



institut universitaire
graduate institute
d'études du développement
of development studies

How Do National and International Actors Interact in Skills Development Strategies? The Analysis of Vietnam under *Doi Moi* (1986-2004)



Vu Bich-Thuy & Alexandre Dormeier Freire

HANOI SEPTEMBER 2004

How Do National and International Actors
Interact in Skills Development Strategies?
The Analysis of Vietnam
under *Doi Moi* (1986-2004)



Report funded by
SDC Swiss Agency for Development and Cooperation

The opinions expressed are the authors' and do not
necessarily reflect those of SDC

Table of Contents

ACRONYMS & ABBREVIATIONS.....	5
LIST OF FIGURES.....	8
SUMMARY OF MAIN FINDINGS.....	9
I. THE SCOPE OF THE REPORT.....	12
1. Introduction	12
2. Origins of the study.....	13
3. Scope of the study	13
4. Key definitions in the Vietnamese context	15
II. SKILLS DEVELOPMENT IN VIETNAM UNDER <i>DOI MOI</i>	20
1. Labor market and challenges for skills development	20
2. E&T system and evolution of SD strategies.....	23
3. Technical cooperation and skills development in Vietnam	35
III. INTERACTIONS OF ACTORS IN SKILLS DEVELOPMENT STRATEGIES IN VIETNAM.....	40
1. Actors typology.....	40
2. Interactions of actors in SD systems in Vietnam: Shifting relations? ..	46
3. Some reflections on skills development towards knowledge	52
4. The relevance of SDC's general SD Policy in the Vietnamese Context..	54
IV. LESSONS AND EXPERIENCES FROM THE VIETNAMESE CASE	67
REFERENCES.....	69
ANNEXES	72

PREFACE

This report was prepared for the **Employment and Income Division**, within the Swiss Agency for Development and Cooperation in Bern, responsible for the design and the implementation of the skills development (SD) and technical and vocational education and training (TVET) sector policy.

Throughout the study and reporting process, the authors received extensive assistance from and collaborated considerably with many national and international actors involved in the field of skills development in Vietnam, such as Vietnamese ministries, bilateral and multilateral agencies as well as non-public organizations.

The authors therefore wish to express their profound appreciation for the strong support and useful collaborations they received from all the people they met and interviewed during research in Vietnam. The authors are also very grateful to the Asian Institute of Technology Center in Vietnam for its support in this study.

Finally, the authors also want to express their gratitude to Ms. Hoang Thu Trang. She has contributed to the secondary data collection, the organization and the logistics of the study.

ACRONYMS & ABBREVIATIONS

ADB	Asian Development Bank
AE	Association of Entrepreneurs
AUSAID	Australian Agency for International Cooperation
CIDA	Canadian International Development Agency
CMEA	Council for Mutual Economic Assistance
CPV	Communist Party of Vietnam
DANIDA	Danish International Development Agency
DFID	Department for International Development (UK)
DLO	Department of Labor and Organization
DOET	Department of Education and Training
DOLISA	Department of Labor, Invalids and Social Affairs
DWT	Department of Workers Training
E & T	Education and Training
EFA	Education for All
EF	Education Forum
EG	Educational Groups
ESWG	Education Sector Working Group
ETDS	Education & Training Development Strategy
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FDI	Foreign Direct Investment
FINIDA	Finish International Development Agency
FYP	Five Year Plan
GDVT	General Department of Vocational Training
GI	Graduate Institutes
GSO	General Statistical Office
GTZ	German Technical Co-operation Agency
HE	Higher Education
HEI	Higher Education Institutions
HEPZA HCMC	Export & Processing & Industrial Zones Authorities
HRD	Human Resources Development
ILO	International Labor Organization

IT	Information Technologies
IZ	Industrial Zones
JICA	Japanese International Cooperation Agency
KE	Knowledge Economy
KOIKA	Korean International Cooperation Agency
KS	Knowledge Society
LEC	Labor Exporting Companies
LPC	Labor Promotion Centers
LU	Labor Union
MOC	Ministry of Construction
MOET	Ministry of Education and Training
MOF	Ministry of Finance
MOI	Ministry of Industry
MOLISA	Ministry of Labor, Invalids and Social Affairs
MOSTE	Ministry of Science, Technology and Environment
MPI	Ministry of Planning and Investment
NCP	National Committee for Planning
NFE	Non-Formal Education
NGO	Non Governmental Organization
ODA	Official Development Assistance
SD	Skills Development
SDC	Swiss Development Cooperation Agency
SES	Secondary Education Schools
SME	Small and Medium Enterprise
SOET	Service/Group of Education and Training
SPES	Secondary Professional Education Schools
SWAP	Sector-Wide Approaches
TC	Technical Cooperation
TPEC	Technical and Permanent Education Centers
TV	Technical and Vocational (Skills)
TVET	Technical and Vocational Education and Training
UNICEF	United Nations Children's Fund
UNDP	United Nations Development Program
UNIDO	United Nations Industrial Development Organization

UNRISD	United Nations Research Institute for Social Development
USSR	Union of Soviet Socialist Republics
VTC	Vocational Training Centers
VTSC	Vocational Training Schools
VTSC	Vocational Training Schools and Classes
VTSS	Vocational and Technical Secondary Schools
WB	World Bank
WTO	World Trade Organization
WU	Women Union
YU	Youth Union

LIST OF FIGURES

List of graphs

Graph 1: Annual ODA disbursements since 1993 (USD Millions).....	18
Graph 2: Ten top sectors for ODA disbursement in year 2001.....	19
Graph 3: Evolution of growth, higher education and ODA, 1986-2004	24
Graph 4: Evolution of HE and TVET 1986-2002.....	29
Graph 5: The national E & T structure	32
Graph 6: Number of HE abroad trainees by countries 1954-1989.....	36
Graph 7: Evolution of abroad training 1954-1990.....	37
Graph 8: Major HRD donors in Vietnam for the period 2000-2003.....	38
Graph 9: The knowledge shift.....	53

List of tables

Table 1: Skills Development linked strategies for 2010 (by level of skills).....	30
Table 2: Skills Development linked strategies for 2010 (by sector).....	31
Table 3: Principal issues for EFA – Target Group 4 / NFE.....	47

SUMMARY OF MAIN FINDINGS

This paper focuses on interactions between national and international actors in the field of skills development at both strategic and policy levels in Vietnam. *This paper neither looks into specific projects on skills development in Vietnam nor evaluates Swiss activities in Vietnam.* It analyzes the relevance of some of the strategic mid-term priorities of Swiss skills development policy in the Vietnamese context.

As a starting point, it has to be stated that the situation of Skills Development (SD) in Vietnam is unclear today. There is no common understanding of SD at the national actors level and the concept is rather absent in most national and international actors portfolios. In this study, the authors developed a working definition of SD in Vietnam based on the interviews they undertook during nine months. *This working definition reflects a diversity of national situations and do not imposed one external vision or understanding of what is or should be SD.* Based on this working definition and on the diversity of SD situations and systems in Vietnam, the approach to SD adopted in this study is rather broad including formal and informal forms. In terms of interactions, the study focuses on how actors (national and international) establish relations, exchange ideas and coordinate their actions.

Simultaneously, it has to be stressed that the context of the donors' community is specific. The country appears to be a "show case" for important bilateral and multilateral agencies in the sense that "development works" in Vietnam (poverty reduction, growth, etc.). Official Development Assistance (ODA) figures are high. This important inflow of ODA is combined with a set of reform policies named *Doi Moi* launched in 1986. Since then, the country has moved from a centrally planned economy to a market based economy. The education and training sector and SD had to accompany the economical, social and industrial reforms launched by the *Doi Moi* process. Because of the challenges and problems related to this socioeconomic transition of the country, the organizational structure of society, and the important inflows of ODA, the relationship with donors is clearly more complex than in many other situations.

Because of this context and Vietnam's recent history, the relations and interactions between national and international actors are taking place in a different framework compared to many developing countries. First, Vietnam is not heavily indebted. Second, foreign ideas are "reinterpreted" to fit into the national framework of institutions and social practices. Third, the country has a very well organized institutional framework.

Consequently, the nature of SD strategies has greatly evolved since *Doi Moi* because of socio-economic changes (the economy has shifted from a centrally planned model into a market-oriented system). Broadly, one can identify four main stages: *Before 1986, 1986-1992 (overcoming crisis), 1993-1997 ("Vietnamese miracle"), 1998-2004 ("Vietnam's vision till 2010")*.

An examination of all strategies in these four stages leads us to consider that there does not seem to be any break-through guidelines for skills development in Vietnam. Apart from a simple criticism on its obvious techno-industrial centrism and its formal character in the whole process of formulation inherited by the pre-*Doi Moi* period, the most serious concern resides in the willingness

and determination to expand at high scale a system which is still un-adapted to the *Doi Moi* challenges.

Many different situations exist in the field of SD, between provincial, rural and urban regions etc. If we take the rural areas as an example, 84% of workers are unskilled. A lot of development projects are focusing on regions such as Cao Bang in the Northern part of the country where the labor force is mainly untrained. The government tends, of course, to focus part of its effort on those regions alongside more "modern" development focusing on the Industrial Zones. The main point here resides in the fact that there is a tendency to consider skills development for poor areas as a "social" matter, while it is considered as an "elite" one for richer provinces.

Furthermore, as mentioned throughout the report, first skills policies may differ from one province to another and second, though provincial actors have become more important over the past few years, it appears that they still only play a minor role in policy procedures.

In this context, under *Doi Moi*, the role of national actors has evolved *according to their functions and power in the policy-making process and in the design of skills development and human resources strategies*.

Through the actor typology proposed by the study, the historical context and the evolution of skills development strategies, we can analyze the interactions between the different types of actors. First, national actors are set up in a typically vertical structure: MPI (Ministry of Planning and Investment), MOET (Ministry of Education) and MOLISA (Ministry of Labor, Invalids and Social Affairs) and specialized ministries such as MOI, MOC, etc. Though the decision making process is apparently based on consensus (in order to dilute responsibilities although key actors like MPI have a more decisive role), implementation relies very strongly on a top-down model. In the bottom of the line, the specializing ministries express their needs for sectoral human resources and training. Thus in Vietnam SD refers mainly to professional skills while so-called "soft skills" are lacking in this particular frame of hierarchical relations. The model also explains why there is not an overall vision on SD when the education and training development strategy is only a sum of sectoral needs and resources.

On the international actors side, they mainly interact in basic areas such as education for all and education as a dimension of "poverty alleviation" strategies within the framework of the Education Sector Working Group launched in December 2003 with 20 members. The long-term purpose of the ESWG is to build a SWAP (Sector-Wide Approach) focusing on national education for all 2003-2015. Coordination, and this applies not only for SD but also for education and training at large, is at its "infancy".

If we look into coordination and interaction between national and international actors, it can be said that it remains weak and rather informal and bilateral-based. Each actor adopts a particular approach for coordination such as "network of actors", "participatory", "lessons and experiences sharing", and even "directive" (bigger actors towards smaller ones). The reasons for these different approaches are numerous but we can identify some of them: first, there is no clear vision and definition on SD which does not facilitate

interaction; second, dominating international development cooperation trends tend to consider that SD does not fit into EFA and poverty focused approaches; third, as Vietnam is a “show case”, competition is fierce; fourth, most of the bi- and multilateral agencies have only been operating in Vietnam since the US embargo was lifted in 1994. Ten years is a very short period of time.

Based on the considerations above, some comments may be added on the shift to a knowledge approach. There is great interest in knowledge questions among politicians probably because the current “labor wage trap” is not a viable and sustainable path for Vietnamese industrialization and regional competition. However, the current situation in Vietnam is still characterized by an industry based on cheap and low skilled labor and the quality of the education and training system remains weak.

In this Vietnamese context, what is the relevance of SDC’s 8 main mid-term priorities for its SD general policy? The 8 mid-term priorities of SDC’s policy are relevant in the Vietnamese context as they identify key issues for the SD strategy of the country. The 8 priorities analyzed by the report are the following: World of work, Poverty reduction, Spatial focus, Cost and financing, Private and public actor relations, Links with basic education, Skills and SMEs, Cooperation and networking.

In conclusion, the outstanding development of Vietnam is not questionable. The country has succeeded so far in combining economical growth with a level of social equity. Therefore, it is surprising to note that the place devoted to SD systems in national and international strategies is unclear. In light of the country’s evolution and needs, there is an intriguing question and concern about how international lessons are, or rather are not, reinterpreted in the Vietnamese context. The attempts of some international partners to impose external models in Vietnam work to a certain extent but come up against a very well organized institutional framework which is quite specific compared to many countries. Concerning interactions or relations between actors, we have to emphasize the idea that coordination between national and international actors in SD remains the biggest obstacle and challenge for Vietnam. It is linked with the fact that a coordinating body is missing at the national level. As mentioned by a reviewer of the report, the lack of coordination also comes from the perception that Vietnamese institutions have of ODA and the role of international actors. Foreign projects are sometimes considered as the only means to generate inflows of money to a poor country, which cannot finance all the development projects it needs. This situation creates a lot of misunderstandings in national-international actor relations and international actors may misperceive the behavior of certain national institutions.

From the findings of this report, some lessons and experiences about key issues for further discussions, analysis of SD policies in Vietnam have been developed: clear vision on SD, location of SD in national development strategies, capacity-building to raise awareness, participation of meso-levels in the design of national strategies and not only in implementation, non-state actors integration, SD as a crosscutting issue and the role of soft skills.

I. THE SCOPE OF THE REPORT

1. Introduction

In this paper, we seek to identify and analyze the main national and international actors and their evolving roles and interactions in skills development at both strategic and policy levels. This analysis is considered in the specific context of Vietnam. A secondary aim is to analyze some of the strategic mid-term priorities of Swiss skills development policy in the Vietnamese context. *This paper neither looks into specific projects on skills development in Vietnam nor evaluates Swiss activities in Vietnam.*

What makes the question of skills development and education and training at large a key issue in Vietnam?

First, skills development, and education and training at large, are a crucial part of Vietnam's *Doi Moi*¹ policies (Renovation policies and process started in 1986²). Education and training (E & T) systems in Vietnam have been sustained and faced with tremendous changes since the *Doi Moi*. The country has moved from a centrally planned economy to a market based economy. The E & T and SD had to accompany the economical, social and industrial reforms launched by the *Doi Moi* process. The two main challenges to be faced by the E & T sector besides the social challenges inherited by a permanently fast growing economical rate, are trade liberalization and the emergence of a non-public sector. Very few countries have experienced such rapid change within a short period of time (17 years).

Second, today, challenges are oriented towards the World Trade Organization (WTO) accession scheduled for 2005. In order to avoid the "low labor wage trap", Vietnam needs to develop a clear policy on skills development and a clear orientation of its economy. Approximately 1.4 million young people enter the labor market each year, whilst laid off workers are still high not to mention the informal sector and social inequalities. Therefore fundamental changes in human resources development are needed to accompany the social and economical challenges implied by WTO accession.

Third, Vietnam also makes a particularly interesting case to study because of its relationship with foreign institutions, which are probably more complex than in other countries. Because of its recent history, the country had not had cause to intermingle with Western ideas for a certain period of time. Moreover, the specific organization of the society and its institutions makes interactions between actors more complex and sets a particular framework for inclusion of foreign ideas in national trends.

Finally, almost non-existent in the early 1990s, the donor community is now strongly implicated in Vietnam and is facing the substantial transformations triggered by *Doi Moi*. Donors are dealing with a very specific context intertwining fast growth, a communist State, poverty reduction, growing inequalities, and a particular historical context. Some key questions to be raised are the growing importance of the poverty agenda, the focus on

¹ Literally in Vietnamese, *Doi* means « change » and *Moi* « new » or « fresh ».

² The political decision to launch the *Doi Moi* was taken 1986, but decrees to implement it were taken in 1987 and reinforced in 1989.

Education for All strategies and how the donors have taken into account the uniqueness of the Vietnamese context in defining their policies and aid modalities.

2. Origins of the study

This study, initially called “Interactions between National and International Actors in the Skills Development Strategy and Knowledge Economy in Vietnam since *Doi Moi*” has been commissioned by the Swiss Agency for Development and Cooperation. It reflects the collaboration started between SDC (Swiss Development Cooperation Agency), IUÉD (Graduate Institute of Development Studies) and NORRAG (Network for Policy Review Research and Advice on Education and Training) in the field of skills development through the Working Group for International Cooperation in Skills Development and through the Multi-Agency Research on Skills (MARS). In this particular framework of cooperation in skills development issues, a series of short studies are currently being or will be undertaken.

3. Scope of the study

This study looks into the complex interactions between actors involved in the so-called “skills development” field in Vietnam. It provides an overview of the development of skills policies and interactions between both local and international actors since *Doi Moi* in Vietnam. This “renovation policy” has seen a major transformation in the whole of Vietnamese society since 1986. Therefore, this study proposes to provide an indispensable description of the main trends in the *Doi Moi* period in order to contextualize our analysis. It also offers an outlook on aid mechanisms, as Vietnam is considered by some bilateral and/or multilateral agencies as a “show case” to be disclosed. Both of these contexts affect our SD interaction analysis.

This study analyses and provides both a panorama of skills development activities in Vietnam, the actors involved and their relations. Because of the *Doi Moi*, a lot of changes have occurred over the last 17 years in this field. The purpose of this study is also to highlight strengths and weaknesses of such interactions and to recommend further ways to improve and clarify the situation.

As agreed with SDC, this core study on Vietnam, *inter alia*, considers the following points:

- a. Importance of national development processes during the *Doi Moi*;
- b. Impact of globalization on Vietnam, more precisely on education, skills, enterprises, and the economy;
- c. Specificities of foreign aid and international cooperation relations with the government;
- d. National understanding of the role of foreign ideas and actors in SD;
- e. Effect of aid on national policies and implementation of skills development strategies;
- f. Impact of the knowledge economy discourse on those strategies;

g. Comparison of key issues, lessons and experiences, appearing under points a-f.

After a section outlining the scope of the study including key definitions, this study has four other principal sections. The second is about the Vietnamese context of SD in terms of national strategies, education and training, and technical cooperation since *Doi Moi*. It reflects the changes occurring in the country since 1986. The third core section focuses on the typology of actors and their interactions in order to locate skills development in both local and international actors portfolios and to trace the SD evolution in Vietnam. The main questions of this core section are the following: has the spread of international actors in Vietnam since the mid-1990s combined with the emergence of a so-called “non-state sector” profoundly affected the path of skills development systems and interactions among actors in this field? What role have international actors played and what relations exist with local actors? Both the role of “traditional” actors in the skills arena in Vietnam, such as the Ministry of Labor (MOLISA) and the bi- and multilateral agencies, and also the role of NGOs, the private sector and mass organizations will be addressed. Therefore, actors may be divided into three main groups: state, non-state and transnational actors. In this third section, the report concludes with some reflections on the shift from skills development to knowledge development and explores the relevance of SDC’s general SD policy in the Vietnamese context. The fourth section focuses on possible experiences and lessons to be gained from the Vietnamese case.

About 30 interviews³ were conducted with sets of different actors representing the institutional framework of skills development in Vietnam. They included all the main international and national actors involved in skills development activities in Vietnam such as bilateral agencies, multilateral institutions, private consultants, government institutions, and related government bodies. This study has also comprises interviews with some local researchers and consultants working in the field of skills development. It also integrates the views expressed by the participants invited to review and comment on the report because the purpose of this reviewing was to further discuss the current situation of SD strategies in Vietnam, and the relations between the different actors. The group of reviewers was composed by some key persons reflecting the national and international dimension of this study, namely: Nguyen Huu Thinh (European Union); Dr. Nguyen Loc (National Institute for Education Strategy and Curriculum - MOET); Prof. Vu Van Tao (former advisor to the Minister of Higher Education and Vocational Training (1986-1997); Dr. Ngo Huy Liem (senior technical-adviser GTZ-MOLISA until July 2004); Dr. Tran Khanh Duc (Department of Educational Evaluation and Accreditation, MOET). Finally, the report also includes comments and remarks made by two French researchers and experts of the education and training sectors in Vietnam, Dr. Nolwen Henaff, and Dr. Jean-Yves Martin, of the IRD (*Institut de Recherche pour le Développement*). It has also benefited from the discussions⁴ held during a joint SDC-GTZ workshop named “Evolving National Skills Development Systems: What are National and International Influences: Presentation and Discussions of two Cases: Vietnam and South Africa, 22 March 2005” and from further discussions with the Swiss NGO Swisscontact active in the field of vocational training in Vietnam.

³ For a detailed list of actors interviewed see annex 1.

⁴ The authors are very grateful to Gunter Kohlheyer for his “supportive hints”.

4. Key definitions in the Vietnamese context

a. The notion of skills development in Vietnam

This study *does not intend* defining the notion of “skills development” in abstract or in general terms. Nevertheless, a brief definition appears to be indispensable. Skills development can be understood as “opportunities to individuals and communities to equip them to play a productive role in society and economy”⁵. It can be added that it also has a social component as skills development *allows* people to become integrated in economical systems. From this broad starting point, two perspectives can be seen: to equip communities and individuals, education and training systems have to provide the necessary skills; *not only traditional higher education (HE) and technical and vocational education and training (TVET) systems but also education and training systems at large, both formal and informal, have to be considered.*

In other words, the notion is rather broad and polysemous and remains consequently tricky to define. Therefore, keeping the above brief definition in mind, the objective is to *tentatively* find a working definition used in Vietnam, *if any* (based on our empirical observations and on the data collected during the interviews) or at least to understand *how SD is perceived* among our actors in Vietnam. Therefore, this study has adopted a broad approach in terms of skills development in order to cover as many different situations of SD as possible.

A first point to consider, because of a substantial diversity of situations related to this notion as observed in Vietnam, should therefore be to rather understand SD as “skills development systems” as said above. Besides, in order to understand the complexity of the notion, i.e. its relationships with training institutions, education and training institutions, enterprises or TVET, a more systemic approach could be beneficial. The diversity of SD situations in Vietnam reflected in our interviews confirms the need to consider it as “systems”.

If we go further in this search for a working definition, a second point to consider is the specific framework for institutional relations in Vietnam. Since *Doi Moi*, Vietnamese society is experiencing changes and is moving from a central planned economy to a “market socialism” model whilst remaining strongly organized as a communist state. The consequences of this particular set of policies, meaning a shift from one model to another, or a transition, as well as the fact that the State remains a much stronger and better organized actor than in many other developing countries, have to be somehow included in the notion we are using here. This is important because it leads to a very specific and complex set of relations between the national and international actors involved in our field.

On a less contextual and global level, what do the actors understand by skills development systems? As a starting point, we have to say that a lot of institutions do not support the notion of skills development in Vietnam but rather the one of “Human Development” like the World Bank. Furthermore, the fact that many international and national actors operate under a decentralized mode does not help to provide a homogenous view on “skills development”. Consequently, this also justifies our search for a contextual working definition. Nevertheless, among those supporting the notion of skills development, we can

⁵ GTZ, quoted by Nguyen Huu Thinh, European Union, Reviewer of this report.

try to find a working definition by listing some key words and expressions coming from our discussions with the interviewed actors of this study. With this approach, we will rapidly note some differences emerging between national and international actors.

On the national actors side, the example of the **General Department of Vocational Training–MOLISA** illustrates a first important comment on skills development in the Vietnamese case: “In Vietnam, the most used term has been professional skills.(...) So, in Vietnam, current discussions about skills development have been turned around to focus on what practical skills are needed for a certain number of professions and then how to design a curriculum containing these practical skills. However, skills development has not been treated as a concept at the system level. Thus there is no clear and coherent strategy in terms of skills development.” From the national actors’ perspective, given that overall SD strategies seem to be obscure, we can assume that this notion is related to providing practical skills for workers. This is a heritage of the planned economy system in which the plan “commands” the necessary skills for the economic system.

If we further explore this absence of strategy, a former **Senior Technical Advisor of GTZ-MOLISA** points to another problem: “The main problem in SD in Vietnam is the lack of a workable definition. SD is not limited to Technical and Vocational (TV) skills. It includes non-TV skills and also includes to some extent capacity-building. In this perspective, almost all actors carry out SD in Vietnam even though they do not have a clear understanding of the concept. Most of the time, they only refer to TV skills which are more easily identifiable than “non-TV skills””. The absence of a clear strategy and policy seems then to come from a lack of, first, a clear vision at the highest level of what SD means and of, second, a consensus on what they are. For instance, other actors having a skills development program under their umbrella, like the **Department of Labor and Organization at the Ministry of Industry**, managing TVET schools, have a very narrow view on SD, which differs from other national actors involved in the same field. For MOI, SD as implemented in their TVET centers are related to industrial skills only. A comprehensive framework, even though existing at MOLISA, and coordination is lacking. Each Ministry has its own schools and its own strategy. For other national actors dealing with SD, these shortcomings are illustrated by a real difficulty to localize their activities in the SD field. But some of the interviewed actors pointed out that at least under *Doi Moi* the notion of SD acquired a broader sense than before 1986. At that time, it was limited to a planned model of skilled workers.

To sum up, from the national actors point of view, the concept of skills development is primarily related to professional skills and life skills, possibly being acquired through different systems, formal and non-formal, following a broadening of meaning since *Doi Moi*. However, the notion focuses on a limited target population and the lower levels are underestimated. Some new policies in the field of SD, such as the so-called “talent” (skills for elite) policies, are promoting “elite skills” and management skills. Since 1995, public organizations are running such “talent” programs because competition, i.e. between Provinces, for highly skilled employees is fierce. The substantial resources available in Vietnam, through ODA and FDI together with the decentralization process, have fueled this competition.

On the international actors side, many of them have not used the term SD and use instead other terms such as “Human Development”. For SD use, the **European Union Delegation to Vietnam** pointed out an important element: “As to SD, international organizations are trying to introduce it in Vietnam but only through life skills development in the frame of campaigns against drug abuse, HIV prevention, etc.” Thus, there is a strong social component in the notion of SD as it is used in Vietnam. Another point worthy of note is that some important agencies, such as the World Bank, argue that the absence of SD comes also from the fact that the Vietnamese Government has no clear vision on TVET (and SD) while WB assistance is made on the basis of national needs. So this mismatch excludes the development of a coherent and concerted strategy and seems to explain why many donors stick mainly to EFA (Education for All) notions.

Finally, a point of agreement among most of the institutions interviewed: the TVET perspective is too narrow. A larger approach is suggested. In any case, as reported by the GTZ, any working definition in the Vietnamese context has to better match the SD systems with the economical reforms of the country and the emergence of the labor market.

In conclusion, there is a lack of clear strategy and consensus on what SD is in Vietnam. It can be observed that this term is absent in most international and national actors portfolios. In consequence, *there is no clear working definition* and we are facing diverse situations. Nevertheless, in some bullet points, from this overview of our actors’ comments, a current working definition of SD would encompass the following points:

1. it is to be seen as systems (formal and informal);
2. it is related to professional skills, and life skills with a social component;
3. it includes soft skills, TV and non-TV skills;
4. it also includes “elite skills”.

In other words, the working definition of SD in Vietnam has a rather broad scope. This means that its different components have to be tackled in the following sections; at the same time some of these sections will in return also contribute, through the analysis of SD evolutions, to a better understanding of this wide-ranging and unclear perception of SD in Vietnam today.

b. The notion of interactions and its contexts

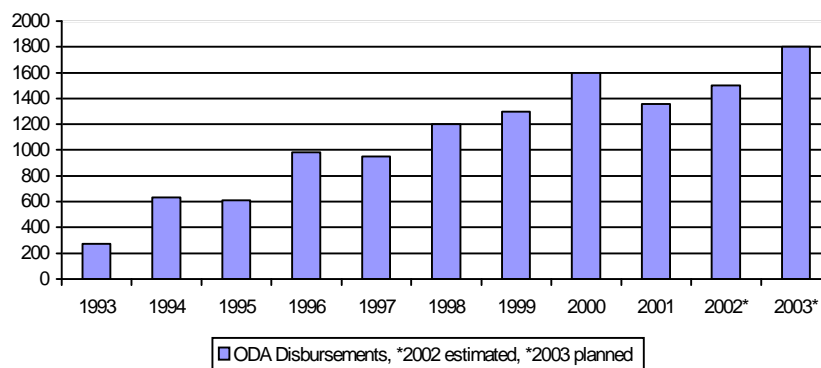
Three points are to be discussed in this section. First, a short definition of interactions; second the general national context of interactions; third the donor context in Vietnam impacting on interactions.

1. Interactions can be understood simply as a set of relations between different actors. By interactions, we address how the actors establish relations, exchange ideas, coordinate their actions and in what framework. We are mainly focusing on relations between national and international actors, considering relations among national actors and international actors at a strategic and policy level. Therefore, this paper proposes an actors typology, which is not an actors analysis *per se*. Furthermore, this paper does not aim to analyze interactions between actors within specific projects.

2. On the general context of actors interactions in Vietnam, much can be said. It is impossible to analyze any topic without mentioning the following important *preliminary observation*: "Thus, while Western political classifications categorize Vietnam as a traditional one-party state, the more complex reality is a peculiar form of legitimized consensus governance, where important decisions are typically approved only after extensive consultations at several administrative levels. This political culture makes it difficult to impose ideas and policies from the outside and gives Vietnamese administrators discretion on measures to include or exclude. Foreign policies and ideas are typically reformulated to support existing policies."⁶ It is in this framework that the interactions and relations between actors are established. Foreign ideas are "reinterpreted" to fit into the national framework of institutions and social practices.

3. As mentioned above, the context of the donor community is specific. Vietnam appears to be a "show case" for many donors because, to put it simply, "development works" in Vietnam: at a superficial level one finds evidence of growth, poverty reduction⁷, privatization, and some economy market mechanisms. And related to this, an important amount of Official Development Assistance⁸ is present as shown below:

Graph 1: Annual ODA disbursements since 1993 (USD Millions)



Sources: UNDP, *Overview of Official Development Assistance in Viet Nam*, UNDP, Hanoi, December 2002, Irene Nørlund, Tran Ngoc Ca, Nguyen Dinh Tuyen, *Dealing with the Donors, The Politics of Vietnam's Comprehensive Poverty Reduction and Growth Strategy*, Institute of Development Studies, University of Helsinki Policy, Papers 4, 2003.

Among the ten main sectors of ODA disbursements, the "Human Resource Development"⁹ sector (there is no reference to the terms "education",

⁶ Irene Nørlund, Tran Ngoc Ca, Nguyen Dinh Tuyen (2003), *Dealing with the Donors, The Politics of Vietnam's Comprehensive Poverty Reduction and Growth Strategy*, Institute of Development Studies, University of Helsinki Policy, Papers 4, Helsinki, p. 9.

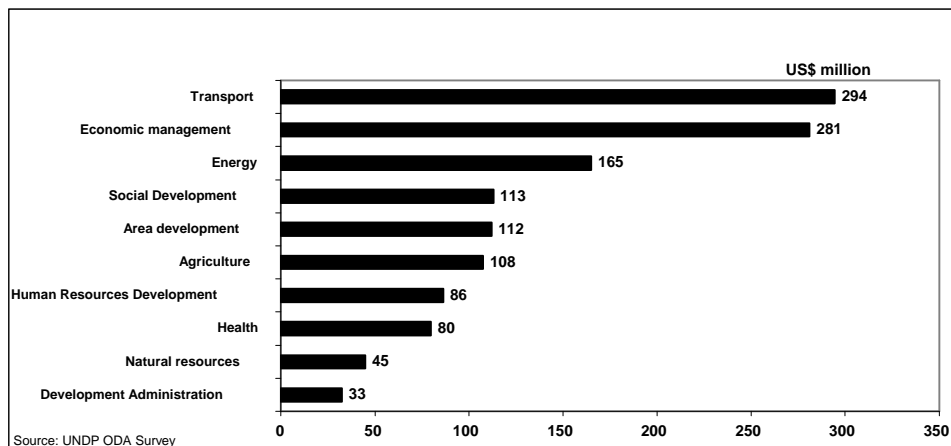
⁷ On the successes of Vietnam in reducing global poverty see: World Bank (2004), *Poverty, Vietnam Development Report*, World Bank, Hanoi, 2004, or GSO, *Vietnam Living Household Standard Survey*, GSO, Hanoi. Just an example: the Poverty rate calculated by the World Bank declined from 58,1% in 1993 to 28,9% in 2004.

⁸ ODA has to be distinguished between ODA disbursements and ODA commitments. Between 1995 and 2002, Vietnam had each year between USD 2.2 (1995) and 2.4 (2002) billion new ODA commitments but only between 612 million (for 1995) and 1.5 billion (2002) disbursements. This low level of disbursement is obviously linked to a lack of absorption capacities. See UNDP Report for further information on this.

⁹ To some extent, the others sectors do of course include some capacity-building in the projects which remains difficult to evaluate.

“training” and “SD” in the UNDP statistics) counted for USD 86 million in 2001 ranked seventh far behind other sectors like transport, energy or even agriculture:

Graph 2: Ten top sectors for ODA disbursement in year 2001



UNDP, Overview of Official Development Assistance in Viet Nam, UNDP, Hanoi, December 2002.

Along with a raise in ODA, Vietnam has simultaneously witnessed an increase in international actors: in 2003 there were 25 bilateral donor countries, 20 multilateral donor agencies, and nearly 500 NGOs and INGOs¹⁰. Despite this significant inflow of ODA disbursements and impressive numbers of international actors compared to ten years earlier, the following sections shall indicate that the donor community is heterogeneous and weakly organized, at least in the sector of education and training, and donor coordination is at its “infancy”. A lot of issues have arisen from this situation of increased aid and aid actors: implementation of projects, management of projects and land issues have been widely discussed since 1993. One of these issues, and a crucial one in terms of interactions, is communication: “Communication problems are a reason for delay as the donor introduces new procedures and jargon for the project management units to become acquainted to. As a consequence, the Vietnamese administration has been, and in many aspects still is, faced with a fairly steep agenda to develop the legal framework, institutions and capacity to effectively absorb an increasing ODA inflow.”¹¹ Because of the challenges and problems related to the socioeconomic transition of the country, the organization of the society, and the important inflows of ODA, the relationship¹² with donors is clearly more complex than in many other situations.

¹⁰ In 1987, they were only 5... (PACCOM Statistics, 2003)

¹¹ UNDP (December 2002), Overview of Official Development Assistance in Viet Nam, UNDP, Hanoi, p. 21.

¹² An additional remark mentioned by a reviewer of the report: the nature of the relations depends very much on whether or not that investment source is a grant or a loan, and whether donors are considered big or small. Loans have to be repaid, so it is understandable that the sense of ownership from the Government side is often higher. And this high level of ownership is seen more in negotiations for loan projects than in “grant” technical cooperation. A more in-depth analysis on this phenomenon is needed.

II. SKILLS DEVELOPMENT IN VIETNAM UNDER *DOI MOI*

This section aims to situate our research on interactions between local and international actors in skills development strategies within a broader development context in a renewed Vietnam. It also further explores the different components of SD in Vietnam. We are not suggesting here a comprehensive description of the *Doi Moi* launched by the Communist Party of Vietnam (CPV) during its 6th Congress or a historical presentation of socio-economic events since December 1986. This section is to mark out how the *Doi Moi* has been challenging skills development systems and how the nature of skills development strategies has evolved.

Among plenty of emerging factors linked to renovation policy, we identified two roots of reform, which have been directly impacting on the changing skills development strategies since 1986-87:

- § The transition from a centrally planned system to a market economy and the opening up of the country generated serious gaps regarding knowledge and skills which are required for an effective operation of the reformed economy at central and local levels and in public, private and FDI sectors;
- § Normalization with Western countries and international organizations as well as with bilateral cooperation agencies: Beyond a tradition of financial assistance, these stakeholders have become more and more active in importing “good” ideas and practices through a set of pilot programs and technical assistance, which have direct influences on skills development strategies in Vietnam.

The nature of changing SD has been translated greatly in education and training development strategies since 1961 and the first five year plan (FYP) because the character of SD in Vietnam is formal rather than informal. Furthermore, as noted by a reviewer, these two strategies (SD and ET) were in fact the same until 1986. The FYPs were the strategic frameworks for the skills and qualifications development before *Doi Moi*.

1. Labor market and challenges for skills development

The *Doi Moi* became a triple process in which a restructuring of the state and public sector, the development of a private sector and the openness to foreign investors and global market were needed to construct a “multi-component economy”¹³. This set of changes has led not only to a sharp increase but also to a diversification of demands for skills development since 1986.

Along with the agricultural sector, one of the first obvious proofs of renovation policy consists of a **restructuring of the public sector**, which had been the unique legitimate economic component but which had been too big and inefficient. In the centrally planned system, the skilled human resources at the HE and TVET levels were recruited according to the *Decree 24/CP* of 13/3/1963. It manifested a shortcoming to the extent that the unique economic and administrative sector had massively absorbed all engineers and

¹³ The term used in the Constitution 1992. It means an economy with “several components” including implicitly the “private sector”. Everybody understands it as “market economy”.

technicians. And a centrally planned system did not take into account neither the needs and productivity of enterprises nor employees' professional background. In the early 1990s, the state and public enterprises were dissolved massively (2,800 enterprises in 1990-1991, for example) and thus nearly 60,000 persons were taken off the production lines¹⁴. Therefore, a large number of employees and officials who were made redundant have been looking for opportunities to be re-trained and re-integrated into the new workplace. At the same time, officials and workers having the chance to go on working in the public sector (30% of public labor before 1986) were both sent to upgrade or renew their skills and knowledge. They have not only been required to obtain qualifications of a professional competence but also language and IT skills. The downsizing and restructuring of the public sector generated the first wave of skills development focused on the exponential increase of retraining continuing programs since the early 1990s.

With the legal foundation laid by the 1992 Constitution, the private sector, while considered as informal and even illegitimate prior to 1986, came to contribute a major part of GDP in 2000 with 39.23%. Moreover, during the most successful period of growth (1995-1998) the number of employments created by private enterprises increased by 14% in spite of only 1.3% by the public sector¹⁵. It is even more important to point out that the private sector asks for a labor force whose skills and qualifications are extremely different to those required for becoming state workers and officials.

The private sector development is not separate from the emergence of new sectors enabling a complete functioning of a market economy. Indeed, during 17 years of *Doi Moi*, the economic structure has changed such that agriculture has decreased permanently whereas industry and services have increased continually both in terms of contributions to annual GDP and of the labor force. In 1991, the structure of labor was 13.6% in industry and construction; 72.6% in agriculture and fishery; and 13.8% in services. However, in 2000, the labor force in the primary sector decreased to 63% and the services sector represented more than 21%. Sectors inexistent before 1986-87 but which are now becoming indispensable parts of the renewed economy entail among others banking, insurance, electronics, automobile, and motorbike. For example, in the banking sector, there were only four state owned commercial banks and some credit cooperatives in the late 1980s. Since the issuance of two banking decrees in 1990, the banking sector has considerably diversified with 48 joint stock banks, 4 joint-venture banks, 27 foreign banks, plus more than 60 representative offices of foreign banks and almost 935 credit cooperatives. The skills development strategies have been conditioned by these sectoral changes.

Another step towards a market economy consisted in approving the first Law on Foreign Direct Investments (FDI) in December 1987. Before that date, most Vietnamese economic and commercial partners encompassed only the member-countries of the CMEA (Council for Mutual Economic Assistance)¹⁶. Since then, FDI has been opened to foreign firms without original discrimination. In 1995, the highest part of FDI occupied 32.33% of national investments whilst down to 12.7% in 2000. In the GDP structure, its

¹⁴ GSO, Hanoi, 1991

¹⁵ GSO, 1999.

¹⁶ Mainly because of the US embargo which was lifted in 1994 only.

percentage has increased from 2% in 1992 to 12.7% in 2000. Most FDI flux has concentrated on two major sectors (industry and emerging sectors) with high demands for skilled human resources. Otherwise, the implementation of joint venture companies (about 56% of total FDI), 100% foreign capital enterprises (36%) and BOT (Building Operation Transfer) (3%) have created a changing culture and standard of recruitment. Thus, FDI impacts directly on skills development in industrial and services sectors in particular. Concretely, the percentage of the labor force working in FDI projects and enterprises in comparison to the general number of employments had a sharp augmentation from 0.04% in 1991 to 0.6% in 1995, and 0.83% in 2000. In 2001-2005, the annual number of labor in the FDI sector is 28,300 technical workers, 3,100 employees with secondary professional education, and 7,100 higher education graduates. Besides, FDI contributes to a changing role of local authorities at the provincial level in skills development strategies. On the one hand, in the past, skills development was carried out by the Central State while provinces where foreign firms invested can be involved in regional human resources strategies. On the other hand, provincial authorities are becoming aware of the correlation between investment in skills development for their people and attraction of FDI to their provinces. After Hanoi and Ho Chi Minh cities, other regions such as Binh Duong and Dong Nai are the most attractive for foreign investors. Moreover, with the biggest rate of employment growth (37.3% in 1995-1998), the implementation of foreign companies in Vietnam has created an increasing demand for "highly" qualified human resources¹⁷ in accentuating IT and foreign language skills as well as other skills needed for the corporate life such as team work, negotiation, communication, customer care... Although this demand exists, most of the jobs offered by foreign companies remain low skilled such as the garment or textile sector.

In the mid-1990s, labor exportation became one of the socio-economic development directions. The characteristic of labor exportation in 1991-2000 was that exported skilled workers represented 70% of the total number. In 2000, the number of exported skilled labor was 21,700. In 2005, the need for skills development in this sector is estimated at 72,000 persons in construction, mechanics, transportation, metallurgy, electronics, sea food manufacturing, IT etc.. The skills development for labor exportation is therefore subject to two pressures. On the one hand, it has to respond to the above quantitative demand for labor exportation. On the other, it has to be adapted to international skills development standards.

In addition to such an increased and diversified demand for skills by public, private and foreign economic actors, the size and structure of the labor force also impacted on skills development strategies of the period.

The main challenge was nothing other than the great size of labor force estimated at nearly 40 million persons of working age in 2000, representing about half of the population (48.7%). Furthermore, annual growth of the labor force is calculated to 2.7% in 1996-2000, or more than 2 million newcomers in the labor market. Much more noteworthy is that the young labor force aged

¹⁷ The results of a survey on the needs for human resources in 8 major cities and provinces in 2000 show that nearly 80% of labor force in FDI enterprises is trained for a technical worker level. 99% of the people working for representative offices of foreign enterprises have been trained for skills; among them, more than 50% are holding a higher education degree (cited by Nguyen Ba Ngoc and Tran Van Hoan, 2002, *Globalization: opportunities and challenges to labor in Vietnam*, page 125).

between 15-34 years old represents a major part (55.83%) of the labor structure.

Nevertheless, one of the major limits of human resources development during 17 years of renovation is that the rate of trained labor force has remained extremely low, only at about 15-20%. A major part of the labor force (80%) was not integrated in any SD system. In 2000, the structure of professional skills was the following: non-trained 84.49%; technical workers 6.77%; secondary professional education 4.84%; and higher education 3.9%. The structure of skills development remains weak and informal: for instance, human resources employed in the primary sector (agriculture, forestry and fishing) represent three quarters of the total labor force but only 7% of trained labor; or the Cuu Long region has employed 21.7% of the national labor force while only 3.68% of them have been trained.

2. E&T system and evolution of SD strategies

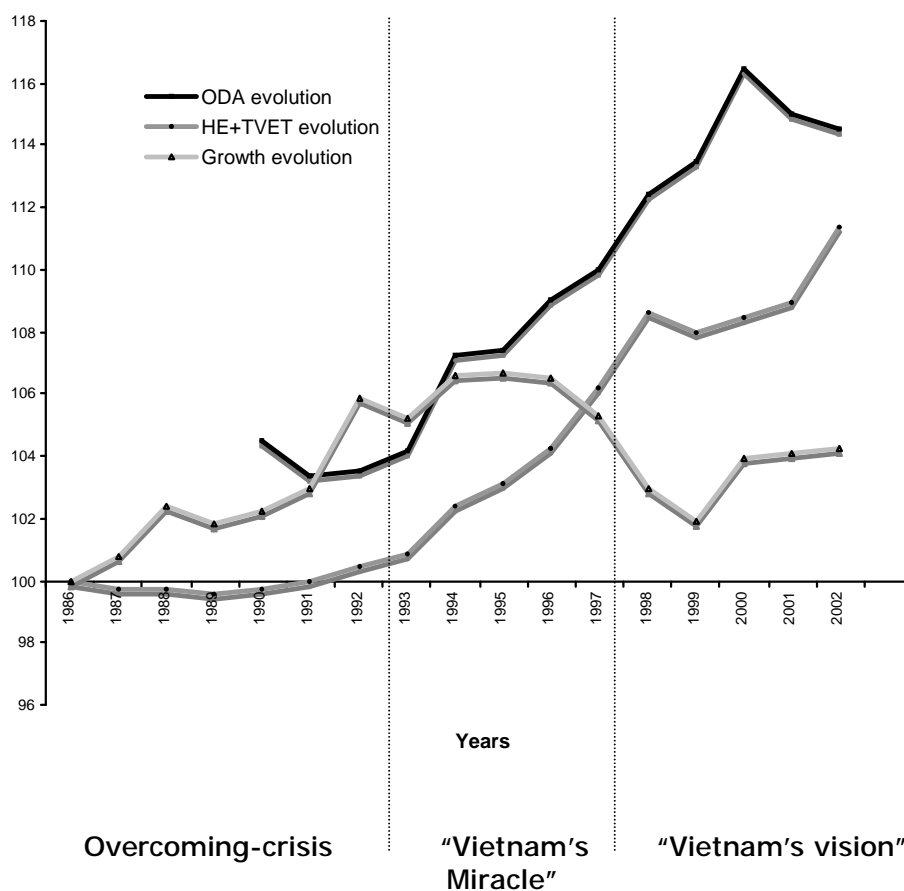
If the challenges generated by an emerging labor market and the direct influence of technical cooperation are the two main roots of changing skills development since the *Doi Moi*, the nature of SD strategies has been reflected in the education and training sector strategies because the vision of SD among political and economic leaders in Vietnam is mainly formal and classical (TVET and higher education). This section examines the SD strategies in its various formulations through history before and after the *Doi Moi* in order to find out the rationales, the challenges and the nature of current strategies.

a. Evolution of national skills development strategies

The purpose of this section is to depict an overview of skills development in Vietnam before and after the *Doi Moi* to find out the rationales, challenges and nature of current SD strategies and systems. Broadly, the evolution of SD strategies in Vietnam is divided into four periods. The first one (1961-1986) took place before the launch of renovation policy by the Communist Party of Vietnam during its 6th Congress in December 1986. It is important to have a closer look at this period because the current SD system was shaped and has been influenced manifestly by the first policy guidelines. Graph 3 shows the evolution of the situation during the 1986-2002 in terms of ODA, economical growth (GDP evolution), and higher education plus TVET enrolments based on a 1986 index (=100). From this graph, we can identify the three other periods (6-year periods) differently characterized by the three factors (economic growth, ODA, HE and TVET enrolments) as follows: 1986 to 1992 (overcoming the crisis), 1993-1997 (the "Vietnamese miracle") and 1997-2004 ("Vietnam's vision"). But let us start with an overview of the pre-*Doi Moi* period (1961-1986).

Graph 3: Evolution of growth, higher education and TVET, and ODA, 1986-2004 (index number: 1986 = 100)¹⁸

(Adapted Statistics on E & T 1945-1995 published by MOET on ODA published by UNDP and on growth by GSO)



a.1. Overview of skills development strategies and systems before 1987

The characteristics of Vietnamese skills development systems before 1986 had been shaped in the early 1960s when the Communist Party of Vietnam launched the first Five Year Plan (FYP) during its 3rd Congress. The FYP gave its priority to the development of heavy industries as the base of the national economy and to the construction of large industrial plants (such as Thai Nguyen metallurgy-like zone, big and medium mechanical plants and industrial zones in Hon Gai, Viet Tri, Nam Dinh and Ha Noi). It marked the transfer to a Soviet model based on central planning and mandatory targets as means of economic management.

In response to industrial imperatives commanded by the Central State, education and training mandatory targets in terms of skills development in the FYP (1961-1965) were to provide about 25,000 scientific and technical cadres, 100,000 middle-ranking cadres and 200,000 skilled workers¹⁹. To achieve the

¹⁸ This graph represents a rhythm of evolution and expansion of the three selected factors.

¹⁹ MOET (1995), page 208.

mandatory target of 200,000 trained workers, the former and first governing body in charge of vocational training, the Department of Workers Training (DWT), was created in 1961 within the Ministry of Labor. Consequently, up to the end of FYP in 1965, 109,700 technical workers were trained in 200 vocational training schools and classes (VTSC) founded within 5 years and 10,350 workers were sent abroad (mainly to China and USSR)²⁰. The mandatory targets of middle-ranking cadres were commissioned to secondary professional education schools (SPES). The number of industrial SPES (BAC+2) belonging to the Central State increased from 13 in 1960 to 31 in 1965. Until 1965, over 25,000 scientific and technical cadres, who were then nominated to the position of managers within enterprises or central/local bodies, were trained in 17 higher education institutions (BAC+3 or 5). The former Ministry of Higher and Secondary Professional Education was responsible for these two levels of skills development.

Because of the American war, the second movement of skills development was launched again in the 1970s. Most of the legal documents concerning TVET and HE were issued in 1971-1975. A system of skills standards was also established for each profession such as 7-level skills for heavy industry, 6-level standard for other professions. Also during the early 1970s, an institutional movement emerged. This was the massive creation of Education and Training Departments within specialized ministries (DOET). The mission of DOETs was to organize and manage training and education activities of ministries concerned at all levels (workers training, middle-cadres and high cadres). Another particularity of this stage worth mentioning is that the first schools for technical teachers training (currently colleges of technical pedagogy) were established in Hai Hung, Nam Dinh, Vinh in 1970 and in Cuu Long after the reunification in 1976.

During the 2nd 5-year Plan (1976-1980) and the 3rd (1981-1985), the Department of Workers Training was detached from the Ministry of Labor and became the General Department of Vocational Training (GDVT) directly belonging to the Cabinet Council. As a result, the number of VET schools reached peak level (366 schools including schools in the South) in 1978-1979.

In the South of Vietnam at that time until reunification in April 1975, the education and training policies and practices imported from the United States were certainly in opposition to the Soviet model in the North²¹. Most of the universities and colleges in the South had been founded in the late 1960s. The system entailed 7 public 'graduate institutes' (GI)²², 11 private GI, 3 community-GI²³ and 3 religious GI²⁴. The Sai Gon GI was the biggest with 8 member colleges (Law, Literature, Medicine, Pharmacy, Dentistry, Sciences, Pedagogy, and Foreign Languages) and 749 lecturers and represented 68.2% of students. Like higher education in the US, inscription (without competition) was the main modality to entry in the graduate institutes. The organization of programs was credit-based. As a teaching language, English replaced French in

²⁰ *Ibid.*

²¹ Cf MOET (1995), *50 years of education and training development 1945-95* (in Vietnamese), MOET, Hanoi and NGUYEN Tan Phat (2004), *Revolutionary Education in the South in 1954-1975* (in Vietnamese), National Politics Publishers, Hanoi.

²² Of which are Hue, Can Tho, Thu Duc (Polytechnics), Sai Gon

²³ Tien Giang (Mi Tho), Duyen Hai (Nha Trang) and Da Nang

²⁴ Minh Duc, Cao Dai, Hoa Hao, representing, in brief, three important sectarian religious movements in the South.

the early 1960s. Until 1967, Vietnamese was the main language in every school except the Graduate Institute of Medicine. Apart from GI, there were about 40 technical and professional schools and 170 TVET schools and classes. After the Victory of 30 April 1975, this skills development system in the South was re-organized according to Decree 222-CT/TW of the Communist Party of Vietnam on “step-by-step transformation of higher and professional education schools of the South into centers for training cadres”. This transformation was made mainly by a change in their names²⁵.

Thus, before 1975, such a binary situation was justified by political rationales linked to the division of the world into two opposite poles. In the North, a socialist skills development system was built with the assistance of Soviet experts to train technical workers and scientific cadres for the only legitimate state sector while the American model in the South was open to all possible actors. Both systems were built on the principle of renovation of the French system. During the following ten years (1976-1986), skills development both in the North and South was sped up according to central commands on workers, technicians and cadres for state enterprises such as elaborated in the three 5-year Plans. The number of trainees usually corresponded to the one of workers, technicians and managers needed in state enterprises. The State managed and financed the skills development system. For these reasons, there was no special discussion on the notion of strategy, as it did not exist, apart from the notion of State command. Skills development was considered as one phase of the production line. However, it must be clarified that although no clear strategy emerged at that time, this does not mean that no approach existed. Hence, the contents of technical teaching have been revised a number of times in order to catch up with the technological progress existing in the country and the objectives of the 5-year Plans.

a.2. Overcoming the crisis (1986-1992)

As shown by graph 3, the characteristics during the first years of the renovation process are a low rate of growth, a small volume of ODA and a weak development of professional education and training. The growth rate in this period reached “only” 4.5% on average while GDP had been extremely modest. In reality, this level of economic development enabled the country to overcome the crisis of food and consumer goods only by liberalizing agriculture and applying a one-price regime. Other sectors remained under state control.

Skills development through the modality of formal professional education and training had a decreasing tendency. However, a further look enables us to see that the formal skills development system at the university and college level seemed to increase slightly whilst the TVET was more in a crisis with a reduction of about 35% from 1986 to 1989 in terms of students. Precisely, in 1986 the total number of TVET enrolments was 139,700 against only 92,500 in 1989.

As for external assistance, Vietnam was confronted with the worst-case scenario. In fact, the country suffered from a sharp reduction in Eastern and Soviet assistance and from long-term non-normalization with Western countries and international organizations²⁶. Between 1986 and 1992, apart from UN

²⁵ GI becoming branches of HE Institutions of the North; professional schools becoming professional S.E.S.

²⁶ As mentioned earlier, the US embargo was only lifted in 1994.

bodies such as UNPD, UNIDO, UNICEF, FAO and WTO providing humanitarian aid, DANIDA and FINIDA were the first bilateral comers to co-operate with Vietnamese partners.

What was the skills development strategy in that socio-economic context? It is important to point out that the "strategy" notion had not existed until the mid-1990s while the notions of mandatory targets or commands were used. The only short-term concerns of the period were aimed at overcoming the general exhaustion inherited by the pre-*Doi Moi*. Three major economic programs manifestly illustrated this point: Food Program, Consumer Goods Program, and Exportation Program.

During this period, SD was faced with a profound crisis provoked by a sharp reduction of training schools and a diminution of training size and programs²⁷. This crisis was explained by a decreasing demand for trained human resources. SD became passive in the transition towards a market economy that no longer required old needs but had not yet created new demands for human resources. Thus, at that time, VTET schools did not seem to have a 'raison d'être' and nearly died a death.

Such a difficult situation and the need to respond to *Doi Moi* policies brought a distinctive vision on skills development before 1986 to an end with the merging of the General Department of Vocational Training and the Ministry of HE and TVET into a Ministry, and with the Ministry of Education into one single Ministry, the MOET, in 1991. During the next 10 years (1987-1998), TVET lost its policy particularities because it was under-estimated by educational bodies, which concentrated on their traditional and familiar domains: higher education and general education.

The distinctiveness of skills development in this phase was to search for a role and a status in the new socio-economic context in crisis. Therefore, what we learn about skills development from legal papers is how the role of HE and TVET was redefined and a possible way out of this crisis.

To save Higher Education and TVET, the MOET applied the Communist Party of Vietnam's 6th Congress Resolution during the Nha Trang Conference in 1987 in which four premises for HE and TVET reforms were established:

- § HE and TVET aim to not only train personnel for the state and public sectors but also to provide human resources for each economic sector and to respond to the learning needs of the people;
- § HE and TVET aim to realize education and training activities not only according to the state's planning but also according to needs and contracts from multiple partners;
- § HE and TVET are financed not only by the state budget but also by multiple resources such as their own capital, scientific research and other services;
- § Jobs are not imperatively allocated to HE and TVET graduates according to the state's plans; moreover, graduates have to look for and create jobs by themselves in the economy.

²⁷ Particularly regarding VTET, before 1990, there were 200 professions trained. In 1991, this number was reduced to 102 and to 68 in 1994 (MOET, 1995: 163).

The Government launched three programs during 1987-1990 to translate the above ideas into actions. The Program I aimed at changing objectives, curriculums and degree structures to respond to the market economy; Program II was to reform the financing of HE and TVET; and Program III was to develop academic staff.

Thus, during the first period until 1986, skills development was considered as an internal affair of the Ministry of HE and TVET. Moreover, the above premises only represent an effort to superpose the general idea about *Doi Moi* onto HE and TVET.

The radical change in HE and TVET took place a little later. Yet the intermediate stage in HE and TVET development in Vietnam was marked in 1991-1992 by three events:

- § Creation of MOET in 1991 (merger between Ministry of HE and VET and Ministry of Education), which manages education and training activities throughout the whole country (unified system character of education and training);
- § The national project titled *Education Sector Review and Human Resources Analysis* was implemented for 2 years (1991-1992). The project was financed by the UNDP and jointly executed by UNESCO and MOET. The conceptual outcomes of this project are double: the introduction of the concept of "human resources", which is broader than the one of "cadres" used only for personnel in the public sector; education and training were interpreted as national concerns because 79 Vietnamese personnel came from different bodies and ministries to work together in the project for the first time.
- § The approval of the new *Constitution* in 1992, which officially prescribes that education and training are a "top national policy" (article 35).

a.3. The "Vietnamese miracle" (1993-1997)

During 1993-1997, we witnessed the most "successful" period of the country, characterized by the fastest level of growth to date (over 8%), the normalization of relationships with Western countries and international organizations, followed by a sharp increase of ODA and the liberalization (even partial) of education and training services.

The First Donors Meeting held in Paris in 1993 had several outcomes: first, it facilitated Vietnam's access to international financial resources; second, it prepared the removal of the US embargo scheduled for 1994; third, it normalized relations between Vietnam and a great number of multilateral and bilateral agencies as well as non-governmental organizations. During this occasion, a *Master Plan Proposal* adopted by the *Education Sector Review* (1991-1992) for education and human resources development to the year 2005 was formally discussed among funding bodies and donors. It explained to a large extent why an important part of ODA was allocated to human resources development.

Domestically, in January 1993, the Central Committee of the Party adopted the first independent *Resolution on education and training* after the most comprehensive review of the sector since 1945. The breaking point was that

the Resolution acknowledged the centrality of human resources development in the continuing renovation of education and training. In considering education and training as an investment good, the Resolution emphasized that education and training are the driving forces and basic requirements for the realization of socio-economic objectives.

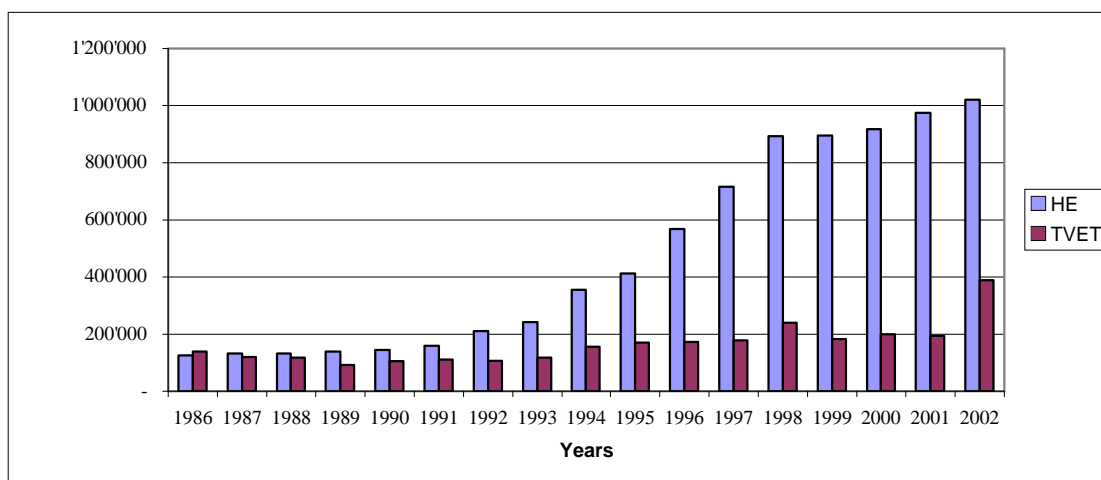
In practice, in addition to three education and training programs (1987-1990) renewed for period 1991-1995, two new programs were launched after the 1993 Resolution to concretize the new idea of human resources development:

- § Program IV: Training and Improving talented human resources;
- § Program V: Reform of structure and management in education and training governing bodies.

Despite the new discourse on education and training as a top national priority for providing human resources, the main focus was on “talented human resources”. This helps to explain why a sharp expansion took place in higher education rather than in TVET. Vocational Education and Training was recovering after the crisis prior to 1986 but without a significant augmentation of schools and students. This tendency is shown in the graph below:

Graph 4: Evolution of HE and TVET 1986-2002

(Adapted from Statistics on E & T 1945-1995 published by MOET)



a.4. “Vietnam’s vision” and “Education and Training Development Strategy till 2010” (ETDS)

This is the most interesting and dynamic period to study skills development strategies. ODA and skills development (HE and TVET) still had a positive tendency while economic growth decreased sharply and suddenly in 1997 from over 9% to lower 6%. This event led policy makers to rethink the country’s development orientation. It is obvious that Vietnamese policy-makers discovered and applied with an exceptional passion the conceptual panacea of “strategy”.

A “very” long-term vision was exposed in the strategic paper titled “Vietnam Vision till 2020” written by the Ministry of Science and Environment²⁸. In this paper, Vietnam in the year 2020 is painted as an industrialized country with detailed quantitative targets in the GDP structure: 42-43% industry and 43-48% services. Only 50% of the population will live in rural conditions but 70% of them will work in the industrial and services sectors. With these visions, the period of 2001-2010 has been fixed to accelerate industrialization and modernization of the country. This was the main foundation of the *Socio-Economic Development Strategy for the period 2001-2010*. In this perspective, the development of top priorities (industry, agriculture, telecommunication, science and technology and E&T) is concretized in a particular strategic paper. The ETDS formulation was launched by the Decision 500/TTg signed by the Prime Minister Vo Van Kiet in 1995. Its detailed draft was finished in 2000 as a result of inter-ministerial level coordination conferences. Hundreds of specialists and ministerial officials were involved in the writing of this strategy. Approved by the Prime Minister on the 28th December 2001, the ETDS summarized the guidelines and plans of action in skills development.

The ETDS is composed of six elements: Current situation of Vietnamese education; Context and opportunities, challenges of national education in several coming decades; Guiding points of view on education; Objectives of educational development till 2010; Solutions for educational development; and Strategy implementation. The objectives of education development are established according to the levels of education (table 1) and to strategic targets (table 2). Quantitatively, skills development strategies are designed in the ETDS in the following way:

Table 1: Skills development linked strategies for 2010 (by level of skills)

Level of skills	2000	2005	2010
Percentage of secondary professional education in age cohort	5%	10%	15%
Percentage of VET in the age cohort	6%	10%	15%
Percentage of high school graduates in high skills training programs		5%	10%

²⁸ Source: MPI’s website

Table 2: Skills development linked strategies for 2010 (by sector)

Sectors	Trained	HE	PSE	TW
Industry & Construction	60-65%	7.5%	15%	42.5%
Agriculture, Fishery and Forest	20-23%	4%	5%	8%
Transportation	65%	10%	20%	35%
Telecommunication	92%	25%	25%	45%
Commerce	55-60%	3%	-	-
Tourism	80%	20%	-	-
General	40%	6%	8%	26%

It is important to point out that the ETDS was realized in parallel to other sectoral strategies. This means that the ETDS did not use analytical results of needs for human resources identified by key sectors such as technology, agriculture, industry, commerce, banking, insurance, etc. The second remark is that for the first time, the General Department for Vocational Training (GDVT) actively participated in this project as a member organization within MOET. However, since 1998, GDVT moved from MOET to MOLISA while the ETDS was finalized only in 2000. It is the main reason why after belonging to MOLISA, the GDVT prepared an independent Vocational Training Development Strategy (VTDS) as a competitive strategic paper. But, the VTDS has been waiting for governmental approval. At the same time, the ETDS has to compete with a Human Resources Development Strategy, currently being drafted by the MPI. The approval of ETDS represents the first effort by the Government to have long-term guidelines for education and training development. It also provides policy makers with a strategic vision and challenges faced by education and training. Otherwise, the ETDS resulted from the first effort of collaboration between ministries.

Nevertheless, the participation of actors other than ministries was extremely limited. Entrepreneurial associations were invited but did not come. They do not pay attention to investment in education and training, which have always been considered as public affairs. There were some interactions with the Vietnam Scientists Association and the Learning Promotion Association but the relationship was neither strong nor formal in the process of strategy drafting.

Moreover, as indicated by an author of the evaluation of strategy implementation after 3 years²⁹, "it was so hard to build it but nobody uses it (ETDS)". Another interviewee of this study gave three explanations for the non-use of ETDS: Firstly, it is weakly feasible because of its formal character. Secondly, the Government spent about VND 1 billion³⁰ for this

²⁹ By the National Institute of Education Development (NIED), currently becoming National Institute of Strategies and Curriculum (merged from NIED and National Institute of Educational Sciences).

³⁰ Exchange rate USD/VND: 1 USD/15'800 VND

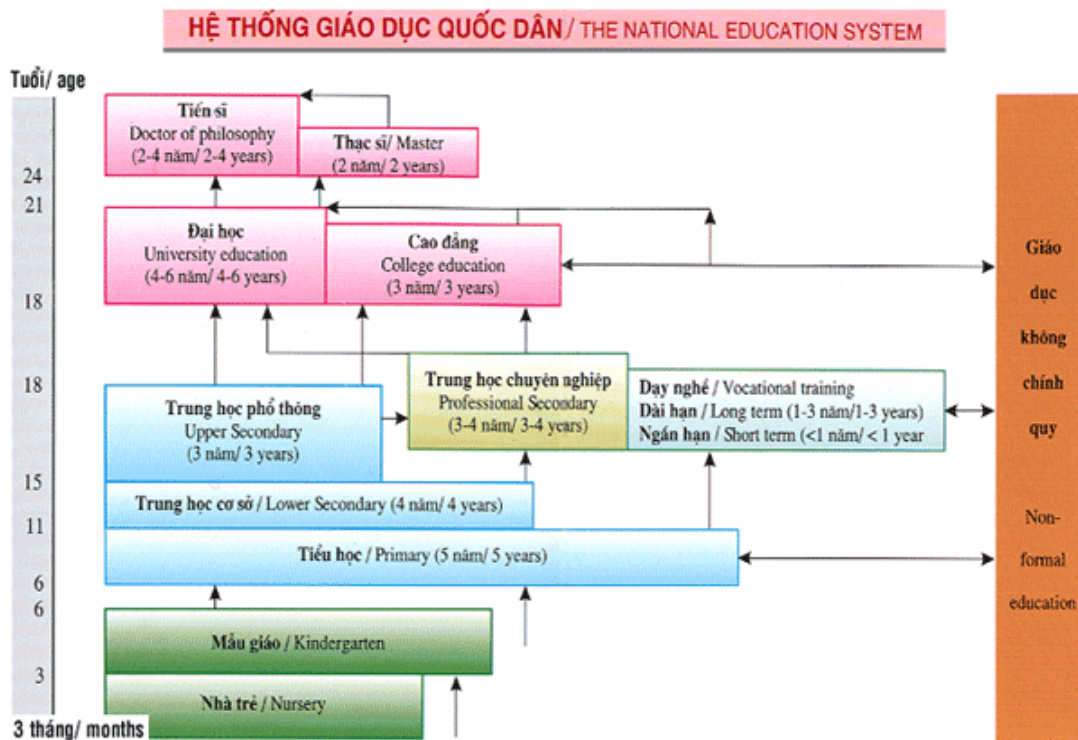
project but it staggered over a long time. Its approval took a very long time, 5 years. Thus, the contents and problems analyzed as well as its context became old and inappropriate for the development problems of the 21st century. Thirdly, the paper was realized collectively and by consensus. Each one of the hundreds of persons involved had their own point of view. The final draft was a harmonization of multiple visions and ideas. Thus, the ETDS does not seem to offer ground-breaking guidelines for SD in Vietnam in terms of concept, visions, consciousness, approach, and resources. Therefore, it has not been translated into effective and concrete actions.

b. The challenge of skills development systems today

Graph 5 illustrates the structure of Education and Training in Vietnam. According to the Education Law approved by the Prime Minister in December 1998, there are four levels of education and training: primary education (5 years), secondary education (7 years) and higher education (3-6 years).

Graph 5: The national E & T structure

(Source4: Decree 90/CP on 24/11/93 on the structure of national education system & the Education Law 1998)



After the Nha Trang Conference in 1987 aiming to translate *Doi Moi* guidelines into the higher education and TVET sector, one of the major educational reforms aimed to create a new system of secondary education composed of four choices for children graduating from lower secondary schools. They could choose between general Secondary Education Schools, SES, (3 years), professional SES (3-4 years), vocational training education schools (3-4 years) and vocational schools (6 months to 2 years).

In 2002-2003, the skills development system in Vietnam was composed of 81 universities, 121 colleges, 268 professional and vocational SES³¹, 202 VTS³² (vocational training school for long and short terms training delivering professional certificates), 148 VTC (Vocational Training Centers), 147 Labor Promotion Centers (LPC) and 320 Technical and Permanent Education Centers³³. For VTCs and LPCs, it is worth noting that Decree 02/2001/ND-CP issued by the Government on 09/01/2001 provided a legal boost to the number of these centers, especially in the non-public sector (around 27 non-public vocational schools). According to Swisscontact, the VTCs represent: "(...) Vietnam's large scale-effort of providing job entry training in the form of short courses for a huge number of early school leavers and other groups of persons who have difficulties to enter into employment"³⁴. However, the lack of a long-term strategy and good management limited these centers. They have provided short-term training programs responding to immediate needs with a low level of quality services due to untrained staff. In addition, as mentioned by Swisscontact: "(...) both formal and non-formal part of TVET are in quite poor condition. The efficiency of VTE programs is low as labor market information is not reflected in the curricula; (...) training equipment is often poor, the contingent of teachers is not stable and most of them have not been trained in terms of instructional skills"³⁵. Nevertheless, by way of all these different paths, the percentage of trained workers increased from 13,4% in 1998 to 16,8% in 2003. This increase reflects the efforts of the Government but the achievement was far from meeting the needs of the rapid economic development.

Looking at this official representation of the Vietnamese education and training and besides the formal layer, a reviewer from NIEDS, Tran Khanh Duc, emphasizes the following: "A particularity of the *Doi Moi* period in comparison to prior to 1986: a sharp development of informal education and training in response to diversified needs of the labor market"³⁶ which is located on the right of Graph 5. The aim of informal education and training, besides a social purpose (i.e. illiteracy in ethnic areas) is to: "develop various types of distance education in the form of programs of education and training to provide certificates/degrees and professional skill training to generate incomes and raise the life quality as well as standardization of the qualifications of teaching staff, managers, administrators and civil servants from central to local levels"³⁷. The diversification of the system is one of the main trends of the *Doi Moi*. Since then, in parallel to formal education and training, non-formal programs have been flourishing in various forms such as Technical and Permanent Education Centers (TPEC). In Vietnam, the distinction between formal and non-formal skills development resides in the fact that the first one, aiming at a diploma after taking a regular or in-service training programs, is managed by MOET, GDVT, specialized ministries or provincial authorities while the second one is principally created and funded by social actors and associations such as YU (Youth Union), WU (Women Union), LU (Labor Union). However, some exceptions do exist making the distinction between formal and informal more

³¹ GSO (2004), *Statistical Yearbook 2003*, Statistical Publishing House, Hanoi, p. 487.

³² Interview of Deputy Director of GDVT

³³ MOET (2001), cited by NGHIEM Dinh Vy (2001), *Phat trien giao duc va dao tao nhan tai*, page 160.

³⁴ Swisscontact, Comments to the report, May 2005, p.1

³⁵ *Ibid.*, p.1

³⁶ Tran Khanh Duc (2004), Report Reviewer from NIEDS (MoET), Hanoi, p. 1.

³⁷ Ulysses R. Gotera (2004), *Vietnam's Education and Training Development Strategy till 2010*, ASEM, Hanoi, p. 16-17.

difficult: thus, some labor promotion centers are managed by MOLISA and also provide informal training. One of the main characteristics of the *Doi Moi* is a diversification of the non-formal offer.

Education and training and SD systems are challenging the development of skills in Vietnam to a large extent. Firstly, even though TVET has recovered its situation after a considerable decrease of 44% between 1991 and 1998, it has remained insufficient: too small a size (less than 500 students per school), too many short-term programs, too obsolete materials and equipments, and too little public investment (4.7% of E & T public budget in 2000).

In higher education, the quantitative indicators are reversed. The number of students and institutions has been increasing impressively since *Doi Moi*. Up to now, more than 1.3 million students per academic year are pursuing higher education at university and colleges while in TVET institutions this indicator remains at 360,000 for short- and long-term programs³⁸. This reality has been popularized in the famous sentence "too many masters and not enough workers" meaning there are not enough skilled and high-qualified workers. However, it is profoundly recognizable that to reverse the current tendency would be a difficult task. It seems unthinkable to reduce access to higher education though it still remains elitist (only about 7% of cohort can be enrolled in a university) despite its exponential growth over the last decade³⁹. Thus a strategy for skills development outside higher education has to aim at absorbing a large part of 90% of more than 2,600,000 young people graduated from high schools⁴⁰ if the Government does not want to let its 2 million citizens enter the labor market without any training. Therefore, skills development has remained and is becoming a serious problem for development in Vietnam.

The higher education sector will see an expansion caused by two emerging tendencies: a massive creation of private universities and colleges and the introduction of 100% foreign capital academic institutions⁴¹. Simultaneously, an important phenomena is underlined by a reviewer of the report, Nguyen Huu Thinh, who explains the high demand for higher education and its emphasis in Vietnamese policies⁴²: "A negative phenomena observed in the Vietnamese society is that after completing their general secondary education, almost all students want to pursue their education at university, even if their financial and learning capacities are limited. People more want to become a manager than a worker. Therefore, *there are more university graduates than qualified technicians*. The logical ratio between technical worker trainees, secondary technical school graduates, and university or college graduates in many countries is 10-4-1 while in Vietnam, a reverse situation is observed in the professional training structure. This up-side-down "pyramid" pattern has existed for a very long time and is hampering the healthy development of the national economy"⁴³. As a first conclusion, despite the diversification of informal education and training, a high demand for formal higher education

³⁸ Interview of GDVT and GSO, *Statistical Yearbook 2003*, SPH, Hanoi, 2004.

³⁹ 76% of the students in the higher education are coming from the richest quintile of the country (VHLSS, 2002).

⁴⁰ Previsions by MOET: <http://edu.net.vn/data/thongke/dubao.htm>

⁴¹ Royal Melbourne Institute of Technology (HCMC and Hanoi) opened fire 2 years ago and the process will be reinforced by Vietnamese's adhesion to WTO scheduled for 2005; and the negotiations for a liberalization of services (including higher education and TVET) will have been achieved by 2007.

⁴² This point is widely documented by authors like Alexandre D. Freire, J.Y.Martin, N. Henaff (2002), Bui Thi Thanh (2003), Tran Khanh Duc (2002), etc.

⁴³ Nguyen Huu Thinh, Report Reviewer from European Union (former GDVT), Hanoi, 2004, p.1.

remains and it obstructs the adjustment of the labor market to national economical development goals.

Worse, as commented by an expert within GDVT (General Department of Vocational Training), private investors primarily choose to invest in private Higher Education (HE). They prefer to do so because of the high demand for HE in Vietnam due to a good perception by consumers and its reasonable investments (only for renting a building, recruiting teachers and then making a lot of money) rather than spending considerable sums in private TVET (to buy machines which will become obsolete very quickly, a negative perception of TVET, a high rate of unemployment among graduates).

Apart from a simple criticism on its obvious techno-industrial centrism and its formal character in the whole process of formulation, the most serious concern resides in the willingness and determination to expand at high scale a still “unadapted” skills system to *Doi Moi* period challenges. Indeed, these strategies leave untouched the main causes of its weaknesses and crises: What use is there in developing a system of “ignorant as crash course graduates and silly as continuing program graduates” (representing half of university graduates), who hold the leading positions in the public and administrative sectors? What hope is there in giving SD to future consumers if most jobs are not allocated according to qualifications and competencies? What rationale lies in strategically increasing the number of IT and foreign languages compulsory skills certificates while most of them are false or sold at a low price? Thus we see that a unified concept and the necessary leadership are currently missing to overcome the imperfections of the (labor and education/training) markets and to make the system work well before expanding it.

3. Technical cooperation and skills development in Vietnam

As mentioned in the definition section on “interactions”, another particularity of the Vietnamese case in comparison to other developing countries such as South Africa⁴⁴ rests on the importance of ODA in the process of national development. In the field of skills development, for many decades in Vietnam, technical cooperation (TC) has had a direct and extensive influence on all policy-making; mainly because as defined by the UNDP it includes “human resource development, transfer of knowledge and skills, capacity building and institutional development, and policy advice at different levels”⁴⁵.

Until 1990, the CMEA’s member countries such as the former Soviet Union and the planned economies of Eastern Europe and China were major TC donors as shown by graph 6. After the 1954 Peace Convention in Geneva restoring the independence of Vietnam, the USSR and China started to support the North in its socialist construction. Many industrial plants were restored and built by the USSR and China in that period (Thuong Dinh Industrial Zone, Viet Tri Chemical Industry Zone...). In this perspective, worker training abroad was a part of this external comprehensive assistance. An important number of workers in medium-size mechanical plants were trained in the USSR while ones of light industry factories were trained in China. Besides, Soviet experts came to the North for developing the model of professional secondary education schools to provide the industries with technicians.

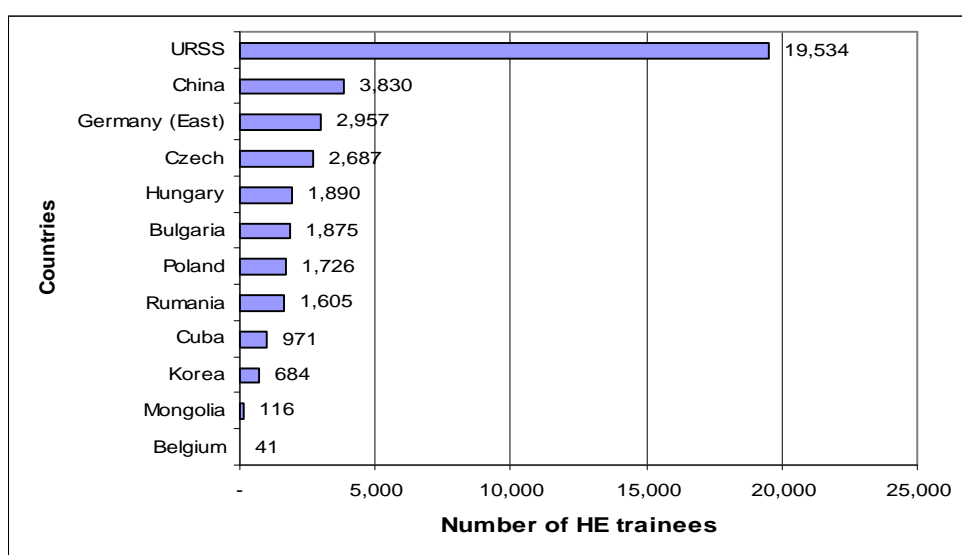
⁴⁴ South African is specifically mentioned as one study on skills development was also conducted there.

⁴⁵ UNDP (2000), Review of Technical Cooperation in Vietnam (1994-2000), UNDP, Hanoi.

However, skills development assistance has been reinforced since the first Five Year Plan in 1961 when most of the bilateral scientific and technical cooperation agreements were signed between the North of Vietnam and the Communist and Socialists countries. As a result, during 30 years of technical cooperation with the Communist block (1961-1991)⁴⁶, nearly 123,000 Vietnamese (of which more than 37,000 at college and university levels and 85,500 workers and technicians) were sent to study respectively in the USSR, China and Eastern European countries (such as Eastern Germany, the now Czech Republic, Hungary, Bulgaria, Poland and Rumania). "The technical knowledge and skills obtained and institutional capacity developed in that period played an important role in the establishment of almost all R&D institutions in Vietnam and still has an impact today"⁴⁷.

Graph 6: Number of HE abroad trainees by countries 1954-1989

(Adapted from *Statistics on E & T 1945-1995* published by MOET)



It is indispensable to remark that the peak of skills development cooperation between the Communist block and Vietnam took place in the period 1966-1972 during which nearly 43,000 Vietnamese were sent abroad. Graph 6 also shows us that the number of workers and technicians trained abroad was three times higher than the ones in higher education. From 1975 onwards, the number in higher education was kept stable at an average of slightly more than 1,000 per year while the number of worker and technician training was much higher. However, in 1975-1991 relations with China deteriorated⁴⁸ whilst the USSR remained the most important partner. The unique Western partner (Belgium) came on the scene in 1978-1979, receiving its first 41 Vietnamese students.

⁴⁶ The last bilateral agreement ended in 1991 after 30 years of scientific and technical cooperation between Vietnam and the Communist block. The S & T cooperation lasted only until 1974.

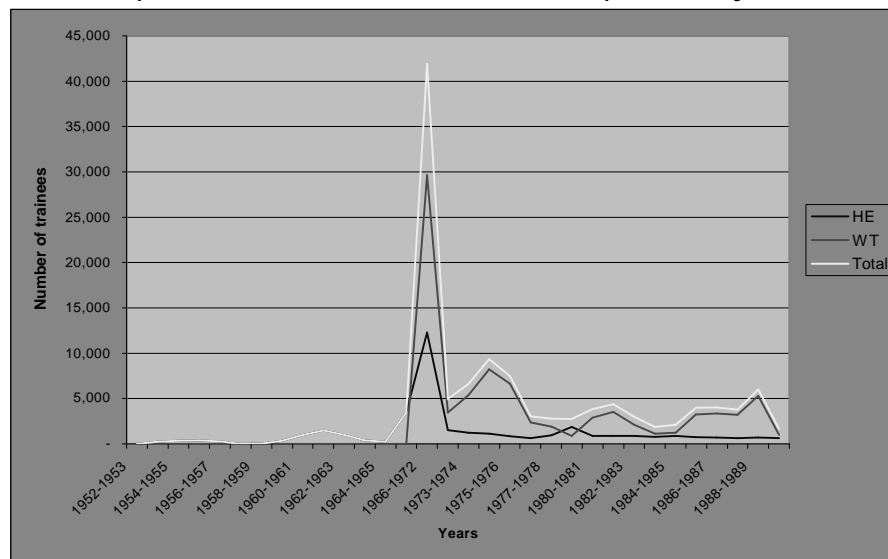
⁴⁷ UNDP (2000), *Op. Cit.*

⁴⁸ The Vietnamese invaded Cambodia in 1978-1979 and slammed the Red Khmers who were Beijing's "protégés". Therefore, China launched a punitive military mission against Vietnam on the 17th February 1979. The Chinese captured important North Vietnamese towns like Cao Bang and Lang Son and were only 200 Km from Hanoi when they were stopped. On the 6th of March claiming their expedition was successful the Chinese began to withdraw. 40'000 soldiers of both side died, and 80'000 civilians. Since then, the relations were rather tense on the Sino-Vietnamese border.

The knowledge and skills that 123,000 Vietnamese experts received abroad before 1987 were in response to technical and scientific demands in such areas as power generation, bridge building, water supply and industrial production, and largely related to capital investment projects and technology transfer for specific technical requirements. Skills and knowledge on financial and economic specialization were quasi-absent in these programs of technical and scientific cooperation. This tendency was reversed during the *Doi Moi* period as demonstrated later.

Graph 7: Evolution of abroad training 1954-1990

(Adapted from *Statistics on E & T 1945-1995* published by MOET)



After the collapse of the core European Communist block and before the normalization with Western partners, the situation became difficult in the field of skills development as in many other fields. However, it is impossible to forget that technical cooperation came mainly from the UNDP⁴⁹ and the two bilateral first-comers (Finland and Sweden). The purpose of this early cooperation was to help the Vietnamese government to prepare the Review of the Economy of Vietnam and a series of sectoral Reviews (Agriculture, Energy, Transportation, Fishery, Forestry and Education) and Master Plans. These documents were presented as long-term economic plans and core discussions during the first Donors' Meeting in Paris in 1993.

Since that date, ODA to Vietnam expanded at a fast rate. Technical cooperation and its focus on skills development also shifted to another perspective and approach, not only limiting itself to the construction of industrial bases. Broadly, it touches many activities, such as policy reform, investment promotion, rural development, poverty alleviation, environmental protection, natural resources development, assisting in regional and international integration. During the period 1994-1998, Technical Cooperation (TC)

⁴⁹ UN Country Program III to Vietnam (1987-1991)

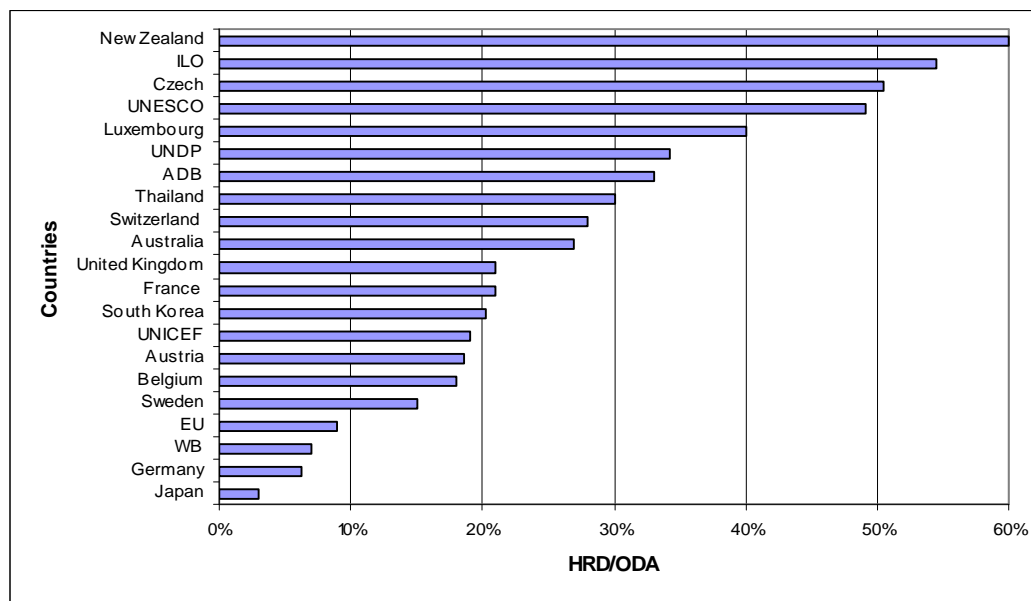
disbursements represented, on average, 31% of ODA⁵⁰. It increased from USD 76.7 million in 1992 to 209.4 million in 1995 and reached its peak in 1997 with 294.8 million (31.4% of ODA). The loan part of the TC disbursement was quite low, at only around 4%⁵¹. Skills development became an important part of human resources development approach promoted by the international community in Vietnam during that period. Until 2000, human resources development has taken up about 21.4% of total technical spending, the highest proportion of TC, followed by the health sector (17.3%), agriculture (12.1%), and economic development (7.8%).

During the period 2000-2003, six agencies allocated more than 30% of ODA to HRD development, of which education and training were the most important pillars. The first place was occupied by New Zealand with 60%. Switzerland was ranked 9th with an average rate of 28% of its assistance to HRD sector.

Geographically, technical cooperation has been distributed mainly in Hanoi and some provinces in the North. It has moved more and more from Hanoi to other poor provinces as shown by the UNDP in its report on TC during the period 1994-2000.

Graph 8: Major HRD donors in Vietnam for the period 2000-2003

(By % of HDR/ODA, adapted from *Vietnam's Development Partners from 1995 to 2001*)⁵²



Annex 2 lists 49 major projects in education and training as of June 2002. We can observe that four key sectors are promoted: primary and secondary education (mostly by bilateral and multilateral agencies); social dimension of skills development (working with women, maternal health training); core skills development provision or capacity-building and strengthening of colleges and

⁵⁰ The average share of TC in ODA is about 25-30% for other developing countries.

⁵¹ For more information and data on TC in Vietnam since 1993, see two UNDP's reports: *Technical Cooperation in Vietnam: Trend and Implications* (published in 1996) and *The Review of Technical Cooperation in Vietnam (1994-2000)* (published in 2000).

⁵² Published by UNDP every 2 years since 1995

universities (projects in higher education and vocational training); and support to MOET in policy development. The projects in skills development reveal quite a direct influence on the policy-making process to the extent (shown in this annex) that most national partners have been at the ministerial or provincial level.

III. INTERACTIONS OF ACTORS IN SKILLS DEVELOPMENT STRATEGIES IN VIETNAM

1. Actors typology

Who is driving the human resources policies during the *Doi Moi* period? Such an important question aims at identifying individual and collective actors who have been involved in the formulation and implementation of skills development strategies in response to an emerging market economy.

Prior to 1986, the answer was quite simple because the only actor was the Central State and its apparatus. However, since the economy has opened up to other national “components” and international actors, the scene becomes more and more complex. Even within governing bodies belonging to the still-dominant State, the changes in their role appear significant.

Thus, before apprehending their relationships and interactions, it is indispensable to find out which actors are newcomers, which ones are getting more powerful or weaker and how. Systematically, there are two categories of actors in the typology: national and international (annex 3). As a new phenomenon, “non-public actors” will be described separately although some of them could be considered as “national actors” and some others as “international actors”⁵³.

a. National actors

It is not easy to understand local bodies responsible for the public management or the formulation and implementation of skills development strategies. Such is the general warning given by most of our interviewees. Indeed, many specialists have focused on the role that the General Department of Vocational Training (GDVT) has played or should play while others are advocates of the Ministry of Education and Training (MOET). According to most of our interviews, this means that they have under-estimated the role of other local actors such as the powerful Ministry of Planning and Investment (MPI) as well as specialized ministries from whom the ideas of skills development are first generated and finally applied.

After careful examination, and discussion with key actors in the sector (such as the former advisor to the Minister of Education and Training Prof. Vu Van Tao), it seems that the role of national actors has evolved *according to their functions and power in the policy-making process and in the design of skills development and human resources strategies*. Their roles can be described as follows:

- § Skills development strategies “entrepreneur” including the Ministry of Planning and Investment, which produces overall socio-economic guidelines, served as the basis for other ministries or authorities in formulating their sector or provincial strategies.
- § Skills development strategies “sub-contractors” embracing the Ministry of Education and Training (MOET) and General Department of

⁵³ According of course to their legal status.

Vocational Training (GDVT) within MOLISA, which are acting as intermediaries between MPI and specialized ministries and provincial authorities⁵⁴.

- § Skills development “strategies employees” or “salaried” encompassing Service/Group of Education and Training (SOET) within the Department of Labor and Organization (DLO) of specialized ministries. The Departments of Education and Training (DOET) within provincial levels are also classified into the group of strategies employees. Their responsibility is to execute targets planned by the MPI through direct educational management of MOET and GDVT/MOLISA.

Young but powerful MPI: emerging “entrepreneur” of skills development

The MPI’s role has become more and more decisive and its power over skills development incessantly stronger since 2000. Indeed, the forerunner of MPI, the National Committee for Planning (NCP), founded in 1955, only had the function of setting up annual and long-term plans and supervising its implementation⁵⁵. Since 1986, the former MPI, the National Committee for Planning, has accumulated responsibilities of former bodies such as: economic zoning (from Central Committee for Economic Zoning which disappeared in 1986), economic research (Central Institute of Economic Management) in 1993, fusion with the State Committee for Cooperation and Investment in 1995 and new task of industrial zones management in 2000.

The MPI is the biggest governing body not only in terms of personnel (760 functionaries) but especially for its function of overall supervision of other ministries and provinces: formulation of socio-economic development strategies for provinces and sectors; collection of national and external resources for local and sector development; approval for ODA or foreign investment projects... Apart from drawing up strategies, the Ministry has the responsibility of controlling the implementation of strategies over provinces and sectors.

According to the Socio-Economic Development Strategy for the period 2001-2010, to the 5-year socio-economic development plans and to annual development plans, the MPI entrusts the MOET and GDVT with quantitative quotas for human resources development and approves ODA and investment projects in education and training. Sector or provincial priorities in international aid are agreed between MPI and development cooperation agencies and diplomatic representatives within an annual meeting.

Thus, the notion of skills development entrepreneur is appropriate to qualify MPI and its role in the field. It is the Ministry who initiates skills development strategies according to annual, medium and long-term socio-economic development plans. Currently, MPI is drafting a human resources development strategy to 2010.

However, organizationally, within the Department of Education, Science and Environment (MPI) there is only one specialist in charge of human resources education and training strategies.

⁵⁴ This does not mean that those actors have no responsibility in terms of designing strategies. It simply means that their role, as indicated in the next sections, is evolving. Neither it means that they are not performing their traditional role of regulatory bodies in the field of education and training.

⁵⁵ Circular 603-TTg in 1955 and Decree 158-CP in 1961.

MOET and GDVT/MOLISA: "Sub-contractors" of skills development

The MOET was founded in 1991 by the merging of the Ministry of Higher and Professional Education and Vocational Training into the Ministry of Education. However, the General Department of Vocational Training (GDVT) has been shifted to MOLISA since 1998.

Like GDVT (MOLISA), MOET can be seen today as a "sub-contractor" of skills development strategies because its activities rely on the need for high levels of human resources identified by the MPI. As mentioned by an interviewee of NIED - Center of HE and TVET studies, the Education and Training Development Strategy of MOET has to "compete" more and more with the Strategy for Human Resources Development drafted by the MPI.

MOET is responsible for all levels of formal skills development (technicians, engineers, apart from vocational training) in terms of quality assurance, curriculums, teacher training and partly in terms of financing, staffing and the establishment of skills standards. Within MOET, the Department of Higher Education is responsible for formal skills development at college (BAC+3) and university levels (BAC+4/5). The Department of Professional Education is responsible for professional secondary schools (BAC+2).

According to the human resources expressed in the socio-economic plans for each sector, the education and training planning will be set up and MOET has allowed a certain training quota for university, college or professional secondary schools. In its long-term plan, MOET prepared the Education and Training Development Strategy for period 2001-2010, approved by the Prime Minister in 2000.

GDVT within MOLISA has the same functioning principle as the MOET but only at the level of workers' training. It is responsible for developing formal skills in terms of quality assurance, curriculum and teacher training in vocational training schools.

Since 1998, after coming back to MOLISA, GDVT is trying to develop its own strategy for vocational training development for the period 2001-2010. But the VET Strategy has not yet been approved by the Prime Minister.

Specialized ministries: skills development "employees"

If MOET and GDVT manages skills development in terms of curriculum and quality control, specialized ministries are responsible for all remaining issues of which financing is decisive.

Except for the "new" or "renovated" ministries such as MPI and MOST (Ministry of Science and Technology), which are not in charge of schools, the others have developed their school systems from worker training to university levels. They are responsible for personnel, planning and teaching. In the formulation of strategies, the MOET and GDVT submit propositions to MPI on the basis of ideas and needs given by specialized ministries. In the implementation stage, specialized ministries realize education and training targets indirectly commissioned by MPI through MOET and GDVT. So in Vietnam, specialized ministries are important bodies for formulating and implementing skills development strategies. However, one could question whether they are more

important actors than MOET and MOLISA today. The answer remains uncertain. This situation is also a legacy of the pre-*Doi Moi* era when specialized ministries had to train their technicians and engineers they needed in order to meet the objectives decided in the FYP.

In any case, as mentioned in the key definitions section, while the notion of skills development is quite vague for specialists working for MOET, MOLISA and MPI, it is very clear for specialized ministries. Each specialized ministry has developed its skills development strategy linked to its sector development with a strong focus on professional skills.

Provincial authorities

Provincial level authorities are responsible for non-formal skills development. However, there is an emerging tendency in that local authorities are more involved in formal skills development. It can be said that this involvement is related to the model of community colleges/universities which is being developed in order to respond to regional needs for human resources. Until recently, colleges, universities and formal secondary schools were under the management of central actors. But provincial actors are becoming more and more implicated.

b. International actors

International actors are multiple in Vietnam but not all of them are involved in skills development. There are even some international agencies, having worked actively in education and training for years, which have changed their priorities to other sectors with different approaches. Hereafter is a brief presentation of three groups of actors currently involved in the field. Each group has particularities in comparison to other groups or within a group, and this divergence can be found in their approach and concept about skills development.

Multilateral agencies

Most major multilateral agencies have been present in Vietnam since 1993. In the beginning, UNPD and the World Bank were involved in skills development but only for training high cadres and economic leaders by sending them abroad to acquire knowledge and skills about the ideas and practices of the market economy. Recently, they have developed projects aimed at building institutional capacity, of which skills development for beneficiary partners entails a cooperation dimension. Otherwise, the **World Bank** is active in basic education (Education for All Project) and higher education (Higher Education Project started in 1998), but no longer at the middle level (TVET). As for **UNDP**, its current priority is to develop skills for Vietnamese leaders in the negotiation for WTO adhesion in 2005. **UNESCO** is leading the strategy of Education for All in Vietnam, in which informal training and teacher training are two specific dimensions. In addition, UNESCO also develops skills development for young people within its youth pillar.

Unlike these important multilateral agencies, since 1998, the **ADB** (Asian Development Bank) has become the most active actor in skills development in Vietnam by carrying out a TVET project in collaboration with MOLISA, MOET,

and other specialized ministries to strengthen TVET and engineering schools. This actor also has the clearest policy guideline in this field.

The second most active multilateral agency is the **European Union (EU)**, which is helping Vietnam to develop skills for global integration (interpreters training, for instance). However, a TVET project in the pipeline since 2000 has just been canceled.

Bilateral agencies

In the late 1990s, Vietnam became a main partner for many bilateral agencies. As shown in Appendix 2, most of them have committed their aid to develop human resources in Vietnam. We can distinguish three groups of bilateral agencies regarding skills development.

The representatives of group I encompass **France, Belgium, the Netherlands and Canada**. Their approach is to create in-country training programs and to finance studies abroad (a considerable number of scholarships per year) to develop elite skills. This means that their programs are concerned with management and high technological skills development for the Vietnamese elite. For example, since 1992, these countries have initiated management training programs in Hanoi and Ho Chi Minh City. They have launched assistance programs to academic institutions (mainly higher education schools) to ameliorate curriculum and quality assurance. One of the institutional characteristics of these countries is that their cooperation agency belongs to their Embassy.

The second group has been active in developing lower and traditional professional skills. Their approach consists of strengthening the Vietnamese private sector and SMEs. They are **Germany (GTZ) and Switzerland (SDC)**, two German-speaking countries and two vocational training promoters. In recent years, the purpose of their projects has been to strengthen the capacity of VET schools in every issue (management, curriculum and quality assurance).

Two Asian agencies, **KOICA and JICA**, have developed the third approach in skills development in Vietnam, called the "skills development package". Thanks to their significant budget for development cooperation, they have projects in which they are responsible not only for constructing and equipping VET schools but also for developing curriculums according to their national standards and sending academic staff to carry out skills development activities. These projects need considerable investment because they concern technological and engineering schools where modern machines and materials are expensive.

Moreover, it is important to point out that the Netherlands has supported the development of six community colleges, whose main mission is to satisfy provincial needs for human resources. It is thought that this emerging trend will expand in the near future. Otherwise, skills development is treated as a dimension *within projects* in agencies such as **DANIDA and SIDA**. Finally, it is obvious that most bilateral agencies are working in teacher training be it with a small or large budget.

International NGOs

Currently, it has been counted that more than 300 international NGOs have been working actively in Vietnam since 1993. A particularity of NGO activities resides in the fact that they focus on particularly vulnerable groups such as children, women, disabled, youth, unemployed, prostitution, and people infected with HIV and AIDS. We would say that skills development through education and training is considered by NGOs as a long-term measure to integrate or reintegrate these vulnerable people into their social environment.

Specifically in skills development strategy, only Swisscontact has developed projects to support VET schools.

c. Non-public actors: high potential

Non-public actors can be private or associative. Private actors, working for a lucrative purpose, can be threefold: Labor Exporting Companies (LEC), Industrial Zones (IZ) and Educational Groups (EG). Currently, there are about 155 LEC, of which 145 LEC founded their own training centers. In general, the contribution of these kinds of actors to the national economy is becoming more and more important as showed in the first part of the report. Therefore, their role in policy-making should be more visible in the near future with the creation of the Association of Labor Exportation (ASE) in July 2004.

Concerning Industrial Zones, it has been counted that nearly 170 IZ are working in a number of main economic points in Vietnam. Nowadays, there is a tendency to develop skills development centers for providing highly qualified human resources. In industrial zones, a model of triple partnership between industrial companies, provincial authorities and local/foreign educational institutions is appearing to develop a kind of economic territorial dynamism. Some examples: in Binh Duong, Vietnam-Singapore Technical Training Center, or in HCMC, HEPZA (HCMC Export Processing & Industrial Zones Authority). IZ actors have always exerted a strong influence on all governmental strategies. Thus, these actors have high potential to find some break-through solutions for skills development if they judge it necessary. However, most of their skills needs remain low for the time being.

There are also private companies who commercialize education and training as an economic product. Their countries of origin are mainly Australia, the US, Singapore and Taiwan⁵⁶.

The group of associative actors embraces firstly the Association of Entrepreneurs (AE) and many regional AE. Their purpose is not only to help member enterprises to find national and international partners and to enlarge their market at local and global levels, but also to undertake more and more social work such as the construction of humanitarian houses, the provision of care for the poor and disabled children, the foundation of scholarships, and the creation of employment opportunities (training, job information...). The Youth Union, Women's Union and Labor Union represent a Vietnamese particularity in their associative character. Different to AE, their political influence is more direct and efficient because they are more experienced and hold a more formal position in the policy-making process. Most of the non-formal Vocational

⁵⁶ Examples: Apollo Group Inc. (US), Thames (Singapore).

Training Centers are created by these social Unions to resolve the problems that their focus groups are coping with. These associations are becoming more and more important in their collaboration in skills development strategies.

2. Interactions of actors in SD systems in Vietnam: Shifting relations?

In assessing the SD, we have to explore three dimensions: interactions between national actors, between international actors and between national and international actors. The interactions described below are only the primary analyses for the present moment. The situation may change greatly in the near future because of WTO accession.

It must be remembered that there is no common approach to SD in Vietnam. As we said earlier, the multiplication of terms such as Human Resources Development (HRD), TVET, the “talented” and so on, represents a first difficulty in terms of interaction: actors do not have the same language and secondly they espouse different approaches. Obviously, they also have different aid strategies and development traditions. In Vietnam, as we mentioned earlier, the situation reflects a diversity of actors. The actors typology illustrates the fact that both national and international actors are numerous, which certainly does not smooth progress in a search for a common consensus and coordination on SD strategies.

a. National actors: the struggle for interactions

If we first address national actors, relations are set up in a typically vertical shape or hierarchy. The formal mechanisms which manage SD systems under the 1998 Education Law allow actors to run SD programs. For instance, for training centers such as the 42 TVET Schools of Ministry of Industry (MOI), MOLISA is responsible for delivering the certificates and implementation of the VET guidelines. The same relation exists with MOET for secondary professional education schools, colleges and higher education institutions. MOI has 20 of them. In this formal framework, interactions take place between the institutions running SD systems and MOET and MOLISA. The latter two actors are establishing training objectives and curriculums for the other actors. MOLISA and MOET have therefore both a 5 year and 10 year strategy and a mechanism of annual meetings and conferences. Another actor to be added to this picture is the MPI. All of the actors managing SD programs such as the Ministry of Transportation (MOT) have an indirect relation with MPI. MOT submits its strategy to MOLISA and MOET first, but they remit it to MPI as mentioned by our national interviewees. Therefore, according to our actors typology, MOLISA and MOET can be considered today as “sub-contractors”. The MPI, classified as the “entrepreneur”, decides the sector strategy guidelines and MOET and MOLISA deliver the MPI’s decision to MOT. In other words, MOT or MOI remit their TVET strategies to MOET and MOLISA, which remit them to MPI. Respectively, as mentioned by our interviewee of MOI and MOT, the TVET plan in socio-economic development strategy is delegated by MPI to MOET and MOLISA. They both deliver TVET quota to specialized ministries such as MOT and MOI. This system of relations also explains why in Vietnam SD refers to professional skills: it is a very formal procedure. Besides, non-technical vocational skills and so-called “soft skills” are lacking in this particular framework of relations. As an example, in Vietnam, soft skills, such as

languages, have gained a lot of importance in the labor market. For most positions in administration a foreign language certificate is now required.

The substantial ODA inflow creates tensions in the relations between national actors. The rather vertical set of relations existing in the Vietnamese institutions as described above is a classical top-down approach⁵⁷. The roles and power games have evolved since 2000. Furthermore, nowadays the country is following a decentralization path which also affects the SD systems. Until a few years ago, education and training were governed by central command. But local authorities are more involved mainly in the formal skills development systems and are becoming in that sense another additional actor, even though they somehow remain isolated. Thus, the lack of transversal relations generates a certain number of frequent problems. MPI, MOET and MOLISA approve education and training annual plans without knowing financial plans allocated to E & T. At the same time, MOF approves the financial annual plan to MOT for example without knowing financial needs for education and training in the construction sector. The non-state sector is rather excluded from these formal mechanisms of consultation. Mainly due to the socialist characteristic of the State, SD was considered as a public good and, as a result, private actors do not yet participate in the consultation processes.

In parallel, most of the formal TVET systems became passive in the transition towards a market economy that has created new needs for SD. Though, as an attempt to coordinate national actors and to remediate the SD crisis of the 1986-1998 period, the ETDS (Education and Training Development Strategy mentioned earlier) was drafted through a process involving hundreds of specialists, ministries and consultants in 1995. It is a good example of the interactions issue. The ETDS provides a strategic vision for education and training and it is the result of a very large minimal consensus, and as such, is neither a break-through in terms of new ideas nor a concrete tool. In addition to this, in the process of drafting the paper, the participation of international partners was very limited. With local partners, besides the main government bodies, interactions i.e. with entrepreneurs associations, clubs of TVET schools rectors, actors at province or district level, teachers association, not to mention private sector, were rather poor. The relations with the researchers are even worse as stated by one of the authors of the ETDS: "Policy makers are not interested in and do not read researches they had financed. Policies are made by experiences and directed in the same manner as the one in the subventions system (no discussion, top-down decision custom)". The Education and Training Strategy Development, which was also supposed to be the comprehensive strategic tool for the SD systems, is a rather weak instrument for the actors' coordination.

To sum up the main consequences of this scattered actors typology and lack of coordination, a former author of the Education and Training Development Strategies until 2010 mentions the following: "So there is no coherent and synergic strategy on skills development in Vietnam because it is split and dispersed in small pieces within multiple governing bodies. It also means that the Government does not feel easy or comfortable in formulating

⁵⁷ This doesn't mean that there is no consultation or consensus in the decision making process. As we said earlier, in order to dissolve responsibility decisions are based on consensus. But consultations and consensus do not mean horizontal relations! Consensus can be decided by an actor for other actors...Anyway, according to our interviewees, institutions at the top have the lead and a more important role in the process.

strategies or even talking about it. It is a critical issue, waiting for breakthrough policy guidelines while more than 90% of young people are forgotten in the middle of the bridge between general education and the workplace." In consequence, it can be argued that decision-making of national strategies is based on a set of fragmented actors and relies on a wide consensus. In this kind of process, responsibility is diluted and leadership is not clear. On the other hand, in the implementation of strategies at the national level, the process is based on top-down relations. Furthermore, there also exists a tendency since 2003-2004 for each actor to develop its own set of relations and to some extent its own strategy in order to attract more resources. The struggle for obtaining more resources is fiercer and the link with the "entrepreneur" MPI is becoming increasingly important. In other words, relations are more and more competition driven rather than cooperative. Furthermore, the inflow of ODA, FDI and the strategic position of MPI in the institutional framework has all exacerbated this competitive aspect.

Some interviewees have also highlighted the misunderstanding of the SD concept as a negative factor on the coordination between actors. In a similar vein, the weakness of capacity absorption in administrations or learning processes is an additional factor to be mentioned for the absence of coordination. Other actors stress that weak interaction and coordination among national actors is to be found in the lack of coherence in economic development of the whole system. From this viewpoint, the weak level of interaction is a reflection of the situation at the national scale.

b. International actors: at its infancy since 1994

With some exceptions, as described in the actors typology section, it has to be said that most of the donor agencies do not use the notion of SD. There are three main points to be made about this: the first one is related to the notion of EFA (Education for All), the second one to "poverty alleviation" strategies, and the third one to the local context. In other words, their actions are located in the basic education area.

First point, in EFA strategies the focus is on basic education up to secondary lower education. The National Framework for EFA strategy includes however a non-formal education (NFE) which could fit into SD systems. The principle issues of NFE in EFA are the following:

Table 3: Principal Issues for EFA - Target Group 4. NFE

(Republic Socialist of Vietnam, National Education for All Action Plan 2003-2015, Hanoi, June 2003, p. 16)

Access

1. Literacy and complementary programs reach only a small proportion of out-of-school youth and young adults with low educational skills.
2. Enrolment in literacy, complementary and continuing education programs is higher in urban areas, and at its lowest in remote and mountainous areas. This uneven distribution contributes to a widening gap in basic learning opportunities.
3. Gender disparity persists in NFE. Girls and women are least likely to participate.
4. The provision of CLCs and CECs is limited overall and does not extend to those areas with the lowest level of education.

Quality and relevance

1. The quality of literacy and continuing education programs is low and not adapted to adult learning needs.
2. There is an acute shortage of facilities, libraries and post-literacy materials to reinforce basic education skills.
3. NFE teachers and trainers lack experience in adult learning techniques and have low professional training opportunities.

Management

1. Investment in NFE is not sufficient to support sector development.
2. A coherent strategy is needed to guide sector development and provide conditions for additional public and non-public investment and service expansion in areas where low educational skills are prevalent.
3. Local managers lack capacity to manage, develop and coordinate NFE programs.

In the E & T sector, the majority of agencies base their actions on this framework. Key documents such as the *Vietnam Partnership for Development* provides an outlook of E & T in such a framework: "The international partners in the education sector strongly support the Government of Vietnam's "Education Development Strategic Plan 2001-2010" and the "National Education For All (EFA) Action Plan 2003-2015" approved by the Prime Minister in July 2003. We believe the combination of strong local ownership and well-coordinated implementation of both the "Education Development Strategic Plan 2001-2010" and the "National Education For All (EFA) Action Plan 2003-2015" will enable Vietnam to accelerate progress towards higher growth and poverty reduction. We intend to align our assistance programs to the Government of Vietnam's strategy and EFA Action Plan in the education sector. Initial discussions have started with the Government of Vietnam and donors on Targeted Budget Support for basic education. This targeted budget support will be an important step towards moving to a sector-wide approach."⁵⁸ From this viewpoint, it is not uncommon that some donors mention that SD, as such, does not fit into EFA strategy⁵⁹.

At best, outside this framework, the notion of HRD is supported by agencies with the following main dimension: health and education for the purpose of strengthening its competitive capacity. It is also worth noting that this absence of SD in international actors portfolios is also related to, as stated by some actors, the fact that: "investment in the TVET system is too expensive in the context of technological changes: technology becomes old so quickly; after 2-3 years at TVET schools, students are not able to find a job in the labor market; thus, it is a waste of investment in TVET system."

Second point, some actors also reveal that the SD approach suffers somehow from poverty alleviation strategies. On this point, as a preliminary remark, it is worth noting that: "The poverty agenda is more difficult to translate into

⁵⁸ Consultative Group Meeting for Vietnam (2003), *Vietnam Partnership for Development*, An Informal Report for the Consultative Group Meeting for Vietnam Hanoi, December 2-3, p. 55.

⁵⁹ Which is not specific to Vietnam. EFA provides basic skills (in the EFA approach) for self-development. There's at least a consensus on this, which is not the case on skills development, which remains an ambiguous notion at the international level. Nevertheless, some may argue that basic education is also part of skills development.

specific programs than to formulate as it reveals some tensions between its ideological and technical dimensions"⁶⁰. As an illustration of those tensions and difficulties, a largely shared point of view among donors in Vietnam is that SD does not clearly target poor populations. As in many countries, the so-called "Comprehensive Poverty Reduction and Growth Strategy" is an important sector for the donor community and Vietnamese authorities at all levels. An intriguing question remains what to do with SD in this framework.

Third point, in the local context, actors also bring up that the Vietnamese Government has no clear vision on TVET while assistance is made on the basis of national needs. However, the nature of the remarks above is clearly connected to a rather classical vision of skills limited to TVET. A SD systems approach, i.e. SD market oriented connected to SMEs, can be perceived as not only related to technology and can also be targeted to poor populations.

In such a context, international actors stressed the need for more coordination in the E & T sector encompassing SD. DFID, together with MOET and UNESCO, has played an active role in the new Education Sector Working Group (ESWG) launched in December 2003⁶¹. The ESWG is the first attempt to build a SWAP (Sector-Wide Approaches) focusing on the National EFA 2003-2015 strategy but including as well "other considerations" related to education as mentioned by DFID. The aim of this ESWG is to gradually transform it from a donor group to a coordination group under MOET's leadership. Within this group, MOET should coordinate actions related to EFA in order to reduce the transaction costs implied by the many bilateral negotiations MOET has to undertake with donors. Of course, an increase in coherency and an increase of ownership from the government in educational projects are two other objectives of the ESWG. At this early stage of the ESWG, even though it was conceived as a "partnership" activity, it can rather be seen as a donor group. Other bilateral actors not involved in this group claim that there is a "slow maturation" towards a SWAP. However, some actors expressed the opinion that a SWAP could not be realized before a few years mainly because the country does not respond to SWAP conditions such as ODA management skills, mid-term plans, etc. For the time being, interactions between international actors take place essentially through MOLISA and MOET, stressing again a lack of global coordination among donors in this country. Another interaction and coordination instrument, the Education Forum (EF), is also a potential coordination tool. Set up by UNICEF, the EF has 20 members to date. Its focus is on basic education and EFA. Let us also mention that EU member-states also have a sort of coordination group but not exclusively on education.

Among the international actors interviewed, other reasons to be included to this rather little interest for SD were also: the big TVET project financed by the ADB, which plays against small projects, strategic reorientation towards other priorities (and decentralization as a trigger factor of this reorientation), and the non-existence of know-how in agencies in the SD field. The decentralized mode adopted by most agencies in Vietnam is also a factor though the impact of this mode on SD is difficult to evaluate.

⁶⁰ M. Carton. K. King (Octobre 2004), *Transforming the Labor Skills Arena in South Africa : The International Dimension*, Genève.

⁶¹ See annex 4 for more details on this group.

In conclusion, to put it simply, the majority of actors has other strategic priorities than SD or does not support SD as a working concept. Obviously, in this kind of situation, there can be little interaction in the SD field. But evidently these actors do to some extent work on skills, like non-TV skills, soft skills, capacity building, project training, training of trainers, and so on as depicted in our actors typology. On this point, the SDC-Hanoi point of view reflects the general trend in Vietnam: "It is recommended to include capacity development for managers in the broader notion of skills development in Vietnam. The notion of TVET or professional skills is too narrow". Capacity development and capacity building are two key notions that most actors in Vietnam do want to include in SD systems. In other words, activities do exist even if the concept does not, with the exception of those having a TVET/Skills perspective and tradition such as GTZ or Swisscontact. This again raises the need for a clearer vision and consensus on a working definition on SD systems, which fits into the Vietnamese development objectives. This is the first step to generate and coordinate interactions.

c. International-national actors interactions

Based on the considerations above, coordination and interactions are weak. Coordination still takes place on an informal and bilateral basis except for existing formal instruments (ESWG, EF, etc.) in which both types of actors are involved. Interactions remain mainly bilateral in the SD field. Some strong actors in the TVET/SD field have adopted a particular approach. GTZ mentions that they are working on a "network of actors". At the central level, BPPV works with MOET and MOLISA, with DOLISA (affiliated to MOLISA) at the local level, and MOI at the provincial level. The decision making process consists of a participatory approach combining the different levels inside this network. GTZ speaks of "synergies". They clearly state no bottom-up and no top-down approach and insist on the network dimension. However, the choice of local actors (provinces) is not clear as they were "inherited".

One of the major problems in SD is that they are not demand driven. Private business associations are not involved and there are big gaps between skills needed by SMEs and skills provided by Vocational Training Centers or Vocational Training schools. With few exceptions, these types of actors rarely interact with international actors. It has to be remembered that Vietnam is a transition country and has a 10-15 years reforms history, which is not a long period of time. For example, in the South of the country, SMEs business sector associations (such as the agro-food) have been getting organized for a few years. But in the North, this phenomenon is still sparse. This is why most of the interactions remain between national and international actors such as NGOs, MOET, MOLISA, MOET and MOLISA provincial offices, and local authorities, and why only to a limited extent with the non-state sector.

Other means for coordination and interactions are rather rare. Within projects, like those from Swisscontact, institutions do discuss and share lessons and experiences of SD in Vietnam. "Like minded" institutions involved in projects with Vietnamese actors may organize meetings, workshops for "best practice" and/or lessons and experiences sharing. The processes involved in such interactions are rather difficult to systemize and to describe. They may vary from one actor to another. MPI also organizes annual round-table forums where donors and local partners are invited. The General Department of Vocational

Training (GDVT) is invited as well to these annual round-tables. Conferences, workshops, unilateral initiatives together with personal ties and informal networking remain the main mechanisms for SD coordination and the main "territories" for interactions.

A further point to be made relates to the importance of Vietnam for some agencies: as a "show-case"⁶² for some large bi and multilateral agencies, the situation in Vietnam creates a certain type of relations among international actors. Some "small" agencies expressed the view that bigger bi and multilateral actors are in a certain way very "directive" towards smaller partners who have to agree or to simply pull away from certain sectors such as SD.

To a greater extent than in other sectors, the key stakeholders in SD are first not always identified and second not in a process of formal coordination. Even though the dimensions of "partnership" and "ownership" became a common feature of agencies such as SWAP by the late 1990s and are, to a very limited extent, operative in Vietnam, they are not yet present in E & T.

3. Some reflections on skills development towards knowledge

The situation of SD depicted in the previous sections makes the question of the knowledge economy (KE) and society (KS) shift a bit premature. But as these discussions are emerging both on the international and national scene, it is worthwhile to make a few points about this issue. First, from an industrial point of view, the rapid expansion is primarily based on cheap and low skilled labor such as textiles and garments. Import substitution industries will probably suffer from WTO accession. The technology level is rather low in most industries. Resource based and export oriented industries are dominating the sector together with sub-contracting industries. Second, the quality of the E & T systems remains weak. One of the concerns raised by the Central Institute for Economic Management (CIEM) about WTO accession is related to the weak quality of HRD in Vietnam. As said by a Central Institute of Economic Management (CIEM) researcher, "there are more than thousands of PhD holders in this country but no one questions their quality"⁶³. The same applies also to the whole E & T system. Nevertheless, for the last four years, there have been a lot of discussions within round tables, meetings, and international conferences on KE. The Government has even issued a resolution on this subject. The government has been pondering whether to adopt a knowledge-led economy since the year 2000 but with a very narrow approach focusing mainly on IT (internet access, computers, etc.). Recently, its position has evolved. In August 2004, the Central Commission of Science - Education in Hanoi held a conference titled "How can Vietnam develop the knowledge economy?" The proposed measures to sustain and promote KE in Vietnam were the following: "Firstly, we should concentrate on developing human resources, enhancing intellectual standards of the people and training talents for the foundation of knowledge economy development. Secondly, national science and technology must be upgraded. The third measure is to speed up the application of IT in many fields of human life. The State should renew related policies and

⁶² An example: the Japanese ODA disbursement was of USD 321 million in 2001, and 313 million for the World Bank. The international actors to a certain extent do also "compete" in terms of influence on national actors.

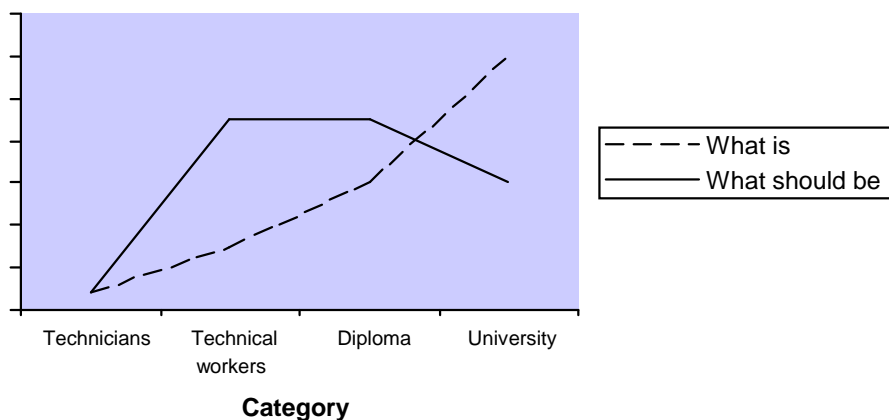
⁶³ Conference given by a CIEM researcher titled *Vietnam and WTO accession: chances, threats and challenges*, iuéd/AITCV-DFD Training course, Hanoi 6 September 2004.

mechanisms, and establish a suitable legal framework for developing a knowledge economy. This is the last and the most important measure.”⁶⁴ It can be seen that the proposed approach is much more comprehensive than only those focusing on IT.

Clearly, there is an interest for knowledge questions probably because the “low labor wage trap” is not a viable and sustainable path for Vietnamese industrialization and regional competition. An example of this is its Chinese neighbor. Vietnam already suffers from tough competition with its imposing neighbor and has a yearly trade deficit of nearly USD 15 billion. According to some statistical data from the World Bank, Vietnam's development index for knowledge-based economy⁶⁵ stands at 1.9%, lower than other countries such as the US at 7.3%, Singapore 7.5% and India 2.2%. But concretely, the question of K remains at a very macro level and has no tangible meaning and contents in the country for the time being. At some Ministries, it was claimed that K discourses are an illustration of an over orientation of development trends towards “modernization and industrialization” and is perceived more as a new commodity in the global market than a development path.

Besides these important preliminary remarks, it can be added that very few actors have a clear vision of KE or KS in Vietnam. We can assume that the knowledge issue raises a lot of challenges, starting with its definition and conceptual delimitation. Among a few agencies proposing some starting ideas on the issue, an interesting one comes from the GTZ which considers the knowledge question, relating to SD, as the training of people in fields like IT or Mecatronics. The knowledge workers are located in the scarcity of technical and diploma workers in Vietnam:

Graph 9: The knowledge shift



⁶⁴ CPV: http://www.cpv.org.vn/details_e.asp?topic=60&subtopic=158&ID=BT2880463548, 28 August 2004

⁶⁵ The so-called “Knowledge-based Economy Index” ranks countries based on their percentage of GDP invested in IT technologies, Research and Development, Scientific and Technology Education, Computers, etc. Though the components of this indicator are not so clear. Professor Dang Huu during the conference “How can Vietnam develop the knowledge economy” held on August 28th 2004 mentioned this indicator. These numbers were published in the Vietnamese English newspapers such as *Vietnam News* on the 4th September.

The graph above is a schematic representation and reflects neither detailed data nor statistics. It only proposes global tendencies. Nevertheless, the graph reveals the situation described in some previous sections. The K-workers are located in the area symbolizing the differential between the current situation “what is”, and the shift to a KS (what should be). This evolution has to go along with the changes of the structure in the rural/urban areas, as according to some forecasts employment opportunities will dramatically decrease in Vietnam in the next 20 years (up to 2/3 according to some sources). Thus, to limit this chart which focuses only on enrolment trends, it can be said that even in terms of numbers of enrolment, the figure for HE is higher than the one for TVET but that it takes 5 years to “produce” a graduate in HE while only 2 years, 1,5 years or 6 months for technical workers. Furthermore, it refers only to the need for human resources in the economy. The knowledge society or learning society has also to take into account Vietnamese particularities such as its cultural tradition or system of values. Thus the “what should be” line neglects the aspect of individual needs for HE as a means to get a higher social status or recognition: in Vietnam an unemployed HE graduate is better considered than a high-paid technical worker!⁶⁶ Thus, although they know that they will be unemployed, they accept to pay for HE studies.

4. The relevance of SDC’s general SD Policy in the Vietnamese Context

In this section, we explore the relevance of the SDC’s main approach and mid-term priorities for skills development in the Vietnamese context⁶⁷. We compare the mid-term orientations in SDC’s general SD policy with Vietnamese policies, environment and actors interactions as developed throughout the report. In the two SDC’s strategic papers detailed in footnote 64, we can identify 8 main mid-term priorities.

The aim of this section is not to look into specific Swiss projects in Vietnam but to remain at a policy and strategic level. Nevertheless, some basic information is provided on Swiss development policies and SD activities in Vietnam as background. This overview does not pretend to be exhaustive.

4.1. The Mekong Region Programs and Skills Development: an Overview

The Mekong Region Programs (MRP) proposes the strategic orientations of Swiss ODA inflow in the region. In the MRP I (1995-2001), the skills development question was an important component in development cooperation in Vietnam through two main activities:

1. SDC supported a Swiss AIT-Vietnam Management Development Program (SAV) aiming to assist Vietnam in transition from a centrally planned to a socialist market-oriented economy by strengthening capabilities of the local educational institutions involved in management of education and training. The main partner was the Ministry of Education. The budget for the 3 phases of the project (1993 up to 2007) is of CHF19.4 million. The most preeminent outputs included: roughly 200 lecturers obtained a

⁶⁶ Mentioned by the reviewer Tran Khanh Duc, NIED.

⁶⁷ For the SDC strategic orientations on skills development : *Switzerland : Reorientation of Vocational Education and Training*, in « Linking Work, Skills and Knowledge », Working for International Co-operation in Skills Development, Bern, Switzerland, 2001, p. 20 and *E+I and Skills Development in International Co-operation*, Draft, November 2004.

Postgraduate Diploma in Business Administration and 165 lecturers received an MBA from AIT.

2. The most striking activity, the Swisscontact⁶⁸ Project named "Strengthening Vocational Training Centers (SVTC)" focused on private vocational training. The Swisscontact documentation mentions that: "The general objective of SVTC was (i) to provide employable skills to jobless youth, and (ii) to raise the work performance of employed unskilled and semi-skilled workers, thus contributing to Vietnam's socio-economic transformation process (*Doi Moi*)"⁶⁹. The Project aims at strengthening a nation wide system of Vocational Training Centers (VTCs) providing basic skills training and skill upgrading to young job seekers. The training offered by the VTCs is of short duration, from a few weeks up to one year. Various occupations are taught, such as machine tools operation, repair and maintenance of motorbikes and vehicles, electrical and sanitary installations, electronics, tailoring, computer operation and maintenance. According to Swisscontact Hanoi, the Swiss NGO started the first activities of the SVTCs Project in HCMC in 1994. It has worked in 5 cities and provinces: HCMC, Hanoi, Dong Nai, Da Nang, and Hai Phong. About 27 VTCs were involved in this project, which lasts until the end of 2004. A total of CHF 6.6 million has been invested for Vietnam's VTCs, benefiting about 100,000 trainees⁷⁰. Local partners were MOLISA and Women's Union (at the central level) and DOLISA at the provincial level.

The SVTC project was financed by SDC until 2004. However, Swisscontact has launched a new phase of the strengthening of VTCs projects, agreed between Swisscontact and MOLISA in January 2005. The objective of this new phase is to "expand co-operation" between local training centers and focus on the growth of SMEs (mainly in Hanoi, HCMC, Hai Phong, northern Nam Dinh Province and central Thua Thien-Hue Province). The total amount of the project counts for USD 1,05 million until 2008.

Another activity of MRP I to be mentioned concerns the reinforcement of capacities to environmental universities in Hanoi and HCMC.

The current MRP 2 (2002-2006) promotes a focus on Governance and Human and Institutional Development. Another break-through of MRP 2 is the following: "(...) it has been decided to abandon the concept of "Sectors" in the MRP2 and to define the programmatic focus with the more flexible notion of 'Fields of Cooperation'"⁷¹. The document identifies the four following fields: urban governance and infrastructure, private sector development, integration to the world economy, natural resource management. From 2005 onwards, SDC will abandon TVET projects in Vietnam in order to focus on capacity development within poverty reduction and governance contents. The reasons given by the BUCO (Bureau of Coordination) for its decreasing interest in TVET are threefold: the Vietnamese government (MOLISA, MOET) has not established a clear strategy; a big TVET project financed by the ADB goes against small projects; and SDC's strategic reorientation towards other priorities such as skills development will aim at strengthening ODA

⁶⁸ For detailed information about the Swisscontact project, see Annex

⁶⁹ Swisscontact, Comments to the report, May 2005, p.2.

⁷⁰ Source: Vietnam News, *Swiss Invest in Vocational Training*, 27 January 2005.

⁷¹ MRP, *Mekong Region Programme 2002-2006*, SDC-SECO, Hanoi, Bern 2002, p. 22.

management capacity at the policy level and in the search for new forms of assistance.

To conclude this overview, skills development can also be found as a major component in all current “fields of cooperation” such as supports to forestry universities in designing curriculum and forestry fieldwork for students (forestry); supports to National Academy for Public Administration (NAPA) in training teachers (Public Administrative Reform) and supports to Dong Hoi province in urban management skills (urban).

4.2. The 8 main mid-term strategic priorities of the Swiss SD policy in the Vietnamese context

a. World of work/complementing skills development

As was mentioned throughout the previous pages of the report, the labor market is at its infancy in Vietnam. The emergence of a private sector in the 1990s has played an important role for newcomers to the labor market and for laid-off employees of the state sector (N. Henaff, R. Abrami, 2004). Nevertheless, the labor market in Vietnam is depicted as “segmented” in the sense that there are some market failures but in the case of Vietnam it appears that the “labor segmentation worked for the mutual benefit of all market participants until the mid-1990s”⁷². This being said, the trends in the labor force show that agriculture remains the main sector and that the most important increase is to be found in the trade and services sector (from less than 5 million in 1994 to more than 9 million in 1999).

In this context, the link between skills development systems and the labor market can be described as weak. First, the channel to employment remains via family and relatives. Access to information about the labor market is to be considered as a major problem for both skilled and unskilled workers. Second, inadequacies are also obvious in the relation between graduates and employment sectors: “Only 20% of university graduates and 34% of graduates from technical schools are working in manufacturing and primary sectors”⁷³. In other words, the manufacturing sector absorbs 10% of the active population but only 46% of this labor force is trained; the corresponding figures for the agricultural sector are 73% and 15%. Furthermore, in both agricultural and industrial sectors, the monthly income of the household head is higher for those holding an upper secondary grade than a technical grade: respectively 75.48 (agricultural sector) and 34.28 (industrial sector) thousand dong and 46.47 and 25.62 thousand dong. This is not, of course, a strong incentive to graduate from a technical school. Third, for rural migrants in urban areas, or in rural areas, self-employment remains important for skilled and mainly unskilled workers, providing their main source of income. This is mainly evident in the agricultural and service sectors. Fourth, inherited from the central planning system, labor mobility is low in Vietnam. In 1998, more than 80% of employees had never had another job.

⁷² N. Henaff, R. Abrami, *The City and the Countryside: Economy, State and Socialist Legacies in the Vietnamese Labour Market*, in M. Beresford, Tran Ngoc Angie (Eds), « Reaching for the Dream, Challenges of Sustainable Development in Vietnam », NIAS, ISEAS, Singapore, 2004, p. 102.

⁷³ Bui Thi Thanh, *Solutions to Develop Human Resources through Education and Training in Vietnam*, 2nd International Conference on Management Education for 21st Century, Hanoi, September 2003, p. 2.

Bearing in mind that the labor market is mainly oriented towards the agricultural sector, we can say that there is a double trend in the link between skills development systems and the labor market: first, a special effort is to be made for the TVET system (formal skills) and second, there is also a demand for soft skills. Both are necessary for industrial zones, SMEs and public administrations. In other words, there is a need for diversification in terms of skills development systems due to the labor market and its segmentation. Bui Thi Thanh mentions that according to Vietnam's overall economic objectives: "the vocational and technical schools should be expanded in order to supply trained workers to industrial parks and export processing zones that will be developed in the coming years"⁷⁴.

As a consequence, the link between the labor market and skills development systems is no better in the industrial zones. As an example, the Ba Ria-Vung Tau province (5 IZ in 2001 for a value of 2,6 billion USD) has a ratio of 1 university graduate for 0.72 technicians and 2.8 technical workers. In developed countries this ratio is of, respectively 1, 4 and 10. According to the local authorities, the problem is to be found in the organization and management of TVET and the disconnection between TVET and provincial development plans.

There is a need to reorient skills development systems towards the labor market though there seems to be a disconnection between the labor market and the SD systems.

b. Poverty Reduction

Despite spectacular growth achieved during the *Doi Moi*, the percentage of poor and hungry households in Vietnam remains relatively high. According to the Living Standards Measurement Survey (using the international poverty line), Vietnam's poverty incidence was over 37% in 1998. It remains widespread, especially in rural, mountainous, remote and isolated areas (as many as 64 percent of the poor live in the Northern mountainous region, North Central region, Central Highlands, and Central coastal region) and among vulnerable groups such as women, young people, disabled and ethnic minorities. The income of a large segment of the population lies just above the poverty line and is highly vulnerable to negative shocks such as natural disasters, job loss, sickness, and volatile agricultural prices. Poor health, low level of education, and unsanitary hygienic conditions and environmental degradation make it difficult for the poor to improve their situation in order to escape from poverty (The Comprehensive Poverty Reduction and Growth Strategy, November 2003). From this viewpoint, an unequal access to skills development appears to be a main driver of poverty. Indeed, along with rapid enrolment growth, noteworthy progress has been made in many countries in access to skills development for traditionally less-privileged groups, including students from rural areas and women. Yet skills development, especially in the higher education sector, generally remains elitist, with most students coming from wealthier segments of society. Although most countries and institutions do not systematically collect data on the socioeconomic origin of students, where statistics and household survey data are available the pattern is clear.

⁷⁴ Bui Thi Thanh, *Op. Cit.*, September 2003, p. 2.

According to the results from VHLSS 2002, while access to basic education is quite equal between sexes, income groups and regions, a disturbing trend is revealed at the skills development level (effects of basic education universalization). At the worker training and vocational education level, on average, rates of enrolment among the population aged 15 years old and over from the highest income group (1.97% in WT and 3.58% in VT) is twice as high as the one from the lowest income group (1.02% in WT and 1.88% in VT) while this difference rises to 3.5 at the higher skills development level (higher education). Between areas, inequality seems much more severe especially in higher education where nearly 9.5% of the urban population aged 15 years and above obtain a college or university diploma while only 1.4% of the rural population. The differences are 3.35% against 0.85% in worker training and 5.54% against 1.95% in professional education. The Red River Delta region (RDR) has the highest rate of higher education enrolment (5.26%) and the Mekong Delta (MDR) remains the region whose rate reaches only 1.47%. Inequality between regions reveals itself to be much more critical in vocational education (3.84% in RDR against 1.29% in MDR) and at its worst in technical workers training (2.47% in RDR against only 0.41% in MDR). Gender differences in skills development access are particularly marked at the technical worker and higher education levels. The results of VHLSS 2002 show that the percentage of the population holding respectively a technical worker certificate and a higher education diploma is 2.23% and 4.15% for men but only 0.77% and 2.75% for women. However, at the VET level, this percentage is slightly higher for women (2.89%) than for men (2.8%). This reverse tendency can be explained by the fact that most VET schools offer training for the education (kindergarten and primary education teachers) and health sectors (nurses) which attract more female students while workers training have focused traditionally on male professions.

One of the main explanations for such inequality between rich and poor is that the unique way of access to most skills development programs is through an entry competition mechanism determined by the Law of Education. Because the system still remains elitist or only a small number of skills development places are offered for a high number of high school graduates, the results depend greatly on parents' investments in competition preparation courses. Indeed, in 2002, the extra-class annual cost per person was only VND 61,600 in rural areas against 329,490 VND in urban areas. In the mountain areas such as the North West, this annual investment is only about VND 27,000 per child against 170,650 VND in the Red River Delta Region and even VND 278,460 in Ho Chi Minh City and other surrounding provinces. A greater contrast can be seen between different income groups. The richest income groups invest VND 357,250 per year in children's extra-courses while only the poorest groups invest VND 23,960. This difference in households' investments for extra-classes explains inequality as a result of entry competition and thus in access to skills development between areas, regions, and income groups as described above.

c. Spatial Focus

One of the main characteristics of Vietnam is its diversity. In terms of region, rural and urban areas, the socio-economical situation may differ tremendously. A first point to start with, is the opposition between the North and the South. As developed in this report, the North has inherited a skills development system from a central planned system whereas in the South, it was largely

built on the US model from the 1960s. Today, although the situation is homogenous, the South still differs from the North. HCMC with its USD 1,000 per capita is the richest region in the country. Some important industrial areas, such as HCMC, Vung Tau-Ba Ria or Can Tho, can be considered as being part of "the modern" economy. Large industries with low skilled workers together with SMEs clusters employing higher skilled workers are coexisting in the provinces of the South.

A second point to continue with is the "poor / rich" regions and income. Between the North and the South, and in the North and the South, huge differences occur between the provinces. This has been widely described in the literature on Vietnam. Nevertheless, if the global expenditure for education-training increased in both rural and urban areas between 1998 and 2002, according to the 2002 VHLSS, the expenditure of households in urban areas reached the mark of VND 1,255,000, that is to say three times as much as in rural areas. In the poorest households (quintile 1), it was of VND 236,000, while in the richest (quintile 5) it was of 1,418,000 or 6 times as much (VHLSS, 2002). The distribution of human resources reflects these gaps: most of the well-trained laborers are in cities and urban areas (18.2% in Hanoi, 14% in HCMC) while in regions such as the Mekong Delta (the biggest rice supplier) 96.32% of the labor force is untrained (Bui Thi Thanh, 2003). In rural areas, 84% of workers are unskilled. A lot of development projects are focusing on regions such as Cao Bang in the Northern part of the country where the labor force is mainly untrained. The government tends of course to focus part of its effort on these regions besides a more "modern" development focusing on the Industrial Zones. The main issue relies on the fact that there is a tendency to consider skills development for poor areas as a "social" matter, while it is considered as an "elite" matter for richer Provinces.

Furthermore, as mentioned throughout the report, first the skills policies may differ from one province to another and second, though provincial actors have become more important over the past years, it has been mentioned that they still play a minor role in policy procedures. The needs in terms of skills between the regions are very different. Though agricultural activities remain the most important in the country, some provinces have experienced a strong growth in industry, construction, trade and services since the mid-1990s. In terms of income and access, it is worthwhile noting that in the 1st quintile 1.88% has a "vocational" degree while in the 5th quintile they are 3.60% (VHLSS 2002). In other words, more than 30% of technical workers are from the richest quintile (5th quintile). According to the latest statistics, access to the formal technical and vocational system remains better for the rich than the poor.

A third point to be considered is related to inequalities in the classical cleavage "rural/urban": in the cities, from one district to another, the needs may be very different in terms of skills and the gap sometimes wider than the one between rural and urban areas. The Gini indicator measures inequalities and the figures for Vietnam show that in urban areas they have climbed from 0.358 in 1994 to 0.406 in 1999 whereas in rural areas they were relatively stable at correspondingly 0.316 and 0.335. In terms of skills development systems, a special effort is to be considered in these urban areas too.

d. Cost and financing and organizational development

The question of cost sharing and financing is quite new in Vietnam. Though it is usual for households to participate in education and training costs, the main mechanism of financing for skills development systems remains through the State and donors. Co-financing system exists in the decentralization process to the extent that the central State is inviting local actors to contribute more actively to decision-making. It is estimated that in the education and training sector, provinces and districts at different levels cover 70% up to 75% of expenditures. Of course, the modalities may differ from one province to another according to different criteria such as the number of inhabitants. A lot of inequalities may occur in this system, and poorer regions are not necessarily privileged by this system⁷⁵.

Other actors, such as BA (Business Associations) remain marginal in the cost sharing. This is also the case for the private education sector, which has emerged as a new actor. With few exceptions, the private E & T institutions are clearly business-oriented and located mainly in urban areas. The trend in the E & T sector, as in many social sectors, is to socialize the costs. A high proportion of those costs are born by parents. The household expenditure may be distinguished between "voluntary" (or hidden costs) and compulsory costs.

It is worthwhile noting that a report of a Donor Working Group on Finance states that: "The higher education and technical and vocational sub-sectors have also seen a rise in cost sharing". But this general additional revenue generated through new forms of cost sharing comes mainly from private paying students and contract training sales of goods and services. This additional income is paid by employers or students (households) themselves. There is of course a wide variety of practice. These "fees" are to be considered as "voluntary fees". These incomes go to supplementing teachers' salaries.

In conclusion, the main contribution in terms of financing comes from the households. Since 1986, the socialization of education and training has been directed to the households. The E & T costs differ of course from one region to another. With the exception of mass organization training courses, or the "people's" training courses, most of them are becoming more expensive and the cost less shared.

e. Relationships between private and public actors

More than 15 years after a multi-component economy was launched, private and public actors in Vietnam are still searching for an appropriate relationship. It seems that they have not managed to establish a confident relationship for working together in a domain which is giving rise to many discussions among politicians and economic leaders. A lack of participation and responsibility of the private sector in skills development in Vietnam is illustrated by the results of a national survey on development investment capital carried out by GSO in 2000.

Indeed, the survey shows that the private sector allocated only 4.22% of its investments to education and training while its total investments represented 24.05% of national capital. The picture would be more disturbing in comparison to state-owned enterprises, of which investment in national skills development

⁷⁵ See A. Dormeier Freire, N. Henaff, J.-Y. Martin, *Doi Moi et globalisation : vers un accroissement des inégalités en matière d'éducation ?*, Recherche RUIG, IRD-IUED, 2003.

reached nearly 14% in spite of only a 22.67% capital flux in the whole country. Even within the private sector, 57.25% (VND 107.80 billion) of investments in education and training came from households against only 42.75% from enterprises (VND 80 billion). Such a lack of formal participation and institutional link of private enterprises to education and training development can be explained in multiple ways. On the one hand, in comparison to the private sector of other countries, the one in Vietnam has just emerged and has been developed without a long-term vision while investments in skills development are considered as quite strategic. On the other hand, the Vietnamese government seems to be extremely reserved regarding an opening of the education and training sector to private actors. In the first Law on Education in 1998, it is firmly stated that education and training must be a public good and a "social edifice". Therefore, in reality a term such as "education and training market" remains a taboo and the one of "privatization" is replaced by "socialization of education" to mobilize non-public financing sources to the sector. In this institutional context, the relationship between the private and public sectors becomes rather informal and inter-personal which has not enabled a permanent dialogue between them. An interviewee participating in the drafting of ETDS explained that associations of entrepreneurs were invited to strategy formulation conferences but "they didn't come". Moreover, because the current legal framework has not protected the status of a private actor, they have chosen not to be involved in the system. The only thing that private actors can do for the sector until now remains in the form of charity or scholarships.

Once again, according to the Survey on Development Investment Capital 2000, non-productive organs (Vietnamese word for mass organizations) such as Youth Federation, Women Federation, Handicapped Persons Federation, Veteran Federation... allocated VND 2322.90 billion (USD 140,000) or represented more than half of national capital to education and training. Quantitatively, the figure implies the importance of mass organizations in skills development in Vietnam. However, as opposed to other countries, these organizations are classified among public or state actors in Vietnam because a major part of their budget comes from the State and not from civil society. Correspondingly, as previously noted in our report, their actions aim to reduce poverty and social malaises in financing short-term and non-formal-certificate programs.

From this viewpoint, a strong relationship between private and public actors can be found, not in co-financing and policy-making, but at the level of provision of education and training services. This statement means that a close link exists between private and public higher education and vocational training institutions to the extent that most private schools have been founded by a professor coming from a public university or college. At the same time, they keep their academic position within public schools even becoming a director or member of Board in private institutions. This also explains why most courses in private institutions are ensured by lecturers of public ones. Nevertheless, this trend of relationships between private and public schools no longer seems relevant because such a relationship belonged to the first wave of privatization which has already taken place in education and training. The second wave began when private investors were looking for an angle of attack into the education and training sectors whilst avoiding the educational legal framework. For instance, national and foreign private investors have bypassed MPI and

MOLISA to create vocational training schools corresponding to Laws on Enterprise and Investment (mainly named as IT and management colleges). Then, after two years of study, students are transferred abroad to obtain diplomas. The third wave of educational privatization is predicted to start after the GATS (General Agreement on Trade in Services) comes into effect in 2007.

Nevertheless, out of all the national and global challenges described above, three initiatives coming from local actors for a less loose relationship are worth being mentioned as alternatives for future skills development. A common characteristic of the three following examples resides in the fact that private and public actors are willing to develop a **dynamic economic zone** supported by a triangle between local authority – enterprises – academic actors:

- § **Relationship between industrial zones, local college and international university:** Ho Chi Minh for Exporting Production and Industrial Zone (HEPZA), College of Technology and Management (located in HEPZA) and RMIT (Royal Melbourne Institute of Technology) – first 100% foreign-owned university in Vietnam since 2003, signed an agreement in June 2004 to establish a close relationship in the exchange of students and lecturers.
- § **Local authorities and private schools:** Da Nang's authority declared itself willing to be the third center of skills development in Vietnam by 2010 by encouraging and facilitating a creation of private schools both at the vocational and higher education levels. This local initiative is significant for private schools have faced a lot of obstacles with other local authorities.
- § **Local authorities, local university and international center:** At the end of 2004, the Popular Committee of Can Tho Province, University of Can Tho and Asian Institute of Technology – Center in Vietnam (AITCV) signed an agreement to reinforce their relationship in training human resources for local needs.

f. Links with basic education

There is a great synergy of external and internal resources to develop basic education within the framework of EFA but basic education seems disconnected from skills development and/or skills development from basic education. Before 1986, the relationship between basic education and skills development was quite well developed within a framework of education and production duality at school. At that time, the State's command had tended to develop a school as a production unit and inversely a production unit as a school (technical workers trained at enterprises).

Since the early 1990s, an introduction of skills development into basic education has been taken into consideration through a project of vocational training courses (about 2 hours per week) in lower and upper secondary schools. However, it has been judged as unsuccessful and remained extremely formalist. The reason for a negative response from pupils to the positive idea of vocational training initiative in basic education institutions is triple. First, the choice for skills training is limited to embroidery, cooking, carpentry,

agricultural skills, etc. Second, the number of hours does not seem sufficient for young pupils to acquire the necessary skills for their integration into labor markets. Moreover, in academic records, this type of skills training is not taken into consideration while grades and diplomas remain the main criteria of education quality assessment in Vietnam. The third reason is the most profound to explain why the introduction of skills development into basic education is not successful. The basic education system in Vietnam is higher education-oriented. This means that the only utility of basic education certificates is as a pre-condition for the higher education entry examination. Another initiative to link skills development to basic education was to create a new type of secondary education diploma in the first half of the 1990s. The vocational secondary education was designed for the purpose of the formalization of technical workers training in the education and training system. According to a specialist we interviewed during our research, this type of secondary education was abandoned and did not appear in the first Law on Education in 1998 even though its experimentation itself represented a success in reality. Therefore, the obstacle of introducing skills into basic education is as difficult as the position of GDVT between MOET and MOLISA.

Another aspect regarding the link between SD and basic education is that pupils, parents and communities do not seem to appreciate it. Indeed, apprenticeship schools have become part of the education system in Vietnam. In principle, it is designed as a portal for children wishing to pursue a secondary education in combination to technical skills. However, it was famous for its applicability to children unable to achieve good academic records in primary schools. This type of school has almost disappeared due to basic education universalization.

Thus, the higher education oriented system and the weakness of skills development in basic education make the issue less important in Vietnam. However, an urgent discussion emerging during the last years is about how to develop life and social skills in basic education while the latter has focused too much on mathematics, physics and chemistry. However, political willingness to discuss the issue has not yet been translated into any concrete action.

g. Skills and SMEs

Though Vietnamese experts may consider "SMEs" and "Micro and SMEs" as imported concepts, today, SMEs make up a major part of the so-called "non-state sector". In 2000, a new Enterprise bill was enacted facilitating the development of enterprises in the country. The figure reached 100,000 registered enterprises excluding 2.2 million individual business households or other forms of informal enterprises (Pham Thi Thu Hang, 2003). Since then, the demand for business development services, including training, has augmented tremendously. In addition, SMEs are of course, at large, part of the rural diversification process which is a key one in the country's transition, employment and revenue generation.

The Government 90/ND-CP decree is the State's policy to assist SMEs in training issues. Some recent surveys carried out by GTZ-Swisscontact show that 89% of SMEs are willing to take part in training courses. The need is real but the reality seems different. Pham Thi Thu Huong estimates that only less

than 10% of SMEs have access to training⁷⁶. A real distortion clearly exists between SMEs and skills development systems. As a new actor, SMEs have been kept outside political and economical channels until recently.

What are the needs in terms of skills? The first one is to adapt SMEs to a new environment. The changing constraints in the environment require both soft skills and hard skills. The entrepreneurship skills are described as an important priority for the future, not to mention the needs for professional capabilities, management, marketing / sales management, and so on. A main point in the discussions in Vietnam is related to the quality of the trainers and training programs provided.

The role of business associations (BA) is also highlighted. The diversification of training providers is stressed by many actors. At the end of the last decade, the number of BA was approaching 200. J. Stromseth mentions that: "Yet, while laws and regulations make it difficult to establish business associations in Vietnam, they also can afford these associations, once established, with considerable opportunities to participate in the making of new policies and laws"⁷⁷. If this observation about BA does not apply for skills development policies, these actors are, however, to be seen as important for the future. In the present situation, they are *invited* to increasingly participate in policy formulation as the Vietnamese government clearly views "close relations" with the emerging private sector as an important part of their economic development plan (J. Stromseth, 2003). BA could become key actors in the formulation of skills development policies and in the interactions between international and national actors as well.

Yet, while SMEs are an emerging actor in the political arena, their status differs throughout regions of the country. In the South, BA seem to be more active, better integrated in economic networks, and operating more rapidly. As an example, most of Phuc Quoc (island in the South) fish sauce producers now have their own label and brand. Different producers have gathered under the same label. On the other hand, Cat Ba honey producers (island in the North), though supported by donors, have not yet succeeded in organising themselves under a unique label.

h. Cooperation and networking

As analyzed in our report, after the first Paris Donor Meeting held in 1993, Vietnam has simultaneously witnessed a raise of ODA levels (from about USD 220 million in 1993 to 1.8 billion in 2003) and an increase of international actors (in 2003, 25 bilateral donor countries, 20 multilateral donor agencies, and nearly 500 NGOs and INGOs). Among the ten main sectors of ODA disbursements, the "Human Resource Development" sector (there is no reference to the terms "education", "training" and "SD" in the UNDP statistics) counted for USD 86 million in 2001 ranked seventh far behind other sectors like transport, energy or even agriculture.

⁷⁶ Pham Thi Thu Huong, *Training Needs of Vietnamese Small and Medium Enterprises on Business Management*, 2nd International Conference on Management Education for 21st Century, Hanoi, September 2003, p.1.

⁷⁷ J. Stromseth, *Business Associations and Policy-Making in Vietnam*, in B.J.T. Kerkvliet, R.H.K. Heng, D.W.H. Koh (Eds), « Getting Organized in Vietnam, Moving in and around the Socialist State », ISEAS, Singapore, 2003, p. 69.

In the ETDS, international cooperation is also established as one of 12 strategic measures to develop education and training in Vietnam until 2010. Two out of eight orientations of international cooperation in education and training concerning skills development are to reinforce the building of 100% foreign capital vocational training and higher education institutions and to augment the number of ODA projects for VTET and technical worker training.

However, as shown throughout the report, the donor community is heterogeneous and weakly organized, at least in the sector of education and training, and donor coordination is at its "infancy". Some interviewees have also highlighted the misunderstanding of the SD concept as a negative influence on coordination between actors. Most of the donor agencies do not use the notion of SD. There are three main points to be made about this: the first one is related to EFA (Education for All), the second one to "poverty alleviation" strategies, and the third one to the local context. Therefore, their actions are located at the basic education level. Moreover, they have designed projects based upon priorities and needs expressed by the local partners represented by MPI.

Unfortunately, the local partners have demonstrated a weak capacity in the identification of local needs and priorities, as well as in the implementation of projects and in the management of projects and land issues which have been widely discussed since 1993. Coordination with international actors remains on an informal and bilateral basis and within projects.

Concluding remarks

The outstanding development of Vietnam is not questionable. The country has succeeded so far in combining both economical growth with a level of social equity. There is no doubt that the social organization and the socialists aims of the society have contributed to both successes. Nevertheless, Vietnam today is standing at a turning point. The economical and social challenges are getting more and more difficult to deal with considering the greater complexity of the international and national environment.

Therefore, it is surprising to note that the place devoted to SD systems in national and international strategies is unclear. In light of the country's evolution and needs, there is an intriguing question and concern about how international lessons are, or rather are not, reinterpreted in the Vietnamese context. Today, Vietnam has become a very interesting case for understanding international cooperation issues. The attempts of some international partners to impose external models in Vietnam works to a certain extent but comes across a very well organized institutional framework which is quite specific compared to many countries. Furthermore, Vietnam is not heavily indebted and this helps to preserve a certain level of autonomy.

As for the interactions or relations between actors, we have to emphasize the idea that coordination between national and international actors in SD remains the biggest obstacle and challenge for Vietnam. It is linked with the fact that a coordinative body is missing at the national level. Thus the need to create a governing body responsible for managing and coordinating SD activities across the country, sector and provinces is very important.

As mentioned by a reviewer of the report, the lack of coordination also comes from the perception that Vietnamese institutions have of ODA and the role of international actors. Foreign projects are sometimes considered as the only means to convey inflows of money to a poor country, which cannot finance all the development projects it needs. This is the reason why these projects are sometimes disconnected from national actors (in terms of strategy) and why, for an observer, there seems to be a lack of clear vision on SD⁷⁸. This situation creates a lot of misunderstandings in national-international actors relations and international actors may misperceive the behavior of certain national institutions.

The question is then how best to integrate the SD issue in this framework, to raise awareness of SD in Vietnam and to better integrate SD into national priorities. Vietnam has already experienced a SD crisis between the mid-1980s and the mid-1990s. In regard to its challenges, a new SD crisis would have dramatic consequences for the country. The lack of a clear national vision and strategy, the numerous actors involved, and the important inflow of ODA, does not help to clarify the situation despite the fact that the need for a clear SD approach was stressed by most of our national interviewees.

The 8 Swiss strategic priorities in SD policies can also be seen as 8 key issues to be addressed and considered, in addition to lessons and experiences from the Vietnamese case (see next point IV), for any further action in the field of SD in Vietnam. In our opinion, the 8 issues of job creation, poverty reduction, spatial focus, cost and financing, relationship between public and private actors, links with basic education, SMEs, and international cooperation are to be regarded as crucial together with the need of, i.e., a unified SD concept, an integration of SD strategies into the socio-economic development plan, capacity-building for leaders, and a reinforced participation of the meso-levels developed under the "lessons and experiences from the Vietnamese case". Any further action in the SD arena should consider such questions raised by this report and clearly promote a cross-issue vision of SD.

⁷⁸ Though this is not limited to SD, HE or TVET projects of course.

IV. LESSONS AND EXPERIENCES FROM THE VIETNAMESE CASE

According to the main points considered in this study, the authors propose some “lessons and experiences” gained from the Vietnamese case. The aim of these “lessons and experiences” is to identify some key issues for further discussions and analysis at a policy level.

1. There is a definite need stressed by national actors to develop a clear vision on SD definition. A unified concept on SD would allow actors to work together in a broader approach: currently each national and international actor is holding its own ground with its exclusive concept to do a particular project. For international actors, the roadmap for a SWAP is still long and uncertain.

2. SD strategies are currently not located clearly in the national goals. Skills development strategies should be integrated into the socio-economic development plan at both national and provincial levels. Vietnam has abundant labor resources that need to be effectively utilized and continuously upgraded in order to continue to attract investments, which in turn can provide better jobs and income-earning opportunities for the workforce. There is a need to improve the quality of technical training in Vietnam by supporting teacher training and providing technical assistance and equipment.

3. A reviewer suggested that in the process of “marketization” of the Vietnamese economy under globalization, adherence to the WTO would provoke a profound change of the Vietnamese economy’s nature. Accordingly, there will be a profound change in the nature of skills required for the development of human resources and the fostering of talent. This means that there is a good opportunity for a shift in the SD status in Vietnam but only if Vietnamese leaders are conscious of this. *The authors of the report can submit this recommendation to Vietnam (to MPI, MOET, GDVT, MOI, MOC, and some provincial authorities).* Therefore, some capacity-building is needed to build up leadership for decision makers and administrators: SD-linked strategies are formalist because the decision making process is based on a large consensus. It dilutes the responsibilities of national actors involved in the process. Furthermore, leadership in this case needs two major components: it has to be professionalized with an increased sense of responsibility.

4. The participation of meso-levels (provinces) in the design and implementation of strategies in SD field should be promoted. These actors mainly remain outside the process. They should be better integrated.

5. Actors from the non-state sector have to be integrated in SD strategies with an emphasis on SMEs sectoral business associations in order to better orient the SD to market needs. Furthermore, market-oriented skills for SMEs fit into poverty strategies as defined by mainstream agencies.

6. SD is a crosscutting theme. Because of industrial development, the migration of labor from rural to industrial activities, combined with the lack of a clear SD policy at the national level, means that exclusion and tensions are perceptible in some Provinces in the country. In other words, we can say that

there is a clear tension between a vision of SD for poverty reduction or social matters and a vision of SD for the “modern sector” of industry. At the same time, the SD question has to address, for example, new forms of poverty (such as the migrants in urban areas), the link with basic education or the cost-sharing issue. As well as at a national level, further discussions, analyses and actions should also be located at a local level. This would better encompass the diversity of the situation.

7. Soft skills need to be included together with technical skills. Soft skills will help maximize the use of technical skills and keep them sustainable, especially enabling a large workforce from the rural area to meet the challenges of rapid modernization and economic and industrial change. In addition, professionalism and a sense of responsibility should be built up for everybody, not only for decision makers.

8. There is a lack of awareness in SD: none of the international agencies represent clear leadership in this issue (except, to a certain extent, ADB); no private enterprises are yet interested; no schools are interested either because of the high rate of technological turnover and the large investments required; the State’s interest is also weak because of other priorities in higher education (development of talent) and basic education, EFA and social purposes; few consumers (prospective students) are interested (because of the high social value of university); and finally there is a false perception of HE and TVET at all levels (government, agencies, associations, people). From this viewpoint, information, training, and capacity-building activities at all levels would be some first steps to take in order to change the situation.

REFERENCES

ABRAMI Regina, HENAFF Nolwen (2004), *The City and the Countryside : Economy, State and Socialist Legacies in the Vietnamese Labour Market*, in M. Beresford, Tran Ngoc Angie (Eds), « Reaching for the Dream, Challenges of Sustainable Development in Vietnam », NIAS, ISEAS, Singapore, p. 102.

BUI THI THANH (September 2003), *Solutions to Develop Human Resources through Education and Training in Vietnam*, 2nd International Conference on Management Education for 21st Century, Hanoi, p. 2.

CARTON, M., and KING, K., (October 2004), *Transforming the Labour Skills Arena in South Africa: The International Dimension*, Itinéraire No74, iuéd, Genève.

DORMEIER FREIRE, A., HENAFF, N., MARTIN J.-Y. (2002), *Doi Moi et globalisation : vers un accroissement des inégalités en matière d'éducation ?*, Recherche pour le Réseau Universitaire International de Genève (RUIG) "Défi social du Développement", UNRISD, IRD, IUED Universités de Genève et Lausanne.

Consultative Group Meeting for Vietnam (December 2003), *Vietnam Partnership for Development, An Informal Report for the Consultative Group Meeting for Vietnam Hanoi*, Hanoi.

GOVERNMENT (2001), *Education and Training Development Strategy for the period 2001-2010*, Hanoi.

GOVERNMENT (2001), *Socio-Economic Development Strategy for the period 2001-2010*, Hanoi.

GSO, Statistical Year Books 1985, 1991, 1999.

GSO (2000), *Development Investment Capital Survey 2000*, GSO Publishing House, Hanoi.

GSO (2004), *Vietnam Living Household Standard Survey*, GSO, Hanoi.

HENAFF, N., and MARTIN, J.-Y.(2003), *Travail, Emploi et Ressources Humaines au Viêt-Nam, Quinze ans de renouveau*, IRD-Karthala, Paris.

MCGRATH, S. and BADROODIEN, A., *International Influences on the Evolution of South Africa's National Skills Development Strategy 1989-2004*. To be published.

MOET (1995a), *Education and Training Statistics (1945-1995)* (in Vietnamese), Center for Education and Training Information, Hanoi.

MOET (1995b) *50 years of education and training development (1945-1995)* (in Vietnamese), Education Publishers, Hanoi.

MOSTE (2000), *Vietnam's Vision till 2020*, MOSTE, Hanoi.

NATIONAL ASSEMBLY (1992), *Vietnam's Constitution*, Hanoi.

NATIONAL ASSEMBLY (1998), *Law on Education*, Hanoi.

NGHIEM Dinh Vy (2001), *Education Development and Talents Training* (in Vietnamese), The Gioi, Hanoi.

NGUYEN Tan Phat (2004), *Revolutionary Education in the South in 1954-1975* (in Vietnamese), National Politics Publishers, Hanoi.

NGUYEN Ba Ngoc and TRAN Van Hoan (eds) (2002), *"Globalization: opportunities and challenges to labor in Vietnam"* (in Vietnamese), Hanoi: Employment and Society Publisher

NØRLUND Irene, TRAN Ngoc Ca & NGUYEN Dinh Tuyen (2003), *Dealing with the Donors, The Politics of Vietnam's Comprehensive Poverty Reduction and Growth Strategy*, Institute of Development Studies, University of Helsinki, Policy Papers 4, Helsinki.

PHAM THI THU HUONG (September 2003), *Training Needs of Vietnamese Small and Medium Enterprises on Business Management*, 2nd International Conference on Management Education for 21st Century, Hanoi.

Republic Socialist of Vietnam (2003), *National Education for All Action Plan 2003-2015*, Hanoi.

SDC (2001), *Reorientation of Vocational Education and Training*, in « Linking Work, Skills and Knowledge », Working for International Co-operation in Skills Development, Bern, Switzerland, p. 20.

SDC (November 2004), *E+I and Skills Development in International Co-operation*, Draft.

GSO (2004), *Statistical Yearbook 2003*, Statistical Publishing House, Hanoi.

STROMSETH Jonathan (2003), *Business Associations and Policy-Making in Vietnam*, in B.J.T. Kerkvliet, R.H.K. Heng, D.W.H. Koh (Eds), « Getting Organized in Vietnam, Moving in and around the Socialist State », ISEAS, Singapore.

UNDP (1996), *Technical Assistance in Viet Nam: Trends and Implications*, UNDP, Hanoi.

UNDP (2000), *Review of Technical Cooperation in Vietnam (1994-2000)*, UNPD, Hanoi.

UNDP (2000), *Review of Technical Cooperation in Viet Nam (1994-2000)*, UNDP, Hanoi.

UNDP (2002), *Overview of Official Development Assistance in Viet Nam*, UNDP, Hanoi.

UNDP and DFID (2000), *Aid Transaction Costs In Viet Nam*, UNDP, Hanoi.

UNESCO & MOET (1992) *Education Sector Review and Human Resources Analysis*, Project report, MOET, Hanoi.

WORLD BANK (2004), *Poverty, Vietnam Development Report*, World Bank, Hanoi.

ANNEXES

Annex 1

Detailed list of interviews

No	Organization	Country	Type
1	SDC	Switzerland	Bilateral
2	SIDA	Sweden	Bilateral
3	GTZ	Germany	Bilateral
4	BTC	Belgium	Bilateral
5	DANIDA	Denmark	Bilateral
6	Coopération française - Ambassade	France	Bilateral
7	JICA	Japan	Bilateral
8	KOIKA	Korea	Bilateral
9	DFID	UK	Bilateral
10	AUSAID	Australia	Bilateral
11	CIDA	Canada	Bilateral
12	AFD (Agence Française pour le Développement)	France	Bilateral
13	European Union Delegation to Vietnam	Europe	Multilateral
14	World Bank		Multilateral
15	ILO		Multilateral
16	UNDP		Multilateral
17	ADB		Multilateral
18	Swisscontact	Switzerland	INGO
19	MOET	Vietnam	Central
20	MOLISA	Vietnam	Central
21	MOC	Vietnam	Central
22	MONRE	Vietnam	Central

No	Organization	Country	Type
23	MOT	Vietnam	Central
24	MOI	Vietnam	Central
25	MOSTE	Vietnam	Central
26	NIED	Vietnam	Academic
27	TVET Specialist - Department of Education Quality Accreditation	MOET	Academic
28	NIED- Center of HE and TVET studies	Center	Academic
29	TVET Research Center (GDVT)	Center	Academic
30	International Consultant		International-National

Annex 2**List of on-going ODA funded projects in E & T sector***(Source: Adapted from MPI's statistics)*

No	Project	Donor	Partner	Location	Duration	ODA (Mio \$)
1	Vocational and Technical Education Project	ADB	MOLISA	MOLISA	1999 2004	48.99 ⁷⁹
2	Lower Secondary Education Development	ADB	MOET	12 provinces	1998 2004	46.02
3	Teacher Training	ADB	MOET		2000 2006	23.15
4	Primary Education	WB	MOET	35 provinces	1994 2002	70.00
5	Higher Education Project	WB	MOET		1999 2005	83.30
6	Primary Teacher Development	WB	MOET		2002 2005	30.13
7	Training Center of Information Technology	JICA	HNU	HNU	1997 2002	1.00
8	Upgrading the educational facilitators in the mountainous areas in the South	JICA	MOET		2001 2002	13.00
9	VN-Japan Human Resource Cooperation Center Construction	JICA	MOET	FTU HCMC	2001 2002	3.60
10	Training courses in Australia	Australia	MOET			13.07
11	Vietnam - Australia English training and sector courses	Australia	MOET		1996 2001	11.54
12	ADS scholarship program	Australia	MOET		1999 2000	10.08
13	Quy Nhon Technical College Improvement	Korea	People's Committee	Binh Dinh	1995 2000	2.50
14	Short-term retraining courses	Canada	MPI		1996 2001	3.16
15	Tra Vinh Community College Construction	Canada	People's Committee	Tra Vinh	2002 2005	0.74
16	Thai Nguyen university Strengthening	Thailand	People's Committee	Thai Nguyen	1996 2000	0.18
17	Distance education - Hanoi Open University	Thailand	MOET	Hanoi		0.40
18	Training capacity strengthening for Nam Dinh vocation center	Thailand	People's Committee	Nam Dinh		0.40

⁷⁹ This is the official MPI figure. The total amount of this project reaches USD 121 million, co-financed by AFD (France), NFD (Nordic Development Fund), JICA (Japan) for about USD 50 million (mainly for equipment according to VTEP documents) and the Vietnamese government for about USD 21 million. Extension period runs until September 2006 (source: Vocational and Technical Education Project, MOLISA).

No	Project	Donor	Partner	Location	Duration	ODA (Mio \$)
19	Thai language training program for HCM General University	Thailand	People's Committee	HCM City		0.20
20	National Economic University Strengthening project	America	MOET	NEU	2001 2003	-
21	Training courses on MBA in Hanoi National Economic University	Sweden	MOET	NEU	1997 2000	5.50
22	Vocational education program phases 1, 2, 3,4	Germany	MOET		1996 2005	21.16
23	National Center on orthotics facilitate training and supply phase 2	Germany	MOLISA		1997 2001	3.08
24	Support for Thu Duc Technical College (2)	Germany	MOET			0.84
25	Training courses of Germany worked Vietnam labors	Germany	MOLISA		1993 2000	3.75
26	Support for Vietnam - Germany Technical Education College	Germany	People's Committee	Ha Tinh	1999 2003	2.69
27	International training center on material science	Netherlands	MOET		1997 2000	1.50
28	Upgrading the Hang Giang technical college phases 1, 2	Netherlands	MOT		1997 2000	2.40
29	Upgrading the training worker college of forestry technique	Netherlands	MAR	Lang Son	1997 2002	3.90
30	Training master of development economy (2)	Netherlands	MOET	NEU	2000 2003	2.50
31	MOH program phase 2	Netherlands	MOET		2000 2003	9.30
32	Women training courses on small and extreme small business phase 2	Netherlands	Women Union		1998 2001	0.59
33	Coastal knowledge strengthening	Netherlands	MOET		2000 2004	2.90
34	6 community colleges establishment	Netherlands	MOET		2000 2004	3.82
35	Vocational Education	France	MOLISA		2000 2005	15.00
36	Training master of Law	France	Hanoi Law Uni.	Hanoi Law Uni	1998 2001	-
37	7 educational college's teacher training in the south	Belgium	MOET	7	1999 2002	1.53

No	Project	Donor	Partner	Location	Duration	ODA (Mio \$)
	mountainous provinces			provinces		
38	Environment study and training strengthening in the North	Swiss	MOET		1996 2000	1.16
39	Environment study and training strengthening in the South	Swiss	MOET		1998 2002	1.02
40	Vocational centers strengthening (phase1 to 4) (local costs)	Swiss	MOLISA		1994 2004	4.8
41	HRD and information system feminization for the National University in HCMC	Swiss	MOET	HCM City	1998 2003	0.67
42	Lai Chau stay-in schools construction	Norway	People's Committee	Lai Chau	2000 2002	1.20
43	Schools construction in the flood areas	Norway	People's Committee	Quang Tri	2000 2001	1.50
44	5 primary schools construction in the flood areas	Norway	People's Committee	Hue	2002 2002	0.56
45	Support for Ministry of Education and Training	EU	MOET	MOET	2000 2003	7.60
46	Interpreter training courses	EU	MOFA		1998 2002	0.90
47	VIE/98/018 - Environmental Education	UNDP	MOET		1999 2004	1.60
48	Support for training program of maternal health and population-development	UNFPA	MOET		1998 2000	2.51
49	Education program	UNICEF	MOET	66 major towns	2001 2005	13.09

Annex 3**Typology of actors**

Levels		National	International
Central	Governing	MPI MOLISA MOET	JICA, GTZ, SDC, KOIKA, ADB, ...
	Specializing	22 specializing ministries	
Provincial	Governing	DOLISA DOET	
	Specializing	Specializing departments	
Private/Non- governmental		Labor export companies	Swisscontact Educational groups Industrial zones for foreign companies

Annex 4

Education Sector Group

(Partnership Note, December 2003)

Key contacts:

Tran Ba Viet Dzung, MOET
Director of International Relations Department
Tel: 04-8694883

Chu Shiu-Kee, UNESCO
Email: sk.chu@unesco.org.vn
Tel: 04 - 747 0275

Steve Passingham, DFID
Email: s-passingham@dfid.gov.uk

1. Government plan and coherence

The international partners in the education sector strongly support the Government of Vietnam's "Education Development Strategic Plan 2001-2010" and the "National Education For All (EFA) Action Plan 2003-2015" approved by the Prime Minister in July 2003.

We believe the combination of strong local ownership and well-coordinated implementation of both the "Education Development Strategic Plan 2001-2010" and the "National Education For All (EFA) Action Plan 2003-2015" will enable Vietnam to accelerate progress towards higher growth and poverty reduction.

We intend to align our assistance programmes to the Government of Vietnam's strategy and EFA Action Plan in the education sector.

Initial discussions started with the Government of Vietnam and donors on Targeted Budget Support for basic education. This targeted budget support will be an important step towards moving to a sector-wide approach.

The key activities below represent an update of progress achieved in the last six months:

- § **The National Education for All (EFA) Action Plan 2003-2015 approved by the Prime Minister (July 2003).** The National EFA Action Plan provides a coherent and comprehensive account of the Government's vision for fulfilling basic education needs, together with the targets and programmes that will be necessary to achieve this. It offers a sound foundation for the long term strengthening of education and a credible strategic framework within which Vietnam's international partners can provide support. It is coherent with the aims and targets of the CPRGS.
- § **Implementation of the National Education for All (EFA) Action Plan 2003-2015.** This will be a key challenge for the coming years and a key area of donor support to the Government. **Provincial Education Planning**

is a central component of EFA implementation aimed at strengthening provincial capacity in education planning and supporting decentralization processes.

- § **Education Bonds:** Government started issuing bonds to mobilize additional national funds for education.
- § **Medium Term Expenditure Framework (MTEF):** MOET, in collaboration with MOF, WB and other donors, continues to develop a modern budgeting system for education.
- § **Support to Organizational Development and Management Information Systems:** MOET, with support from EC, has developed a national Education MIS to strengthen education management. Baseline data has been collected from all provinces and should be available by end of this year. A national Personnel MIS has been implemented to assist employment planning. Provincial and district management capacity has been strengthened in the analysis and application of MIS. A review of roles and tasks required for educational management as part of decentralization is underway.
- § **Improving education quality:** National curriculum reform for primary and lower secondary education continues to be phased in (grade 2 and 7 respectively). The Primary Teacher Development Programme continues to strengthen teacher training. The quality assessment of Grade 5 is still ongoing.
- § **Education for Girls:** MOET, UNESCO and Oxfam GB held a TV roundtable on Education for Girls with a focus on ethnic minority girls, for the Education For All Week of action. A film on education in Sapa District, Lao Cai Province, funded by Oxfam GB, was broadcast on VTV. Over 45,000 participants took part in a Guinness world record attempt to break the record on the World's largest simultaneous lesson to highlight the importance of education especially for girl children.

The National EFA Action Plan provides a coherent framework for the development of basic education and focuses on 4 target groups: 1) Early Childhood Care and Education; 2) Primary Education; 3) Lower-secondary education; 4) Non-formal education. Ongoing initiatives include:

- § **Early Childhood Care Education:** the Save the Children Alliance (SCUK, SC Japan, SCUS) has prepared a new project with MOET. UNICEF and UNESCO continue to actively support ECCE.
- § **Primary Education:** MOET's Primary Education for Disadvantaged Children (PEDC) project, co-financed by a multi-donor Trust Fund (AusAID, CIDA, DFID, NORAD and World Bank), became effective in October (budget: USD 240 million). This project will promote a minimum standard of education in all schools (fundamental school quality level) and extend access to disadvantaged children. The Primary Education Development Program (PEDP), supported by JICA, has started its second phase and completed 61 provincial up-dates. Broad Areas of Possible Interventions (BAPI) are being processed and will be disseminated shortly.

- § **Lower Secondary Education:** MOET's Second Lower Secondary Project is under preparation with ADB assistance, in accordance with the Secondary Education Sector Master Plan, the Education Development Strategic Plan 2000-2010 and the National EFA Plan framework. This project will help MOET develop fundamental school quality levels for lower secondary, will promote greater quality, efficiency and access to lower secondary as well as help strengthen management and planning capacity at provincial down to school levels.
- § **Non-Formal Education:** UNESCO and National Federation of UNESCO Associations of Japan (NFUAJ) coordinates support to MOET in improving and spreading Community Learning Centres (CLCs) to disadvantaged population groups in respectively five central highland provinces and nine northern upland provinces.

2. Sector co-ordination

- § **Formation of an Education Sector Working Group (ESWG):** this group has been newly set up to support Government's priorities in the education sector, to improve aid effectiveness and to reduce transaction costs. The group reflects the evolving trust between donors and the need for more coherent ways of working between donors and government.
- § **Joint Government-donor review of the National EFA Plan (16-18 September):** This provided a much-appreciated forum for donors and government to jointly and openly discuss the recently approved EFA Action Plan. International partners congratulated the Government on the preparation of a credible and comprehensive plan and committed to align their support to the programs and priorities of the Plan. A significant outcome of the meeting was a joint donor statement on the National EFA Plan, submitted to the Minister of Education and Training and signed by representatives all agencies working in education.
- § **Primary Education for Disadvantaged Children (PEDC):** This project is co-financed by the Government of Vietnam and five donors. The implementation arrangements require the harmonization of procurement, financial management procedures and project monitoring and evaluation between donors and government.

3. Education Forum

- § **Forum on 'Child friendly learning environment' (August 2003):** This was a special event as the forum was opened by children from different areas in Vietnam who presented their collective experience on education gather during a 4 day children's forum "Children Speak out about Education".
- § **Next Topics:** The forum will hold regular quarterly meetings with sessions on (a) Primary pupil achievement and assessment of learning outcomes in reading and mathematics [January] (b) Education for All and (c) Education management and Information systems.

Annex 5

About SVTC (Source: Swisscontact, Comments to the report, May 2005)

The Project "Strengthening of Vocational Training Centers" (SVTC) started in 1994, based on an initiative taken by the People's Committee of Ho Chi Minh City. The People's Committee requested the Swiss Agency for Development and Cooperation (SDC) to support the upgrading of a number of Vocational Training Centers (VTCs) in HCMC. An agreement for a first Project phase (5/1994 – 12/1997) was signed between the Government of the Socialist Republic of Vietnam and the Government of Switzerland in July 1994. The Swiss Government, represented by SDC, mandated Swisscontact (SC) to manage the Swiss side of Project implementation, while the Vietnamese Government entrusted the Ministry of Education and Training (MOET) to execute Vietnamese commitments and obligations. The general objective of SVTC was (i) to provide employable skills to jobless youth, and (ii) to raise the work performance of employed unskilled and semi-skilled workers, thus contributing to Vietnam's socio-economic transformation process (Doi Moi).

Since then SVTC as an SDC-financed project, with the Swiss contributions implemented by Swisscontact, has been supporting 27 selected Vocational Training Centers across Vietnam until 2004. Using an integrated school development approach, SVTC together with the local partners has been addressing the upgrading of equipment, standardization of curricula, up grading of managerial staff and teacher's competence, and lately organizational development, aiming at making an impact on the development of the VTC system as a whole.

At the end of phase 4 (2002-2004) a total of 27 VTCs have been involved, 11 in HCMC, 8 in Hanoi, 1 in Nam Dinh, 4 in Hue and 3 in Hai Phong. A total of CHF 6.6 Million has been invested and a total of 14 person-years of foreign expertise and 14 years of local expertise provided.

By now, indirectly about 70'000 – 100'000 trainees per year benefit from the better equipment, more industry related curricula and better instruction. About 12'700 staff and teachers benefited from trade specific training organized by the VTCs themselves, by the regional working groups or by the DOLISAs. Close to 750 VTC instructors have been trained in instructional skills for workshops and classrooms by the 11 trainers of trainers who were developed by SVTC consultants. Relevant, hands-on learning materials are available in the Vietnamese language. 39 DACUM charts which were developed in close cooperation with business and industry are available. 15 DACUM charts were further developed to curriculum guides which were in turn accredited and disseminated by GDVT on a national scale. 12 DACUM facilitators and 5 curriculum developers have been trained and cooperate with the project. The CD-process is officially recognized by the VT-authorities.

With the transfer of the Vocational Training System from MOET to MOLISA, the SVTC project was also transferred to MOLISA and to the Provincial DOLISAs, where VTCs are strengthened. The contractual project partner on behalf of the Government of Vietnam is MOLISA. MOLISA's GDVT is the implementing

project partner. The DOLISAs of the provinces, where the Project has selected its partner VTCs, form the Provincial Working Groups.

Future of SVTC (2005 – 2008)

SVTC Phase 5 (2005-2008) is designed to further disseminate its achievements of the past ten years, at the same time concentrate on supporting vulnerable groups, fostering gender equity and contributing to establishing a strong link between VTCs and the SME sector. The achieved results form a good basis for a continuation of endeavours in the same field. However, experience made in the cooperation of ten years showed that further efforts can be made to: - Intensify the linkage between the partner VTCs and the world of work, in this context mainly Small and Medium Enterprises; - Create training and employment opportunities for vulnerable groups, such as resettled people, soldier returnees, minorities, and the poor in general. - Promote the mainstreaming of gender in the daily operation of the VTC partners as well as in their services to both male and female students. Locations of implementation: Ho Chi Minh, Hanoi, Hai Phong, Thua Thien-Hue, Nam Dinh, Da Nang and Dong Nai. This phase is not implemented under an SDC mandate anymore but as a Swisscontact project and is therefore only partly financed by SDC.