

Comparison between public and private HEIs show:

- There are regional differences in the proportions of students in public versus private institutions. Important urban areas are mainly served by public institutions, less important areas by private institutions.
- The faculty in public HEIs tend to be promoted to professor at a greater extent than in private institutions.
- Students in public universities are more likely to pass the licensing examination than students in private institutions.
- Students in private universities tend to be of higher socio-economic status.
- The costs incurred at private universities are lower than at public universities.

Despite of these differences, the system of higher education in the Philippines is “parallel system”, where private and public sectors have the same importance.

## **5.2. Process of Development of Private Higher Education Institutions**

In any country, the development process of private higher education depends on the cultural, historical characteristics and processes of socio-economic. The development of private HEIs had a very long and complex history in many Asian, European countries and North America. The situation in these countries were very much different from that of

nowadays Vietnam, so that any comparison is difficult and biased. It would be not useful if Vietnam just learn the experience from one country and copy that model mechanically.

In Asia Japan is a highly developed country with a long history of development of private HEIs. Vietnam could learn many lessons from the experience of Japan in this respect. However, the difference in socio-economic and cultural development, as well as in education, research and technology between Japan and Vietnam is too enormous. This make difficult to draw lessons from Japanese experience and apply exactly to the situations in Vietnam. In some other Asia countries, there are countries with similar conditions and long experience in development of private higher education, namely: The Philippines, Thailand, China. This study will concentrate more to comparison of the situations between Vietnam and these countries.

### ***In Japan***

Private schools have started in Japan as early as Edo period. These were generally set up in the residence of the instructor for the purpose of transmitting knowledge in academic subjects and artistic accomplishments. By the end of the Edo period, various types of private institutions had developed specializing in such subjects as Chinese studies, calligraphy, use of the abacus, National Learning (Kokugaku), Western learning and the like. Other private schools offered courses made up of a combination of these. By the end of the Shogunate, western learning included also English, French and German studies. The focus of Western learning shifted from medical science to technology and information having to do with national defense such as navigation, surveying, shipbuilding, and gunnery. During the Edo period, many private educational institutions were set up, which have contributed significantly to the study of Western sciences and technology.

The Meiji government established higher educational institutions as new vehicle to train leaders in various fields to meet the demands of the new time and for the learning and applying of Western arts and sciences (Monbusho, 1980).

On March 27, 1903, the Specialized School Order was promulgated. This Order recognized private educational institutions as part of the education system, along the Imperial Universities and the government schools. In this time 22 private institutions of higher education have been granted the university status. In the following years, prior to the Second World War, 62 more private institutions were established.

The highly complicated pre-war structure of the higher education has been simplified during the occupation period after 1945. The School Education Law, promulgated on June 1, 1949, opened the way for junior colleges to develop. The post-war years have transformed the education system in Japan, with the expansion of the universities and junior colleges.

The 60's and 70s were witnessing a rapid growth of the higher education system. There had been 226 universities and 228 junior colleges (*tanki daigaku*) in 1953, there came to be 389 universities and 486 junior colleges by 1971 (Monbusho, 1980). The development of private universities and junior colleges is well illustrated by their number (see Figure 5.1) as well as the sharp increase in the percentage of their enrolled students out of the total student population (see Figure 5.2): students enrolled in private universities and junior colleges rose from 57.3% for universities and 82.5% for junior colleges in 1953 to 75.1% for universities and 90.4% for junior colleges in 1971.

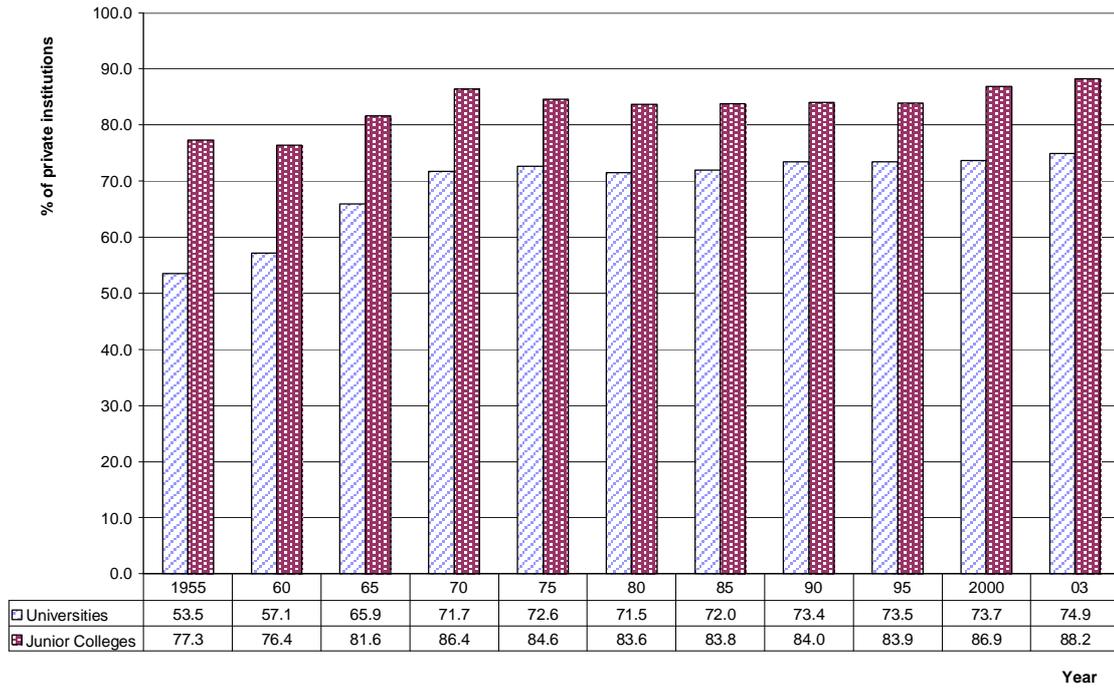


Figure 5.1 Percentage of Private Universities and Junior Colleges in Japanese Higher Education

Source: Monbusho 2004a

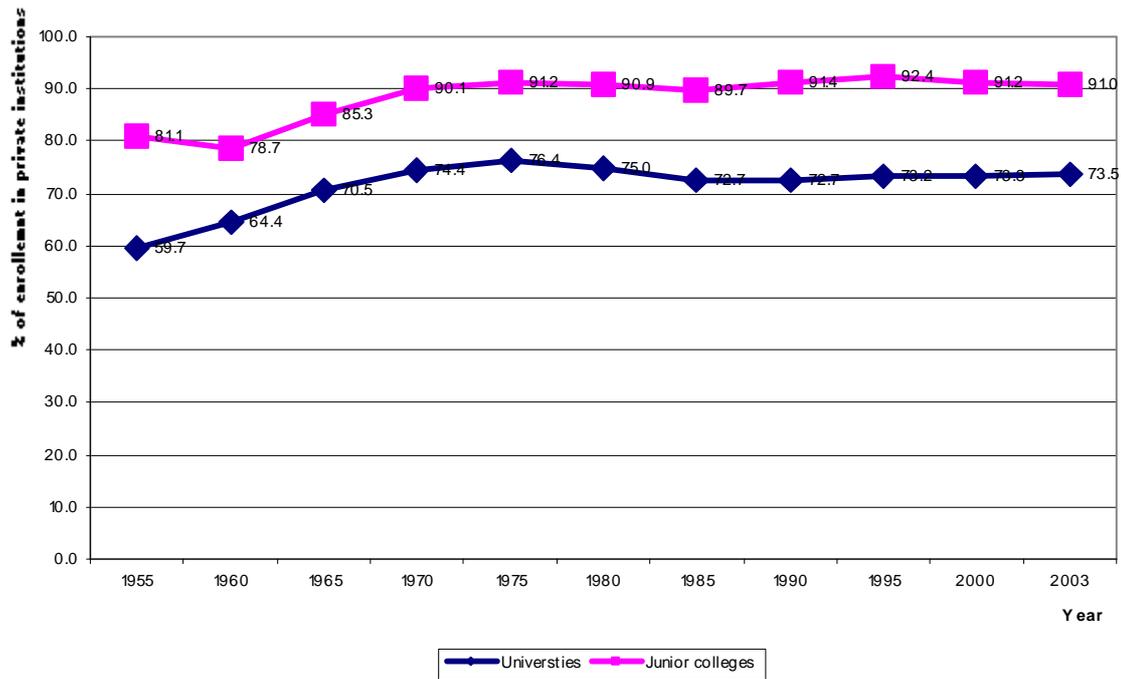


Figure 5.2 Proportion of Higher Education Enrollment in Private Institutions in Japan

Source: Monbusho 2004a

The revised School Education Law, promulgated on June 19, 1964, has given the junior colleges a permanent place in the higher educational structure.

In April 2003, approximately 850,000 upper secondary school graduates of the previous fiscal year applied for admission to universities or junior colleges. About 720,000 students were successfully admitted (Monbusho, 2004b).

The statistics from Monbusho show that the private junior colleges enrolled about 90% of the students, while the private universities are taking in more than 70%. All together the private HEIs in Japan account for about 75% of the higher education student population.

But there is a significant difference between public and private higher education in Japan in terms of level of courses offered. The public institutions, in particular the national

universities, are more involved with graduate training (Nearly all of national universities have graduate courses) while only 66% of private universities have graduate courses on offer (Monbusho, 2004b).

This shows that private HEIs in Japan are looking into more profitable educational services. Graduate training and related to it the research is not so profitable and not heavily invested by most of the private institutions. There are some famous private universities in Japan but they are among the oldest universities in the countries and specialized in some areas of advanced studies only. The newer universities do not invest into research and graduate training as much as the public universities.

### ***In China***

Among the Vietnam's neighboring countries, China is the country, which has many similarities with Vietnam, including in education development. Traditional private Confucian HEIs existed in China since 7<sup>th</sup> century B.C. and were developing through the various feudal dynasties from this time to the beginning of 20<sup>th</sup> century. During these periods, while the government mainly maintained HEIs, private academies of learning (*shuyuan*) run by communities or independent teachers were operating and hosting the great part of learners from cities, towns to rural areas. It is estimated that there were in China more than 2000 such academies in 19<sup>th</sup> century.

With the tradition of Confucian education, inherited from China, Vietnam had similar situation. From 11<sup>th</sup> century AD, when was established the first with the first national Confucian university in the country's capital. Together with governmental HEIs organized in cities, hundred of communities run academies were operating in rural areas.

Since the mid of 19<sup>th</sup> century, private missionary schools and universities gradually sprung up all over Chinese important cities. By 1917, 80% of total numbers of Chinese

new universities were from missionary universities. Even in 1950, shortly after the foundation of the People's Republic of China, 77 of the total of 227 universities in the country were private ones (Min, 1994). Later, following the Soviet higher education model, all the private higher education were transformed into public ones by 1956, after the campaign of reorganization of universities and departments. From this dated Chinese citizens were accustomed with free higher education provided by the state sectors to people successfully pass the entrance examination (Qiang, 2001).

Until the mid '80s, following the acceptance of the reform and "open-door" policy, the Chinese Government began to allow and encourage the establishment of HEIs run by the non-state sector. Economic modernization drive fostered the rapid growth of market economy and caused an important structural change in educational provision. Changing the monopolistic role of the state in educational provision and administration, reform in educational structure started in mid-1980s has diversified the educational service, allowed and encouraging the establishment of institutions run by non-state sector.

According to Chinese researchers (Qiang, 2001 Mok & Lo, 2001), the new development of private higher education in China in recent years could be divided into 3 different periods:

*The beginning of establishment of new private HEIs (1982 - 1986)*

In March 1982 appeared in Beijing the first institution of people-run university - the Zhonghua Zhehui University. In December 1982, the National Congress of China promulgated the new Constitution of China, the 19<sup>th</sup> article of which stipulating that "*the state encourages collective economic organizations, governmental enterprises and other social groups to initiate and administer various kinds of legal educational activities*". In 1985 in the "Decision on Reform of Educational Structure" issued by the Central

Committee of the China Communist Party indicated that *“the state attempt to diversify educational services by encouraging all democratic parties, people bodies, social organizations, retired cadres and intellectuals, collective economic organizations and individuals to subject to Party and governmental policies and to actively and voluntarily contribute to developing education by various forms and methods”*. In this 5-years period over 100 of people-run and private HEIs was established in China (Qiang, 2000, p.7).

Comparing with China, the development of private HEIs in Vietnam was started later. The first people-founded university in Vietnam, the Thang Long University was established in Hanoi, in 1988, 6 years later than the Zhonghua Zhehui University in Beijing. The policy of mobilization of participation of non-public sectors in higher education is very similar.

#### *The rectification of private higher education development (1987-1991)*

In 1987 the State Education Commission promulgated the “Provisional Regulations on Social Forces Running Educational Establishments”, which attempted to rectify disorders in governance and management of people-run educational establishments, including people-run institutions of higher education. During this period the training quality of people-run universities varies significantly, and thus the “rectification” of their activities seems very necessary.

Similar to the situation in China, in Vietnam the development of non-public HEIs in Vietnam has met with difficulties and complexities. Some people-founded universities have infringed regulations on entrance examinations, some other have violated financial regulations, many were inadequate in teaching, managing staff and in technical and material facilities for teaching and learning. Graduate from non-public institutions have difficulties in employment findings that those graduated from public institutions. Some

post-graduate courses of public universities don't accept applicants with diploma delivered by non-public HEIs. The similar process of "rectification" in Vietnam last long time and is so far continuing.

*Current development of private HEIs (from 1992 to date)*

In 1992 the China Communist Party in its 14<sup>th</sup> Congress officially endorsed the adoption the policy to develop a socialist market economy for China. Based on this policy, in 1993 the 'Program for Educational Reform and Development in China' was promulgated underlining the "active encouragement, strong support, proper guidance and sound management of non-state-run educational institutions". This policy was later reconfirmed and developed in the China's Education Law promulgated in 1995, and the Regulations on the Social Forces Running Educational Establishments promulgated by the State Council in 1997. Eight chapters of these regulations are covering: the legal status of private HEIs, criteria of establishment of these institutions, formal procedure for their establishment, process of evaluation and appraisal of private HEIs by educational authorities, and internal administration and governance of these institutions.

By 1994, there was in China 800 private HEIs. This number was, according to information source from Ministry of Education of China<sup>1</sup>, 1230 in 1996, 1252 in 1997 and 1277 in 1999, and around 1240 in 2003. These institutions are hosting 1,400,000 students<sup>2</sup>. Among these 560,000 are for regular institutions, 310,000 for recognized diploma granting

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<sup>1</sup> China Education and Research Network's statistics on education retrieved from <http://www.edu.cn/HomePage/english/statistics/education/index.shtml>

<sup>2</sup> China Ministry of Education. Higher education in China retrieved from [http://www.moe.edu.cn/english/higher\\_h.htm](http://www.moe.edu.cn/english/higher_h.htm)

institutions and 530,000 for non-diploma vocational programs. The ratio of number of non-public institutions to number of public ones is about 62% (ratio of 1,240 to 2003). The ratio of number of students of non-public to that of public one is about 8.75% (ratio of 1,400,000 to 16,000,000) (Ying, 2004).

In Vietnam there was similar situation. Non-public higher education continues to develop. The percentage of non-public institutions is 12.4%, much less than in China. But the ratio of number of students of non-public HEIs to that of public institutions is 13.8% (ratio of 144,000 to 1,044,000), higher than the ratio in China. The development of non-public (private) higher education in China and Vietnam is similar in the fact that these countries are considered to be in the same group with modest but growing private sector (Levy, 2004).

In China, as in Vietnam, the definition of non-state educational institution is complex. It could be a private or a people-run establishment. The common perception is that private establishment could be a profit organization, but people-run establishment is non-profit one. The society general shows greater trust in people-run organizations.

### ***In Thailand***

Before 1969, higher education in Thailand was a state monopoly, the sole privilege of governmental agencies. Towards the end of the 1960s, there was a steadily growing demand for higher education. The state universities in those days could not cope with such increase in demand owing to lack of space and other facilities in their institutions. To solve the problem, the government then launched to open two open state universities, one in 1971 and the other in 1979, to which admission is unlimited and without any restraint, thereby guaranteeing the right of access to higher education to all citizens who hold high school certificates or the equivalent. In 1969, just prior to the establishment of the two

open universities, a landmark Private College Act have been passed, authorizing the private sector to institutions of higher learning and to confer degrees.

By 1984, a number of private colleges established under 1969 Act had consolidated into full-fledged tertiary institutions were raised into university status. Private higher education has come to play an important role in the cultural and economic life of Thailand.

In 1988 the National Commission on Private Education (NCPE) was established. This commission had made the following recommendations to the government:

- Owing to its flexible nature and efficient management the private sector of education should be encouraged to participate in the national education system,
- Through this system equal educational opportunity will be provided to all citizens as it is recognized that better quality education lead to better quality of life.
- A subsidy system, provided by the government, should be devised to help the private sector to share the responsibility of providing quality education.
- The transfer of technical know-how from abroad is essential in producing a skilled labor force that need by the newly developed industries sprouting up around the country.

These recommendations were applied for all types of private education institutions, including higher ones. The NCPE also made use of the comparative study on Japanese and Korean patterns in private education, which demonstrated the vital role played by private institutions as a driving force in economic development and industrialization in those countries (Komolmas, 1997). In 1995 four ministries, Ministry of Finances, Ministry of Education, Ministry of University Affairs and Ministry of Labor and Social Welfare

submitted to the government the outlines of official policies concerning state's aid for investment in private education, including:

- Subsidy for establishment of private education institutions,
- Establishment of scholarships fund for granting loans to students.

In April 1996 freshmen, both from state and private universities, who came from low income group were granted scholarship loan comprising tuition fees, books, board and lodging. Investment in private education is also encouraged through the granting of income tax exemption and other privileges and deregulation.

In May 1997, despite the economic slump, the government approved a request by the Ministry of University Affairs to set a fund of 2,000 million Baht for staff development in private colleges and universities. This allowed teachers in private HEIs to have access to loan to further their education and training abroad.

According to data and information from the Ministry of University Affairs<sup>1</sup> in 1996 total enrollment at public universities was 201,571 students, among these 65,802 are of new enrollment (about 33%). Total enrollment at the open universities was 524,628 students, among these 173,715 (about 33%) are of new enrollment. Total enrollment at private universities was 173,760, among these 61,859 (about 43%) are new students. The number of public universities was 20, open universities 2, private universities 35. Comparing with public HEIs, the enrolment of private higher education institution students in 1996 was quite high, about 86%. This number is however small comparing to that of the two open universities, only about 33%. The number of private HEIs is higher than that of public (35/20).

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<sup>1</sup> Available online at <http://www.inter.mua.go.th/>

Comparing with Thailand, non-public HEIs appeared in Vietnam (in 1994) 20 years later than in Thailand. As Thailand, together with the adoption of non-public HEIs, Vietnam has accepted the notion of open universities. Two open universities have been established since 1990 in Vietnam, one in Ho Chi Minh City and one in Hanoi. These institutions have the character of “semi-public”, which means that they have relative autonomy in institutional management and receive relatively important subsidies from government. The access to these universities is easier comparing with that of public universities, but not free as in Thai open universities.

The number of non-public higher educational institutions in Vietnam is now almost the same as the number of private universities and colleges in Thailand (27/32). Thai private HEIs got some financial support from the government, while Vietnamese institutions do not get financial support from government.

Prior to 1972 all universities in Thailand were under the responsibility of the Office of Prime Minister, and all colleges under the jurisdiction of the Ministry of Education. In 1972 was established the Ministry of University Affairs. With the creation of this ministry all public and private universities and colleges came under MUA jurisdiction. Some other colleges remained with the Ministry of Education a few other ministries<sup>1</sup>.

### ***In the Philippines***

The Philippines is one of the ASEAN member countries, which has many socio-economic similarities with Vietnam. According to the year 2002 data, the population of the Philippines was 78.6 millions in 2002, that of Vietnam, 80.3 millions. The GDP per capita

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<sup>1</sup> Thailand's Ministry of Education, Commission on higher education retrieved from <http://www.inter.mua.go.th/Organization/Structure.htm>

of the Philippines was US\$ 975, nearly two times that of Vietnam by US\$ 500. The human development index of the Philippine was 0.753, that of Vietnam was 0.694.

However the difference in higher education between the two countries is larger. The total enrollment of higher education students in the Philippines was 2.4 millions in the academic year 2002-2003, whereas Vietnam enrolled only about 1.3 millions. The total number of HEIs in the Philippines was 1,479 in the same academic year, including 174 public and 1,305 private. That of Vietnam was 214, including 187 public and 27 non-public. The number of public institutions is almost the same in the two countries, but the number of private institutions in the Philippines is 50 times larger than that in Vietnam.

Private institutions of higher education have long dominated higher education system in the Philippines. The heavy reliance on private sector provision is considered as the highest rate of privatization of higher education in the world. Approximately three quarters of students in the Philippines are enrolled in private colleges.

The first generation of private HEIs in the Philippines was church-affiliated, founded by Catholic religious congregations, such as the University of St. Thomas (1611), Ateneo De Manila University (1901), De La Salle University (1911). Another type of sectarian HEIs were founded by Protestant missionaries, such as Presbyterian Ailliman University (1901), Central Philippine University (1905), Methodist Wesleyan University (1948), Philippine Union College (1957), Adventist University of the Philippines (1997).

In 1900, a new generation of private HEIs owned by individuals, families, or groups of businessmen sprung up. They were not affiliated with religious organizations and were either for-profit or non-profit. Among these institutions are for example: Centro Escolar University (1907), Far Eastern University (1919), University of Manila (1913), Mapua Institute of Technology (1925). These institutions were usually very small, with

less than 100 students, and charged only low fees. They survived through fee-paying students.

During Japanese occupation from 1942 to 1945 some universities were destroyed, many other have to cease. After the declaration of independence in 1946, because of governmental bureaucratic requirements and lack of public funding for education, public HEIs were facing difficulties. Private HEIs spearhead the growth in higher education. Many new universities and colleges were established. By 1948 there were 259 private universities and colleges in the Philippines.

The international oil crisis in the 1970s coupled with internal fiscal mismanagement contributed to a bleak economic situation for the Philippines. Private HEIs found themselves inside of the economic crisis. They had to cope with overhead expenses and the spiraling cost of power, utilities and school supplies.

After the crisis, during 1980s and 1990s private higher education system, especially the non-sectarian institutions grew rapidly. The generation of non-sectarian colleges, mostly for-profit, sprung up in this period concentrated their activities on four-year undergraduate programs, usually on business administration, commercial design, hotel management, tourism and secretarial studies. In the current climate of economic privatization, private higher education that shows immediate employment possibilities of their graduates attract more students, even if they have to pay higher tuition fees. In 1990 the number of private HEIs increased to 637, in 2000 to 1,214 and in 2002 to 1,258 (Gusolino, 2003 p.10). In 2002 the Philippines had in total 1,479 HEIs, among these 1,305 ( 88%) were private, 174 were public (12%). The country had in total 2.4 million higher education students, among these 1,605,924 (66%) in private institutions and 815,910 (34%) in public institutions (Vea, 2003)

Table 5.1 Comparison of Vietnam with China in Non-public Higher Education Development

	China	Vietnam	Vietnam/China
Population	1,295 million	83 million	6.4%
GDP per cap (in PPP)	4,580 \$US	2,300 \$US	50.2%
Total higher education enrolment	16.000 million	1.131 million	7.1%
Enrolment in non-public institutions	1.240 million	0.137 million	11.0%
Non-public enrolment/total enrolment	7.8%	12.1%	1.56
Total number of H.E. institutions	2003	214	10.7%
Number of non-public institutions	1240	27	2.2%
Non-public institutions/total number of institutions	61.9%	12.6%	20.4%

Table 5.2 Comparison of Vietnam with Thailand in Non-public Higher Education Development

	Thailand	Vietnam	Vietnam/Thailand
Population	62.2 million	83 million	1.33
GDP per cap (in PPP)	7,080 \$US	2,300 \$US	0.33
Total higher education enrolment	899,959	1,131,000	1.26
Enrolment in non-public institutions	173,760	137,000	78.8%
Non-public enrolment/total enrolment	19.3%	12.1%	62.7%

Total number of H.E. institutions	57	214	3.75 times
Number of non-public institutions	35	27	0.8%
Non-public institutions/total number of institutions	61.4%	12.6%	20.5%

Table 5.3 Comparison of Vietnam with the Philippines in Non-public Higher Education Development

	The Philippines	Vietnam	Vietnam/Philippines
Population	78.6 million	83 million	1.06
GDP per cap (in PPP)	4,170 \$US	2,300 \$US	0.55
Total higher education enrolment	2.4 million	1.131 million	0.47
Enrolment in non-public institutions	1.606	0.137 million	0.85%
Non-public enrolment/total enrolment	66.9%	12.1%	18.1%
Total number of H.E. institutions	1,479	214	14.5%
Number of non-public institutions	1,305	27	2.1%
Non-public institutions/total number of institutions	88.2%	12.6%	0.14

Vietnam so far has no clear and comprehensive policy of privatization of public HEIs, but the Government is implementing the policy of “socialization” of a range of public services like education, health care, environmental protection. “Socialization” could

be defined as mobilization of participation of non-public sectors in social service. Public HEIs are encouraged to develop by their own means their training, research and service activities to increase their resources, which are based now on limited investment and subsidies from the government. With the implementation of such policy public HEIs could privatize some of their activities creating a hard competition with private institutions similar to the actual situation in China.

### **5.3. For-Profit and Non-Profit Character of Private Higher Education Institutions**

One of the principal criteria in classification of private HEIs is the “for-profit” or “non-profit” character. Unlike the public institutions, which get most of the resources from governmental investment, non-public/private HEIs are relying mainly on tuition, research and service activities carried out by their staff, and to a smaller proportion, subsidies from central or local governments (if any) and donations from organizations. And in fact all non-public/private institutions have to make a ‘profit’ from their operation. Without ‘profit’ (surplus from revenues minus expenditures) no non-public/private institutions could survive. This accumulated ‘profit’ has helped many private institutions to become prestigious. But how to define the for-profit and non-profit character of institutions? In many countries, the definition of ‘for-profit’ character of HEIs is always a hot debate topic. It is debated because of the lack of clear legal definition. Some systems set the profit or non-profit cut point by the ultimate use of the collected funds. Other system might use the ownership type to determine the cut point. For the purpose of this study a for-profit HEI is the one that distributes the earnings from its operations to the shareowners. With this, a non-profit institution will use the earnings to re-invest into the institution’s resources. The implications of this definition, as pointed out by Kinser and Levy (2005

p.8), could be debates about very basic questions such as ‘what is higher education?’ and ‘is higher education a public good?’ But most of the studies on private higher education agree that the for-profit character of the institutions could negatively impact the objectives, orientations and quality of education and training activities of the private university or college. However, the non-profit character, could dampen the drive for efficiency, and reduce the revenues. For a healthy development of non-public universities and colleges Vietnam have to learn from experience of other countries.

### ***In the USA***

The distinction of for profit and not-for-profit characteristics in U.S. organization is often identified by their tax code. Not-for-profit educational institutions are known as 501(c)(3) organizations, after the section of the tax code that describes them. These institutions cannot be organized to benefit private interests, their assets must be permanently dedicated to charitable purposes, and net earnings cannot be distributed to owners or shareholders (IRS, 2003). For-profit institutions need not meet these stipulations. Rather, their “bottom-line” purpose can be to make a profit for their owners or shareholders. Reflecting this distinction, the National Center for Education Statistics of the Department of Education (USA) has the definition for for-profit higher education as “private institution[s] in which the individual(s) or agency in control receives compensation other than wages, rent, or other expenses for the assumption of risk” (NCES, 2003 p.555).

Taken together, these definitions suggest that for-profit institutions of higher education are defined not by getting “profit,” but by what they are able to do with that earning. Non-profit institutions can only use the funds left over after expenses are paid to develop the organization and continue its charitable or other nonprofit objectives, while

for-profit institutions can decide about what they want to do with it, including offering additional reward to their shareowners.

In degree granting programs the American for-profits account for about 19% of institutions and 3% of enrollment. The for-profit institutions are mostly in the lower degree courses, in which they constitute about 78% of all private institutions, but only 12% in graduate programs (Kinser & Levy 2005 p. 4).

Table 5.4 Data on For-profit Higher Education in USA

		Total	Private	For-Profit	For-Profit/ Total (%)	For-Profit/ Private (%)
Degree enrollment (2001)	Degree-seeking total	15,927,987	3,694,831	527,501	3.3	14.3
	2-year degree	6,250,579	253,878	206,329	3.3	81.3
	4-year degree	9,677,408	3,440,953	321,172	3.3	9.3
	Non-degree	406,147	269,224	238,200	58.6	88.4
Institutions (2000)	2 year	1,732	656	512	29.6	78.0
	4-year	2,450	1,828	277	11.3	30.3
	Graduate (2001-02)	1,757	1,210	145	8.3	12.0

*Source: Adapted from Kinser, Kevin and Levy, Daniel C. (2005) The For-profit Sector: U.S. Patterns and International Echoes in Higher Education*

### ***In Japan***

The characteristics of Japanese private HEIs are regulated by School Education Law 1991, the Private School Promotion Subsidy Law and Fundamental Law of Education. In fact, most of the private HEIs in Japan have the non-profit character. The school juridical corporation, or foundation, is the mechanism to keep the earnings in the institutions rather than redistributed to the investors.

The for-profit HEIs in Japan are treated differently from the non-profit HEIs. Those school juridical persons establishing private schools, which are intended to create profit for private persons, are subject to taxation. A for-profit university is a true corporation established as a joint-stock company. Like any other corporation, it pays corporate taxes and is not eligible to receive government subsidies, but it is also not subject to restrictions that usually apply to schools, such as the rule that it must own its own campus and the buildings on it. The new for-profit HEIs are starting to develop in Japan. Often they are backed by big private companies. The successful institutions of this type are so far LEC Tokyo Legal Mind University (LEC University), with campuses in Tokyo and Osaka and Digital Hollywood Graduate School of Digital Content. Though new but more of these are coming in, thanks to the recent structural reforms in Japan<sup>1</sup>.

### ***In China***

The China's 1982 constitution officially allowed and promoted private education. The 1993 policies of the Chinese Communist Party and the Chinese Government were

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<sup>1</sup> Japan External Trade Organization – JETRO. (01/12/2004). New Approach Is Paying Off with For-Profit Universities. Retrieved 10/01/2005 from [http://www.jetro.go.jp/en/market/trend/topic/2004\\_12\\_daigaku.html](http://www.jetro.go.jp/en/market/trend/topic/2004_12_daigaku.html)

encouraging, supporting and directing private education considering that private education activities are nonprofit. The regulations issued by the Chinese government in 1997 concerning private education reaffirmed private education's nonprofit nature. However, in reality private institutions registered with the Industry and Commerce Bureau need to pay taxes, what makes them de facto for-profit entities. Most of for-profits usually provide short-term training programs--such as instruction in foreign languages or self-study courses--but cannot offer degrees. Private institutions registered with the Bureau of Civil Administration are considered as nonprofit and largely tax exempt.

In 2002 a Private Education Law was issued. Article 51 of this law defines that "private investors can have a reasonable return on their investment" but there is no further explanation of what is "reasonable". According to some researchers this law takes a position on several ambiguous and controversial issues such as finance, tax policy, economic return... and has not clearly defined the nonprofit character of Chinese private HEIs (Fengqiao and Levy, 2003). The (government's) interpretation of "reasonability" is still the major determinant factor in the differentiation of profit character of private HEIs.

### ***In the Philippines***

In the Philippines, as presented in 5.1 the private institutions are dominating the higher education system.

Private HEIs serve as either non-profit or for-profit firms, where share of institution ownership is not sold, surplus of educational activities are reinvested back to the institutions. Sectarian institutions (belonging to religious organizations) are strictly non-profit. But the non-sectarian HEIs could be either non-profit or for-profit.

High private benefits held to be attached to certain degree programs or to certain institutions. Enrollment figures are high only in some tertiary courses such as: teachers

training, business and management studies, computer sciences and health related areas such as medicine and nursing. By contrast public institutions account for most of the enrollment in high-cost programs such as natural sciences, agriculture and fisheries.

Comparing with the system of private higher education in the Japan, China or Philippines the non-public higher education in Vietnam are basically non-profit institutions. However there are for-profit elements in them. The notion of investors in people-founded and private institutions and the permission to pay dividend to these investors are signs for some degree of private profit making in these institutions. What Vietnam shall learn is how to keep this private profit in a reasonable limit.

#### **5.4. Quality Assurance for Private Higher Education Institutions**

One of the important tasks in any educational institution is to assure the quality of its own education. For private HEIs this task is rather difficult, especially for newly established ones. To solve this problem various countries are using various methods. As a late coming country in development of private HEIs Vietnam has to learn from these experience.

##### ***In Japan***

Accreditation in Japanese higher education has a long history as a non-government endeavor. During the U.S. occupation, the Japan University Accreditation Association (JUAA) was established in 1947 to provide non-government institutional accreditation. After the recovery of national independence, however, the Ministry of Education established governmental "Standards for University Establishment." As a result, non-government accreditation through the JUAA lost substantial influence, having become a "voluntary" process without any sanctions.

Until quite recently, neither the government nor HEIs made use of the JUAA accreditation system, while a majority of universities supported the JUAA as a symbol of university ownership in quality matters. In the 1990s, debate over university evaluation focused mainly on the assessment of university performance rather than on accreditation or quality assurance. Universities and junior colleges initiated self-evaluation at the strong urging of the ministry. In 2000, the National Institution for Academic Degrees and University Evaluation (NIAD-UE), an organization established by the government, launched a national pilot project concerning higher education evaluation. The project, modeled after British quality assessment in education and research, was not yet an accreditation initiative at this point.

At the turn of the 21st century, the Japanese government began to focus on the need for a renewed accreditation system. This trend was clearly influenced by discussions at the World Trade Organization and the European accreditation movement concerning education services. The first official argument for promoting quality assurance was presented in a University Council report, "Higher Education in Global Age." The need for quality assurance and accreditation was discussed in the context of cross-border and professional education, both of which require international recognition of their qualifications. In 2002, the Central Council for Education in the Ministry of Education issued a report, "Construction of New Quality Assurance System for Universities." The report referred to trends in European countries regarding accreditation and explained the need for quality assurance in the context of international competition and cross-border provision of education, rather than in terms of domestic requirements for quality improvement.

Japan's School Education Act was amended in 2002, with the new accreditation scheme starting in 2004. Through these developments, the government authorized several

accreditation organizations, and all public and private universities, junior colleges, and colleges of technology were required to undergo the accreditation process every seven years.

The new accreditation system of April 2004 has only just begun being implemented; it will take more than six years until all institutions will be included in the present accreditation process. Nevertheless, this new initiative represents a truly critical change in quality assurance policy in Japanese higher education, as until 2004 Japan lacked any national tool to effectively demonstrate the quality of its higher education (Yonezawa, 2005).

The interesting aspect of accreditation in Japan is that there are several accrediting agencies, which will conduct the same task on a competitive basis. The National Institution for Academic Degrees and University Evaluation is one of these agencies, though it had prepared for this assignment for quite some time. The accreditation was also subject of change after in-corporation of the National Universities in Japan<sup>1</sup>.

### ***In China***

China has accepted and successfully practices the principle of market economy, but China is still a socialistic country. Market economy and industrialization create great demand in highly qualified manpower needs. To access to this manpower market people need to have education and training at high level. The enlargement of higher education opportunities for all people is a great concern of the Government, as well as of the whole society. People welcome the policy of establishment of private HEIs, seeing in this policy the democratization of higher learning, the meeting of the needs of people and of the

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<sup>1</sup> Presentation to the MOET Mission at NIED-AU in October 2005

country's development. As shown in previous paragraphs, to meet these needs private HEIs with limited resources should accommodate a large number of students. Education quality is difficult to keep at acceptable level and to be improved in this situation.

For the solution of this issue the Government of China has adopted the policy of diversification of HEIs. Private HEIs in China are classified into 3 categories according to their training tasks and quality:

- Recognized higher education diploma granting institutions,
- Regular HEIs,
- Higher education institutions providing non-diploma vocational programs.

When China adopted its higher education expansion policy in 1999, the central government delegated the accrediting authority of non-degree-granting institutions to provinces governments. This change has help to elevate many institutions that previously provided only "self-study programs" to prepare students for national examinations. These programs are situated outside of the category of accredited degree programs. All private HEIs are trying to elevate their category by amelioration of their academic performance and institutional management. According to amelioration results they could be promoted to higher category.

As of 2002, only 4 private colleges had been authorized to award the bachelor degree diploma, and 129 a "sub-bachelor" degree. The remaining more than 1,200 other private colleges were only allowed to offer self-study programs (Yan & Levy, 2003).

According to another information source, in 2003 there was in China: 47 institutions of recognized higher education diploma granting institutions; 100 institutions of regular HEIs; and 1,093 higher education institutions providing non-diploma vocational programs 1,093 institutions (Shea, 2004).

### *In the Philippines*

Together with the establishment of a great number of HEIs was created the bodies for their accreditation, helping the public and the administration bodies in quality assurance of these institutions. The first accrediting organization founded in Philippines Accrediting Association of Schools Colleges and Universities (PAASCU-AA) founded in 1957 by 11 Catholic educational institutions, mainly for Catholic schools and universities, but not restrictive. Later in 1976, was founded the Accrediting Agency of the Association of Christian Schools, Colleges and Universities (ACSCU-AA), mainly for non-Catholic schools and universities, but not restrictive.

For non-sectarian universities, namely for the Philippine Association of Colleges and Universities (PACU), which is created in 1950, the PACU Commission on Accreditation (PACU-COA) was established in 1973. The Philippine Association of State Universities and Colleges (PASUC) founded in 1967, formed its accrediting agency, the State Colleges and Universities Accrediting Agency of the Philippines (SCUAAP) in 1987. This organization, in 1989, was renamed Accrediting Agency of Chartered Colleges and Universities of the Philippines (AACCUP). In 2000 the Federation of Accrediting Agencies of the Philippines (FAAP) was established. Members of this federation include all the listed above accrediting organizations.

According to PACU-COA, the accreditation process is divided in two phases with three levels: I, II, and III. In phase I with level I and II criteria of accreditation include: Purpose and objectives of the institution; Faculty, Instruction; Library; Laboratory; Physical plants and Facilities; Student, Personnel Service; Social Orientation and Community Involvement; and Organization and Administration. In phase II the accreditation criteria include: Standard of instruction; Community outreach; Research;

Faculty and staff development; Licensure exam performance; Linkages; and Quality improvement. Pass level III the institution will get the accredited status.

Recently, considering that many HEIs in the Philippines, including public and private, are facing many quality issues, the Philippine Commission on Higher Education (CHED) has proposed a new framework for outcomes-based evaluation, including: Self-imposed standard of quality by the HEI; National educational benchmarks (VHED Centers of Excellence); Professional and accreditation body requirement; Employment and industry expectations; International educational benchmarks. For the purpose four indicators of quality have been adopted: Quality of teaching and research; Support for students; Relations with the community and Management of resources.

### *Summary*

Experience from above mentioned countries shows that for-profit and non-profit character of private HEIs is a very complex issue. In the position of educational institutions, serving the education needs of people and development of the nation, the private universities and colleges should have non-profit character. But in the context of economic conditions of a poor country like Vietnam, where these institutions have to start off with very little financial and physical resources, with as good as none public funding for the training, research and service activities, these institutions should have ways to get benefits for both the institutions themselves and the investors. These additional benefits will help them to maintain and to develop further. In the short-run, some degree of for-profit nature will be good for the private HEIs in Vietnam, but in the longer term, there shall be legal measures to limit the degree of for-profit.

The lessons from privatization of public institutions in Thailand, where the real private institutions were put into shadow of privatized institutions, the experience of China in classification of private universities and colleges by their performance quality the experience of the Philippines in accreditation of higher education would be of great values for the administration of higher education in Vietnam. This is especially important when the public institutions are going to be privatized. A privatization of public institutions in Vietnam could create a two tier system of private HEIs, with the top one belonging to those new institutions with much endowment from the past 'public' character and the lower tier consists of 'purely' private institutions, without any support from the government.

## **CHAPTER 6. DEVELOPMENT SCENARIOS OF PUBLIC/NON-PUBLIC HIGHER EDUCATION**

This chapter will utilize the findings from the preceding chapters to develop several scenarios for the development of the higher education system in Vietnam. These scenarios will make use of the available data to predict possible changes in the higher education landscape of the country. The author will evaluate the various scenarios and comment on which one(s) best match the expected conditions of Vietnam in the coming years.

### **6.1. Basic Factors Influencing the Development of Higher Education in Vietnam in the New Decade**

As indicated in previous chapters, higher education in Vietnam is strongly influenced by government policies. It is therefore important to look at the major government policies and trends in the society that are likely to have an impact on the development of the system.

In the next decade, from now to the year 2015, higher education in Vietnam, including both the public and non-public sectors, will continue to develop quickly and will be guided by the following factors:

- The government policy on industrialization and modernization of the country (CPV, 2001, MPI, 2005)
- The increasing need of Vietnamese youth to have higher education for better competition in the national and regional labor markets

- The need for more higher education graduates in all production sectors and social services
- The population pressure on higher education
- The limited resources available to the public institutions in providing higher education with better quality and larger access
- The willingness of higher education teachers and managers to contribute to the establishment of a better Vietnamese higher education system in terms of both quality and quantity

### **6.1.1. Government Higher Education Development Policy**

The current policy governing Vietnam's higher education development was defined in the National strategy for socio-economic development for the period 2001-2010 (CPV, 2001). This strategy states:

*“To develop the quantity and ameliorate the quality of higher education; to concentrate investment for building up some national universities reaching the level of good universities in the region and later the level of world class universities.”*

Concerning non-public higher education institutions this strategy states:

*“To encourage the investment for education development at all levels, by public as well by non-public organizations, to meet the diversified needs of education and training of all people in the society.”*

In December 2001, the Prime Minister of Vietnam issued the Education Development Strategy for the period 2001-2010 (MOET 2002a). Concerning higher education this strategy states:

*“Higher education has to meet the need for highly qualified man-power for the country’s industrialization and modernization, improving the competitive capacity of Vietnam in the globalization process. To create favorable conditions for expansion of post-secondary education in the various regions of the country. To strengthen the adaptation capacity of graduated students to the labor market, to provide for them the capacity of self employment and creation of employment for other people.”*

This strategy also set out the target of increasing the number of higher education students per 10,000 inhabitants from 118 in the year 2000 to 200 in the year 2010.

The Vision of Vietnam in the year 2020 prepared by the Ministry of Science and Technology of Vietnam (MOST, 2000), stated:

*“In 2020 the compulsory education level of Vietnam will be upper secondary education. National universities and research institutes become the motor for upgrading the country’s economic competitive capacity. To upgrade some universities and research institutes into institutions matching the region’s highest level, aiming at advanced training and research in branches of information, biology, materials sciences and technologies. To increase the number of researchers per 10.000 inhabitants from less than 1 now to 2.5 in the year 2020”.*

Recently in October 2004, the Decision of the National Assembly of Vietnam on Education (2005) stated that:

*“To rationally increase the number of higher education enrolment and to basically improve training curricula, contents and methods”.*

These policy statements clearly show that the Government of Vietnam is pushing for an expansion of higher education in the country. In the period of modernization of the country the reliance on the manpower with higher degrees is a necessity. As part of the preparation for the next 5-year plan Vietnam is considering how to move towards becoming a knowledge economy<sup>1</sup>. Of course this move cannot be realized without a large and excellent higher education system. Recognizing this, the Government has indicated that it would accept more students into higher education institutions so that by 2015 there will be 450 students per 10,000 in the population. The Government has also indicated that the non-public sectors will be allowed to play a bigger role in higher education (GOV 2005d). This will lead to a new development of higher education in Vietnam in quantity as well as in quality.

However, it should be recognized that there is some hesitance about the expansion of higher education and, particularly, non-public higher education. The discussion on quantity vs. quality is a continuing process dating back to the early days of the modern higher education system in Vietnam (GOV, 2004). The move from a centralized planned economy into a market economy was not a pleasant one. Some public administrators and academics are still not comfortable with the involvement of non-public sectors, especially the private sector, for the delivery of education services (as described in 2.2.7). This factor is expected to have some influence on the development of Vietnamese higher education in the coming years.

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<sup>1</sup> Phuong Thanh. (13/02/2004). *Đến 2020: 50% GDP sẽ do kinh tế tri thức tạo ra* (By 2020: 50% of GDP is created by knowledge economy). Retrieved 07/06/2005 from <http://vietnamnet.vn/kinhte/2004/02/48320>.

The Government of Vietnam has considered converting some public HEIs into non-public institutions, thereby reducing the burden on the public budget while giving institutions more autonomy and decision-making authority over their own operations. This has been stated in the recent Decision of the National Assembly (National Assembly, 2005). The government has also indicated that it will incorporate some of the stronger public institutions by converting them into public enterprises<sup>1</sup> and giving them more autonomy.<sup>2</sup> As part of the preparation for the new five-year plan, the government is also considering the renovation of higher education management.<sup>3</sup>

All of these policy decisions are likely to have a major impact on the higher education system.

### 6.1.2. Population development

The population structure of Vietnam from 2000 and projected to 2015 is shown in Table 6.1. These are estimates by the US Census Bureau, but they are very close to

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<sup>1</sup> Dung, T. (14/12/2005). *Xây dựng Học viện Bưu chính Viễn thông thành doanh nghiệp* (Making the Academy of Post and Telecommunication an enterprise). Retrieved 18/12/2005 from <http://www.nld.com.vn/tintuc/thoi-su/136424.asp>

<sup>2</sup> EduNet. (14/07/2004). *Gần 40 trường ĐH, CĐ được giao quyền tự chủ tài chính* (Nearly 40 higher education institutions have been given financial autonomy). Retrieved 19/8/2004 from <http://www.edu.net.vn/Default.aspx?tabindex=0&tabid=2&mid=38&tid=94&iid=1141>

<sup>3</sup> Vu Tho. (03/01/2006). *Nên xóa bỏ cơ chế bộ chủ quản đối với các trường đại học* (Elimination of managing authority by higher education institutions is needed). Retrieved 04/01/2006 from <http://www.thanhnien.com.vn/Giaoduc/2006/1/4/134556.tno>.

estimates provided by Vietnam's General Statistics Office. These numbers have been used for the following analysis. According to the US Census Bureau estimates, the population in the higher education age range (18 to 24 years) will grow from 11 million in 2000 to 12.3 in 2005 and 12.4 in 2010 and then fall to 11.6 million in 2015.

Table 6.1 Population Forecast for Vietnam

Age group	2000	2005	2010	2015
0- 4	7,658,869	6,964,951	6,905,052	7,061,028
5- 9	8,786,825	7,576,994	6,904,084	6,856,398
10-14	9,138,701	8,736,131	7,540,841	6,876,273
15-19	8,764,588	9,066,692	8,675,543	7,492,915
20-24	7,524,290	8,658,771	8,970,266	8,591,210
25-29	6,826,637	7,423,358	8,558,074	8,878,318
30-34	6,137,977	6,737,134	7,328,590	8,463,878
35-39	5,825,970	6,050,824	6,639,893	7,231,271
40-44	4,802,584	5,725,831	5,946,238	6,532,212
45-49	3,388,594	4,690,385	5,594,947	5,818,457
50-54	2,268,176	3,280,513	4,547,466	5,434,427
55-59	1,744,702	2,168,704	3,143,301	4,369,582
60-64	1,725,406	1,628,494	2,034,785	2,960,673
65-69	1,572,632	1,558,841	1,479,359	1,862,143
70-74	1,279,771	1,333,606	1,338,432	1,281,439
75-79	848,879	984,068	1,040,818	1,064,208
80-84	457,870	570,467	678,300	732,658
85-89	218,166	260,833	334,578	410,484

90-94	73,029	95,029	119,898	159,196
95-99	15,010	20,893	28,908	39,296
100+	1,734	3,057	4,680	6,995

Source: US Census Bureau, International Data Base (IDB),

It should be noted that the Vietnamese population is quite young. Above 40% of the population are below 24 years in age, and nearly one third are of schooling age (Table 6.1 and Figure 6.1). This indicates high pressure on the general school system, and as more of the age group completes lower and then upper secondary education, on the higher education system itself.

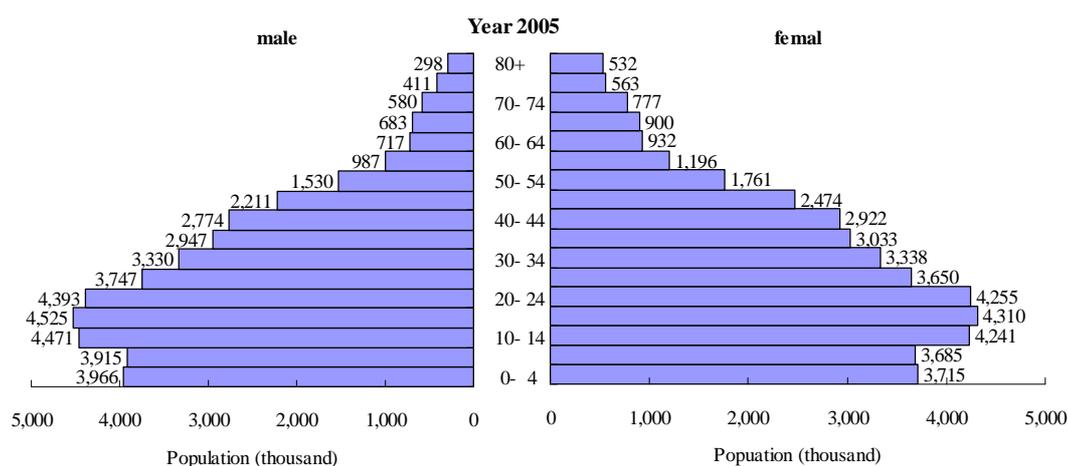


Figure 6.1 Population Structure of Vietnam in 2005 (estimated)

Source: US Census Bureau, International Data Base (IDB),

Population growth will continue for the next 10 years before it starts to slow down. However the population structure will change. The population of upper secondary age would peak in 2008 or 2009. The higher education age cohort will start to decrease in 2014 or 2015 (Figure 6.2).

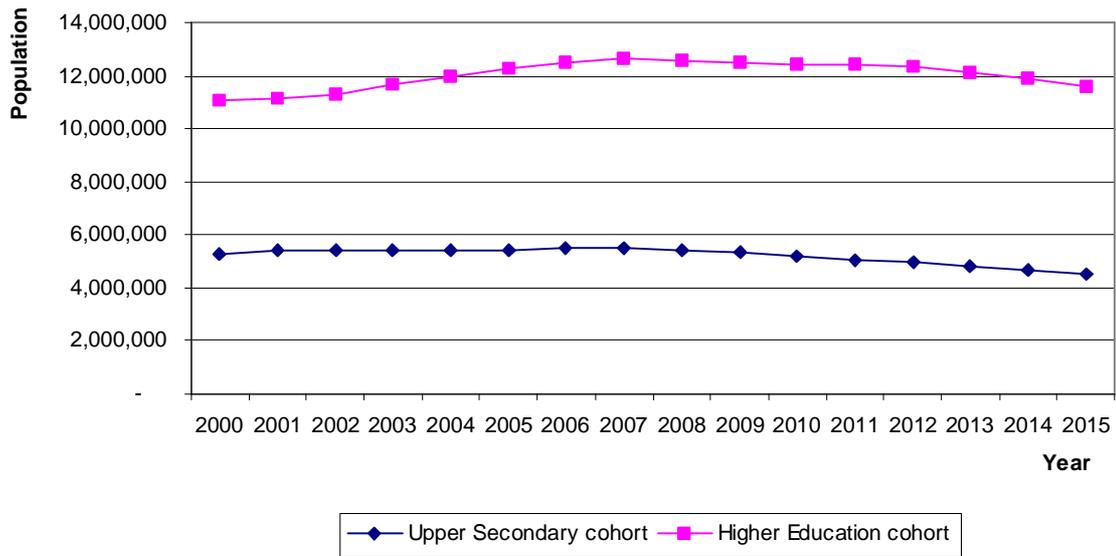


Figure 6.2 Population in Upper Secondary and Higher Education Cohort Groups

With 1.3 million students enrolled in higher education in the 2004-2005 academic year, the gross enrollment rate in 2004 was just 10.6%. According to Trow (2000), a higher education system is considered as an elite system if the cohort enrollment rate is below 15%, and a mass higher education system has a cohort enrollment rate of at least 15%. By his definition, the current Vietnamese higher education system can be considered an elite system – for now.

### 6.1.3. Changes of Legal Status of Higher Education Institutions

With the enactment of the new Law on Education (National Assembly, 2005) the composition of the higher education institutions will change. Prior to 2005 the non-public education institutions were classified as semi-public, people-founded and private (see Chapter 3 and 4). In the new Law on Education, the non-public educational institutions (including higher education) are classified into people-founded and private only.

Not only have the number of categories of educational institutions been changed; the definitions of some of the categories have changed as well. The changes are illustrated in Table 6.2.

Table 6.2. Changes in Legal Regulation Concerning Ownership of Educational Institutions

Category	1998 Law	2005 Law
Public (công lập)	- established by the government - invested by the government - funded by the government	- unchanged
semi-public (bán công)	- established by the government - invested by the government - funded by government funds and collected fees	- non applicable
people-founded (dân lập)	- established by a social organization - invested by private persons - funded by collected fees	- established by the local community - invested by the local community - funded by the local community
Private (tư thục)	- established by private persons - invested by private persons - funded by collected fees	- established by private persons - invested by private persons - funded by collected fees

*Source: Law on Education 1998 and 2005*

With the regulations of the new Law on Education 2005, “semi-public” institutions will no longer be an official category in the education system. The category of “people-founded” has been changed from privately invested and supervised by a social organization into locally invested and locally administered. This is a very important substantive change, with the new category quite different the old one.

These new stipulations could lead to massive changes in the higher education system. These changes are:

- Conversion of semi-public institutions into (new) people-founded or private institutions. The conversion will take place when the current administrating government authorities are no longer authorized (after 1/1/2006) to manage and support these academic institutions. With the current administrative reform in Vietnam's government, it is foreseeable that the public authorities will focus on training institutions, which fit into their mission and purposes. Semi-public institutions were those that had gained certain autonomy from the supervising authorities and could survive by means of cost-recovery. The supervising authorities and supervised semi-public institutions will share some common benefits when conversion into people-founded or private institutions takes place. Converting semi-public into (new) people-founded institutions will give the public authorities some sharing in the management, administration and benefits from the institution's operations. However this also requires that the supervising authority will have to put more investment and managerial efforts into the institution. Though the possibility of converting them into private institutions exists, the question about transferring public properties currently managed by semi-public institutions to private ownership is still a sensitive issue in Vietnam, making this move unrealistic in the short run.
- Conversion of the current people-founded institutions into private institutions. The investors who have invested in the current people-founded institutions do not want to lose their investment or control over their investment. The changed status of people-founded institutions will involve the transfer of the initial investment and attached savings to a loosely defined legal person, limiting the efficiency of the operations. The most rational move here would be to convert all current people-founded institutions into "real" private institutions. The

ensured ownership of the institutions will attract new investment and increased savings.

- Establishment of new private institutions. Most new non-public institutions are likely to be private ones. All new investors will seek this status to be sure that they are investing in a secure business where they have control over the use of their funds.
- Establishment of foreign owned institutions or branches of foreign institutions in Vietnam. These institutions/branches in Vietnam can be considered legally as fully private institutions.

## **6.2. Scenarios of Quantitative Development of Higher Education**

### **6.2.1. Scenario 1: The Baseline**

#### *Assumptions*

- It is assumed that the policies regarding the higher education system in general and the non-public sector in particular will not change. With this, one could expect that the enrolment will follow a linear pattern. The enrolment growth at public institutions could be 10% per year. Enrolments in non-public institutions are likely to grow faster, perhaps at 11.3% per year.
- The semi-public and people-founded HEIs will be converted into private institutions. This will not affect the composition of the system when considering the public and non-public classification.

## *Predictions*

Total higher education enrolments will grow at about 10.1% per year. The estimated enrolment figures are shown in Table 6.3.

Table 6.3 Scenario 1 - Continuation of Current Enrolment Growth

	Total enrollment	Enrolment in public institutions	Enrolment in non-public institutions	% in non-public institutions
2005	1,453,520	1,300,193	153,327	10.5%
2006	1,600,866	1,430,213	170,653	10.7%
2007	1,763,171	1,573,234	189,937	10.8%
2008	1,941,957	1,730,557	211,399	10.9%
2009	2,138,901	1,903,613	235,288	11.0%
2010	2,355,850	2,093,974	261,875	11.1%
2011	2,594,839	2,303,372	291,467	11.2%
2012	2,858,112	2,533,709	324,403	11.4%
2013	3,148,140	2,787,080	361,060	11.5%
2014	3,467,648	3,065,788	401,860	11.6%
2015	3,819,637	3,372,367	447,270	11.7%

With this development trend, the total enrollment in all higher education institutions of Vietnam in 2010 will be more than 2.3 million. By 2015, this enrolment will have increased to more than 3.8 million, nearly triple the enrollment in 2004. The non-public institutions would provide study places for 261,875 in 2010 and 447,270 in 2015. Though growing at a faster rate, the non-public institutions would not contribute much to

the growth of the entire system since the current enrolment in non-public institutions accounts for less than 11% of the total.

The number of higher education students per 10,000 in the population in 2004 was about 160, already more than the set target of 150 for 2005 by the Strategic plan for education development 2001-2010 (MOET 2002a). The number of higher education students per 10,000 in the population would be 266 in 2010 and 409 in 2015. This will exceed the targets of the Strategic plan for education development. In 2015 the gross enrolment rate would be 32.5%. The higher education system would change from an elitist system into a mass system.

### *Comments*

- The higher education system will move toward massification. The target for higher education development will be met or exceeded.
- The enrolment in non-public institutions will be between 11 and 12% of the total enrolment. In this scenario the non-public sector will play only a peripheral role in the higher education system.
- The dominance of public higher education means that the government will still have to bear the major financial burden for higher education.

## **6.2.2. Scenario 2: Further liberalization for non-public higher education**

### *Assumptions*

- Under this scenario, the government will focus public resources on a limited number of public institutions and programs so as to keep public expenditures for higher education within acceptable limits and also to improve the quality of

higher education in key areas. The enrolment in public institutions will continue with the current trend of 10%.

- The government will relax its policies toward non-public institutions of higher education. More non-public (private) institutions will be allowed, and even encouraged, to open and operate. The enrolment into non-public institutions will increase gradually from 11.5% in 2005 to 15% in 2010 as a way of meeting the high un-met demand. After 2010 the demand for higher education will slow down as the growth of the age cohort slows down and then reverses itself (Figure 6.2), Enrolments in non-public (private) institutions will grow at 15% from 2010 to 2015.

### ***Predictions***

As with Scenario 1, total enrolments in higher education will continue to grow according to Scenario 2. By 2010, the total enrolment would reach 2.3 million, and by 2015, close to 4 million. The total enrolment would increase at a rate of about 10.5% a year.

Table 6.4 Scenario 2 - Further Liberalization for Non-Public Higher Education

	HE enrollment	Enrolment in public institutions	Enrolment in non-public institutions	% in non-public institutions
2005	1,453,796	1,300,193	153,602	10.6%
2006	1,602,247	1,430,213	172,035	10.7%
2007	1,767,633	1,573,234	194,399	11.0%
2008	1,952,173	1,730,557	221,615	11.4%
2009	2,157,362	1,903,613	253,749	11.8%

2010	2,385,786	2,093,974	291,812	12.2%
2011	2,638,955	2,303,372	335,583	12.7%
2012	2,919,630	2,533,709	385,921	13.2%
2013	3,230,889	2,787,080	443,809	13.7%
2014	3,576,168	3,065,788	510,380	14.3%
2015	3,959,304	3,372,367	586,937	14.8%

Non-public institutions would account for an increasing share of total enrolments. In 2015, enrolments in non-public institutions would be nearly 15% of the total. Of the nearly 4 million students in 2015, the public budget would only have to support 3.4 million, or about 85%.

The gross enrolment rate would be 19.2% in 2010 and 34.2% in 2015. Vietnam's higher education system would become a mass system in 2014, when the rate would exceed 30% for the first time.

### ***Comments***

- This scenario also shows that there is a long way for Vietnam's higher education system to go to move from an elitist system into a mass system. The increase of 2 million more students in public higher education still implies the need for a very large public investment in higher education, probably beyond the practical limits of the public system.
- While the relaxation of policies towards non-public institutions would have an impact on total enrolments, this impact is still of only marginal significance.

### 6.2.3. Scenario 3: Privatization of Higher Education

#### *Assumptions*

- The privatization of all higher education institutions will be implemented in accordance with the current policies of the Government of Vietnam set out in various policy documents (GOV 2005c and 2005d).
- The privatization policy is applied in parallel with the liberalization of non-public higher education as presented in Scenario 2.
- The privatization process will start with the current non-public institutions first, in accordance with the new provisions of the Law on Education 2005 (see 6.1.3), but the conversion of people-founded and semi-public institutions will not have an impact on the public and non-public categorization.
- New institutions will be established, but they will be private institutions only. No new public institutions will be established after 2010.
- The privatization of public institutions will start with institutions that have the potential to generate sufficient revenues.<sup>1</sup> These institutions tend to be medium in size (with current enrollments of 10,000 – 30,000 students each – equivalent to 1.7%-2.5% of current total enrolments in public institutions). Converting just one institution like that at this time into a private institution would increase the enrolment of non-public institutions by 7-21%.

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<sup>1</sup> Dung, T. (14/12/2005). *Xây dựng Học viện Bưu chính Viễn thông thành doanh nghiệp* (Making the Academy of Post and Telecommunication an enterprise). Retrieved 18/12/2005 from <http://www.nld.com.vn/tintuc/thoi-su/136424.asp>

- The privatization process could follow a roadmap like this:
  - o 2005 to 2010: Conversion of all (22) current people-founded institutions into private; no new people-founded institutions will be established. The two universities that are currently fully semi-public will be converted into private universities next, as a trial for the later privatization of other public institutions. The four colleges that are currently fully semi-public will also be converted or amalgamated into public institutions. The conversions of these semi-public institutions will not affect the balance between public and non-public sectors in the system.
  - o 2008 to 2010: Five to six medium-sized public institutions will be converted to private institutions as the first trial step.
  - o 2011 to 2015: The public institutions currently supervised by MOET will be privatized. (Public institutions supervised by other ministries or government agencies could also be privatized, but they are not taken into account in this scenario.) This will be a step to eliminate the current unclear management for HEIs in Vietnam.
  - o Provincial colleges, which are under the supervision of provincial governments, will remain as public institutions during this period.
  - o Prior to their conversion to private institutions, public institutions would still increase their enrollments by 10% per year, but the conversion of the medium-sized institutions into private institutions will reduce this figure by 2.5 to 4.5 percentage points per year. The non-public sector will grow at a rate of 30% or more per year,

taking into account both the growth of those that are currently non-public and the conversion of the public institutions.

**Predictions**

Total enrolment in higher education will be much the same as with the first two scenarios. The system will grow at an average of 10% per year. By 2010, there will be more than 2.3 million students, and by 2015, about 3.7 million (Table 6.5). The gross higher education enrolment rate would be 18.6% in 2010 and 32.4% in 2015. Per 10,000 in the population, there will be 264 college and university students in 2010 and 408 in 2015.

The non-public institutions will enroll 16.3% of all students in 2010. By 2015, this ratio will have increased to 36.4%.

Table 6.5 Scenario 3 - Privatization of Higher Education

	HE enrollment	Enrolment in public institutions	Enrolment in non-public institutions	% in non-public institutions
2005	1,453,107	1,300,193	152,914	10.5%
2006	1,601,476	1,430,213	171,263	10.7%
2007	1,752,459	1,558,932	193,527	11.0%
2008	1,925,556	1,683,646	241,909	12.6%
2009	2,112,307	1,809,920	302,387	14.3%
2010	2,314,598	1,936,614	377,983	16.3%
2011	2,525,290	2,052,811	472,479	18.7%
2012	2,769,675	2,155,452	614,223	22.2%
2013	3,040,160	2,241,670	798,490	26.3%
2014	3,346,957	2,308,920	1,038,037	31.0%

2015	3,704,546	2,355,098	1,349,448	36.4%
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### *Comments*

- The privatization of public institutions will increase the proportion of students in private institutions to one third of the total by the end of the forecast period. The public budget will have to take care of about 2.3 million students in 2015. This is a reduction of about 1 million students in comparison with Scenario 1.
- The privatization process will give the clients, especially students and their families, more choices when selecting institutions.
- The higher education system will change from one of public dominance with private HEIs in the periphery into a more balanced system of public and private institutions.

## **6.3. Scenarios of Qualitative Changes in Higher Education System**

Concerning amelioration of training objectives, contents and curricula of higher education institutions, the Strategic Plan for Educational Development in the period 2001-2010 of Vietnam (GOV, 2001) stated that:

“The objectives, contents and curricula in higher education institutions will be improved by modernization, standardization, to be closer to the advanced regional and global level; at the same time to conform with the need for manpower in the various sectors of the national economy.... To modernize the teaching - learning facilities, laboratories. To quickly use information technology to renovate educational and managerial methods.”

In 2004, the Government, in the Report on Education submitted to the national Assembly (GOV 2004 p.6), further emphasized that:

“...the design of curriculum, textbooks by universities and colleges are not given enough attention. Higher education teaching materials are short in number, outdated in content, poor in references. The course designs did not take into account the articulation between educational levels.”

The government also acknowledged that the educational administration was not up to the new conditions of the market and manpower needs. Administration of education is still carried out in the old bureaucratic style (GOV 2004 p. 12).

These statements and other policy papers are indicating that new managerial and administrative changes will be introduced aiming at improving the quality of higher education. In the coming decade the quality development efforts will be characterized by the following changes:

- Administration styles;
- Curricula;
- Teaching and learning methods;
- Teaching and learning contents; and
- Faculty development.

These qualitative changes will take place by the public and the non-public institutions, but the following discussion will focus mainly on the changes in the non-public institutions.

### **6.3.1. Change in Administration Styles**

As presented in Chapter 3, the administration of the higher education system is still modeled after the old centralized planning system. This administration mechanism does not have much space for institutional autonomy. The first change in academic administration will be to give more autonomy to institutions. The institutions will be given

more rights and powers to start and define new training programs, teaching-learning curricula and contents so as to train students to work efficiently in the new socio-economic conditions of the country.

Administration of higher education institutions will be changed from input-based (allocation of students, staff and financial resources) into output-based (accreditation, performance assessment).

The most significant change will be the reduction of supervising authority. The non-public institutions will have to report only to MOET, the state agency with broad management authority for education.

In this change the non-public institutions will have the advantage of having had more experience in operating autonomously. The people-founded institutions have had at least limited autonomy in the past years, and their struggle to survive under difficult circumstances will have prepared them well for looser regulation and fuller autonomy. The efficient administrative structure of non-public institutions is also a good precondition for them to go further with the new autonomy and reduced bureaucracy. Instead of focusing on satisfying routine jobs mandated by the public administrative authorities, they could focus on the improvement of their institutions' efficiency and quality.

### **6.3.2. Change of Curricula**

Since 1990, after the adoption of Vietnam's "renovation" policy, socio-economic conditions have changed rapidly, but few changes have occurred in public administration. Teaching-learning content in all of universities and colleges are defined by the official curriculum framework issued by MOET. Teaching progress, subjects, orientation for teaching contents are pre-defined in this "official" framework. Four-fifths of the teaching-learning content in any HEI must be carried out according to this framework. The

institutions have only the right to define the remaining 20%. Most of these curricula are very old ones, established in the period of “centralized planning” in the 1980s or the early transition period in the 1990s. It is to be noted that the curriculum framework was designed and approved by committees set up by MOET and comprised mostly senior staff from public institutions (see 4.4.2). Though MOET has asked universities and colleges to provide proposal for updating the curriculum framework, the bureaucratic administration has hindered progress. Besides that, the chairs of departments and deans of faculties are often aged professors and lecturers, having limited knowledge and experience with the “renovated” society, and are not able to review the existing curricula and propose new programs and curricula in a systematic way. On the other hand, younger academic staff, recently graduated from prestigious universities in developed countries, do not have enough practical experience in the design of new curricula relevant to real-world situations. These factors have rendered the current curricula outdated, lagging behind the needs of science, technology and management. The trained manpower from universities and colleges in Vietnam are not up to the requirements of the jobs in a new market economy. This creates enormous pressure for change on the system itself.

With more autonomy, institutions of higher education in Vietnam will start to change their curricula. The changes in curricula of universities and colleges will be based on those curricula in use in developed countries, such as the USA, Japan and EU countries. The new curricula will also be based on those now used in developing countries with similar economic, social and cultural situations to Vietnam. Universities and colleges will use their expanded autonomy to elaborate their own curricula and related teaching contents to form quality courses, providing more choices to students. The MOET will only be responsible for the orientation and for supervising the designing process of the curricula. The pre-defined curriculum framework will gradually be phased out. In this context,

MOET will play the role of moderating and coordinating agency for all institutions. Accreditation will also be used to help institutions to improve their curricula and programs.

Curriculum reform will make non-public institutions less dependent on the curricula from public institutions. Non-public institutions will have more opportunities to try out and test new curricula to meet changing market demands. Their relatively greater autonomy to date as compared with the public HEIs should help them to revise and update their curricula more quickly.

### **6.3.3. Change of Teaching-Learning Methods**

Because of the lack of teaching experience, insufficiency of books and reference materials in libraries, and shortages of laboratories and computing facilities, the majority of academic staff in Vietnamese HEIs continue to use a ‘talk and chalk’ approach in teaching students, often just dictating their lecture notes in class.<sup>1</sup> Students are expected to write down everything they are told in their notebooks. There is little, if any, in-class discussion, and classes are invariably in the form of lectures rather than seminars or workshops. Improvement of teaching-learning methods has been defined as one of the most important tasks for quality development of Vietnamese HEIs in the coming decade. This will be a transformation from teacher-centered to student-centered teaching styles. The implementation of this task requires:

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<sup>1</sup> Nguyen The Long. (14/07/2004). *Giáo dục của chúng ta đang đi sau các nước hàng chục năm* (Our education is decades behind other countries). Retrieved 15/09/2005 from <http://www.edu.net.vn/Default.aspx?tabindex=0&tabid=2&mid=19&tid=64&iid=463>

- Introduction of interactive teaching methods
- Changing of staff and student attitudes toward the teaching-learning process
- Creation of necessary physical conditions for the new methods, such as laboratories, libraries, computing facilities, internet connectivity

The change in teaching-learning methods will require considerable new investment, both human and material. The non-public institutions, with limited resources, will have to cooperate among themselves and with public institutions and agencies in the same localities to share facilities that are too expensive for one institution to build and maintain on its own. Formation of knowledge clusters/networks will be useful for the non-public institutions in the initial years.

#### **6.3.4. Development of Academic Staff**

The academic staff of Vietnamese HEIs are rapidly aging<sup>1</sup>. The absence of good staffing policies has created a shortage of middle-aged academic staff who could take over the key positions in academic units. The majority of professors or key academic staff have been trained in Vietnam or in the former socialist countries, before 1990. The renovation policy has created new opportunities for academic staff of Vietnamese universities and colleges to be trained or upgraded in western countries through exchange programs. The newly trained graduates from top universities in Vietnam are often reluctant to accept teaching positions in the higher education system since they can earn more than their

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<sup>1</sup> Nguyen The Long. (14/07/2004). *Giáo dục của chúng ta đang đi sau các nước hàng chục năm* (Our education is decades behind other countries). Retrieved 15/09/2005 from <http://www.edu.net.vn/Default.aspx?tabindex=0&tabid=2&mid=19&tid=64&iid=463>

professors if they work in private industry or foreign-invested businesses. This is like a brain drain within Vietnam. The recent changes in government policies toward remuneration for staff of educational institutions will allow institutions to offer higher pay to qualified academic staff. Additional policies concerning further qualification and training of academic staff are being prepared.

In order to overcome the shortage of academic staff, Vietnam's HEIs will have to focus their attention on finding workable remedies. With combined efforts from the central government and from institutions, the situation can be changed. Modifications to staff recruitment policies, remuneration for academic staff in higher education and discretion of institutions in placement and termination of working contracts will allow HEIs to get more qualified staff needed for good teaching. Support for advanced training of academic staff overseas, such as the government scholarship program 322 or the overseas training programs financed by municipal government like Ho Chi Minh City, Da nang and Can tho, will benefit institutions as well as local governments. The obligations for scholarship recipients to come back to their previous institutions/agencies after training will bring to institutions young staff with advanced knowledge adapted to new teaching-learning methods and will be an impulse for further renovation of the higher education system.

The shortage of academic staff is not an issue of the public institutions only. It is true for the non-public institutions as well, on an even larger scale. Their dependence on academic staff from public institutions makes the situation at the non-public institutions very difficult when they want to expand their enrolments while keeping within the regulations of MOET. To be less dependent on public HEIs in teaching staff means they have to recruit more academic staff of their own. At this point, these institutions have two choices: employ more young, under-qualified staff or invest more on their own core academic staff. Selecting the first option is a bad choice, since the quality of instruction

would be low, hurting the reputation of the non-public sector. This is exactly what the non-public institutions must avoid if they want attract more clients. The second option will require some time and commitment from both the institutions and from staff themselves. But the second option is already the choice by some of the bigger people-founded universities such as Dong in Hanoi or Van Lang in Ho Chi Minh City. These actions, or the lack thereof, will decide whether the non-public sector will be dominated by second-class institutions or will provide meaningful competition for Vietnam's leading (now public) HEIs in the future.

### *Summary*

Continuing the development in the past decades, higher education in Vietnam will grow in the years to come. The total enrolment in higher education could be up to 4 million in 2015. It is possible that the system of higher education will become a mass system at the end of the forecast period. In this trend the public policies will have strong impacts on the private institutions. More liberal policies will lead to a faster growth in private sector, giving the students more choices, and relieving the public budget from a significant burden. The higher education system will also become more balanced between public and private. This is very important in consideration of increasing public expenditure for quality improvement in public HEIs. Liberalization of higher education policies also initiates other qualitative improvements in the private sector of higher education.

## CHAPTER 7. CONCLUSIONS AND RECOMMENDATIONS

As mentioned in the introduction, the aim of this study was to find answers to the following questions concerning the development of non-public higher education institutions in Vietnam:

1) How did the non-public higher education institutions contribute to the enlargement and diversification of higher education enrollment in order to create more equity and flexibility in the access to higher education?

During its seventeen years of existence and operation, the system of non-public HEIs in Vietnam has positively contributed to the creation of more equity in the access to higher education. **Given the rapid expansion of non-public institutions, their share of total higher education enrollments is now almost 12%. In 2004, 136,000 students (many of whom failed the entrance examination to public universities) were enrolled by non-public HEIs.**

The existing 29 non-public universities and colleges are also giving students more flexibility in choice of training specialties and learning places. In the years to come, it is expected that many more non-public (private) HEIs will be established, serving remote provinces as well as Vietnam's major urban areas. These institutions will expand the network of higher education and training to places far from Hanoi, Ho Chi Minh City, Da nang and Hue and contribute to the improvement of equity, flexibility and diversity of higher education and training in the country.

2) How did the non-public higher education institutions contribute to the improvement of higher education quality and meet the needs of socio-economic development of Vietnam, including the need for development of local economies?

During their 12 years of existence so far, with their position on the periphery of the public higher education system, **non-public higher education institutions have made few contributions to the improvement of higher education quality in Vietnam.** They have had to carry out their training activities based on curricula determined principally by MOET. Most of their senior academic staff have been contracted from public institutions. Teaching contents and methods are almost the same as in the public institutions. **They have, however, trained and supplied thousands of trained experts needed for industrialization and modernization of the country.** The new trend is that most of the graduates from non-public universities and colleges are employed by private enterprises and organizations. Some of their graduates are employed by public agencies, but mostly at the local (provincial and district) level. Through their presence, the non-public institutions have induced economic changes to the local communities.

3) How did the non-public higher education institution enhance the investment for higher education development by mobilizing resources from people and various organizations in the society?

According to the results of the academic and financial survey of universities and colleges carried out by the World Bank-financed Higher Education Project in 2003, the mobilization of resources from non-governmental sources by non-public higher education institutions in 2002 was estimated to be about VND 560 billion per year, which is about 11.7% of total resources provided for higher education in the country (VNHEAFS 2003). **By the activities of non-public higher education institutions, private resources for higher education have been increased to about 11.7% of the total annual resource mobilization for higher education.** This contribution is very important because the current governmental budget for higher education is no longer able to meet the increasing demand for expansion of the higher education sector. To solve this issue, there is now the

intention in the years to come to “privatize” some existing public higher education institutions. The mobilization of private resources for higher education is likely to increase rapidly.

4) What are the opportunities and constraints for the development of non-public higher education institutions in Vietnam in the years to come, and how can full use be made of the opportunities and the constraints overcome?

Non-public higher education institutions emerged only 17 years ago in Vietnam. They have demonstrated to Vietnamese society and Vietnamese leaders their potentially important contribution to the development of higher education and training in the country and to the supply of human resources needed for the country’s industrialization and modernization. They have shown that, in a country following the market mechanism in economic management, it is necessary to have a non-public component in the country’s system of higher education. During recent years in Vietnam, without subsidies from the government budget, this sub-sector has expanded higher education enrollments, mobilized large investments from the people for higher education development, satisfied the demand for higher education on the part of thousands of young people, supplied needed manpower for local and national development, and contributed to some extent to the country’s academic staff development.

Based on an acknowledgement of this contribution of non-public HEIs, the Vietnamese government should, in the coming years, put in place the necessary conditions for these institutions to expand in size and improve in quality. The society will increase its investment for private higher education by using and paying for the service of these institutions and supporting their efforts for qualitative and quantitative development.

During recent years, non-public HEIs have acquired experience in the organization and amelioration of teaching-learning activities and in institutional management. They have also learned from the experience of private universities and colleges in other countries.

Non-public universities and colleges in Vietnam still face many difficulties. They are still considered to be a peripheral component of the higher education system. Their academic and administrative autonomy and flexibility are quite restricted. They have to follow all of the regulations determined by the Ministry of Education and Training. From an administrative perspective, they are like public institutions, except that they have to find on their own all of the resources needed for their training activities. They are also faced with difficulties regarding land for location, building infrastructure, facilities and equipment for teaching and learning. So far they have practically no research and extension activities. By MOET regulations, they still have no right to carry out postgraduate training. Their international cooperation activities remain quite limited. They need further expertise in academic and administrative management.

This situation is, however, beginning to change. It is probable that in the coming years, non-public universities and colleges in Vietnam will no longer be considered as a peripheral component of a system dominated by public institutions. Article 2 of the Regulation of Private Universities issued by Decision Nr 14/2005/QĐ-TTg of Prime Minister on 17 January 2005 defines that private universities have the same legal status as public universities. They will be given more academic and administrative autonomy vis-à-vis governmental offices of education and training management. Government and public institutions will be asked to provide some assistance to them in terms of resource mobilization for their further development. Their cooperation with public and foreign

universities and colleges for training quality development, academic staff development will be encouraged.

Non-public higher education institutions have also organized themselves for common efforts to make full use of opportunities and overcome challenges.

In September 2004, representatives of 27 non-public HEIs met in Hanoi for the establishment of the Association of Non-public Higher Education in Vietnam. An action program for consolidation and development of non-public higher education sector in the period from 2004 to 2010 has been proposed and accepted by representatives of all non-public HEIs. This action program includes 7 main activities:

- Amelioration of training objectives, contents and curricula,
- Academic staff development and amelioration of teaching-learning methods,
- Renovation of educational and training management,
- Amelioration of management of financial and material resources of the institutions,
- Mobilization of contribution of resources from the society,
- Development of international cooperation,
- Consolidation of the Association of Non-public higher education institutions.

The further development of non-public HEIs in Vietnam will depend not only on the efforts of these institutions. The government, especially MOET, has to elaborate and implement an appropriate policy to provide for these institutions necessary technical, material and financial assistance. Public universities and colleges have to cooperate closely

with these institutions and assist them. Assistance and cooperation are necessary not only for the sake of the non-public HEIs, but for the entire higher education system of Vietnam. This system can develop strongly and quickly only on the basis of good cooperation and competition between the public and non-public sectors.

From the findings of this study, we can conclude that after 17 years of efforts, non-public HEIs in Vietnam have actively and efficiently contributed to the task of development of equity in access to higher learning, supplying a relative great quantity of highly trained manpower for the country's industrialization and modernization, and mobilizing important financial and material resources from the people for higher education development. With their current and future efforts to take advantage of the opportunities and overcome the challenges, in the frame of appropriate governmental policies, non-public HEIs will soon become an important sector of the national system of higher education of Vietnam.

For the further development of non-public sector in higher education, Vietnam should continue to liberate the regulations concerning non-public HEIs in general, and the use of predefined curriculum framework (which constrain the entire higher education sector, and non-public HEIs) in particular. More regulations shall be prepared to clarify the legal status of the private sector in education in general and HE in particular. Learning from other countries' experience, it is proposed that an office in charge of issues related to the legal matters of private education shall be established at the MOET. This office will help the government and institutions in questions related to the ownership and the public-private relationships. An office like this will also streamline the tasks of other departments, offices by having them focus on their professional tasks. An office of private (higher) education will also coordinate all administrative tasks in relationship with the private

institutions, making these administrative tasks more consistent, and reducing the discrimination of the non-public (private) institutions as well as their students.

The non-public HEIs have helped to reduce the burden of public budget and they will contribute to this in the future. In order to reduce the burden on the budget, satisfy the escalating social demand for higher education and, ultimately, enhance the quality and competitiveness of Vietnam's HE system, the government will need to rely much more on non-public (private) HEIs. However, the government shall reconsider its policies toward financing the non-public institutions. Financing non-public higher education will facilitate the students from disadvantaged background to get more choice for their future, and bring the higher education system within the intended track of development. Public financing and the attached accountability would provide the central authorities with a better supervising mechanism over the non-public (private) sector without interfering too much in their operations. The private HEIs shall get targeted financial support from the public budget to be able to participate in a more equal manner, avoiding the formation of a two-tier system. This will give them more competitiveness in a globalized/internationalized higher education landscape.

Support for non-public/private higher education shall also be given to the staff development. Without government support non-public/private institutions would not be able to develop a good academic staff who are capable and qualified, up to the job of delivering knowledge to the young Vietnamese, who will be an essential part of Vietnam's competitiveness in the global economy. Equal treatment of all HEIs will help non-public/private HEIs to maintain their academic staff.

The shift will be from a system of heavy government control, to a system of more institutional autonomy, in which government provides only general oversight and support. Such a system could not be without a good accreditation system, which will drive further

improvements and reform of the system. The accreditation system should be independent from the administrative system and accreditation shall be conducted in a voluntarily basis. This will give the institutions a greater motivation to improve their programs, and their quality as well.

To strengthen the whole system of higher education, the cooperation between HEIs is desirable. The cooperation shall be created between private institutions themselves, and also between the public and private institutions. This cooperation will drive further the exchange of staff and knowledge, helping to form associations, capable of solving of problems in socioeconomic development, at both local and national levels. The cooperation between institutions will be of benefit to all parties involved, the government, the institutions and the students.

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