

VIETNAM - 2018

EDUCATION

April 2018



I. Market Overview

Since its reform in 1987, Vietnam has become one of the most dynamic economies in the world with the average annual GDP growth rate of 6.2% over the last decade. Education is a one of the top government's priorities to maintain and achieve further economic growth. Approximately 20 percent of Vietnam's national budget, or US\$10 billion, is devoted to education. However, according to a study by the World Bank in 2014, more than 80% of the Vietnamese workforce lack professional and technical skills to perform their job. During the process of the country's industrialization, there has been a transition of approximately one million workers from agricultural sector into manufacturing, construction and services sector each year. Essentially, it is a prerequisite to upskill the workforce. Expanding access to higher quality education and vocational training is the paramount objective of the central government.

Yet there is still a schooling supply shortage for the country's massive need. 37 percent of the population is below the age of 25 while the capacity of universities in Vietnam is available for one third of applicants only. There are 445 universities and colleges for more than 1,7 million students.

| | School | Students | Teacher |
|----------------|--------|-----------|---------|
| Kindergarten | 15,256 | 5,300,000 | 337,000 |
| Primary school | 14,937 | 8,041,000 | 396,000 |
| High school | 2,834 | 2,508,000 | 150,000 |
| University | 235 | 1,767,000 | 72,792 |

2017 statistic from the Ministry of Education and Training

Over the past years, the government have started to put more emphasis on privatisation allowing the emerge, which now accounts for 17% of the total Vietnamese students enrolled in higher education.

Vietnam - a country of more than 90 million people- is seen as one of the most desired destinations for foreign investment in the education sector. In term of demographics, Vietnam is currently in “the golden age” with 24% of the population is under the age of 15, featuring a relatively young population that is economically active. The middle income and affluent classes of Vietnam are surging and expected to double in size between 2014 and 2020, from approximately 15 million to 33 million people. With the increasing income, Vietnamese parents are raising the demand for higher quality education standards and seeking international education. Another goal of the education reform is modernising and internationalising its system. The government has expanded the English language curriculum and promoted the courses exchanged with developed countries such as Australia, The U.S, France, and the UK.

II. Government priorities and legal frame work

As the education system is being managed and administered by the Ministry of Education and Training, public schools and public universities heavily dominate the Vietnam education. The Department of General Education is responsible for examinations, curriculum, staffing, textbooks at the primary and lower secondary educational levels. The local authorities organise the primary and lower secondary schools. The Vietnam education system encompasses both governmental and private educational institutions.

1. Priorities:

In 2017 – 2018, MOET aimed to implement 09 major objectives and 05 resolutions.

Objectives:

1. To assess and to re-plan the network of schools & classrooms.
2. To improve the quality of teachers and administrators.
3. To improve the quality of foreign language teaching.
4. To apply IT in teaching, learning and educational management.
5. To promote the autonomy and accountability of schools.
6. To strengthening international integration.
7. To enhance facilities to ensure educational quality.
8. To develop human resource.
9. To implement career classification and career orientation.

Resolutions:

1. To improve the institution and promote administrative reforms
2. To enhance the management capacity of educational administrators.
3. To increase investment resources for education.
4. To strengthening the educational quality assessment.

5. To increase promotion.

2. Legal framework affecting on provision of foreign education in Vietnam

- **Law on Education (2005):** describes the basic structure of the education system in Vietnam, as well as the qualifications a student must possess to enter each level. It establishes the centrality of the Ministry of Education and Training (MOET) overall role in the education system.
- **Law on Vocational Training (2006):** concerning the operation, promotion and quality of Vocational Education and Training (VET) sector in Vietnam. It codifies the levels of VET qualifications within the Vietnamese system (elementary, intermediate and diploma), and the objectives, duration and syllabus applicable to each level.
- **Law on Higher Education (2012):** supports the sustainable development and reform of higher education in Vietnam. It covers issues not previously included in legislation e.g. institutional autonomy and accountability; quality assurance; universities' roles in research; science and technology; private universities; national and regional universities; and university classification and ranking.
- **Law on Investment (2014):** states that foreign investment in the education sector attracts both stricter conditions (including requiring foreign investor specific approvals for investment) and higher investment incentives (including tax breaks, land grants and preferential accounting treatment) than other types of foreign investment.
- **Law on Enterprise (2014):** sets out the enterprise structures relevant to foreign providers of education in Vietnam
 - + Limited-liability company
 - + Joint-stock company
 - + Partnership
 - + Branch
 - + Representative office
 - + Business Cooperation Contract
 - + Public and Private Partnership Contract

III. Opportunities and challenges for foreign investments in education

1. Opportunities

- The demand for international standard education in Vietnam is high. Increasing income, meteoric urbanisation, and rising living standards are key drivers for demand for advanced education. According to the Department of Foreign Training under the Ministry of Education and Training, more than 110,000 Vietnamese students moved abroad to study in 2014 and this number is growing year on year. The top destinations for overseas education include Japan, the U.S.A, Australia, China, and the UK.

- With the growth of the economy, Vietnamese parents are willing to pay more for higher educational quality. Over \$3 billion is spent every year to pay for children's study overseas.
- The government is encouraging international integration, especially in foreign language teaching and vocational training to improve their human resources.
- **Government's Incentives for foreign educational investment:** Education is one of prioritized fields in Vietnam; therefore, educational investment enjoys these tax incentives:
 - + 10% tax reduction for entire lifetime of operation, application for all projects
 - + 4 years of corporate income tax (CIT) exemption & 5 years of 50% reduction on payable CIT
- The government is also making an effort to increase education at the tertiary level. Over the past decade, enrolment rates have nearly doubled, from 16% in 2005 to 29% of the total population in 2015, with approximately 2.4 million students enrolled in institutions of higher learning.

2. Challenges

- Decree 73/2012ND-CP sets up a limit on enrolment for Vietnamese students to attend international schools. Institutions operated by foreign investors are required to provide education to primarily foreign students, with only a small number of Vietnamese students being able to enrol in this type of school. International schools for general education must respect the following **upper limits for Vietnamese enrolment: 10% for primary and secondary international school and 20% or less for international high schools.**
- Obtaining licenses is a difficult challenge. In order to operate in the education sector in Vietnam, foreign institutions must follow specific procedures to obtain three types of license: an investment registration certificate, a business registration certificate permitting the establishment of educational institutions, and a license for educational activities.

Reference

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Based on MOET Organization Structure

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