

Chapter 5

Financing Vietnamese Higher Education: From a Wholly Government-Subsidized to a Cost-Sharing Mechanism



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Abstract Over the last three decades, Vietnam's higher education has transited radically from an elite to a mass system. Under this circumstance, the financing system in higher education has shifted significantly, from a wholly government subsidy system to a cost-sharing mechanism. This chapter traces such an evolvement of financing polices and proposes implications for policy-makers in Vietnam.

Introduction

Cost sharing, which refers to the transition of a certain proportion of the higher education cost burden from government to other stakeholders, including students, parents, donors and so forth, has been a significant trend occurring to higher education across the world in previous decades (Johnstone 2004). This is not only true with capitalist-oriented countries but also with socialist-oriented countries or contingent European countries.¹

Embracing the ideology of socialism, Vietnam believed education, including higher education, was public good and therefore should be provided by the state. Prior to the 1970s, Vietnam's Government used to cover tuition fees for any student entering university. Better still, those studying in northern Vietnam (i.e. The Democratic Republic of Vietnam) were even given living allowances and free accommodation at university dormitories. In the mid-late 1980s, when the economy slumped and inflation hit to a three-digit number, the government budget could not

¹ Johnstone (2004) called contingent European countries as the "last bastions of generally free higher education".

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afford to continue its generous subsidy for the expanding higher education sector. To compensate for the deficit, policy-makers had to agree to introduce some preliminary forms of cost sharing such as medical and sanitation fees or construction “contributions” (London 2011, p. 27). Since then, the way higher education is financed has undergone an irreversible shift to cost sharing, despite the country’s continued embrace of socialism.

At the beginning of the twenty-first century, the demand of social demand for higher education was greater than ever. This demand has put urgent pressure on the Vietnamese Government to create a higher education landscape that simultaneously achieves targets of quality, accessibility and equality. Consensus about the importance of these targets is widely shared, but disagreement exists regarding which financing mechanism is appropriate to enable them to be achieved. While the notion of free higher education still seems to be attractive to the general population and to senior government officers, most policies promulgated over the past three decades have tended to move in the direction of cost sharing under the framework referred to euphemistically as the “socialization” (*xã hội hoá*) of higher education.

This chapter starts with a brief review of the evolution of the cost-sharing mechanism in Vietnam since the late 1980s. It then presents an analysis of the issue of cost sharing, drawing upon an ADB (2009) framework for developing member countries.² The final section addresses implications for policy-makers. The chapter’s focus is on the financing of teaching and related activities, which accounts for most of Vietnam’s higher education budget. The financing of other activities (e.g. research, facilities investment or construction) is not addressed by the chapter.

Trends Since the Late 1980s

Throughout the past century, the world has seen a remarkable growth in the higher education sector. It is estimated that the worldwide population of tertiary students in 2000 was around 100 million, accounting for 200-fold times the respective figure 100 years ago (Schofer and Meyer 2005). And it is forecast that by 2025 the corresponding figure will reach to 262 million (Maslen 2012).

This unprecedented cascade in student population stems from both the individual level (i.e. students and parents) and governmental level (Johnstone 2004). In parallel, higher education becomes costlier. Consequently, these phenomena resulted in a significant deficit in maintaining a continuing financial support to higher education institutions, especially support from taxpayers. Under this circumstance, a pervasive trend occurring globally is the shift from a government-subsidized financing system into a cost-sharing system. Johnstone (2004) categorized cost sharing into six different forms as following: (1) the introduction of tuition fee where higher education used to be completely free, an increase in the existing tuition fee; (2) the allowance of dual track system, where personal tuition fee track is added in juxtaposing to the traditional free higher education; (3) the decrease of student grants and

²Vietnam is a member of these developing countries.

scholarships; (4) the introduction of student loans; (5) the imposition of “user charge” principle in which students, but not government, are those who have to pay for living expenses; and (6) the introduction of wholly fee-based private higher education sector.

The financing regime in Vietnam’s higher education³ also reflects this pattern. Along with the Economic Reform (*Đổi Mới*) in 1986, due to the unprecedented growth of population at university age and the demands of the newly emerging market, higher education in Vietnam has undergone radical changes of which the most notable is the rapid expansion of the system. Between 1987 and 2009, the number of higher education institutions (i.e. universities and colleges) increased nearly four times (from 101 to 376) and the number of students 13 times (from 133,000 in 1987 to 1,719,500) (Pham 2011).

Under this circumstance, the government became unable to fund the whole higher education system as it had previously done. As a result, a number of cost-sharing policies have been steadily introduced and implemented over the last three decades. However, the term “cost sharing” was rarely adopted in official documents. Vietnamese policy-makers have used the term “socialization” (*xã hội hoá*) of higher education instead. The meaning of “socialization” in this context, indeed, does not align with regular understanding of “socialization” in western culture (i.e. process of acquiring culture) but refers to “broad-based social mobilization of resources for education, not public finance of education” (London 2011, p. 26). In fact, the issue of “socialization” of education and other traditional public services such as culture and public health already appeared in Vietnam’s policy practices in late 1980s but it was mentioned officially only for the first time in government’s Resolution No. 90/CP in 1997. Particularly in education, Resolution No. 90/CP placed the emphasis on some cost-sharing features such as: the role of parents and students as alternative sources of revenue, apart from government subsidy; the role of student loan in ensuring the accessibility and participation in education and the importance of non-public sector, including foreign investors and private sector as well.

In the following subsections, we outline some notable examples of such cost sharing or “socialization” policies in higher education in Vietnam which were issued and implemented before and after the scheme identified by Resolution No. 90/CP.

Some Notable Policies on Cost Sharing or “Socialization” in Vietnam’s Higher Education System Since the 1990s

Policies on Tuition Fee at Public Higher Education Institutions Prior to 1993, tuition fee at traditionally public subsidized programmes in Vietnam was strictly free. However, universities and colleges were allowed to levy some additional fees

³The current Vietnamese higher education inherits from the system of North Vietnam prior to 1975. Therefore, in this chapter, Vietnamese higher education financing system refers to this in the unified country after 1975 and that in North Vietnam between 1954 and 1975.

Table 5.1 Tuition fee per student per month at regular state-sponsored undergraduate courses in Vietnam

Year	Regulative documents	The cap of monthly tuition fee at government subsidized programmes at different clusters of disciplines		
		Social Science, Economic, Law, Agriculture, Forestry, Fishery ^a	Science, Engineering, Technology, Sport, Fine Art, Hospitality, Tourism	Medicine
Before 1993		Tuition fee waived; administrative fee allowed		
1993–1998	241/QĐ-TTg	Not identified clearly		
1998–2008	70/1998/QĐ-TTg 54/1998/TTLT-BGDĐT-BTC	50,000–180,000		
2009–2010	1310/QĐ-TTg	50,000–240,000		
2010–2011	49/2010/NĐ-CP	290,000	310,000	340,000
2011–2012		355,000	395,000	455,000
2012–2013		420,000	480,000	570,000
2013–2014		485,000	565,000	685,000
2014–2015		550,000	650,000	800,000
2015–2016		86/2015/NĐ-CP	610,000	720,000
2016–2017	670,000		790,000	970,000
2017–2018	740,000		870,000	1,070,000
2018–2019	810,000		960,000	1,180,000
2019–2020	890,000		1,060,000	1,300,000
2020–2021	980,000		1,170,000	1,430,000

Source: Author synthesized from Vietnamese regulative documents

Unit: VND; 1 USD~22,000 VND

^aAgriculture, Forestry and Fishery were included since academic year 2015–2016

such as: construction fee, admission fee or graduation fee (Decision No. 248-TTg issued by Prime Minister in 1973). However, these fees were usually small and did not contribute significantly to the overall revenues of higher education institutions. In 1993, along with the implementation of Decision No. 241-TTg issued by Prime Minister, a tuition fee was officially introduced for the first time in Vietnam at public higher education institutions. Since then, the policy on tuition fee has been adjusted and increased regularly. Table 5.1 draws attention to some major regulatory documents on tuition fees in Vietnam since 1993. By the academic year of 2015–2016, the regulation stipulated that students at public subsidized programmes had to pay up to 610,000 VND, or 720,000 VND or 810,000 VND (per month), respectively, according to their disciplines of study.⁴ And these caps of tuition fees are expected

⁴Since 2014, 23 public universities across the country have been selected as parts of a so-called governmental Resolution 77 on piloting of renovation of operational mechanism at public higher

to increase by approximately 10% per year until academic year of 2020–2021. According to governmental explanation, this annual increase aims to recover the expected inflation rate in the country in the next few years (Tieu 2015).

The Allowance of Private Sector in Higher Education By 2013, among 421 higher education institutions across the country, there were 83 private ones, accounted for 19.7%. Regarding student population, these non-public institutions enrol 14.3% out of total 2,177,299 students nationwide (Bộ Giáo dục và Đào tạo 2013). These figures completely contrast to what was accounted in 1987 (the first year after Economic Reform – *Đổi Mới*). In 1987, the correspondent figures were both “nil” (institutions and students). As a socialist-oriented country, Vietnam used to only have public institutions. However, due to the mismatch between the increasing demand from students and parents and the capacity of public higher education providers, the Vietnamese Government eventually allowed for the establishment of the private institutes in higher education sector with the first approval of Thang Long Center for higher education (the former name of the current Thang Long University). Subsequently, in 1993, the first regulation (i.e. Decision No. 240-TTg by Prime Minister) on private higher education institutions was released. After that, until 2012, the regulations on non-public higher education sector have been adjusted several times with the promulgation of a plethora of legal documents. Thus, the nature of ownership of non-public higher education institutions has also been regulated accordingly with different names (e.g. people-founded, semi-public and private). Under the current regulation (i.e. Law of Higher Education 2012 and Charter of University issued along with Decision No. 70/2014/QĐ-TTg by Prime Minister), there is only single type of non-public higher education in Vietnam: private higher education. And this sector, subsequently, is divided into two sub-sectors: not-for-profit private higher education and for-profit private higher education.

The Introduction of Student Loan Programmes In 2002, the government introduced a loan programme aiming to support disadvantaged people in general, among which students from lower income families were one of the eligible recipient groups (Decision No. 78/2002/QĐ-TTg). Until 2007, Vietnam introduced the first-ever student loan designated for secondary and post-secondary levels under the tenure of the former Minister of Education Nguyen Thien Nhan (Decision No. 157/2007/QĐ-TTg). This, indeed, is a mortgage-type of loan with the annual interest rate of 0.5%. And all students, regardless of their gender, ethnicity, economic situations and household registration, have the right to apply for the loan. The maximum amount of loan was set at 800,000 VND per month per student when it was first released in 2007 and it was increased steadily since then to recover the inflation rate.

education institutions between 2014 and 2017. Under this scheme, the 23 selected public universities are granted more institutional autonomy at the expense of cease of receiving recurrent subsidy. Among identified aspects of institutional autonomy, autonomy on setting tuition fee above the predefined caps as represented in Fig. 5.1 is one of the most important powers granted to the selected universities.

Table 5.2 Amount of student loan in Vietnam

Year	Amount of loan	Interest rate
2007	800,000 VND per month per student	0.5% per year
2009	860,000 VND per month per student	0.5% per year
2010	900,000 VND per month per student	0.5% per year
2013	1,100,000 VND per month per student	0.5% per year
2015	1,350,000 VND per month per student	0.5% per year

Source: Ha (2015)

1 USD~22,000 VND

In 2015, the corresponding amount of loan for students is 1,350,000 VND per month per student (see Table 5.2 for details). According to Vietnam Bank for Social Policies, which is the agency in charge of this student loan, there have so far been 3.3 million students accessing to this programme between 2007 and 2015 (Ngân hàng Chính sách xã hội 2016).

The Allowance of Dual Fee Track System in Public Institutions According to Johnstone (2004), the dual track fee system in public higher education has two components: the traditionally free higher education and the newly added tuition fee-based higher education. In Vietnam, there is also a dual track fee system in public higher education; however, the Vietnamese system seems to be different from Johnstone’s model. Indeed, the dual fee track system in public universities and colleges in Vietnam refers to two ways to finance a student’s study: (i) the regular track: government-subsidized track and (ii) the newly added track: self-funding track. Under the first track, students pay partially for their college while the government subsidizes the rest – which is recurrently allocated to universities based on their approved quotas of enrolment, historical budget and degree type.⁵ Their tuition fee scheme has been discussed in the first paragraph of this section. In the official document, we call this track as “*students within quotas of enrolment*” or “*students within governmental subsidy*”. Under the second track, students have to pay the whole fee by themselves and are not subsidized by the government. These students are referred to as “*students outside the quotas of enrolment*” or “*students without the governmental subsidy*”. Table 5.3 presents the dual track fee system in the public sector of Vietnam higher education in comparison to that of Johnstone (2004).

The Introduction of Policies on Philanthropy and Charity in Education Although anecdotal evidence shows that charity in education has been a common practice for several decades (e.g. students suffering from natural disaster often receive donations from community), the philanthropy does not contribute significantly for the overall income of universities in Vietnam. For instance, available data show that about 90% of total revenue from Vietnam National University-Hanoi, one of the most reputable higher education institutions in Vietnam, comes from state allocation and tuition fees.

⁵According to current scheme, the amount allocated to undergraduate students at regular government-subsidized programmes is 6,133,680 VND per year (Nguyen, 2014a, b).

Table 5.3 Comparison of dual track fee system between Vietnam’s public higher education institutions and Johnstone’s (2004)

	Vietnam’s	Johnstone’s (2004)
Track 1	Students have to pay tuition fee as indicated in Table 5.1 but still receive subsidy from government	Free
Track 2	Students have to pay tuition fees that cover the whole cost	Students have to pay tuition fees that cover the whole cost

Source: Author synthesized

It does mean that the remaining revenue, including science-technology transfer and donations, only accounts of 10%.

The modest share of income from donations might stem from two reasons:

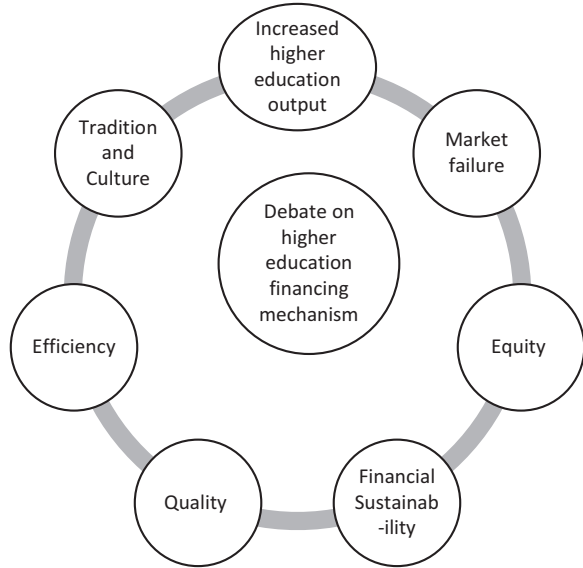
First, for several years, there has been a lack of appropriate policies in encouraging advantaged people to involve in philanthropy activities. Decree No. 30/2012/NĐ-CP was regarded as the first comprehensive policy that aims to mobilize the endowment and donations from society for higher education sector as well as other public service sectors. Notable features promulgated by Decree No. 30/2012/NĐ-CP includes tax deduction and the student’s right in receiving additional state allocation apart from self-raising fund. Nevertheless, the limitation of Decree No. 30/2012/NĐ-CP is that it only allows philanthropists to donate money to charity funds rather than to universities directly. Thus, this regulation results in unnecessary complexity in terms of procedure and, in many cases, discourages people who want to donate money.

The second reason refers to cultural factor. Many education observers argued that Vietnamese culture is a key factor inhibiting the development of philanthropy and charity activities in Vietnam. For instance, in a round-table conducted in 2014, Giap Van Duong, Hanoi-based famous educator, asserted that “*endowment is familiar with European and American people, but alien from the culture of Eastern people, especially Vietnamese people*” (Nguyen 2014b). Duong concluded that, within Vietnamese culture, people have tendency to invest on their descendants rather than on community.

Current Debate on Higher Education Financing Mechanism in Vietnam

Financing mechanism for higher education institutions in Vietnam has undergone radical changes over previous decades. From a wholly government-subsidized system in the late 1980s, we can find an array of cost-sharing mechanisms such as tuition fee, student loan or dual track fee system at the current time. However, in official documents released by Vietnamese authorities, the term “cost sharing” is rarely recognized and officially utilized. Instead, policy-makers have selected

Fig. 5.1 Seven aspects in current debate on higher education financing mechanism. (Source: author synthesized and extended from ADB 2009)



“socialization” as a euphemistic term to refer to cost sharing. A review of the current debate on higher education financing mechanism in Vietnam in this section will provide us the insights into why this euphemism is used. The debate, as identical to other countries across the world, involves two opposite groups: proponents to subsidy and proponents to cost sharing. To illustrate this debate, we adopt and extend the ADB’s (2009) framework with seven perspectives: (1) increased higher education student output; (2) market failure/merit good; (3) equity; (4) financial sustainability; (5) quality; (6) efficiency and (7) tradition and culture⁶ (see Fig. 5.1).

Increased Higher Education Student Output

Consensus is widely achieved that higher education in Vietnam is suffering from underinvestment. Without sufficient funding, Vietnamese higher education institutions are unlikely to be able to pay competitive salaries for qualified faculty nor afford modern infrastructure and facilities. These disadvantages will continue to churn out graduate students who do not meet the increasingly demanding socio-economic growth. Among the identified weak outputs, increasingly jobless graduates and graduate unemployment rate are given the most attention and criticism from public (see Tran, Chap. 6). A report issued by Institute of Science Labour and Society estimated that in the first quarter of 2015, the number of jobless graduates with a bachelor’s or a master’s degree was 178,000, which increased 10% compared

⁶Given the importance of culture in all socio-economic aspects, we include culture as one of the important dimensions into the ADB (2009)’s framework, along with tradition.

to the correspondent figure in 2014 (Thanh Hoa 2015). Similarly, data obtained by Tradingeconomics (2016) also revealed that unemployment rate among youth population increased significantly over the last 5 years (from 5.17% in the fourth quarter of 2011 to 7.30% in the third quarter of 2015).

However, discrepancy on solution to this issue has still been a topic for debate between proponents to governmental subsidy and those favouring cost-sharing mechanism. In recent years, there has been an increase of scholars suggesting cost-sharing-like mechanism to solve the problem of underinvestment in higher education. For instance, in a working paper, Pham (2012) computed that a reasonable unit cost (i.e. total investment per student per year from governmental subsidy, tuition fee and other sources) for developing countries like Vietnam should be around 120% the correspondent GDP per capita, much higher than the actual proportion of 57% (as estimated by Pham in 2009). To fulfil the gap between the estimation (120%) and the actual figure (57%), Pham suggested a so-called “two high” policy, i.e. high tuition fee coupled with high loan or scholarship for students. Components of “two high” policy, indeed, are features of cost-sharing mechanism as described above. Since the suggestion of Pham (2012), scholars and experts also recommended similar solutions (Nguyen and Pham 2014; Hayden et al. 2012; Vietnam Education Dialogue 2015). However, the suggestion of such cost-sharing mechanism often becomes subject of criticism by the public as well as educators. For instance, the recommendation of Vietnam Education Dialogue (2015)⁷ to dismantle the predefined cap of tuition fees applying for all public higher education institutions ignited a heated debate on Vietnamese media in 2015 between proponents and opponents of cost-sharing policy in higher education.

In analogous to the majority part of the world, the above debate in Vietnam remains unresolvable. However, while empirical studies undertaken in different countries have proved counterproductive of free higher education policy (e.g. Ben 2008; Bergh and Fink 2008), there has been yet any research on the correlation between equity and tuition fee using actual data obtained in Vietnam context. Given this, such study is worthwhile and would, without any doubt, provide insights for policy-makers and educators in Vietnam.

Market Failure

ADB (2009) mentioned two dimensions of market failure while discussing about the issue of cost sharing in higher education. These are: (1) the positive externalities as a nature of higher education accrue to students; and (2) the principle of higher

⁷Vietnam Education Dialogue (VED) is an initiative led by famous Prof. Ngo Bao Chau, mathematics Field awardee in 2010. VED, unified by a dozen of Vietnamese scholars living in Vietnam and abroad, aims to provide policy-makers and governments proposals for the reform of higher education in particular and education in general.

education as market imperfections. The former relies on the comparison between the social rate of return and personal rate of return appearing when an individual completes his or her university education. If the social benefit is higher than a personal one, public expenditure is a favoured mechanism and vice versa. The latter bases on the assumption that within higher education context, the consumer (i.e. student) does not have enough information about the service providers (i.e. institutes of higher education), and therefore he or she would bear a “short-sighted” behaviour and reluctant to invest in education that does not ensure a reasonable return in the long run.

Few numbers of proponents to governmental subsidy solution have argued the topic from the perspective of market failure. For instance, Pham (2009) emphasized the role of public intervention on higher education, given the nature of market failure of the sector.

Among proponents to cost-sharing mechanism, “Vietnam: Higher education and skills for growth” (World Bank 2012) is one of the first attempts that tried to conduct an empirical analysis from the perspective of positive externalities. Based on the 2004 Vietnam Household Living Standards Survey (VHLSS)⁸ data, the authors of the World Bank’s report revealed that an additional year of schooling at tertiary level might lead to an increase in earnings of approximately 10%. Although this report does not compute the social rate of return bearing with a university graduate, the result with high personal rate of return on higher education implies that cost sharing is an appropriate mechanism that would be suitable for Vietnam’s higher education financing system.

Equity

In terms of equity, data obtained from ADB (2012) indicates that the most dilemma that Vietnam is facing is the widening gap in opportunities to access in higher education between students from richer and poorer families but not other issues (e.g. gender equality). Supporters of governmental subsidy argue that if state support is cut down, students from lower income families would not afford the cost of study, and therefore, would be excluded from higher education. This point of view also reflects the opinion of policy-makers in Vietnam over previous three decades. Indeed, in previous decade, Vietnam is an outlier case in Asian region in which growth in per-student support from government outpaces the growth of student population. Between 2001 and 2008, student enrolment in Vietnam rose 1.7-folds from 974,100 to 1,675,700 while recurrent per-student subsidy increased 2.83-folds from 1,845,806 VND to 5,222,892 VND per year (ADB 2012). However, Pham and Tran (2014) argued that, given the current capacity of higher education providers that under match the student demands, increasing governmental allocation only results

⁸VHLSS is a longitudinal survey conducted by General Statistics Office of Vietnam, asking more than 30,000 Vietnamese households on income, expenditures, economic activity, education, healthcare and available infrastructure.

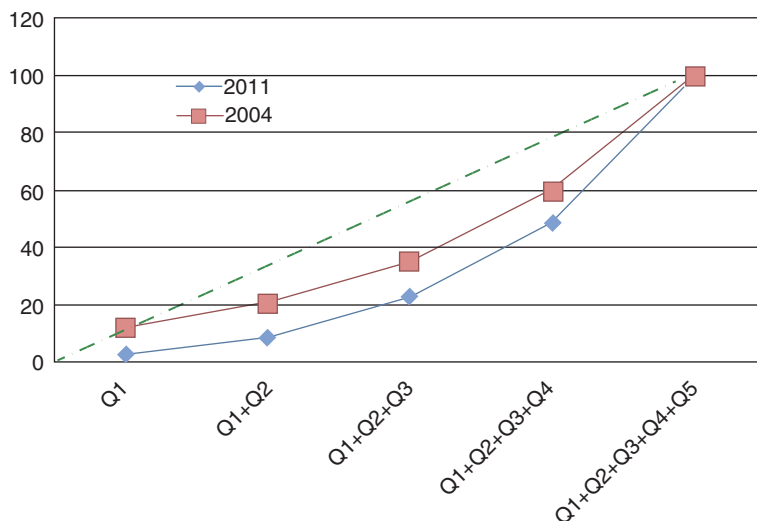


Fig. 5.2 Lorentz concentration curves in accessibility of Vietnam's higher education in 2004 and 2011 (*Q1* represents the poorest 20% population of Vietnam while *Q5* represents the richest quintile) (Pham and Tran 2014)

in regressive consequence in equity. Through drawing Lorentz concentration curves of student shares between five different quintiles according to their families' income in 2004 and 2011, Pham and Tran (2014) revealed that the level of inequity in higher education opportunities across household wealth quintiles has been widening over the period from 2004 to 2011. In other words, economic disparity has become a more and more visible trouble for Vietnam's higher education system (Fig. 5.2).

Financial Sustainability

State budget has been the main source of income of higher education institutions in Vietnam. Currently, even with increasing tuition fee, the government still contributes approximately 55% flow of revenue for public higher education institutions (Hayden et al. 2012). However, the central role of state budget is only justified and viable within the context that unit cost is maintained as low as per se (i.e. around 500–700 USD per year). Anecdotal evidences have shown that all endeavours to enhance unit cost via increasing state allocation in Vietnam are not sustainable due to limited resources and commitments of government. Table 5.4 summarizes two most recent and notable initiatives funded by Vietnamese Government agencies that aim to enhance the quality of higher education since 2007. The purpose of these two projects, one hosted by Ministry of Education and Training and another hosted by Vietnam National University – Hanoi, is to

Table 5.4 Two selected projects funded by government with high per-student investment

No.	Name of project	Scope of project	Source of funding	Average per-student governmental subsidy
1	Advanced programmes (in Vietnamese: <i>Chương trình tiên tiến</i>)	Some selected undergraduate courses at nine leading higher education institutions	Ministry of Education and Training	38,000,000 VND per year
2	Strategy programmes (in Vietnamese: <i>Nhiệm vụ chiến lược</i>)	Some selected undergraduate and graduate courses at Vietnam National University, Hanoi	Ministry of Finance	24,000,000 VND per year

Source: Author adopted from Nguyen (2014a, b)

1 USD~22,000 VND

establish several university courses that meet international standards. The strategies of these two projects are similar and their key activities are three-folds: (1) Adopting curriculum, syllabus and textbook from a partner university from developed countries such as the USA, France and Singapore; (2) inviting professors from partner university to Vietnam and give lectures to students and mentor local lecturers in pedagogy or conduct co-research; and (3) sending local lecturers to partner university for internship or short-course trainings. However, by mid-2016, both these two initiatives have arrived the final steps of the projects and there have been any signals that Vietnamese Government would continue to invest or extend these two programmes. Thus, this implies that government does not have both adequate resources and commitment to maintain qualified higher education system. Given the current difficulties of government budget, cost sharing is widely recognized as a more feasible and more sustainable solution from a perspective in which unit cost is increased to provide enough resources for higher quality of education and this increasing cost is to be shared by different stakeholders, including government, students, parents and society.

Quality

Traditionally, most proponents to government subsidy have insisted on the central role of government and call on the government to allocate more resources to promote higher education quality. However, an increasing number of proponents to cost sharing express their hope in emerging private providers to fix some part of the hole-ridden system that almost public providers have failed to. Regardless of differences in their points of view, however, both sides agree that the current quality of higher education is poor, and more investment is therefore prerequisite and urgent. The number of Vietnamese universities listed in Top 350 QS Asia 2016,

Table 5.5 Results of Top 350 QS University Ranking Asia 2016 at some selected countries in ASEAN

Country	Number of higher education institutions listed in Top 350 QS Asia 2016	Position of higher education institutions with highest ranking
The Philippines	8	70
Indonesia	11	67
Malaysia	20	27
Thailand	13	45
Vietnam	5	139

Source: Author synthesized from QS (2016)

compared to other developing countries within the region, partly reflects the quality of status quo of quality of Vietnam's higher education system (see Table 5.5).

Efficiency

Ziderman (2002) believed that, in general, students who have to pay fully or partly the cost of their studies would be more committed to their choices and their study. In the same vein, institutions which serve fee-paying students would have a tendency to be more responsive and responsible to their students (ADB 2009). By contrast, the regime in which universities receive funding recurrently from government is regarded as the root of bureaucracy and inefficiency, which creates a more wasteful mechanism. In Vietnam, Vietnam Education Dialogue's (2015) report is among the few endeavours considering the above issue from the efficiency perspective. In its report submitting to the government, Vietnam Education Dialogue asserted: "*market mechanism should be regarded as the most powerful motivation to enhance quality of higher education, to mobilize income and utilize resources effectively. Adopting market as motivation means granting higher autonomy, facilitating for universities (public and private) to compete in educational quality, tuition fee and student enrolment; and thus serve society better*" (Vietnam Education Dialogue 2015).

Tradition and Culture

As discussed at the outset of this chapter, education, including higher education, has been traditionally free in Vietnam. This stems from the depth culture of Vietnam, which always highlights the importance of talents for national benefit. Given this circumstance, it is not easy for the general population to accept a non-free higher education landscape. This partly explains why policy-makers in Vietnam avoid

using term “cost sharing” in their regulative documents over previous decades. Also, most current policy-makers and university leaders in Vietnam are now used to being beneficiary of government subsidy higher education regime. Thus, these factors, without doubt, have resulted in significant obstacles for the transition to a full-fledged cost-sharing mechanism.

Discussion and Conclusion

Over the last three decades, Vietnam has transitioned from a solely governmental subsidized to a cost-sharing higher education system. This phenomenon is a reasonable and necessary consequence of a rapid massification of higher education and inability of the state in maintaining finance for the sector. Nevertheless, in official term, cost sharing appears to be not widely used. Instead, “socialization” (xã hội hoá) has been used as a euphemist term in mostly all regulative documents issued by government authorities. This, on the one hand, reflects an official unrecognition of Vietnamese policy-makers towards cost-sharing policies in particular and the concept of market-based higher education in general. On the other hand, this reflects the insistence of Vietnam’s political leaders and policy-makers on the ideology of socialism in the country’s development: in a socialist-oriented country, there is no legitimate room for cost sharing or the concept of education as private good. Regardless of this unofficial recognition, cost sharing in Vietnamese higher education is still alive and well, being practiced in the forms of tuition fee, student loan and private higher education establishment, to name a few. It implies that with increasing demand from learners, Vietnam’s policy-makers must unwillingly adopt a cost-sharing mechanism and refer to it with another term: “socialization”. Given this, we call the current financing mechanism in Vietnam’s higher education a “passive” cost sharing. The term “passive” denotes that the promulgation of policies in “socialization” over previous decades has been a compelled response of policy-makers to the increasing demands from society in post-secondary education level. And because of its “passive” nature, Vietnamese policy-makers do not seem to fully exploit the advantages of cost-sharing options in particular and dynamic features of market role in general.

Thus, among different objectives of higher education, the combination of existing options of cost-sharing policies in Vietnam over previous decades seems to result in only the increase of participation of higher education. The other objectives, i.e. quality/outcome and equality, as discussed earlier in this chapter, tend to be deteriorated and decline.

Under such circumstances, to attain a massive higher education system but qualified and equal, it is suggested that Vietnamese policy-makers should adopt more proactive cost-sharing choices. For instance, on the one hand, the current regulation on cap of tuition fee applying for public higher education institutions might be dismantled to help universities to seek enough financial source to maintain competitive quality. On the other hand, the issue of inequality, which might emerge as a conse-

quence of no tuition fee cap policy, might be resolved by need-based student loan and merit-based scholarship programmes facilitated at the national level.

Whatever new cost-sharing option is to be determined, other caveats, which have been untapped or under-tapped for a long time, should be addressed immediately by policy-makers and researchers. These, as addressed throughout this chapter, are relevant data, information and empirical analysis to the issue, such as Gini index (an indicator representing the level of inequality in access to higher education) and personal vs. social rate of return in different subjects in higher education or unit cost analysis (a minimum investment per student that ensures competitive quality to other countries). As cost sharing is still a controversial topic as emphasized by ADB (2009), the collection of the above information is paramount because it would provide transparent evidence for both proponents and opponents of cost sharing.

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