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IN THE AMOUNT OF SDR 85.4 MILLION
(US\$127 MILLION EQUIVALENT)

TO THE

SOCIALIST REPUBLIC OF VIETNAM

FOR A

SCHOOL EDUCATION QUALITY ASSURANCE PROGRAM

May 28, 2009

**Human Development Sector Unit
East Asia and Pacific Region**

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CURRENCY EQUIVALENTS

(Exchange Rate Effective December 8, 2008)

Currency Unit	=	Vietnamese Dong (VND)
US\$ 1.00	=	VND 16,982
VND 10,000	=	US\$ 0.59
US\$ 1.00	=	SDR 0.67
SDR 1.00	=	US\$ 1.49

GOVERNMENT FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

BCEP	Building Capacity in Educational Planning
BOET	Bureaus of Education and Training at the district level
BOF	Bureaus of Finance at the district level
BPI	Bureaus of Planning and Investment at the district level
BSEC	Books and School Equipment Company
CAS	Country Assistance Strategy
CFAA	Country Financial Accountability Assessment
CIDA	Canadian International Development Agency
DFA	District FSQI Audit
DFID	UK Department of International Development
DOET	Department of Education and Training at the provincial level
DOF	Department of Finance at the provincial level
DPI	Department of Planning and Investment at the provincial level
DPL	Development Policy Lending
EC	European Communities
EDSP	Education Development Strategic Plan
EM	Ethnic Minority
EMIS	Education Management Information System
ENTP	Education National Targeted Program
EPH	Education Publishing House
FDS	Full Day Schooling
FII	FSQI Input Index
FM	Financial Management
FSQI	Fundamental School Quality Level
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
GSO	General Statistical Office
GVN	Government of Vietnam
HDS	Half Day Schooling
HE	Higher Education
ICB	International Competitive Bidding
IDA	International Development Association

IEG	Independent Evaluation Group
IFR	Interim Financial Report
IPSAS	International Public Sector Accounting Standards
IT	Information Technology
JICA	Japan International Cooperation Agency
M&E	Monitoring and Evaluation
MDS	Mixed Day Schooling
MOET	Ministry of Education and Training
MOF	Ministry of Finance
MOHA	Ministry of Home Affairs
MOU	Memorandum of Understanding
MPI	Ministry of Planning and Investment
MTEF	Mid-term Expenditure Framework
MTEF	Medium Term Expenditure Frameworks
NCB	National Competitive Bidding
O&M	Operation and Maintenance
ODA	Official Development Assistance
P-135	Program 135
PC	People's Committee
PCU	Program Co-ordination Unit
PTDP	Primary Teacher Development Project
PEDC	Primary Education for Disadvantaged Children
PFM	Public Financial Management
PHRD	Policy and Human Resource Development (Fund)
PPC	People's Committee at provincial level
RFP	Request for Proposals
SBSR	State Budget Settlement Report
SBV	State Bank of Vietnam
SEDP	Socio-Economic Development Plan
SEQAP	School Education Quality Assurance Program
SIL	Specific Investment Loan
SOE	State Owned Enterprises
SREM	Support to the Renovation of Education Management
TA	Technical Assistance
TABMIS	Treasury and Budget Management Information System
TBS-EFA	Targeted Budget Support for Education For All Program
UCOA	Unified Chart of Accounts
UIS	UNESCO Institute for Statistics
VBTP	Vietnam-Belgium Teacher Training Project
VHLSS	Vietnam Household Living Standards Survey
WTO	World Trade Organization

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VIETNAM
School Education Quality Assurance Program

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I. STRATEGIC CONTEXT AND RATIONALE

A. Country and sector issues

General Context

1. **Vietnam has been one of the fastest-growing economies in the world, achieving an average growth rate of over 7.5% for the past decade.** In 2007, GDP accounted for US\$70 billion and the per capita income reached nearly \$700. Vietnam's growing economy is attributed to its transitional path towards a market-oriented and globalized economy. Since a gradual economic reform "*doi moi*" was launched in 1986, the country has increasingly relied on market mechanisms and instruments to manage its economy and to implement its professed strategy of global integration. In January 2007, Vietnam joined the World Trade Organization.

2. **The country has been facing new challenges in macroeconomic management.** In late 2007 and the first half of 2008, Vietnam was confronted with the economic overheating resulting from massive capital inflows, resulting in accelerating inflation, a ballooning trade deficit and a real estate bubble. In response to this challenge, the Government has swiftly reacted since March 2008 by switching its priority from rapid growth to stabilization with a tight monetary policy and some measures of fiscal restraint. While the package worked, it also did take a toll on economic activity. At 6.2 percent, GDP growth for the entire 2008 was about 2 percentage points below potential. The Government reacted swiftly to this second economic shock, shifting gear from stabilization to supporting economic activity in November 2008, with, in particular, a decisive move on monetary policy. Thanks to the stabilization effort of early 2008, the Vietnamese economy is in a better position to weather the global crisis than it would have been a year ago. While a crisis is unlikely, growth, however, is still bound to slow down. The impact of the global turmoil was particularly severe in the first quarter of 2009 where GDP increased by 3.1 percent compared to the same period in 2008, which is about 4 percentage points below trend. There are indications of a recovery in the second quarter.

3. **The rapid economic transformation and expansion for the past two decades have also had a great influence on poverty reduction in Vietnam.** Household survey data from 2006 indicate that the percentage of households living below the poverty line has fallen dramatically from 58% in 1993 to 16% in 2006, or about 34 million people have escaped poverty.

4. **However, in spite of such positive trends, Vietnam development is still not inclusive.** Despite considerable progress in alleviating poverty, inequality still exists. Poverty remains much higher among the ethnic minorities than among the ethnic majorities, such as the Kinh and Chinese ethnic groups, as well as in rural areas where 92% of the poor live. The mountainous areas tend to be much poorer than the lowlands. Additionally, progress in poverty reduction has been much slower for Vietnam's ethnic minorities, although it is encouraging that rural poverty continues to decline.

Diagnostic of and Strategies for the Education Sector

5. **In this evolving context, Vietnam is experiencing increasing pressures on its education system, mainly coming from** the strong social demand for education and training from Vietnamese households; the knowledge and skill needs of a knowledge-based economy that is growing under the influence of globalization; and the risk of increasing disparities between different groups within the population, as the result of a rapidly expanding economy

6. **The country already made great strides to address some of these increasing pressures.** Vietnam has expressed strong commitment to achieving universal basic education as a foundational stone to social development and economic growth. In order to reflect this commitment, there have been exceptional improvements in education attainment since the 1990s. In particular, between 1992 and 2006, the percentage of the population aged 25-55 without any education level completed has decreased from 23% to less than 1%, and primary, lower secondary and upper secondary educational attainment has increased substantially. Additionally, rural and lower income populations have benefited the most from the increase in primary and lower secondary attainment. At the same time, primary enrollments are now nearly universal, and the gross enrollment rate in lower and overall secondary reached, respectively, about 87% and 73% in 2004, positioning Vietnam in a favorable position vis-à-vis countries with similar income per-capita. As also indicated by the increased completion rates, the Government put renewed emphasis on the quality of primary education by introducing a number of key measures detailed in Annex 1.

7. **Notwithstanding these major improvements, the country is still facing at least two notable challenges to become a truly high performing education system: (a) increasing inequities in educational attainment beyond primary driven by higher performance of the most advantaged groups; and (b) still insufficient quality of the education system, in particular for disadvantaged groups.** Although everybody has benefited from higher education attainment, and access to primary and lower secondary education have become more equitable in time, the rural populations, and even more so ethnic minorities and the lowest income quintiles, have yet not been able to go beyond lower secondary—while the upper quintile and urban populations were making great strides in secondary and tertiary education- generating increasing inequities overall. These rising inequities are fueled by persistent inequities in primary completion, which are the most critical at this stage, constraining full access to lower secondary, and attendance/completion of secondary education. The quality of primary education, although improving, also still appears to be an issue, overall and more particularly for poor, rural and ethnic minority populations, according to the latest test results.

8. **In this context, primary completion and learning outcome studies on Vietnam show that the most important school related performance determinants are teachers' qualifications, subject knowledge and training; school resources and facilities; community/parental participation; and instructional time.** In particular, the latest 2007 grade 5 study confirms that there is a clear positive relationship between schools with higher proportion of students in Mixed or Full Day Schooling (FDS)

(students attending at least 30 periods, or 6 sessions, a week) and math and Vietnamese scores; and, interestingly this relation is stronger for the *low performing students* and *poor provinces*. The positive effect of FDS is confirmed even controlling for all other factors. Many other studies also confirm that instructional time is a key determinant of achievement.

9. **Although schools' input and processes have improved in time, there are still significant gaps in the level and distribution of these school related factors.** As detailed in Annex 1, school resources are still insufficient and inequitably distributed, teacher qualifications, while having clearly improved, are also still inequitably distributed, and poor school management and insufficient community participation are still an issue in primary education. Importantly, with less than 700 hours as yearly allocated instructional hours in primary instructional time is a core weakness of Vietnam education. The country ranks very poorly compared to other countries in the region and outside. According to the most recent MOET data, about 45% of students were still enrolled in half-day schooling (less than 30 teaching periods a week –or 20 full instructional hours a week), and the distribution of full-day schooling mirrors the one of other school resources, with much lower proportions of students who benefit from it in poorer districts. Low instructional time is largely due to inefficient teacher deployment and low teacher workload (low teacher utilization rate), which need to be urgently addressed; and lack of school resources. On the other hand, the FDS reform will be facilitated by the fact that there is an overall teacher surplus, in large part related to the decreasing school age population.

10. **This evidence suggests that already disadvantaged groups are at an even stronger disadvantage by having less access to good facilities, qualified teachers and sufficient instructional time, which are strong determinants of performance, than wealthier groups. It also suggests that longer instructional time is mostly constrained by lack of school resources and low teacher workload. There is therefore a strong justification for helping the poor get access to a comprehensive package allowing for longer instructional time, while also supporting the provision of better school facilities, more teacher time and better trained teachers to make the transition to longer time both feasible and truly quality-enhancing.** Supporting transition to longer instructional time at this stage is also particularly adequate and timely because of the declining school age population and related teacher surplus.

B. Rationale for Bank involvement

11. Given the urgent challenges in providing primary education quality, more particularly for disadvantaged children, the Government of Vietnam and the World Bank are advancing a proposed education program to support quality of primary education, with focus on increased instructional time within an improved school and teaching environment. More specifically, SEQAP will support the Government's transition to Full Day Schooling, overall and for disadvantaged groups, with focus on achieving more and more effectively used time for schooling. There is a strong rationale for this new operation based on several grounds.

12. *Relevance to client's development framework:* **The program is squarely in line with the Government 2006-2010 Socio-Economic Development Plan (SEDP), 2001-2010 Education Development Strategic Plan (2001-2010 EDSP) and 2008-2020 Education Development Strategic Plan (2008-2020 EDSP).** A key theme of the SEDP is Equitable Access to Quality. Key goals of the 2001-2010 EDSP are the creation of radical changes in education quality to help Vietnam gain a better position in the world; innovations in goals, contents, methods and curricula at all levels; the development of a qualified teaching staff; and innovations in education management. The key theme of the 2008-2010 EDSP is to further expand the opportunities for universal high quality education and to improve the quality and effectiveness of each level of education; and among the key pillars of the strategy is improving reading comprehension in primary education through multiple strategies including more time to learn and upgrading of teacher trainers in their competencies for improving reading skills; and continuing developing the teaching force in order to facilitate transition towards a more individualized, student-centered, education, and full day education. Finally, the Mid Term Expenditure Framework (MTEF) for 2006-08 states that one of the main priorities over the medium-term is “improving the quality of basic education by way of full day schooling”.

13. *Relation with Government policy on Full Day Schooling (FDS):* **SEQAP comes at a very timely moment to support the development of the Government's policy framework for Full Day Schooling, while ensuring that the gap between advantaged and disadvantaged groups starts to be addressed.**

14. Policies on FDS so far: The Government of Vietnam has been encouraging a move towards FDS over these last years in an attempt to curb the disproportional increase in private tutoring (private classes outside the regular schooling time) and conscious of the fact that 23-25 instructional periods (each of about 40 minutes) per week in primary education is simply not enough to cover the basic primary education curriculum and, even less, to cover it well. This encouragement has translated into a series of steps facilitating the application of FDS when possible, including a flexible curriculum framework leaving the room for additional subjects and regulations on teachers per class group applicable to FDS. However, beyond these few central norms, the move to FDS in Vietnam has been fairly much left to the discretion of the local authorities that can provide sufficient infrastructure and parents that can contribute to cover additional teacher work involved, resulting in an extremely inequitable FDS coverage, where only a minimal amount of students and schools have managed to move towards FDS in the poorer areas. This was largely due to the lack of commitment of the Government to finance the costs implied by the extra sessions, which was therefore entirely left to parents and local authorities, accompanied by the lack of a clear framework which empowers and encourages schools in the poorer areas to mobilize the change.

15. Current Government's support for FDS and contribution of the program: The Government has renewed its support to move to FDS in its 2008-2020 Vietnam Education Development Strategic Plan with plans to achieve full transition to at least 30

instructional periods per week by 2020 and 35 instructional periods per week by 2025. However, while support on all sides (including principals, teachers and parents) is strong, as well as awareness that changes need to be made in the current setting to ensure a more efficient and equitable reform, the policy framework, road map and financial implications of the reform have still not been fully developed; while, in the meantime, the transition to FDS continues led by the wealthy areas leaving the poorer ones behind. In this context, SEQAP will, with the financial support of the external donor partners, reinforce key aspects of the Government Education Sector Strategy, permit the preparation and implementation of a second more equitable phase of the transition to full-day schooling in primary education, and lay out a detailed strategy and guidelines that will allow the Government policy of full-day schooling to be applied across the nation.

16. *Links to World Bank lending operations: This new operation will also build on three main existing or now closed education projects, consolidating and expanding some of the innovations that they have introduced.* The three projects are the Primary Teacher Development Project (PTDP), whose objective was to lay the foundation for a nationwide project to upgrade the quality of the primary teaching service, the Primary Education for Disadvantaged Children (PEDC) Project, whose objective is to improve access to primary school and the quality of education for disadvantaged children, and the Targeted Budget Support for Education For All Program (TBS-EFA), whose objective is to enhance the quality of basic education through the support of the Education National Targeted Program (ENTP).

17. *Links with PTDP: The teacher project, which has just been completed last year, was central in establishing a new set of professional standards for primary teachers, which have gained national legitimacy.* The Primary Teacher Professional Standards (PTPS) were developed to appraise teacher performance on three strands – professional ethics, commitment and leadership; subject matter and curricular knowledge; and teaching methods – with four levels of developing competence within each. By linking performance appraisal to incentives for teachers, the design was intended to shift the emphasis from rewarding teacher seniority and teachers with the highest performing students to rewarding those teachers whose improved skills and behaviors added value to student outcomes, regardless of their baseline achievement. The ICR confirmed that the set of professional standards was widely welcomed by the profession, acknowledged by the public, and officially adopted by MOET (Decision 14/2007); and, at least in the provinces targeted by the teacher project, led to changes in the instruments used in regular appraisal of teachers, feeding into the designation of teachers' characterization (as good, excellent, etc). Additionally, Decision 61/2005 allowed for the definition of three teacher titles (regular teacher, senior teacher and lead teacher) linked to remunerations and career growth.

18. *The project also supported improvements in pre and in-service training.* The project also supported the upgrading of new teacher training curricula for the college level – helping consolidate improvements in teacher pre-service training – and developed 32 training modules for teachers and education managers of national relevance for pre and in-service training which were applied in the project beneficiary provinces through

different modes of delivery. Overall, significant improvements in student learning in project provinces, combined with positive results from a survey on the effectiveness of the in-service module delivery and a comprehensive classroom observation study, led to a highly satisfactory rating of the project outcomes and confirm the positive impact of the teacher professional standards and new teacher training modules.

19. ***SEQAP will closely build on these achievements.*** In this context, SEQAP will very closely build on these achievements by ensuring wider application of the teacher professional standards (beyond the PTDP target provinces), completing linkages with teacher titles, terms of service and remuneration (Decision 61/2005 on titles is essentially based on qualifications and does not include performance appraisal as measured by the Professional Standards yet), and applying the already developed and validated in-service teacher and education manager modules to the new target provinces and schools. It will also go beyond what initiated by PTDP by extending professional standards to principals and developing and applying new modules more specifically related to transition to FDS.

20. **Links with PEDC and TBS-EFA:** Among other interventions, the PEDC project introduced and supported the concept of a fundamental school quality levels (FSQL) to guide district action plans and investments, promoted community participation (through notably the use of school campus funds), and identified innovative strategies to reach disabled and other high-risk children groups; and the TBS-EFA supports the application of FSQL in the allocation of national targeted funds for education. SEQAP will build on these interventions first by aiming to achieve some of the critical FSQL – related to teacher training, school management and school facilities - while improving the definition and applicability of the overall FSQL package by factoring in time to learn (not included in the current definition) and necessary accompanying inputs (in terms of teacher training and workload and school facilities). Second, SEQAP will also support school based management by directly building on the experience of the PEDC school campus funds in giving autonomy to schools (through principals and even pupil-teacher associations) in the management of funds for school operation and maintenance, additional teaching assistants and lunches; and TBS-EFA by helping develop a school funding formula based on simple and transparent criteria (TBS-EFA has successfully developed a transparent and equitable funding formula for the allocation of the ENTP).

21. Beyond the above, PEDC and SEQAP are also particularly complementary because PEDC attempts to improve the quality of existing disadvantaged schools (with varied number of half-day sessions per week) on the basis of FSQL, and close coordination on the ground may therefore ensure that more schools get ready for transition to full-day schooling (in other words ensure that schools move on with more inputs than what SEQAP could finance).

22. ***Appropriateness and relevance in the context of the CAS: The new program is also squarely in line with the CAS.*** The objectives of the new program are squarely in line with the second pillar of the 2006-2010 CAS: “Strengthen Social Inclusion, by enhancing human resources, assets and opportunities for the poor and vulnerable”.

SEQAP will help reach the key education outcome mentioned in the CAS of “better access to and use of affordable quality basic education for all children”.

C. Higher level objectives to which the program contributes

23. **By improving the quality of primary education in Vietnam, in particular for vulnerable groups, SEQAP will contribute to decreasing poverty and improving social cohesion.** These are two essential targets as progress in poverty reduction has not been uniform across population groups and social cohesion is still at stake. Quality of primary education is central to the acquisition of core skills (literacy, numeracy, problem solving, behavioral and communication skills) and therefore is a strong determinant of the capacity to acquire higher order skills and complete secondary or even higher education, which, in turn, generate high earning and quality of life potential. Improved quality for vulnerable groups will therefore help decrease poverty and close the financial and quality of life gap between population groups.

24. **More generally, investing in primary education will also contribute to increased productivity and growth.** Investing in primary education is a cost-effective strategy for Vietnam because of high social rates of return. Additionally, low survival to upper secondary and tertiary education, related to low preparation in primary and secondary, hampers labor productivity gains in Vietnam, as corroborated by a recent study on skills for growth. Finally, recent studies on education and growth also find that quality of education itself, and in particular performance in Math, is closely related to growth performance.

II. PROGRAM DESCRIPTION

A. Lending instrument

25. The lending instrument is a Sector Investment Loan (SIL). This type of lending instrument is the most appropriate to ensure targeted investment for full day schooling, accompanied by intensive capacity building.

B. Program objective and Phases

26. The SEQAP program itself is not phased, although it is part of a multi-year multi-stage process of transition from half-day to full-day primary education with 35 periods per week by 2025.

C. Program development objective and key indicators

27. The objective of the Program is to improve learning outcomes and education completion for primary education students, particularly disadvantaged primary education students, through supporting the Government’s full-day schooling (FDS) reform program.

28. The proposed outcome indicators include: (i) increase the percentage of primary students reaching the “independent learner” stage in Vietnamese and math, on average, and for ethnic minority, female, and rural students; (ii) increase the percentage of primary students with good or excellent grade in Vietnamese, on average, and for female and rural students; (iii) increase primary education completion, on average, and for ethnic minority, female and rural students; and (iv) increase proportion of students receiving at least 30 periods of instruction per week, on average, and for ethnic minority, female, and rural students.

D. Program components

29. The Government is moving towards two main available options for transition to FDS: 30 (T30) or 35 (T35) periods per week –depending on school initial conditions - aiming at a minimum national standard of 35 periods per week (FDS) for all primary schools by 2025 (equivalent to a minimum of 800 instructional hours a year). The basic characteristics of the model have already been developed. In this policy context, and on the basis of the broader education sector context for the reform, SEQAP will support a package of measures allowing schools in disadvantaged areas to reach at least 30, well used, teaching periods a week, including the further development and implementation of a school-driven T30 and T35 FDS model, the provision of better school facilities, better trained teachers, more efficient teacher deployment and use of teacher time, and improved school management practices. It will do so by improving the policy framework for FDS nationally, while supporting improved teaching and school management and better facilities/infrastructure for transition to FDS in 35 disadvantaged provinces.¹

30. SEQAP will therefore be articulated into four interrelated components with different target populations. Component 1 on policy development will have national coverage, while the “investment” components 2 and 3 will be targeted to 35 disadvantaged provinces and within these target poor provinces to: (i) half day schools (HDS) (including main and satellites sites) – or schools with 100% of students with less than 30 periods a week - to be brought up 100% to at least 30 periods a week; (ii) mixed day schools (MDS) with less than 100% of students with at least 30 or 35 periods a week (including main and satellites sites) to be brought up 100% to at least 30 periods a week; (iii) a small group of “visible” effective schools to be brought up 100% to 35 periods a week for demonstration effects (model schools); (iv) school leaders and teachers of the program schools (priority 1) and other schools (priority 2); and (v) all provincial and district education managers. Component 4 will be aimed at strengthening program management.

¹ Beneficiary provinces are located in four main regions: **Mountainous Northern region (11 provinces)** (Ha Giang, Cao Bang, Yen Bai, Lang Son, Son La, Lai Chau, Dien Bien, Lao Cai, Hoa Binh, Tuyen Quang, Bac Can); **North Central Coast, South East (9 provinces)** (Thanh Hoa, Nghe An, Quang Tri, Quang Nam, Quang Ngai, Ninh Thuan, Binh Thuan, Binh Phuoc); **Central Highlands (5 provinces)** (Gia Lai, Kon Tum, Dac Lac, Dac Nong, Lam Dong); **Mekong river Delta (11 provinces)** (Ben Tre, Tra Vinh, Dong Thap, Soc Trang, Vinh Long, Bac Lieu, Hau Giang, Ca Mau, An Giang, Kien Giang, Long An).

COMPONENT 1: Improve Policy Framework for the Implementation of the Full Day Schooling Program [US\$6.2 million]

31. This is a highly strategic component which will aim at completing the requirements for the transition to FDS in the 2009-2015 period but also at building a more efficient and equitable framework for scaling-up the reform in the 2015-2025 time period. The component, which will have national application, has two main sub-components and several activities, consisting largely of technical assistance and implemented by the central level. A description of each sub-component is provided below and in a more detailed fashion in Annex 4. A detailed policy roadmap summarizing the content, targets and timeline of the main activities of this component is also included in Annex 4.

1.1 Developing a Model for FDS in Vietnam [1.7 US\$ million]

32. This sub-component will help complete the requirements for the application of an FDS model in 2009-2015, the program period, while laying the ground for an improved FDS model in 2015-2025.

33. **Guidelines and processes for incorporation to FDS still need to be developed.** SEQAP will help facilitate an efficient and equitable incorporation to FDS. The preparation phase for incorporation into FDS will need intensive coaching and may also learn from the example of current successful FDS schools. MOET will have to systematize the set of rules and procedures for incorporation in the new FDS regime into a single manual and supporting FDS guides and in-service teacher training modules will need to be developed.

34. **The FDS model also has further room for improvement.** There is still also substantial scope for improving the FDS model itself with the development of supplementary materials for the reinforcement of the core subjects in T30 – in particular as time for practice and individual work increases requiring new supporting materials - a better definition of the T35 model, and, ultimately, a movement towards a better integrated curriculum and school day – recognizing that FDS is not only about dealing with the extra hours but about a re-conceptualization of the whole of the 30 or 35 periods that are then available.

35. In sum, main activities of this sub-component (also summarized in the policy matrix) will be: (a) developing guidelines for incorporation to FDS; (b) developing in-service training modules on school management and use of time in FDS; (c) developing and printing teacher guides and learning materials for reinforcement of core subjects in T30; and (d) reviewing time schedule, criteria and detailed guidelines for implementation of T35.

1.2 Policies and Road Map for FDS implementation in Vietnam [4.5 US million]

36. This sub-component will develop the broader policy framework needed for FDS to ensure that the enabling environment, related policies and other regulations needed to allow the successful application and improvement of the full-day schooling model are in place for the SEQAP and post-SEQAP period.

37. **Beyond the need to improve the FDS model itself in terms of curriculum focus, design and application, there is also an urgent need in Vietnam to improve the policy framework surrounding the application of FDS - for current implementation and to inform the development, implementation and financing of the 2015-2025 reform.** In particular, four main areas require urgent attention: (i) quality assurance framework for transition to FDS; (ii) human resource management, including teacher deployment and workload and linkages between professional standards and teacher titles; (iii) community and parental participation management for transition to FDS; and (iv) recurrent financing mechanisms for sustainable transition to FDS. The gaps and reasons for intervention in these four areas are documented in the context and detailed program description sections.

38. This sub-component will include the following main activities: (a) capacity building and studies for improved pedagogical focus of the FDS model; (b) assessment of student learning outcomes with related data collection, studies and capacity-building; (c) data collection and studies for the monitoring and evaluation of the transition to FDS; (d) studies and capacity-building on teacher management, deployment and workload; (e) studies and capacity building on mobilizing communities for FDS; and (f) studies and capacity building on recurrent financing standards, implications and allocation for transition to FDS. Main detailed activities of this sub-component are summarized in the policy roadmap in Annex 4.

COMPONENT 2: Improve Human Resources for the Implementation of the Full Day Schooling Program [US\$34.3 million]

39. This second component will support the training and professional development of teachers, school leaders and education managers to successfully move to FDS in the provinces which are beneficiary of the program, with focus on teaching methods, teacher standards and school management. The implementation of the FDS model will need to be accompanied by significant school leaders, teachers and education managers' training in key areas to ensure smooth transition. This will be critical to ensure that SEQAP leads to more effective classroom instruction within the context of increased time for schooling leading ultimately to improvement in learning outcomes. The component will be divided in three sub-components focused on in-service training of teachers, school leaders and education managers and the quality assurance framework for effective in-service training in the targeted provinces. All teacher training related activities will be managed at the district BOET (Bureau of Education and Training) level.

2.1 Training and Professional Development of Teachers [US\$ 26.9 million]

40. This sub-component will mostly focus on supporting improved teaching methods of teachers for effective FDS, including maximizing the use of the additional and existing teaching periods, while also helping address some current gaps in the teaching of additional subjects for FDS.

41. **Teaching methods are still very much passive and teacher centered in Vietnam and performance in math and even more Vietnamese is still below**

standards for many students. There is significant need for improved teaching methods and pedagogical practices, in particular applied to the teaching of math and Vietnamese. Subject-knowledge is an issue for the new curriculum subjects.

42. *Target beneficiaries, main areas of training and delivery of training:* The target beneficiaries of this sub-component will be: (i) class room teachers who teach classes in the program schools (regular & specialists) (first priority group); (ii) class room teachers who teach in FDS and MDS schools in the target districts and provinces (regular & specialists) (second priority group); and (iii) bachelor degree holders teachers of the target districts and provinces who may become specialist teachers in FDS schools (third priority group). Main areas of training are detailed in Annex 4. In service teacher training will be the focus of the program and will to a large extent use the in-service teacher training modules developed under PTDP (and PEDC and the Vietnam-Belgium Teacher Training Project when relevant) and be delivered largely through a school-based model, building on the experiences of the same projects. The program will also support campus based training in local languages and some pre-service training for bachelor degree holders to help start develop a small pool of specialist teachers.

43. In sum, main activities of this sub-component will be: (a) in-service teacher training for about 115,000 classroom teachers (in program and non program schools) in a variety of training areas; (b) additional school-based training in local languages, culture and context and life skills in all SEQAP program schools; (c) campus-based in-service teacher training in local languages for about 150 teachers and additional in-service teacher training for about 1,500 teachers in communication skills; and (d) pre-service training in a variety of training areas for about 400 bachelor degree holders to become specialists in primary schools.

2.2 Training of School Leaders² and Education Managers³ [US\$ 2.5 million]

44. This sub-component will focus on increasing the capacity of school leaders and education managers to support effective FDS. School leaders and education managers will clearly have a key role to play in ensuring a successful transition of the school to FDS and high quality school based training.

45. **School management practices are still weak. Capacity of school leaders to deliver professional development also needs to improve, as well as current practices of school supervision by provincial and district education managers.** According to the 500 school survey, 75% of principals need training in school management and 57% in financial management. Additionally, field observations confirm that the deputy principals/key teachers should be better equipped with the knowledge and skill and related content knowledge to develop and deliver focused, relevant, needs-based school based professional development. Current practices of school supervision are still too formal and bureaucratic with too little emphasis on school education development plans, school performance, and school and teacher support. Transition to FDS will require more substantive and continuous support to schools.

² School principals, deputy-principals, key teachers.

³ District and provincial education managers/officers.

46. *Target beneficiaries, main areas of training and delivery of training:* The target beneficiaries of this sub-component will be: (i) school principals, deputy principals and key teachers in the program schools (first priority group); (ii) key teachers and deputy-principals in FDS and MDS schools in the target districts and provinces (second priority group); and (iii) province and district education managers/officers in the target districts and provinces. Main areas of training for principals and deputy-principals; deputy principals and key teachers; and education managers are detailed in Annex 4. Details on the delivery of training are also provided in Annex 4. Delivery of training will be district-based (education managers) or a combination of district and centrally-based training (school leaders).

47. In sum, the main activities of this sub-component will be: (a) in-service training in the school-based training package for about 2,500 key teachers/deputy-principals; (b) in-service training on school management for management teams in all SEQAP program schools; and (c) training of about 32 provincial teams and about 150 district teams in school supervision and management for transition to FDS.

2.3 Quality Assurance of Training and Professional Development [US\$ 4.9 million]

48. Finally, this sub-component will help build the required quality assurance framework for training and professional development in the beneficiary provinces and districts, and all program and non-program HDS, FDS and MDS schools. Although this quality framework will also be built at the national level, additional effort will be needed in the targeted provinces to ensure that teacher standards are fully and well applied in all schools, and the capacity to train teachers, school leaders and education managers in the beneficiary provinces is improved.

49. **The sub-component will support the application of teacher professional standards in the targeted schools and provinces** – by making sure these standards are integrated in the teacher appraisal instruments, principals and teachers are trained to use these standards for annual performance appraisal, and teachers are ultimately appraised against the standards.

50. **The sub-component will also support the training of trainers and the development of new modules.** The sub-component will support the training of trainers for school leaders and education managers; teachers in ethnic minority languages; and in the application of teacher professional standards. It will also develop new modules on local culture and context for teachers, school leaders and education managers; and teacher professional standards.

51. This sub-component will therefore consist of the main following activities: (a) communication and awareness raising for the implementation of teacher standards; (b) training for about 600 key MOET trainers in teacher professional standards; (c) training of about 2,600 education managers on using the teacher and principal standards for annual teacher and principal performance appraisal and training need assessment; (d) training of about 3,150 school principals on using the teacher standards for annual teacher

performance appraisal and training need assessment; (e) training and assessment of about 85,000 primary teachers against the teacher professional standards; (f) recording the data on teacher and principal assessment into a Professional Development Information System; (g) training of about 126 future educators for effective trainer training; (h) training of 10 national specialists on ethnic minority languages; and (i) development of new training modules on local culture and context and professional standards and quality assurance.

COMPONENT 3: Improve School Facilities and Resources for the Implementation of the Full Day Schooling Program [US\$ 133 million]

52. This third component will mostly support the upgrade of infrastructure and facilities and support recurrent expenditures as needed in about 1,730 schools to successfully move to FDS, with related decentralized capacity building for effective school construction and preparation of the FDS plans. Improved teaching quality is essential but will not be enough to ensure a successful transition when we compare schools which are currently in FDS and HDS. There is a need for a comprehensive package allowing for upgraded infrastructure and facilities; more teaching-learning materials and operation and maintenance; more teacher time; and complementary welfare interventions to help the most vulnerable families keep their children in school.

53. *Target schools:* financial projections confirm that SEQAP will cover about 1,730 primary schools. Target schools have been identified based on nine main criteria detailed in Annex 4. About 85% of the target schools have less than 100% of the students in FDS –as measured by T30 – and about 80% of the target schools are in poor income quintiles (Q3, Q4, Q5). The target school sample represents about 40% of schools with less than 100% of students in FDS in the 35 SEQAP provinces.

3.1 Upgraded Infrastructure and Facilities for FDS [US\$ 60.8 million]

54. This sub-component will focus on physical improvements in the beneficiary schools. Moving to FDS will require an upgrading of school infrastructure and facilities to provide enough room and facilities to keep children and teachers longer in school. The sub-component will also support the upgrading of district resource centers to facilitate in-service training for transition to FDS.

55. **There are several infrastructure and facilities needs for transition to FDS.** Main infrastructure needs for moving to FDS according to principals and teachers of the 500 school survey are additional number of classrooms, multi-functional rooms and toilets. National data suggest even higher needs for upgrading in HDS schools, in particular for functioning toilets and better furniture and classroom conditions. Finally, it is also noticeable that classroom dilapidation or semi-permanency is still an across the board problem for Vietnam, which while not strictly preventing transition to FDS, is nonetheless an element that needs to be considered.

56. *School package and implementation arrangements:* the specific school package will vary according to the classroom-class group ratio and initial school conditions. Classroom furniture will be provided across the board. The program will not finance

rehabilitation and upgrading of existing classrooms in dilapidated state, but will coordinate closely with other existing infrastructure programs to ensure that schools which make their transition to FDS also get some support under these other programs. A decision was taken to decentralize as much as possible classroom construction and other civil works to the district and commune level (building on the lessons of existing projects which have decentralized civil works to these levels). The detailed implementation arrangements of this sub-component are detailed in Annex 4.

57. Overall, this sub-component will finance: (a) about 2,800 additional regular classrooms; (b) about 500 multi-purpose rooms; (c) about 2,400 sanitary facilities; (d) 6 regional school construction coordinators, architectural consultant services and construction-related workshops; (e) classroom furniture; and (f) equipment and materials for 150 district resource centers.

3.2 Operation of FDS [US\$ 24.5 million]

58. This sub-component will largely focus on the development and implementation of school FDS plans and related recurrent costs incurred by the beneficiary schools for operation and maintenance, including additional teaching-learning materials, needed to maximize the effects of the transition to FDS.

59. **There will be additional needs for operation and maintenance, including learning materials, classroom consumables, and even lunch caretakers for transition to FDS, which need to be carefully planned for.** As time for practice and additional subjects increase the need for new complementary didactic materials for students becomes clear. Similarly, program schools also need to have adequate resources to operate the extended day under the FDS regime and therefore the program will also finance the cost of maintenance and minor repairs, classroom consumables, limited learning materials, utilities and other operational expenditures such as lunch caretakers to supervise students during lunch breaks. Capacity building will be needed to help schools prepare robust FDS plans.

60. *Implementation arrangements:* To finance operation and maintenance, inclusive of teaching-learning materials, the program will provide a small operating grant (school education grant) to schools. The average amount of the grant is US\$ 1,050 every six months – enough (and eligible) to cover basic expenses detailed in Annex 4. These grants will be managed by the school principals under guidelines and procedures detailed in Annex 4. Additional teaching-learning materials (including emergency textbooks) will be procured through the BOETs and delivered directly to the schools. FDS regional coordinators and part-time support to DOET will make sure FDS plans are satisfactory.

61. Overall, this sub-component will finance: (a) school education grants (of US\$ 1,050 per semester) to be spent on eligible expenditure for 1,730 schools; (b) additional complementary teaching-learning materials (including emergency textbooks) and equipment for poor and ethnic minority students; (c) 6 regional FDS coordinators supporting provinces, districts and schools in the planning of their transition to FDS; (d) part-time support to provincial DOET to process FDS plans and reports (including

financial reporting and consolidation); and (e) provincial/district/school/community workshops on FDS planning and appraisal; and school grants.

3.3 Additional Teacher Time for FDS [US\$ 22.7 million]

62. This sub-component will focus on additional salary costs for transition to FDS, associated with regular teachers.

63. **As schools move from their current regime of half-day schooling to the FDS model of at least 30 periods of instruction per week, some program schools will need to finance incremental teacher salary costs.** More precisely, half day schools with less than 1.3 teachers per class group will need to receive a salary increase corresponding to a staffing ratio of 1.3 – which should largely be used to provide a salary increase to cover the additional workload of existing teachers (rather than hiring new teachers). The fiscal impact analysis confirms that these limited salary increments are fiscally sustainable.

64. *Implementation arrangements:* additional salary costs for regular teachers will be managed by the BOETs together with teacher training.

65. Overall this sub-component will therefore finance incremental teacher salaries for regular teachers not going beyond the equivalent of a ratio of 1.3 teachers per class group.

3.4 Demand-Side Support for Disadvantaged Students [US\$ 25 million]

66. This sub-component will finance complementary welfare interventions to help schools keep the most vulnerable children in school.

67. **Scholarships and funds to buy clothes and lunches and pay for local language assistants, if needed, will complement supply-side interventions for ethnic minority and very poor students.** The program will also finance some limited scholarships (“attendance” and “performance” rewards) and emergency clothing to help ethnic minority families and households from the poorest 20% income quintile keep their children in school. The justification to provide some funds to buy lunches is provided in Annex 4. Finally, where the school serves a predominately ethnic minority population, there will be a need for teaching assistants who, through their specialized communication skills and knowledge of local languages, can facilitate learning in the first two grades for ethnic minority pupils whose Vietnamese language skills are minimal.

68. *Implementation arrangements:* Pupil welfare related activities will be supported through grants jointly managed by the schools’ parent associations (PAs) and principals. The average amount of the grant has been determined to be US\$ 2,050 every six months. This amount is enough (and eligible) to cover the expenses detailed in Annex 4. Grants will be managed according to the guidelines and instructions detailed in Annex 4. Junior community leaders will also be supported through the program to reinforce links between local communities, ethnic minority groups, PAs and schools and provide further training as needed.

69. Overall this sub-component will therefore finance: (a) school student grants (of US\$ 2,050 per semester) to be spent on eligible expenditure for 1,730 schools; and (b) salaries for 35 junior community coordinators for about 2 years per province.

COMPONENT 4: Program Management [US\$ 7.9 million]

70. This component will support the management of SEQAP to ensure smooth implementation and results on the ground. It will support the MOET Standing Office in key areas, as well as additional capacity building at the sub-national level in procurement and financial management. The component will include three main sub-components.

4.1 Overall support to the MOET SEQAP Standing Office [US\$ 3.6 million]

71. This sub-component will provide direct support to the Standing Office for the management and oversight of SEQAP, and will therefore provide financing for the following: (a) a program coordinator and international program advisor; (b) 3 national level program officers in three main areas (planning and implementation of FDS, staff training for FDS and professional standards, and school grants); (c) 1 procurement officer, 2 accountants and 5 support staff; (d) national program workshops; (e) limited equipment, furniture and vehicles; and (f) bi-annual, mid-term and implementation completion reviews.

4.2 Support to financial management at central and sub-national level [US\$ 1.6 million]

72. This critical sub-component will ensure that the financial management of SEQAP is properly carried out at all levels. It will consist of four main groups of activities (more details are provided in Annex 4): (a) technical assistance to specifically assist MoET, provinces, districts and schools to improve the effectiveness of program expenditure – including 1 international adviser based within the standing office in MoET for SEQAP and tasked with providing technical assistance to the standing office, particularly for program monitoring, budgeting and budget allocation, reporting, and auditing, and 2 contracted accountants (accounted above) to assist MOET in implementation of FM work for the off-budget expenditure; and part-time support in all provincial DOET to help districts with financial reporting and reconciliation (already accounted for above); (b) FM training/workshop to be held at least on an annual basis, province by province, to foster best FM practices; (c) preparation of SEQAP financial management guidelines; and (d) annual independent audit and independent tracking studies.

4.3 Support to procurement management at central and sub-national level [US\$ 2.7 million]

73. This critical sub-component will ensure that the procurement management of SEQAP is properly carried out at all levels. It will also consist of four main groups of activities: (a) technical assistance to specifically assist MoET, DOET, BOET, districts authorities, communes and schools to improve the effectiveness of Program procurement – including 1 international adviser on procurement matters based within the standing office in MoET for SEQAP, and 6 national consultants, each of which will work with the provincial governments, DoETs, BoETs, districts, communes and schools; (b) procurement training/workshops to be held at least on an annual basis, province by

province, to share best practices in procurement; (c) preparation of SEQAP procurement guidelines; and (d) an annual independent audit.

E. Lessons learned and reflected in the program design

74. Both the design and implementation arrangements for SEQAP build upon the knowledge and lessons-learned during current/previous design and implementation of complex education projects⁴ in Vietnam and international evidence on what works to improve education quality.

75. **Focus on learning outcomes, particularly among disadvantaged children, is central to realizing the poverty reduction benefits of investing in primary education. SEQAP's key objective is to improve learning outcomes.** The 2006 comprehensive IEG evaluation on World Bank interventions in primary education⁵ highlights the importance of ensuring that all children, particularly the disadvantaged, acquire the basic knowledge and skills that are critical for poverty reduction. The majority of World Bank projects focus on access-related indicators with no enough emphasis given to learning outcomes or even possibly negative effects in case of strategies to rapidly increase access. The report recommends a much stronger focus on learning outcomes, and particularly learning outcomes of the poor, and analysis of determinants of learning outcomes. SEQAP squarely fits within these recommendations by setting the improvement of learning outcomes, more particularly for disadvantaged groups, as its PDO; supporting and monitoring learning outcomes in time; supporting detailed analysis of determinants of learning outcomes (in the preparation and implementation phase); and focusing on key measures, such as time to learn and teacher quality, to improve learning outcomes for the disadvantaged.

76. **SEQAP will support a broad quality package combining more and better used instructional time with improved schooling inputs.** Time to learn has been shown to be a key determinant of education performance across the world and appears to be particularly important to improve learning outcomes of disadvantaged groups in Vietnam judging from the steeper relation between schools in FDS and learning outcomes in poor provinces and for low performers. While time to learn is a key factor, it also needs to be accompanied by good pedagogical practices to make sure it is as effectively used as possible.⁶ SEQAP will try to address quality as a package where “soft” and “hard” elements complement each other in an overall improved educational experience.

77. **Teacher related interventions consider both training and performance evaluation in an effort to maximize the impact of the program on teacher quality.** Vietnam has been successful in supporting the development of teacher professional standards which are now widely applied. Initial results of the 2007 grade 5 learning outcomes study show that provinces where PDTP has been applied have shown above

⁴ Other projects/programs include TBS-EFA, PEDC, PTDP, P-135, etc.

⁵ IEG (2006): “From schooling access to learning outcomes: an unfinished agenda”.

⁶ The Vietnam Belgium Teacher Training Project, for instance, has improved teachers’ capacities by introducing active teaching and learning methodologies, action research and child friendly school libraries.

average improvements in Vietnamese. At the same time, school-based training has been shown to produce positive results in PDTP and models for provincial teacher training institutes supporting in-service school-based training exist within the Vietnam-Belgium Teacher Training Project (VBTTP) and PEDC. SEQAP will build and learn from these experiences by applying a combination of school-based in-service teacher training and further implementation and use of teacher standards to make sure new teaching practices and teacher performance are evaluated and taken into account in career development.

78. **SEQAP will support changes in teaching methods through combining theory and practice, and greater flexibility in teacher training.** Lessons from Vietnam and international experience show that face to face and individual learning time need to be combined with classroom practice to allow for the development of knowledge, understanding and skills relevant, appropriate and directly transferable to the classroom, with an emphasis on practical skills development in facilitating and enhancing learning for all learners. SEQAP will strive to apply this approach in the planning and delivery of its teacher training. By allowing teachers more flexibility –within certain limits – in the selection of training modules SEQAP will also empower them as agents of change beyond what was achieved in the current projects.

79. **Schools will be empowered in the transition to FDS.** Schools are still too little empowered in Vietnam, with minimal planning, financial and implementation capacity and autonomy. Experiences all around the world have shown that education performance increases significantly by putting schools and their communities at the centre of the education process. Learning from these experiences and the initial experience developed by PEDC with the school campus funds, SEQAP will adopt a series of measures to help increase the role of the school and its community, including improved school management skills for principals; institutional and capacity-building arrangements which put emphasis on schools' development and pedagogical plans; the use of school grants managed by principals and parent associations accompanied by capacity building; and the introduction of community leaders to foster parental and community support and participation.

80. **SEQAP will combine elements of both a project and sector-wide/program approach to take advantage of both a limited project context and a wider sector perspective.** PTDP was able to combine the advantages of a project and program approach. Some of the innovative developments, such as the development of professional standards and new approaches to the design of instructional materials for professional development benefited from operations within a limited project context. On the other hand, by embedding some of the reforms –such as the application of the professional standards- in a system-wide context, it became much easier to apply project outcomes at a system level. SEQAP will build on this experience by managing components 2 and 3 within a more limited and localized project/investment context; while supporting broader based policy innovations through the nationally implemented component 1. The policy component will also help address more systemic issues in sector management, following the recommendations of IEG reports.

81. **Proposed financial management mechanisms take into account lessons from both traditional project modalities and budget support.** To support sustainability, government financial commitment and longer-terms reforms in financing mechanisms, components 2 and 3 of SEQAP will be integrated within the regular Government State Budget system, in contrast to projects like PEDC and PDTP which used World Bank separate financial arrangements. On the other hand, building on the lessons of TBS-EFA where financial management has been an issue, the proposed financial arrangements will consist of a new ring fenced and decentralized education program with separate budget line, with several mitigations measures based on the lessons of TBS-EFA proposed to improve budgeting, reconciliation and reporting.

F. Alternatives considered and reasons for rejection

82. *SIL vs DPL:* the choice between a SIL and a DPL was discussed at length and an agreement was reached that there is no ground for a DPL based on the technical design of the program. The minimum policy framework for transition to FDS is already in place to implement an investment operation targeted to a sample of provinces, while it is too early to create consensus on the broader set of policy actions (and therefore any credible DPL trigger) which will be needed to improve the policy framework for FDS in the longer run to ensure the implementation of an efficient and equitable national reform.

83. *Primary vs across education levels program:* the possibility of working across education levels was initially explored, in particular for teacher issues, but the institutional segmentation across education levels in the MOET and donor community made this very difficult, together with the importance of focusing on primary because of the fairly challenging education reform (transition to FDS) which the program is supporting. Coordination with reforms in secondary education will be achieved through the support to the 2008-2020 Education Development Plan.

III. IMPLEMENTATION

A. Partnership arrangements (if applicable)

84. *Existing partnership arrangements:* SEQAP is an IDA/multi-donor grant funded program. It builds upon existing ODA-supported GVN initiatives targeting primary and basic education – notably PTDP, PEDC and TBS-EFA (all supported by World Bank, DFID and other development partners) – and will utilize outputs of other existing ODA programs, including SREM (Support to the Renovation of Education Management -EC funded) and BCEP (World Bank/CIDA). Existing GVN/multi-donor partnership arrangements vary. TBS-EFA has the most structured policy dialogue arrangement led by donor focal points on behalf of the development partners who take a more active role, including joint technical working groups, regular monthly reporting to all parties, as well as joint annual and semi-annual reviews. An outcome of TBS-EFA has been improved donor coordination and program harmonization across development partner supported projects and programs.

85. *SEQAP partnership structure:* SEQAP partnership arrangement will further build upon the policy dialogue arrangements of TBS-EFA. GVN (Office of Government, MOET, MOF (including State Treasury), MPI, MOHA) and SEQAP Partners will nominate SEQAP focal points. The MOET focal point will coordinate SEQAP GVN focal points. Focal points will operate on an ad-hoc basis, working closely together to monitor on-going activities, lead policy dialogue (based upon the SEQAP Policy Matrix) and address any obstacles to implementation. At the technical and policy level, working groups will be formed with appropriate participation from respective line-ministries. These working groups will provide joint advice to GVN Executive related to policy and technical initiatives in support of SEQAP implementation.

B. Institutional and implementation arrangements

86. The proposed implementation arrangements for SEQAP are based upon the knowledge and lessons-learned during current/previous implementation of complex education projects in Vietnam.

87. The institutional structure envisaged builds directly on the current MOET structure at its different levels, without a need for parallel program management units, but envisages substantial capacity building at all levels to strengthen management capacity through Components 3 and 4 of the program. More specific details of implementation arrangements by component and function are detailed in the program description and in Annexes 6, 7 and 8.

Central Level

88. **At the central level, SEQAP will be managed by a MOET Standing Office (or Program Management Unit) integrated within the MOET led and coordinated by the Department of Planning and Finance, with the technical lead of the Primary Education Department.** There is considerable policy development which will be managed at this level, requiring participation of and collaboration with other central agencies (MOHA, MOF, etc). Component 1 will be managed at this level as well as component 4 and some national activities of components 2 and 3.

Decentralized Level

89. Taking into account the need for location of the program at the decentralized (district/commune/school) level, Components 2 and 3 will be largely managed in a decentralized way. There are multiple actors for the implementation of SEQAP at the sub-national level, which require clear mandate (role and responsibility) for fulfilling their respective tasks.

90. **Responsibility for overall program oversight, implementation and goals will rest with the Provincial and District People's Committees (PC)** – and from this perspective Provincial People's Committees and MOET/Donors will agree a Memorandum of Understanding (MOU) related to decentralized program implementation, which would clearly specify expectations and requirement of all parties.

91. **Responsibility for the technical implementation and execution of program interventions will rest with MOET, with BOET as focal point of the program.** The BOET, responsible for decentralized education administration and management for primary education, will lead the Program Management Unit at that level and be the main investment decision-maker (upon delegation of DPC), as well as investment-owner for training and goods; the School will be the investment-owner for operation and maintenance, and pupil welfare activities; and DPC (through a procurement technical committee), BOET, Commune or School –depending on capacity - the investment-owner for civil works. The DOET will be responsible for overseeing and monitoring education activities across the respective provinces and consolidating plans and reports, and as such will also have a focal point for SEQAP implementation.

92. The core SEQAP implementation activities are envisaged at school level and will require strong ownership to ensure successful implementation. The relationship between the school, children and parents and the greater community is critical in taking ownership of the goals of SEQAP and achieving them. Community organizations already exist at the community level – School Management Board, Parents’ Associations, Parent-Teacher Associations and so forth. PAs and PTAs will have a central role in managing education resources for student welfare related activities jointly with school principals.

C. Monitoring and evaluation of outcomes/results

Institutional Arrangements

93. The SEQAP executing units at each level of governance and schools will be responsible for monitoring and evaluation of the program. The program is decentralized and therefore the onus of responsibility for compliance and results monitoring will rest with the district levels (BOET); the provincial levels (DOET) will have responsibility for consolidating provincial results and verifying school and district progress. Community participatory monitoring will strengthen school/community governance models. National consolidation of provincial reporting will provide overall program results.

94. Beyond supporting the consolidation of provincial reports, the central level will provide the overall framework of results monitoring and monitor results directly at the central level for validation of provincial results monitoring reports and timely inputs for the regular monitoring and supervision of the program.

Data Collection

95. Data to monitor the proposed program will be mainly drawn from three sources: (a) the yearly primary District FSQI Audit (DFA), which was designed and implemented by the Planning, Monitoring & Evaluation and EMIS team of the PEDC Project Co-ordination Unit (PCU) in collaboration with the Primary Education and Planning & Finance Departments of MoET – and to be integrated within the broader EMIS system; (b) the Grade 5 learning outcomes assessment carried out by MOET, which will be

carried out every three years from now on; and, as needed, (c) household survey data (VHLSS) undertaken by the General Statistical Office (GSO) in collaboration with the World Bank every two years. These data will be complemented by ad-hoc surveys as needed, including separate data collection at the provincial level, and a time on task survey to be carried out in 2009. Provinces and districts also undertake complementary surveys as needed. Capacity building for data collection is envisaged and detailed in Annex 3.

D. Sustainability

96. **SEQAP emphasis on the policy framework for FDS increases the leverage of the targeted intervention.** Focus on the gradual development of a policy framework which will be instrumental to the scaling-up of the reform will provide sustainability to the current investment effort. It is expected that the lessons learnt from the targeted investment combined with the technical assistance on broader curriculum, human resource and financing aspects of the reform will prepare the ground for 100% FDS by 2020-2025.

97. **SEQAP institutional set-up builds upon the existing government system.** The program will be managed within the existing MOET structure strengthened through capacity building. There will be no separate PCU. Additionally, the program will strive to fit within the country legal and financial framework, with the adequate mitigation measures. This objective will be fully realized as SEQAP is integrated within the State Budget through a new ring fenced decentralized country education program. Integration within the State Budget should help ensure Government financial support.

98. **SEQAP will balance equity and quality concerns with efficiency and affordability.** It will do that by striving to focus on poor schools with however minimum human resource and physical conditions to move on, financing realistic school packages from the infrastructure perspective, and promoting reforms towards more efficient deployment and use of teachers in the system. These measures should help make the FDS reform financially sustainable.

E. Critical risks and possible controversial aspects

POTENTIAL RISKS	MITIGATION/ACTIONS	RISK RATING WITH MITIGATION
DESIGN		
The transition to universal full-day schooling may turn out to be too costly for the country, in spite of being a national priority	<ul style="list-style-type: none"> -Conditions for the application of full-day schooling in the country are good due to the decreasing primary school-age population, increase in the teacher per class group ratio and low pupil-teacher ratios -A phased approach to FDS is being proposed, with a first phase from 2009-2015 focusing on a sample of disadvantaged provinces followed by universal transition from 2015 to 2025 -Financial projections show limited fiscal impact of moving to 30 periods per week for all by 2020 -Several complementary programs exist for improvement and renovation of dilapidated buildings and classroom construction -A policy framework for a more efficient and equitable FDS reform is under development and will be supported by the program 	M
Selective financial support of full-day schooling in disadvantaged districts may be insufficient to promote full-day schooling as a national policy	<ul style="list-style-type: none"> -The program will also support a broader policy framework for full-day schooling. -Full-day schooling is already “de facto” in existence in advantaged districts -The integration of SEQAP within the State budget should ensure long term sustainability 	M
The benefits of increased time to learn are limited by unchanged teaching practices	<ul style="list-style-type: none"> -Teachers make it clear that they would use most of the extra time for more practice and personal attention to students -The program will support improved teaching practices through targeted training of teachers and school leaders and application of professional standards 	L
There may be resistance to the wider application of professional profiles and their link with career development	The application of professional profiles has been widely recognized as a success of the PTDP and some initial steps have been taken to make the link with career development	L
IMPLEMENTATION		
FM Control Risk: Budgeting, FM staffing, accounting policies and procedures, internal controls, reporting and monitoring, reconciliation and audit are still generally weak	<p>Multiple mitigation measures to address the high control risk have been put in place and detailed in Annex 7. These measures include:</p> <ul style="list-style-type: none"> -Clear guidance including FM Manual, Joint Circular, MOU between MOET and PPCs, and Sub-grant Manual. -FM assistance will be available from provincial level to help district BOET in consolidating reports from schools and reconciling with State Treasury. -FM workshops and training for provinces, districts, communes and schools for spending units and State Treasury -Opening separate code and sub-codes for SEQAP within state budget lines for better monitoring, issuance of SEQAP accounting guidance, and the use of the accounting codes (in Joint Circular). -Semi-annual reports will be prepared based on State Treasury system while annual liquidated financial reports on finance agencies’ system. -Annual financial audit by independent auditor will be undertaken -Independent Tracking Study consultant(s) will be engaged to further strengthen independent and frequent verification to detect and avoid misuse of funds. 	S

<p><u>Procurement</u>: Lack of familiarity with Bank Guidelines, weak oversight by MOET Program management team, weak capacity at commune and school level to undertake civil works procurement, non-compliance with agreed procurement procedures, and low quality and quantity of Program deliverables are some of the procurement-related risks faced by the program</p>	<p>Multiple mitigation measures to address the high control risk have been put in place and detailed in Annex 8. These measures include:</p> <ul style="list-style-type: none"> -Inception and regular procurement workshops will be conducted. -Prepare Procurement Manuals for various levels acceptable to the Bank. -Recruit a part-time international and six local regional procurement officers to the team. -Prepare annual procurement plans and semi-annual procurement monitoring and contract progress and expenditure reports. -DPC will delegate procurement to commune and school level only when capacity and previous experience is adjudged to be satisfactory. If necessary, communes/schools will be obliged to appoint consultants to assist the process. - Hire independent external procurement audit firm to carry out post reviews and annual procurement audits. Organize annual procurement audit findings workshop. 	S
<p>Decentralized and bottom-up approach of program is constrained by top-down approach in planning, budgeting and procurement</p>	<ul style="list-style-type: none"> -Institutional arrangements support key executing role of districts, communes and schools -The program supports participatory and school autonomy enhancing approaches for transition to FDS, including school driven pedagogical proposals for the use of time -Schools with poor FDS pedagogical proposals would lose eligibility to participate in SEQAP -School grants provide some financial autonomy to schools 	M
<p>Execution of civil works is too slow and delays the program</p>	<ul style="list-style-type: none"> -The program will build on the lessons of PEDC to identify ways to improve the delivery of civil works -The program will decentralize civil works to district/commune/schools -The program will support capacity building in procurement at all levels -The program has a 6-year implementation period 	M
<p>Implementation is constrained by lack of full authority of DOET/BOET and lack of ownership of PPC</p>	<ul style="list-style-type: none"> -PPC are committed up-front to the program through MOUs -Roles and responsibilities of all decentralized actors are clearly specified in the Joint-Circular and MOUs 	M
<p>Management and implementation capacity of MOET, districts (BOET, DPC), communes and schools is still weak in Vietnam</p>	<ul style="list-style-type: none"> -The program will support enhanced capacity of school principals and education managers at provincial and district level, as well as improved monitoring and evaluation, procurement and financial management at all levels -The program will also build on two additional capacity building years (2009-2010) of TBS-EFA which put emphasis on capacity building at provincial and district levels in multiple areas; and complementary capacity building provided by BCEP on planning and SREM on management and monitoring and evaluation at various levels 	M
<p>OVERALL RISK</p>		M

Notes: (H) = High; (S) = Substantial; (M) = Moderate; (L) = Low

F. Loan/credit conditions and covenants

99. Effectiveness Conditions

-Prepare and issue a joint Inter-ministerial Circular consistent with the provisions of the Financing Agreement, providing administrative instructions on functions, roles and responsibilities of the agencies at all levels involved in the implementation of the Program

-Create a code for the Program and sub-codes for the Program expenditures within the state budget

- Adopt a Program Operation Manual acceptable to the Association
- Complete a monitoring and evaluation framework including baseline indicators for provinces and districts participating in the Program

100. **Legal Covenants**

Provinces will be eligible to participate in SEQAP only after the following measures have been taken:

- The Participating Province has completed training for relevant Program staff in the application of the Program Operational Manual.
- The Program Management Units at the district level in the Participating Province have been established with functions, composition, funds and other resources satisfactory to the Association, to be responsible for day-to-day management of the Program in each respective district
- MOET and the People's Committee of the Participating Province have entered into a Memorandum of Understanding satisfactory to the Association, including, *inter alia*:(i) functions and responsibilities of the implementing agencies at the sub-national level; (ii) monitoring indicators for evaluating the performance of the Participating Province; and (iii) eligibility criteria for primary schools to participate in the Program
- The Participating Province, through its People's Committee, has issued an administrative decision assigning DOET and BOET the responsibilities for reporting matters under the Program in its respective jurisdiction and providing reporting procedures for DOET and BOET to follow in the implementation of the Program

Other Legal Covenants

-Adopt a School Education Grant Operational Manual and School Student Grant Operational Manual before the first disbursement from the School Education Grants and School Student Grants expenditure categories. The Manuals should set the conditions and criteria for the utilization of the school grants.

-Appoint the international procurement advisor and six national procurement officers with TORs acceptable to the Bank within three months of program effectiveness.

-Issue Procurement Manual within six months of program effectiveness.

-Organize two semi-annual reviews, by **September 30** and **April 30**, with the World Bank and other SEQAP partners, to assess progress in SEQAP implementation and development objective.

-Provide SEQAP progress reports semi-annually by **15 September** and **15 April**. SEQAP semi-annual progress reports should include: (i) status of implementation of all four SEQAP components, including physical and financial execution; (ii) update of policy roadmap; and (iii) major achievements, issues and challenges encountered in implementation. Once a year the reports should also include an update of all performance indicators for SEQAP provinces and districts (using the national level data as reference). SEQAP progress reports will be based on: (i) consolidated SEQAP provincial and district reports; and (ii) results of monitoring of implementation and progress at central level.

-Provide annual SEQAP work plan not later than **1 September** every year with estimated budget for the next succeeding fiscal year, resulting from the consolidation of the data from annual work plans prepared and submitted by the SEQAP beneficiary provinces.

The work plan needs to specify clearly the criteria used for: (i) the initial provincial envelopes, and (ii) the final determination of SEQAP provincial budgets.

-Provide un-audited financial reports (IFRs) by **15 September** and by **15 April** of each year.

-Provide annual consolidated financial statements including both on-budget and off-budget expenditure by **15 April** of each year.

-Submit the audited financial statements and procurement and financial management audit reports to the World Bank within six months of the end of each fiscal year commencing on **June 30, 2010**.

-The Recipient shall ensure that the Program is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

-The Recipient shall implement the Ethnic Minority Policy Framework and Ethnic Minority Development Plan.

IV. APPRAISAL SUMMARY

A. Economic and financial analyses

101. **With strong benefits due to improved learning outcomes and increased completion the benefits of SEQAP are projected to far exceed the costs, confirming that this is an economically viable and desirable program.** A cost-benefit analysis was undertaken comparing the benefits of improved learning outcomes and increased completion of students moving from half day to full day schooling, with the investment, recurrent and opportunity costs of the reform. Details of the analysis are shown in Annex 9. In all instances we attempted to be conservative in our estimations. In particular, only benefits associated with the schools to be transferred from half day schooling to full day schooling were considered, while SEQAP will also have broader benefits going beyond the target schools, and only private, rather than both private and social benefits were predicted. The analysis concludes that at 10% discount rate, the benefits of the program are projected to outweigh the costs with a lower bound net present value (NPV) of US\$1.76 billions and an internal rate of return (IRR) of 28%. A sensitivity analysis was undertaken confirming that the benefits of SEQAP would still clearly outweigh its costs even with a significant decrease in the quality premium and slow initial implementation.

Table 1: SEQAP cost-benefit summary

Benefits		Present Value
	Improved learning outcomes	\$1,791,031,495
	Increased completion	\$194,555,696
	Total	\$1,985,587,191
Costs		
	Investment	\$86,437,447
	Recurrent	\$155,029,393
	Opportunity	\$21,893,019
	Total	\$223,359,860
NPV		\$1,762,227,331
IRR		28%

102. **The fiscal impact of SEQAP is within reasonable limits.** Under plausible assumptions on the GDP and education sector budget growth rate, the share of the overall and primary education budget associated with SEQAP is confirmed to be within reasonable limits both in the program implementation period (where it will amount to an average of respectively about 0.4 and 1.3%) and operational period (where it will amount to an average of respectively about 0.2 and 0.7%). On the recurrent side, the estimated incremental recurrent costs of the program will represent about 0.5% of the recurrent primary education budget in the implementation period and 0.8% of the recurrent primary education budget in the operational period. In all cases this should not create any unreasonable financial burden on the MOET budget.

103. **The fiscal impact of moving to T30 for all by 2020 is also sustainable but reaching T35 for all by 2025 will require efficiency improvements.** Beyond the fiscal impact of the program itself, further projections were also made on the likely fiscal impact of achieving 30 periods a week for all by 2020. Under plausible assumptions on school packages and education sector budget growth, the analysis confirms that the fiscal impact of the overall reform will remain sustainable (reaching about 1.2% on average of the total education budget and 4.2% of the primary education budget over the 2014-2020 time period –including the continuous operation of SEQAP schools). However, moving to T35 for all will be more costly and therefore require efficiency gains in teacher deployment and working hours and an effective resource mobilization policy to improve fiscal sustainability over the longer-run.

B. Technical

104. **The design of the program is firmly tied to comprehensive analytical work on issues of primary education quality and completion in Vietnam.** A 2007 Grade 5 repeat of the 2001 learning outcome study has just been completed providing key insights on determinants of Vietnamese and math learning outcomes in Vietnam. Additionally, a complementary World Bank/DFID/Belgium financed study on educational attainment and learning outcomes⁷ is under development building on the 2007 Grade 5 study and the comprehensive information provided by the VHLSS surveys. This study is providing further insights on competency levels, the evolution of education quality, the main equity gaps, and the key policy determinants of primary education performance in Vietnam, and will also include a Time on Task survey.

105. **All components and sub-components have a strong analytical and technical basis.** Beyond the broader analytical inputs mentioned above, the design of the components and sub-components draws on two comprehensive studies on: (a) teacher readiness for FDS, standards and training strategies; and (b) FDS models, conditions and transition, specifically commissioned for SEQAP through an extensive PHRD grant. These studies have just been completed generating key insights for program design. They are based on a representative 500 school survey, including comprehensive samples of teachers and parent-teacher associations, which helps provide the ground evidence on human resource, school schedule, pedagogical approaches, infrastructure characteristics,

⁷ World Bank/DFID/Belgium (2009): “High Quality Education for All”.

etc, of HDS and FDS schools, with related challenges for the transition. The components also build on the strong technical expertise of the Government preparation team on topics of teacher quality and training and curriculum also acquired through participation in other programs.

C. Fiduciary

Procurement

106. Procurement of contracts financed wholly or partially by the Credit and multi-donor grants⁸ will be carried out in accordance with the World Bank's Procurement and Consultant Guidelines (both dated May 2004, revised October 2006), and provisions stipulated in the Financing Agreement and agreed Procurement Plans. Most of the procurement under the Program will comprise civil works for construction of additional classrooms and sanitary facilities for schools. Goods, other than those under the School Education and the Pupils' Welfare Grants, will be financed 100% by the Government⁹ and will comprise office equipment, school furniture, emergency supply of textbooks and instructional materials, and office consumables. Small amounts of goods such as school consumables under the Grants to be financed by IDA and development partners will be procured through shopping procedures, which will be stipulated in the grant operating manuals. All civil works contract will be procured through international and national competitive bidding and shopping methods. National competitive bidding will be in accordance with the competitive bidding procedure in the Vietnam Law on Procurement and Decree 58, subject to the modifications stipulated in an Annex to the Financing Agreement to align with the Bank's Guidelines. Direct Contracting may not be used for the procurement of works other than in exceptional cases provided for in paragraph 3.6 of the Guidelines and subject to the Bank's prior approval on a case by case basis. Consultant services by firms and individuals will also be needed in the Program. Although MoET and DoETs have experience with World Bank-financed projects, i.e., First Primary Education Project, PEDC, HE and HE2 and other donor-financed projects, capacity at some non-PEDC DoETs, many BoETs and the majority of communes and schools is still low. The overall procurement related risk before mitigation is high. Therefore, a part-time international procurement advisor and 6 local regional national procurement officers, each responsible for 5 or 6 provinces, will be recruited to build capacity for different level implementation agencies. This approach will help to reduce implementation risk in the procurement process. To strengthen procurement capacity at all levels, i.e. MoET, DoET, BoET and commune and school, procurement manuals and School Education and Pupil's Welfare grants' operational manuals will be prepared and training workshops will be conducted as appropriate. Annual procurement audits will be carried out by independent procurement auditors hired competitively by MOET with qualifications and under TOR acceptable to the Bank. Procurement compliance and performance indicators have been established and the findings of the first year audit will serve as a baseline for monitoring and evaluation. In addition to procurement workshops to build procurement capacity at the various levels, audit findings and lessons learnt

⁸ From DfID and the Government of Belgium.

⁹ Procurement of goods contracts financed 100% by GOV will follow GOV country system.

workshops will be conducted. Further details of procurement arrangements and the Risk Mitigation Plan developed for the Program are included in Annex 8.

Financial Management

107. A Financial Management Specialist (FMS) member of the Task Team has conducted an assessment of the adequacy of the program financial management system for the Vietnam School Education Quality Assurance Program (SEQAP). The assessment, based on guidelines issued by the Financial Management Sector Board on November 3, 2005, concluded that subject to the completion of the action plan as set out in Annex 7, the program will meet the minimum Bank financial management requirements, as stipulated in BP/OP 10.02. In the FMS' opinion and subject to the completion of the action plan as set out in Annex 7, the program will maintain adequate financial management arrangement acceptable to the Bank and, as part of the overall arrangements that the Borrower has in place for implementing the operation, provide reasonable assurance that the proceeds of the loan and grant will be used for the purposes for which they are granted. The FM assessment was conducted based on information detailed in the "Analysis of financing options and recommendations for future World Bank support to SEQAP in Vietnam" report prepared by SEQAP's FM consultants, meetings with MOET, MOF, State Treasury and donors, and consultation with relevant program provinces. Financial management risk is the risk that World Bank loan/grant proceeds will not be used for the purposes intended and is a combination of country, sector and program specific risk factors. This program's FM risk is assessed as **High** mainly due to: (i) the decentralization nature of the program in province, district, commune and school levels with weak FM capacity; (ii) the geographic coverage of program spreading over 35 provinces, 260 districts, and 1,730 schools which will require significant effort in coordination and consolidation; and (iii) the long and cumbersome inter-ministerial approval process with the delays in opening budget code/sub-code to the issuance of MOET-MOF Joint Circular and other related legal documents required for smooth operation of the program, especially for the on-budget expenditures.

The Bank's task team and the government counterpart agreed that SEQAP will apply a "hybrid" financing option: (i) ring-fenced and decentralized "on-budget" with code/sub-code opened within the state budget line item for expenditure at local level (province, district, commune and school); and (ii) ring-fenced "off-budget" using traditional project approach for centrally-managed expenditures by MOET, including consultants and training/workshops (both international and local expenditures), goods and operating costs. Further details of financial management and disbursement arrangements are included in Annex 7.

D. Social

108. Vietnam's strides in educational achievement over the past 60 years are remarkable. Yet, education is not reaching all segments of society; around 5% of Kinh children are not attending primary school, but around 15% of ethnic minority children are not enrolled in primary school. Even more strikingly, while about 90% of Kinh students complete primary education, less than 70% of ethnic minority children do; and learning

outcomes are consistently lower for ethnic minority children. SEQAP strives to support the Government of Vietnam in its commitment towards achieving high quality primary Education For All and promoting equitable access to quality education—inclusive of girls, ethnic minorities, children with disabilities and disadvantaged children. In addition, strengthening decentralized school planning and monitoring will motivate community participation, ownership and accountability.

109. The Bank’s safeguard policy on Indigenous People (OP4.10) is triggered. However, the Program is expected to have no adverse impacts on ethnic minority groups. But rather, positive impacts on improving education quality and decreasing inequity in learning outcomes of the ethnic minorities are anticipated. The program will be implemented in 35 provinces country-wide of Vietnam. Selected provinces represent the most disadvantaged areas, including the mountainous and ethnic minority areas. Of the proposed 35 provinces, ethnic minorities, further detailed in Annex 10, are found in at least 20 provinces.

110. A Social Assessment was carried out to, *inter alia*: (i) consult with the poor, disadvantaged and ethnic minority stakeholders, their communities, local minority officials from EM communities and educational officials, to understand their perception on Full Day Schooling education; and (ii) verify key access issues (such as minority enrollment and completion rates, language of instruction, distance and cost, etc) for poor, disadvantaged and ethnic minority children to understand their constraints to participating in the Full Day Schooling program and to support preparation of program design in general. The Social Assessment also obtained stakeholders’ views to improve the program design and to establish a participatory process for implementation and monitoring.

111. An Ethnic Minority Plan was completed, agreed on and disclosed based on the findings of the Social Assessment, related Ethnic Minority Policy Framework and a consultation workshop with 17 SEQAP provinces (poor and with a generally significant proportion of ethnic minority groups), leading to its broad endorsement. The EMP confirmed and costed 13 main interventions in favor of ethnic minority groups to be supported by SEQAP – including awareness campaigns, pedagogical interventions, and demand-side measures. All interventions are fully financed under the program, and the EMP will be enclosed within each MOU between the province and the MOET.

112. The Bank’s OP4.12 on Involuntary Resettlement will not be triggered, given that land/assets acquisition was not envisaged under the investments for the upgrading of the primary schools since these works will take place within the existing premises.

E. Environment – Category C

113. SEQAP will contribute to develop a policy framework, enhance teacher quality and improve school infrastructure for transition to FDS. This program is classified as Category “C,” which has minor or no adverse triggers to environmental safeguards. Incorporating good civil works practices in the construction design and bidding contracts will ensure minimal, localized and mitigated impacts.

114. Civil Works Impact and Management. SEQAP will finance construction of primary classrooms within existing premises. Given the nature and scale of civil works for classroom and sanitary toilet construction, a formal environmental assessment report was not necessary. The program builds on existing practices of the PEDC project, where a standardized classroom and sanitary toilet construction design is in line with policy guidance of MoET. The Education Equipment, Facilities and Toys Department of the MoET is responsible for setting construction standards of educational facilities and monitoring implementation activities. Classroom design will include appropriate ventilation, lighting, sanitation facilities and ramps for disabled students, as appropriate.

F. Safeguard policies

Safeguard Policies Triggered by the Program	Yes	No
<u>Environmental Assessment (OP/BP 4.01)</u>	[]	[X]
<u>Natural Habitats (OP/BP 4.04)</u>	[]	[X]
<u>Pest Management (OP 4.09)</u>	[]	[X]
<u>Physical Cultural Resources (OP/BP 4.11)</u>	[]	[X]
<u>Involuntary Resettlement (OP/BP 4.12)</u>	[]	[X]
<u>Indigenous Peoples (OP/BP 4.10)</u>	[X]	[]
<u>Forests (OP/BP 4.36)</u>	[]	[X]
<u>Safety of Dams (OP/BP 4.37)</u>	[]	[X]
<u>Projects in Disputed Areas (OP/BP 7.60)*</u>	[]	[X]
<u>Projects on International Waterways (OP/BP 7.50)</u>	[]	[X]

G. Policy Exceptions and Readiness

115. The program has identified the target provinces, districts and communes as well as the potential schools which will participate in SEQAP, and made provisions for substantial technical assistance and capacity-building over the next year to support an effective and timely transition to FDS. A procurement plan for the first 18 months has been agreed. While the potential schools have been identified, the exact magnitude of civil works interventions in each school (within the eligible expenditure for upgrading of infrastructure and facilities) will only be known once every school has completed its FDS plan – in conformity with a decentralized and bottom-up planning and implementation approach. This process will take place over the next year or so. The World Bank and the Government of Vietnam have agreed on a 6 years implementation period for SEQAP to account for both a capacity-building and execution phase – including the completion of acceptable school FDS plans and their execution; as well as for the timing required in Vietnam for planning, executing and completing civil works.

116. In compliance with OP/BP6.00 on Bank Financing, Bank management approval was obtained on March 30, 2009 for allowing food expenditures as eligible expenditures under the Program.

117. There is no land acquisition issue since no new school will be constructed.

* *By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas*

Annex 1: Country and Sector or Program Background
VIETNAM: School Education Quality Assurance Program

I. General Context

1. **Vietnam has been one of the fastest-growing economies in the world, achieving an average growth rate of over 7.5% for the past decade.** In 2007, GDP accounted for US\$70 billion and the per capita income reached nearly \$700. Vietnam's growing economy is attributed to its transitional path towards a market-oriented and globalized economy. Since a gradual economic reform "*doi moi*" was launched in 1986, the country has increasingly relied on market mechanisms and instruments to manage its economy and to implement its professed strategy of global integration. In January 2007, Vietnam joined the World Trade Organization.

2. **The country has been facing new challenges in macroeconomic management.** In late 2007 and the first half of 2008, Vietnam was confronted with the economic overheating resulting from massive capital inflows, resulting in accelerating inflation, a ballooning trade deficit and a real estate bubble. In response to this challenge, the Government has swiftly reacted since March 2008 by switching its priority from rapid growth to stabilization with a tight monetary policy and some measures of fiscal restraint. While the package worked, it also did take a toll on economic activity. At 6.2 percent, GDP growth for the entire 2008 was about 2 percentage points below potential. The Government reacted swiftly to this second economic shock, shifting gear from stabilization to supporting economic activity in November 2008, with, in particular, a decisive move on monetary policy. Thanks to the stabilization effort of early 2008, the Vietnamese economy is in a better position to weather the global crisis than it would have been a year ago. While a crisis is unlikely, growth, however, is still bound to slow down. The impact of the global turmoil was particularly severe in the first quarter of 2009 where GDP increased by 3.1 percent compared to the same period in 2008, which is about 4 percentage points below trend. There are indications of a recovery in the second quarter.

3. **The rapid economic transformation and expansion for the past two decades have also had a great influence on poverty reduction in Vietnam.** Household survey data from 2006 indicate that the percentage of households living below the poverty line¹⁰ has fallen dramatically from 58% in 1993 to 16% in 2006, or about 34 million people have escaped poverty¹¹.

4. **However, in spite of such positive trends, Vietnam development is still not inclusive.** Despite considerable progress in alleviating poverty, inequality still exists. Poverty remains much higher among the ethnic minorities¹² than among the ethnic

¹⁰ The poverty line is defined as the cost of a basket allowing a daily intake of 2,100 calories per person a day.

¹¹ Vietnam Development Report 2008, The World Bank, Washington D.C., 2007.

¹² Vietnam is a multiethnic society and is home to about 53 distinct ethnic groups, which fall into one of three main language families (the Austro-Asian family, the Austronesian family and the Sino-Tibetan family) and eight language groups, which comprise the Viet-Muong, Tay-Thai, Hmong-Dao, Kadai, Mon-Khmer, Malay-Polynesian, Han and the Tibeto-Burman language groups. About 86.5 % of the country

majorities, such as the Kinh and Chinese ethnic groups, as well as in rural areas where 92 % of the poor live. The mountainous areas tend to be much poorer than the lowlands. For example, poverty rate of 2006 in Northwestern mountainous area accounted for 49.0%, compared to 5.8% in the Southeast lowland. Additionally, progress in poverty reduction has been much slower for Vietnam's ethnic minorities¹³, although it is encouraging that rural poverty continues to decline.

II. Diagnostic of Education Sector

5. **In this evolving context, Vietnam is experiencing increasing pressures on its education system.** These pressures come from:

- (a) the strong social demand for education and training from Vietnamese households;
- (b) the aspirations of the Vietnamese population to accede to a significantly higher income level, partly through improved educational status;
- (c) the knowledge and skill needs of a knowledge-based economy that is growing under the influence of globalization in general and the accession to WTO in particular; and
- (d) the risk of increasing disparities between different groups within the population, as the result of a rapidly expanding economy

6. **The country already made great strides to address some of these increasing pressures.** Vietnam has expressed strong commitment to achieving universal basic education as a foundational stone to social development and economic growth and to reflect this commitment there have been exceptional improvements in education attainment since the 1990s. According to VHLSS data, between 1992 and 2006, the percentage of the population aged 25-55 without any education level completed has decreased from 23% to less than 1%. Primary educational attainment increased from 28% to around 34% of the population, lower secondary attainment from 30 to 34% only, and upper secondary education from 7 to 12%. Also access to university increased with about 5% of the 25-55 population reaching the undergraduate stage in 2006 (Table 1). Additionally, rural and lower income populations have benefited the most from the increase in primary and lower secondary attainment.

consists of the Kinh/Ethnic Chinese ethnic group, who are the ethnic majority. The remaining 53 groups make up 13.5% of the total population and the ethnic minority groups.

¹³ See also Glewwe, P., Agrawal, N., & Dollar, D. (2004). *Economic Growth, Poverty, and Household Welfare in Vietnam*. Washington, DC: The World Bank; Vietnam Development Report 2007: "Aiming High" – Joint Donor Report to the Vietnam Consultative Group Meeting, 2006; Swinkels, R., & Turk, C. (2006). *Explaining Ethnic Minority Poverty in Vietnam: A Summary of Recent Trends and Current Challenges*. Washington, D.C.: The World Bank.

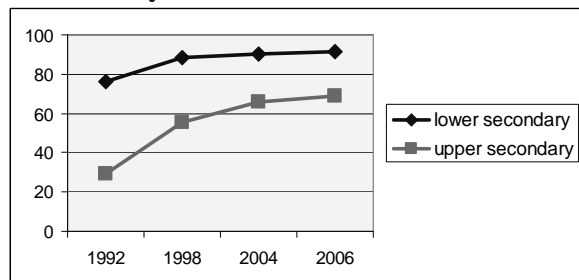
Table 1: Educational Attainment (population aged 25-55)

	1992	1998	2004	2006
None	22.71	0.02	1.75	0.95
Primary	27.29	39.70	41.67	33.46
LSec	29.58	31.70	31.34	34.42
USec	7.22	20.20	12.76	11.87
Vocational	10.27	6.37	9.34	14.07
Undergraduate	2.88	1.94	3.05	5.07
Masters	0.01	0.04	0.07	0.16
Doctorate	0.04	0.02	0.02	0.01

Source: VHLSS 1992, 1998, 2002, 2006.

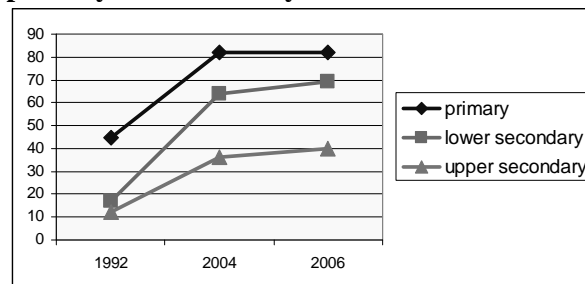
7. At the same time, according to MOET¹⁴ and 2006 VHLSS data on the current school age population, primary enrollments are near universal, and the gross enrollment rate in lower and overall secondary reached, respectively, about 87 and 73% in 2004¹⁵ (with a net overall secondary enrollment rate of 65% the same year), positioning Vietnam in a favorable position vis-à-vis countries with similar income per-capita. The expansion in secondary education since 1992 has been remarkable (Figure 1). Beyond enrollment or attendance rates, also the completion rate of primary, lower secondary and upper secondary has increased substantially since 1992 (Figure 2). School life expectancy in Vietnam was already about 10.5 years in 2004. This evidence indicates that the educational attainment of the 25 to 55 years old in 2020 will be much higher than now.

Figure 1: Evolution of attendance rates in secondary education



Source: VHLSS 1992-2006

Figure 2: Evolution of completion rates in primary and secondary education



Source: VHLSS 1992-2006

8. As also indicated by the increased completion rates, the Government put renewed emphasis on the quality of primary education by introducing new curricula and textbooks; implementing a program of teacher professional development, to support the use of the new curriculum and improve teacher quality; introducing teacher standards; and introducing key minimum quality standards for schools, in terms of teaching staff, teaching materials, infrastructure and school management (Fundamental School Quality Levels, or FSQL). Recent MOET data indicate that FSQL have been growing by about 11% from 2004 to 2007.¹⁶ Additionally, this growth has been faster for the poorest

¹⁴ See MOET – FSQL District Audit (2007).

¹⁵ According to the UIS data.

¹⁶ See 2007 FSQL District Audit.

districts since 2004 (15% versus 11% at the national level), indicating that the quality gap, at least measured through an input approach, is being slowly filled.

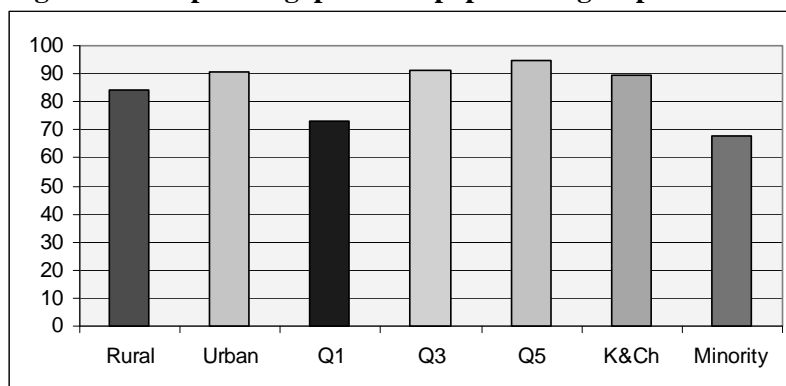
9. **Notwithstanding these major improvements, the country is still facing at least two notable challenges to become a truly high performing education system: (a) increasing inequities in educational attainment driven by higher performance of the most advantaged groups; and (b) still insufficient quality of the education system, in particular for disadvantaged groups.**

A. Increasing inequities in educational attainment beyond primary

10. Although everybody has benefited from higher education attainment, and access to primary and lower secondary education have become more equitable in time, the rural populations, and even more so ethnic minorities and the lowest income quintiles, have yet not been able to really go beyond lower secondary—while the upper quintile and urban populations have made great strides in secondary and tertiary education- generating increasing inequities overall. These rising inequities are fueled by persistent inequities in primary completion, which constrain full access to lower secondary, and attendance/completion of secondary education. Primary completion issues are the most critical at this stage.

11. *Persistent primary completion gaps since 2004* While the country has moved fast towards universal primary coverage, primary completion (and/or survival to grade 5) has been stagnant since 2004 – both according to VHLSS data (see Figure 2 above) and the recent MOET data, suggesting difficulties to keep the last 10 to 20% of the school age population in school up to the end of the primary cycle. The MOET data show that survival rates have also stagnated for the poorest districts between 2004 and 2007 and this trend is generally confirmed by 2004-2006 VHLSS estimations on completion rates. Overall, in 2006/07 there was still a gap of more than 20 percentage points between the poorest income quintile and the others and the Kinh and Chinese and ethnic minority groups (Figure 3). Stagnant primary completion rates with persistent gaps between population groups will have negative repercussions on access to secondary.

Figure 3: Completion gaps across population groups - 2006



Source: VHLSS 2006

B. Insufficient quality

12. Poor quality is an issue per-se, because even if all students were to complete their primary and secondary education cycle they would still not be equipped with the knowledge and skills needed to attend higher education successfully and/or address the changing needs of the growing economy, and because it contributes to the persistent drop-outs of students, and in particular lower income students, during the education cycle (all the more if we find that quality is lower for more disadvantaged population groups). Most of the available evidence on quality in Vietnam is at the primary level, which is central to the acquisition of core skills (literacy, numeracy, problem solving, behavioral and communication skills), on which higher order skills are then built on. The quality of primary education, although improving (as indicated by the growing FSQL and initial comparison of the 2001 and 2007 grade 5 standardized exam), still appears to be an issue, overall and more particularly for poor, rural and ethnic minority populations.

13. *Learning outcomes still have large room for improvement.* A grade 5 standardized exam carried out in 2001 showed scores in reading comprehension which were generally comparable with the results of a range of developed and developing countries, and that, in the same test, the majority of children was scoring at level 4 or above.¹⁷ However, only about 51% of pupils had reached the “independent learner” benchmark in reading skills and still near to 20% of pupils had low levels of reading (levels 1 and 2), indicating substantial room for improvement. Initial results from a comparable language and math test administered in May 2007 to 60,000 grade 5 students¹⁸ suggest very similar results in math (from about 79 to 78%) and improving in Vietnamese (from about 51 to 65%). Further work is however needed to make the two tests fully comparable and obtain definite results. Initial tabulations from the same test also suggest that about 20% of the grade 5 students still have difficulties in “inferring information from text” and between 30 and 40% of these same students have difficulties in “inferring meaning from text” suggesting persistent reading gaps.¹⁹

14. *Learning outcomes are particularly low for disadvantaged groups.* Initial tabulations from the 2007 test also suggest that 40% of students from ethnic minority groups, 35% of students from remote areas and 30% from the Kinh population in the poorest quintile cannot identify “literal” information from a text; and reading understanding is even lower when meaning must be “inferred” from the context. Fully comparable indicators –in particular for the different competency levels- between 2001 and 2007 still need to be calculated to infer how equity gaps have evolved, but initial evidence suggests that inequity in learning outcomes has unfortunately risen between Kinh and ethnic minorities over this period. Disparities in achievement by income level are also illustrated by the results of the latest end of the year examination. The results, which are only partially comparable, show much lower rates of students achieving

¹⁷ See The World Bank (2004): “Vietnam: Reading and Mathematics Assessment Study” – Volume 1,2,3.

¹⁸ See MOET (2008): “Study in Grade 5 student achievement in math and Vietnamese in the 2006-2007 school year”.

¹⁹ Study in Student Achievement in Mathematics and Vietnamese Reading in Vietnam. Special Tabulations, November 2007. National Institute for Education Strategy and Curriculum (NIESAC) and Mekong Economic (INTREC).

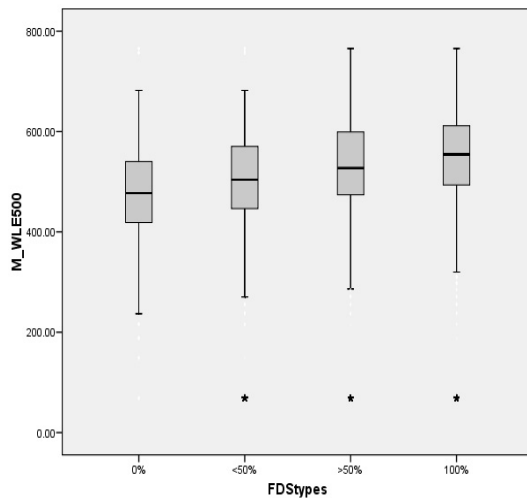
excellent grades in mathematics and Vietnamese in the most disadvantaged districts than nationally (16% vs. 38% nationally in Vietnamese, and 21% vs. 36% nationally in mathematics).

III. Strategies to Improve Primary Completion and Learning Outcomes

15. **School factors matter a lot in determining achievement in Vietnam** The results of the 2007 grade 5 study confirm that about 40-42% of the variance in students’ scores in math and Vietnamese is due to differences among schools, which is high compared to what we note in most other countries. This finding points to the importance of school factors in determining achievement and disparity in achievement.

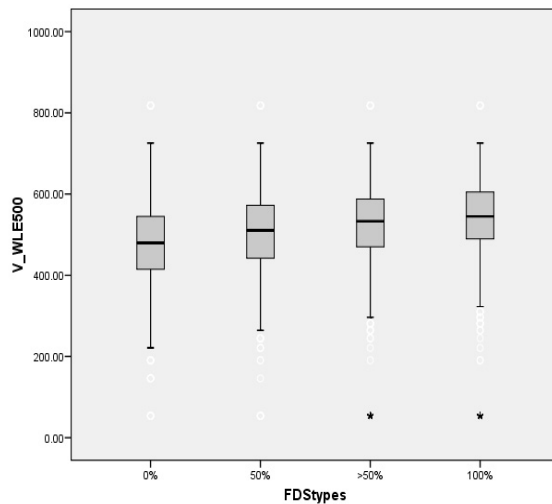
16. **Primary completion²⁰ and learning outcome studies on Vietnam show that the most important school related performance determinants are teachers’ qualifications, subject knowledge and training; school resources and facilities; community/parental participation; and instructional time** (as measured by the ratio of students in full day schooling and/or length of the school year). Focusing on instructional time, the latest 2007 grade 5 study confirms that there is a clear positive relationship between schools with higher proportion of students in Mixed and Full Day Schooling (students attending at least 30 periods, or 6 sessions, a week) and math and Vietnamese scores (see Figures 4 and 5). Interestingly this relation is stronger for the *low performing students* (as indicated by the fact that the bottom whisker is rising faster than other levels) and *poor provinces*.

Figure 4: Math and schools in FDS - 2007



Source: 2007 and 2001 Grade 5 outcomes interim report – University of Melbourne

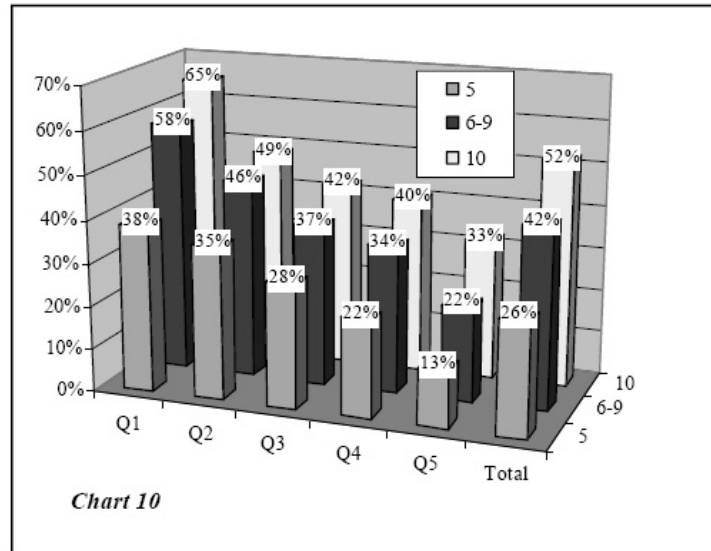
Figure 5: Vietnamese and schools in FDS-2007



Source: 2007 and 2001 Grade 5 outcomes interim report – University of Melbourne

²⁰ Beyond the learning outcome studies mentioned above, see Glewwe, P., & Jacoby, H. (2004): “School Enrollment and Completion in Vietnam: An Investigation of Recent Trends” and Nores (2009): “Determinants of Primary Completion” for World Bank - High Quality Education for All report.

Figure 6: Correlation between Proportion of Students with Excellent Grades in Math, and District Income Quintile and Schooling Sessions – 2006



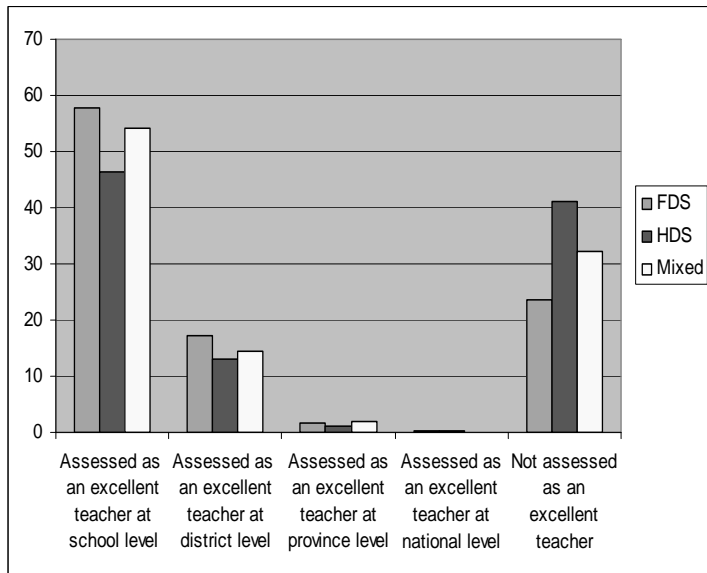
Source: MOET- FSQL 2005/06 Audit

17. It is likely that part of the positive effects of FDS work through better school facilities and teachers and higher student socio-economic status since all these dimensions are superior in schools with longer instructional time (see Figures 7, 8, 9), marking an altogether superior package. However, the positive effect of FDS is confirmed even controlling for all these other factors (see economic analysis). Along the same line, the evidence from the 2006 end of the year examination in Vietnam²¹ confirms that there is a very strong positive relationship between number of sessions per week and an excellent grade in Mathematics (Figure 6 shows that within every income quintile, the higher the number of sessions per week, the higher the proportion of students with excellent grade in Math). Many other studies also confirm that instructional time is a key determinant of achievement.²² On a more qualitative basis, according to the 500 SEQAP school survey, principals, teachers and parents are all supportive of a transition towards FDS. In particular, 75% of principals agree that FDS would be more comprehensive; 68% that the new curriculum can be applied better; and 71% that students have more time to learn elective subjects. About 54% of parents strongly agree that FDS enables better application of the new curriculum; and 62% strongly agree that students will have more time to develop their skills.

²¹ See District FSQL Audit (2006).

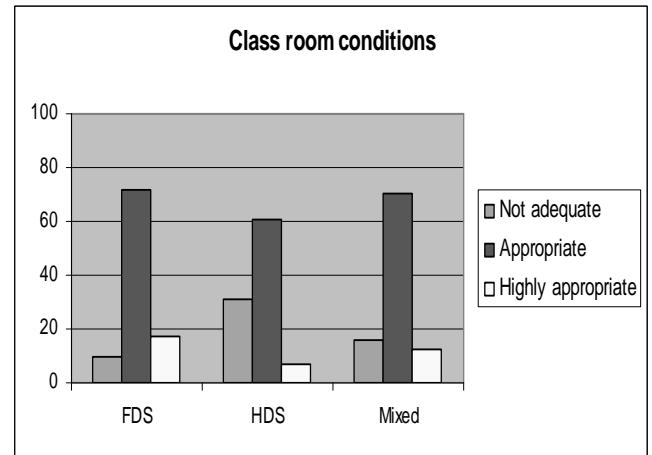
²² Fifteen out of 17 studies of primary schools in developing countries and 12 out of 16 studies on secondary schools found instructional time to have a significant impact on educational achievement (Fuller and Clarke, 1994).

Figure 7: School types and teacher quality (%) - 2007



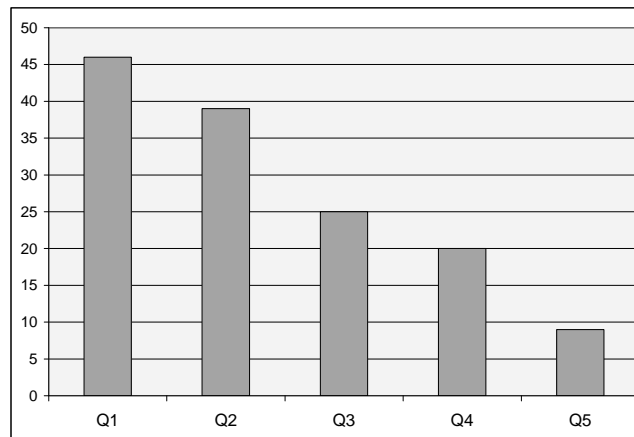
Source: MOET – 2007 SEQAP 500 school survey
 Note: HDS = half day schooling

Figure 8: School types and classroom conditions (%) - 2007



Source: MOET – 2007 SEQAP 500 school survey
 Note: HDS = half day schooling

Figure 9: Proportion of Students in Full-Day Schooling by Districts ranked by Income Quintile – 2006



Source: MOET – FSQL 2005/06 Audit

18. **Although schools’ input and processes have improved in time, there are still significant gaps in the level and distribution of these school related factors. *School resources are still insufficient and inequitably distributed.*** In particular, while it is encouraging to see that FSQL have been growing, the value of the Input Index²³ (FII), at about 68, is still clearly below the 100% target and a significant share of classrooms needs to undergo major repairs or be replaced because of their bad state (about 32%).

²³ This is a composite index which combines individual indicators on teaching staff, teaching materials, infrastructure and school management into an overall score.

Importantly, the correlation between district poverty incidence and the FII for 2006 and 2007 shows a persistent significant inverse linear trend, with lower FII scores associated with higher rates of poverty.

19. ***While professional standards have been successfully introduced, their impact is not maximized and teacher qualifications, while having clearly improved, are also still inequitably distributed.*** Teachers in most provinces still need to be fully assessed against the newly developed professional standards and evaluation results still need to be linked to titles and career growth to have a positive impact on teacher quality. Additionally, while teacher qualifications have been improving in time in Vietnam, with only 1% of teachers with less than a 9+3 qualification (high school level), about 40% of the teachers have still not reached a training qualification standard of 12+2 (the new minimum Vietnamese standard for teachers) in poor areas (versus 80% nationally). While all teachers are therefore at least minimally qualified, qualifications, also through additional in-service training, will need to improve in disadvantaged areas.

20. ***Poor school management and insufficient community participation are also still an issue in primary education.*** On the school management side, less than 60% of schools had school development plans in 2007/08; and up to 50% of the teachers mentioned they were unhappy with the way the school was managed in the 4,000 schools surveyed by the 2007 grade 5 study. On the other hand, in only about 44% of the schools principals reported active support and participation of parents. These indicators are lower in more disadvantaged areas.

21. ***Finally, and importantly, with less than 700 hours as yearly allocated instructional hours in primary instructional time is a core weakness of Vietnam education.*** The country ranks very poorly compared to other countries in the region and outside. According to the most recent MOET data, about 45% of students were still enrolled in half-day schooling (less than 30 teaching periods a week –or 20 full instructional hours a week), and the distribution of full-day schooling mirrors the one of FSQL, with much lower proportions of students who benefits from it in poorer districts.

22. ***In part, low instructional time is due to inefficient teacher deployment and low teacher workload.*** There is evidence that teachers are not very efficiently deployed and used in Vietnam, judging from the very low pupil-teacher ratios (about 22 pupils per teacher in 2007), small class size (about 26 students per class in 2007), regulations on teachers per class group instead than teachers per pupils (such as the 1.5 teachers per class group to move to FDS), and low teacher workload. Regarding the teacher workload, the SEQAP 500 school survey reports about 24 teaching periods a week per teacher on average across all types of schools, which translate into about 16 hours of actual teaching per week (accounting for the distribution of teaching and non teaching time within the teaching period²⁴), and another 20 hours a week for preparing lessons and marking homework (which is probably somewhat over-estimated), for a total of about 36 working hours a week. Teacher workload is even lower in schools in half day with a week of only about 32-33 working hours (with about 15 hours of actual teaching and other 17-18 for

²⁴ And also reflecting the results of the 2001 grade 5 study.

non teaching activities), for a salary equivalent of 40 hours. This teacher workload is very low compared to the OECD average, where in most of the countries teachers work about 40 hours a week, including 20 to 25 hours of teaching.²⁵

Table 2: Teachers’ indicators overall and by type of school

	Pupil-teacher ratio (all sites)	Average class size (all sites)	Average teaching periods per week (main sites)	Average hours of actual teaching (main sites)	Average teachers per class group (main sites)
FDS (*)	24	29	27	18	1.47
HDS (**)	20	22	22	15	1.16
Overall (***)	22.5	26	24	16	Na

(*) Assumes about 40 periods per week; (**) Assumes about 25 periods per week; (***) Includes all FDS, HDS and Mixed Schools; Source: DFA 2007 and SEQAP 500 schools survey.

23. The move to FDS will by itself bring about efficiency improvements by leading to larger class sizes and higher teacher workload –comparing these numbers across schools which are currently in HDS and FDS – but the reform will be costly to implement over the long-run if teacher allocation practices are not improved further. In particular, class group size needs to be taken into account when allocating teachers per class group to create scope for some efficiency gains when possible (identification of minimum class group size). Additionally, the regulations on teacher per class groups in FDS schools should be made more flexible to allow for increased teaching hours of the current teachers and/or more teachers, and, importantly, lead to the recognition that reaching 1.3 teachers per class would very likely be enough for a 30-33 periods a week and 1.4 would very likely be enough for a 35 periods a week – leading to the gradual acceptance of slightly more teaching hours for a less than proportional pay increase.²⁶ Ideally, the gap in teaching periods could even be fully covered by the teachers already in school, which has been happening in many full day schools where teachers now cover more than 25 teaching periods a week for a pay rise. In all cases, reaching 30 teaching periods a week per school should not require a salary increment higher than the amount equivalent to 1.3 teachers per class. A salary increment would still be needed to make up for the comparatively low teacher salaries (even if calculated on a 40 hours week) which has led teachers in Vietnam to offer private tutoring outside of regular school hours. On the positive side, the reform will be facilitated by the fact that there is an overall teacher surplus (about 350,000 teachers for 6,700,000 students), in large part related to the decreasing school age population.

24. There is also scope for re-defining teacher workload as including the relation between teaching and non-teaching hours (currently low in Vietnam) and factor in time for professional development and meetings with parents. Increasing teaching hours would also need to happen through a better use of the existing teaching period (increased time

²⁵ See OECD, Education at a Glance, various years.

²⁶ For instance, reaching 30 periods per week in a school with 10 classes and 1.3 teachers per class group (where a new teacher was hired to reach that ratio) would imply 23 teaching periods per teacher, including an “unpaid” increase of one period per week for all current teachers.

on task) – beyond increasing teaching periods - decreasing non-teaching time within the teaching period (currently of about 20 minutes per 60 minutes), improving teacher and student punctuality²⁷, and improving pedagogical practices.

25. Finally, while very few schools make use of non-regular teaching assistants (they represent only about 2 to 4% of the school staff²⁸), there may be ground to make more use of teaching assistants to alleviate in a temporary fashion issues of teacher workload, while ensuring the provision of skills – such knowledge of local languages – not necessarily owned by regular teachers.

26. *In part, low instructional time is also due to lack of school resources.* The 500 representative school survey undertaken for the preparation of SEQAP confirms that lack of adequate infrastructure is an obstacle for a transition to full day schooling. Main infrastructure needs according to principals and teachers are additional number of classrooms, multi-functional rooms and toilets. 42% of teachers also mention the need for more teacher rooms, while a bit more than half of the principals mention the need for eating and sleeping rooms.

Table 3: Principals and Teachers View of Needs for Infrastructural Improvements in HDS Schools

	School yard	Toilets	No. of class rooms	Library	Teacher working space	Teaching aids room	Multi functional room	Clean water	Eating room	Sleeping room
Principals	9.7	51.3	83.2	14.2	25.7	13.3	44.2	37.2	54.0	53.1
Teachers	34.3	52.9	47.2	20.2	26.4	41.5	35.0	26.0	Na	4.6

Source: 2007 SEQAP 500 school survey

27. The different relative proportion of principals and teachers mentioning the need for additional classroom suggests that a better analysis of this important variable needs to be undertaken- national data suggest that there is currently about 1.4 class groups per classroom in half day schools and 1.2 class groups per classroom in mixed day schools. National data also suggest that the survey data are upwards biased by not considering satellite schools. When these are considered the needs for upgrading in HDS schools become even more evident, in particular for functioning toilets and better furniture and classroom conditions (other variables were not specifically analyzed). It is also noticeable however that classroom dilapidation or semi-permanency is an across the board problem.

²⁷ Teachers arriving late at school was mentioned as a problem happening sometimes in about 60% of the schools covered in the 2001 grade 5 study.

²⁸ See SEQAP 500 school survey.

Table 4: Selected Utility, Infrastructure and Equipment Characteristics of Primary Education Sites

	% of sites with operating Toilets	% of sites with clean water	% of sites with desks in good condition	% of semi-permanent rooms by type of site	% of rooms needing replacement by type of site	% of rooms needing major repairs by type of site
Total sites (FDS)	69	71	65	47	18	11
Total sites (HDS)	30	19	30	61	31	15

Source: 2006-2007 DFA

28. This evidence suggests that already disadvantaged groups are at an even stronger disadvantage by having less access to good facilities, qualified teachers and sufficient instructional time, which are strong determinants of performance, than wealthier groups. It also suggests that longer instructional time is mostly constrained by lack of school resources and low teacher workload. There is therefore a strong justification for helping the poor get access to a comprehensive package allowing for longer instructional time, while also supporting the provision of better school facilities, more teacher time and better trained teachers to make the transition to longer time both feasible and truly quality-enhancing.

Annex 2: Major Related Projects Financed by the Bank and/or other Agencies
VIETNAM: School Education Quality Assurance Program

Bank-financed	Sector Issue	Latest ISR Ratings		IEG
		IP	DO	
Primary Education for Disadvantaged Children Project (Cr. 3752-VN)	Education planning, FSQL, inclusive education	MS	S	NA
Higher Education Project (Cr. 3126-VN)	Market relevance, staff upgrading, institutional strengthening	S	S	NA
Primary Teacher Development Project (Cr. 3594-VN)	Teacher standards, teacher training, quality assurance, civil service regulations	S	S	NA
Targeted Budget Support for National Education for All Plan Implementation Program (Cr. 4089-VN)	Fundamental School Quality Level (FSQL), overarching policy framework in education finance, planning and governance	MS	MS	NA
Second Higher Education Project (Cr. 4328)	Policy options in governance, financing and quality assurance; capacity building for university teach and research	S	S	NA
First Program 135 Phase 2 Support Operation for Commune Facing Extremely Hardship in Ethnic Minority and Mountainous Areas	Support policy and institutional actions by providing basic infrastructure, production and livelihood support services and capacity building for ethnic minority communities	NA	NA	NA

ISR = Implementation Supervision Report

IEG = Independent Evaluation Group (formerly Operations Evaluation Department)

IP = Implementation Progress; DO = Development Objective

S = Satisfactory; MS = Moderately Satisfactory; NA = Not Available

Other development agencies	Sector Issue
ADB: Teachers Training	Provide training for secondary teachers of ten provinces
ADB: Upper Secondary Education Development	Develop and improve quality of secondary education
ADB: Second Lower Education Development	Continue to support quality improvement and completion of lower secondary education universalization by 2010
ADB: Upper Secondary and Professional Teacher Development	Provide training for upper secondary teachers and education managers
ADB: Lower Secondary Education for the Most Disadvantaged Regions Project	Improve lower secondary education participation rates, particularly for girls and ethnic minorities, in 103 of the most disadvantaged districts in 17 provinces
Belgium: Improving Pre- and In-Service Training of Primary and Lower Secondary Teachers in the Northern Highlands	Teacher training
European Commission: Strengthening MOET	Policy design, financial management capacity building, education management information system
European Commission: Support to the Renovation of Education Management	Policy design, financial management, capacity building, school inspection and management, management information systems
EC-DFID: Support to SEDP 2006-2010	National and provincial planning, skills development and consultation
JICA: Primary School Construction	Primary school construction
JICA: Capacity Building	Capacity building of HCMC University of Technology to strengthen the community-university linkage
NORAD: Education Development Support to Ethnic Minorities	Semi-boarding schools, teacher training, school management
UNICEF: Adolescence Development and Participation	Education on life skill and health protection
UNICEF: Child-friendly Primary Education	Quality and equity in primary education, child-friendly environment
UNICEF: Early Childhood Development	Psychosocial development and school readiness for primary education
Oxfam GB: Improve Equal Access to and Quality of Basic Education	School infrastructure, development of models of child-friendly environment, child-centered teaching, parent-teacher association, and capacity building for education manager (Lao Cai and Tra Vinh provinces)
Save the Children Australia: Teacher Training	Primary teacher training
Save the Children France: Multi-grade teaching and bilingual education	Education for ethnic minorities
Switzerland: Capacity building	Capacity building for education, training and research in environmental science and technology in northern Vietnam

Annex 3: Results Framework and Monitoring
VIETNAM: School Education Quality Assurance Program

PDO	Program Outcome Indicators	Use of Program Outcome Information
<p>The School Education Quality Assurance Program (SEQAP) aims to improve learning outcomes and education completion for primary education students, particularly disadvantaged primary education students, through supporting the Government’s full-day schooling (FDS) reform program.</p>	<p>1) Percentage of G5 students achieving independent learner status at Vietnamese language - Average - Ethnic Minorities - Girls - Urban-Rural-Remote</p> <p>2) Percentage of G5 students achieving independent learner status at Mathematics - Average - Ethnic Minorities - Girls - Urban-Rural-Remote</p> <p>3) Percentage of G5 students with good or excellent grades in Vietnamese - Average - Girls - Urban-Rural</p> <p>4) Percentage of students completing primary education²⁹ - Average - Ethnic Minorities - Girls - Urban-Rural</p> <p>5) Proportion of students receiving at least 30 periods per week as a total of all students - Average - Ethnic Minorities - Girls - Urban-Rural</p>	<p>- Indicators 1-3 will be used to monitor the impact of the program’s interventions on learning outcomes, on average and for disadvantaged groups. Indicator 3 – while not standardized – will ensure more continuity in monitoring</p> <p>- Indicator 4 will be used to monitor the impact of the program’s interventions on primary completion assuming that completion and quality are deeply related and that the improved overall school package will therefore also support student completion. The indicator will also be monitored on average and for disadvantaged groups.</p> <p>- Indicators 5 will allow us to monitor if we are on track in the transition to FDS</p>

²⁹ The number of 14 years old students who have completed grade 5 / The total population of 14 years old children

Intermediate Outcomes	Intermediate Outcome Indicators	Use of Intermediate Outcome Monitoring
Gross and Net Enrollment Rate, Drop-Out Rate in Grade 1, overall and for disadvantaged groups	1) Total Gross and Net Enrollment Rate (GER, NER) <ul style="list-style-type: none"> - Overall - Ethnic Minorities - Girls - Urban-Rural 2) Drop-Out Rate in Grade 1 (DOR) <ul style="list-style-type: none"> - Overall - Urban-Rural 	- Indicators 1-2 will allow us to monitor if we are on track for achieving program outcome indicators without negatively influencing on equity of access. They will also be monitored on average and for disadvantaged groups.
Component 1: Policy Framework for Transition to FDS	This component will be monitored through the Policy Roadmap (see Annex 4 – Component 1)	This component will be monitored through the Policy Roadmap The policy matrix will allow us to monitor if we are on track for preparing the transition to FDS and establishing supporting government policies with a clear pathway to achieve the government’s transition to FDS, or program outcome indicator 5
Component 2: Improved Humans Resources for FDS	1) Proportion of teachers (overall and ethnic minority) who receive 10 or more day of school based training on relevant classroom management and pedagogical topics 2) Proportion of Principals/Vice Principals (overall and ethnic minority) who receive 5 or more days training a year in school management skills 3) Proportion of schools with active support by parents	- These indicators will allow us to monitor if we are on track for achieving program outcome indicators with higher quality teachers, school leaders, and education managers/management
Sub-Component 2.1: Teachers trained and equipped with professional teaching skills		
Sub-Component 2.2: School leaders and education managers trained		
Sub-Component 2.3: Quality assurance of training and professional development established		
Component 3: Improved School Facilities and Other Resources for FDS Sub-Component 3.1: School	1) Proportion of schools with at least 100% of students accessing 30 periods per week 2) Proportion of schools with 1 or more toilet cubicles on site	-Indicator 1 will allow us to monitor if we are on track for achieving the government’s transition to FDS, or program outcome indicator 5

<p>Facilities for FDS Infrastructure and facilities upgraded for transition to FDS</p>	<p>3) Proportion of classrooms with good desks and chairs for students</p>	<p>-Indicators 2-3 will allow us to monitor if we are on track for achieving program outcome indicators by making sure that facilities of schools shifting to FDS are in a good shape</p>
<p>Sub-Components 3.2, 3.3, 3.4: Recurrent Resources and Capacity Building for FDS Operation and maintenance, salary increments, pupil welfare activities and capacity building for transition to FDS</p>	<p>4) Proportion of grades with teaching aids for math and Vietnamese 5) Proportion of ethnic minority students with Vietnamese language strengthening materials</p>	<p>- Indicators 4-5 will allow us to monitor if we are on track for achieving program outcome indicators by making sure that teachers and students are well equipped with teaching and learning materials.</p>

Arrangements for results monitoring:

We review below the main arrangements for monitoring and evaluation of SEQAP:

- Institutional issues:

29. The SEQAP executing units at each level of governance and schools will be responsible for monitoring and evaluation of the program. The program is decentralized and therefore the onus of responsibility for compliance and results monitoring will rest with the district levels (BOET); the provincial levels (DOET) will have responsibility for consolidating provincial results and verifying school and district progress.³⁰ Community participatory monitoring will strengthen school/community governance models. National consolidation of provincial reporting will provide overall program results. The decentralized and bottom-up nature of the program justifies an emphasis on monitoring at the sub-national level, in particular the program participating provinces, using national level data as reference. An improvement in the performance indicators of the participating provinces, on average and for disadvantaged groups, is also a very good measure of achievement of the PDO, given the fact that SEQAP participating provinces are themselves disadvantaged. It was agreed to complete the provincial baseline data by effectiveness to obtain the most recent updates, and then identify, in agreement with the provinces, related realistic targets. Setting targets is more complex and requires more time in the context of a decentralized setting³¹, justifying this more gradual approach.

30. Results monitoring will rest with Education and Training personnel. Head Teachers will consolidate monitoring reports at the school level. BOET on behalf of District SEQAP program management unit will interface with Head Teachers. District reports will consolidate district results and be submitted by BOET to District People Committee (DPC) and DOET. DOET will consolidate reports and submit to Provincial PC and MOET SEQAP coordination body.

31. There are some areas of weaknesses in these arrangements which will need to be appropriately addressed. They include: (a) low school and district level capacity for school results monitoring; (b) the current practice of reporting data up the system with limited use of data to monitor progress and identify obstacles to implementation at the sub-national level; and (c) delayed or incomplete submission of provincial reports to the central level.

32. The first set of weaknesses will require additional capacity building, which is factored in the program through additional provincial support for the district and school level. At the school level, community (participatory) monitoring of school-based SEQAP activities and results will require further elaboration and strengthened community organization. Within-school monitoring of activities and results – school-based teacher training, instructional method and so forth – will require further development of tools and processes and capacity building of school managers building upon existing projects such as PEDC and SREM. District (BOET) supervision (compliance) and monitoring of school-based activities will similarly require further development of tools and processes and capacity building of district experts and managers.

³⁰ Component 1 of the program remains centralized and will be directly monitored at the central level through the policy/activity roadmap.

³¹ And has been difficult or even impossible in the other primary education Vietnam projects.

33. The second set of weaknesses will be addressed by: (i) building on and making use of the District and Provincial Monitoring Reports, currently under development by the Targeted Budget Support-Education For All (TBS-EFA) program; (ii) strengthening provincial and district monitoring practices through the program; and (iii) making sure the M&E framework to be monitored at the provincial level is realistic, and enclosed in the MOU between the MOET and the PPCs to increase ownership.

34. The third set of weaknesses will be addressed by also consolidating and monitoring results directly at the central level, through the MOET Standing Office to provide for an overall framework of the result monitoring of SEQAP, validation of provincial results monitoring reports, and timely inputs for the regular monitoring and supervision of the program.

- Data collection:

35. Data to monitor the proposed program will be mainly drawn from three sources of data in Vietnam:

(a) the District FSQL³² Audit (DFA), which was designed and implemented by the Planning, Monitoring & Evaluation and EMIS team of the PEDC Project Co-ordination Unit (PCU). The DFA data collection instruments and software was developed in collaboration with the Primary Education and Planning & Finance Departments of MoET who fully endorsed the survey. The DFA is annually conducted in the primary schools and sites nationwide and its comprehensive national, provincial, district, commune and school level statistical data report become available in November on an annual basis. The DFA provides comprehensive information on students and teachers' characteristics, school organization, infrastructure, facilities and supplies, and even measures of academic scores and educational coverage and attainment. Upon PEDC matures at the end of 2009, there is a plan to integrate the DFA in the MOET Education Management Information System (EMIS) which will provide sustainability of data collection. This information is reliable.

(b) Grade 5 learning outcomes data. Although not a regular source of data, grade 5 standardized Vietnamese and math assessments have been undertaken in 2001 and 2007, by MOET with the support of international consultants, and further collection, also for Grade 3, will take place in 2011 and 2014, with the support of SEQAP. These are reliable data which provide invaluable information on Vietnamese and math scores for a nationally and provincially representative school sample, with related student, school and teachers' characteristics which allow for multiple disaggregations.

(c) household survey data (VHLSS) undertaken by the General Statistical Office (GSO) in collaboration with the World Bank on a regular basis (6 surveys have been conducted so far from 1992 to 2008). Main information collected on education is on grades completed, school attendance, households and students characteristics, and, in 2006, some basic school data. These

³² Fundamental School Quality Levels (FSQL) are the first step toward achieving Vietnam's national school standards. FSQ defines the minimum package of inputs necessary for providing a quality education at school and the basic outcomes that are expected from schools.

are reliable data which will continue being collected on a regular basis (every two years since 1998) and can be used to both validate administrative data and provide further equity-related disaggregations when needed.

36. These three main sources of data will be complemented by additional ad-hoc surveys when needed, including data collection at the provincial level, and time on task survey to be carried out in 2009 and repeated in two years time. Provinces and districts also undertake complementary surveys as needed.

- Capacity:

37. There is an existing statistical and information management capacity in the MOET, which, however, requires to be further strengthened, together with processes at the central, provincial, district and school levels. The program will support, complement, and strengthen the existing monitoring and evaluation system through: (i) supporting regular grade 3 and 5 standardized assessments and build capacity to make use of them including for the evaluation of the impact of the reform; (ii) strengthening provincial and district monitoring practices also through the effective use of newly developed District and Provincial Monitoring Reports; and (iii) supporting a comprehensive result monitoring framework at the central level to assess monitor and evaluate the effects of the program. The program will also support the integration of the DFA within the EMIS with the aim of ensuring better coordination and continuity of the information system, and additional provincial data collection as needed.

Arrangements for results monitoring³³

Program Outcome Indicators	Baseline 2007/2008 (overall)	Baseline 2008/2009 (participating provinces) ³⁴	YR1 – YR6 2010-2015 (participating provinces) ³⁵	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
<p>1) Percentage of Grade 5 students achieving independent learner status³⁶ at Vietnamese language</p> <p>a) General b) Non-Kinh c) Female d) Urban-Rural-Remote</p>	<p>a) 71% b) 50% c) F: 67% d) U: 83% Ru: 73% Re: 54%</p>			Every 3 years	Grade 5 study	MOET/SEQAP
<p>2) Percentage of Grade 5 students achieving independent learner status at Mathematics</p> <p>a) General b) Non-Kinh c) Female d) Urban-Rural-Remote</p>	<p>a) 74% b) 48% c) F: 73% d) U: 83% Ru: 73% Re: 54%</p>			Every 3 years	Grade 5 study	MOET/SEQAP
<p>3) Percentage of Grade 5 students with good or excellent grade in Vietnamese</p> <p>a) General b) Girls c) Urban-Rural</p>	<p>a) 30% b) 36% c) U: 50% R: 26%</p>			Annually	End of year exams	MOET/SEQAP
<p>4) Percentage of students completing primary education</p> <p>a) General b) Non-Kinh c) Girls d) Urban-Rural</p>	<p>a) 97% b) 78% c) 95% d) U: 100% R: 90%</p>			Annually	Education Management Information System (EMIS)/District FSQ Audit (DFA)	MOET/SEQAP

³³ These indicators will also be monitored at the district level when possible.

³⁴ Baseline data to be completed by effectiveness when 2008/2009 indicators become available.

³⁵ Target data to be completed by effectiveness in agreement with participating provinces.

³⁶ Independent students are those who are eligible to study in Grade 6 of secondary schooling.

Intermediate Outcome Indicators	Baseline 2007/2008 (overall)	Baseline 2008/2009 (participating provinces) ³⁷	YR1 – YR6 2010-2015 (participating provinces) ³⁸	Frequency and Reports	Data Collection Instruments	EMIS/DFA/Other	MOET/SEQAP
5) Proportion of students receiving at least 30 periods per week as a total of all students a) General b) Non-Kinh c) Girls d) Urban-Rural	a) 56% b) 32% c) 56% d) U: 59% R: 31%			Annually			
1) Total Gross Enrollment Rate (GER) ³⁹ a) General b) Non-Kinh c) Girls d) Urban-Rural	a) 104% b) 104% c) 105% d) U: 108%; R: 103%			Annually	EMIS/DFA		MOET/SEQAP
2) Total Net Enrollment Rate (NER) ⁴⁰ a) General b) Non-Kinh c) Girls d) Urban-Rural	a) 99.7% b) 96% c) 99.7% d) U: 105% R: 99%			Annually	EMIS/DFA		MOET/SEQAP
3) Drop-Out Rate Grade 1 (DOR) ⁴¹ a) General b) Urban-Rural	a) 2% b) U: 0.6%; R: 3%			Annually	EMIS/DFA		MOET/SEQAP
Component 1: monitored through Policy Roadmap – Component 1							

³⁷ Baseline data to be completed by effectiveness when 2008/2009 indicators become available.

³⁸ Target data to be completed by effectiveness in agreement with participating provinces.

³⁹ Rates should be kept stable over the program implementation.

⁴⁰ Rates should be kept stable over the program implementation.

⁴¹ Rates should be kept stable over the program implementation.

<p>Component 2: Sub-Components 2.1, 2.2, 2.3</p> <p>1) Proportion of teachers who receive 10 or more day of school based training⁴² A: Overall B: Ethnic minority teachers</p> <p>2) Proportion of Principals/Vice Principals who receive 5 or more days training a year⁴³ A: Overall B: Ethnic minority P/VP</p> <p>3) Proportion of schools with active support by parents</p>	<p>A: 27% B: 28%</p> <p>A: 12%; B: 11%</p> <p>47%</p>			<p>Annually</p> <p>Annually</p> <p>Annually</p>	<p>EMIS/DFA/Other</p> <p>EMIS/DFA/Other</p> <p>EMIS/DFA/Other</p>	<p>MOET/SEQAP</p> <p>MOET/SEQAP</p> <p>MOET/SEQAP</p>
<p>Component 3: Sub-Components 3.1, 3.2, 3.3, 3.4</p> <p>1) Proportion of schools with at least 100% of students accessing 30 periods per week</p> <p>2) Proportion of schools with 1 or more toilet cubicles on site</p> <p>3) Proportion of classrooms with good desks and chairs for students</p> <p>4) Proportion of grades with teaching aids for V) Vietnamese and M) Math (minimum requirement)</p> <p>5) Proportion of ethnic minority students with Vietnamese language strengthening materials</p>	<p>43%</p> <p>49%</p> <p>63%</p> <p>V)89% M)90%</p> <p>V) 89% M) 90%</p>			<p>Annually</p> <p>Annually</p> <p>Annually</p> <p>Annually</p> <p>Annually</p>	<p>EMIS/DFA/Other</p> <p>EMIS/DFA</p> <p>EMIS/DFA/Other</p> <p>EMIS/DFA/Other</p> <p>EMIS/DFA/Other</p>	<p>MOET/SEQAP</p> <p>MOET/SEQAP</p> <p>MOET/SEQAP</p> <p>MOET/SEQAP</p> <p>MOET/SEQAP</p>

⁴² On relevant classroom management and pedagogical topics

⁴³ In school management skills

Annex 4: Detailed Program Description

VIETNAM: School Education Quality Assurance Program

38. The Government is moving towards two main available options for transition to FDS: 30 (T30) or 35 (T35) periods per week –depending on school initial conditions - aiming at a minimum national standard of 35 periods per week (FDS) for all primary schools by 2025 (equivalent to a minimum of 800 instructional hours a year). The basic characteristics of the model have already been developed. In this policy context, and on the basis of the broader education sector context for the reform developed in Annex 1, SEQAP will support a package of measures allowing schools in disadvantaged areas to reach at least 30, well used, teaching periods a week, including the further development and implementation of a school-driven T30 and T35 FDS model, the provision of better school facilities, better trained teachers, more efficient teacher deployment and use of teacher time, and improved school management practices. It will do so by improving the policy framework for FDS nationally, while supporting improved teaching and school management and better facilities/infrastructure for transition to FDS in a sample of disadvantaged provinces.

39. SEQAP will therefore be articulated into four interrelated components with different target populations. Component 1 on policy development will have national coverage, while the “investment” components 2 and 3 will be targeted to a sample of disadvantaged provinces (35)⁴⁴ and within these target poor provinces to: (i) half day schools (HDS) (including main and satellites sites) – or schools with 100% of students with less than 30 periods a week - to be brought up 100% to at least 30 periods a week; (ii) mixed day schools (MDS) with less than 100% of students with at least 30 or 35 periods a week (including main and satellites sites) to be brought up 100% to at least 30 periods a week; (iii) a small group of “visible” effective schools to be brought up 100% to 35 periods a week for demonstration effects (model schools); (iv) school leaders and teachers of the program schools (priority 1) and other schools (priority 2); and (v) all provincial and district education managers. Component 4 will be aimed at strengthening program management.

COMPONENT 1: Improve Policy Framework for the Implementation of the Full Day Schooling Program [US\$6.2 million]

40. This is a highly strategic component which will aim at completing the requirements for the transition to FDS in the 2009-2015 period but also at building a more efficient and equitable framework for scaling-up the reform in the 2015-2025 time period. The component, which will have national application and be implemented by the central level, has two main sub-components and several activities, consisting largely of technical assistance. We provide below a detailed

⁴⁴Beneficiary provinces are located in four main regions: **Mountainous Northern region (11 provinces)** (Ha Giang, Cao Bang, Yen Bai, Lang Son, Son La, Lai Chau, Dien Bien, Lao Cai, Hoa Binh, Tuyen Quang, Bac Can); **North Central Coast, South East (9 provinces)** (Thanh Hoa, Nghe An, Quang Tri, Quang Nam, Quang Ngai, Ninh Thuan, Binh Thuan, Binh Phuoc); **Central Highlands (5 provinces)** (Gia Lai, Kon Tum, Dac Lac, Dac Nong, Lam Dong); **Mekong river Delta (11 provinces)** (Ben Tre, Tra Vinh, Dong Thap, Soc Trang, Vinh Long, Bac Lieu, Hau Giang, Ca Mau, An Giang, Kien Giang, Long An).

description of each sub-component and a policy roadmap summarizing expected content, targets and timeline of each activity.

1.1 Developing a Model for FDS in Vietnam [1.7 US\$ million]

41. This sub-component will help complete the requirements for the application of an FDS model in 2009-2015, the program period, while laying the ground for an improved FDS model in 2015-2025. Main interventions supported in this sub-component are also summarized in the policy roadmap enclosed at the end of the component description.

42. Basic characteristics and rationale of the FDS model: As mentioned above, the Government is moving towards two main available options for transition to FDS: 30 and 35 periods per week - depending on school initial conditions - aiming at a minimum national standard of 35 periods per week (FDS) for all primary schools by 2025. On the basis of the current curriculum framework and the different time options, schools will be able to choose across subjects with more variety in the 35 periods models – choice will be limited to language (Vietnamese, Vietnamese as a second language or Ethnic Minority Language) and math for the 30 period transition model⁴⁵. In the 35 period model schools will also be able to introduce new subjects such as English, IT or music, local culture and context, and outdoor activities. In all cases, schools will have autonomy on how to allocate the time across the eligible subjects, the organization of the school schedule (daily; weekly; yearly), lunch breaks, teaching methodologies and physical investment and human resource decisions, within a clearly laid out pedagogical proposal for transition to FDS. Pedagogical proposals should make it clear to what transition mode the school is subscribing (30 or 35) and lay out a road map for achieving 35 periods (if incorporation is at 30). All models will need to make provisions for teacher’s time for professional development and strive to increase time on task within each period.

43. Overall, schools in transition to FDS will focus on improving learning outcomes for students, through three main processes: increased time on task; increased capacity of education managers, school leaders and teachers in management practices, pedagogical and curriculum support, and learning assessment, to support more effective management and teaching practices; and provision of necessary human and physical resources and educational materials to improve school and teaching environment. These processes are very important as SEQAP will focus on achieving more effective classroom instruction within the context of increased time for schooling.

44. **Guidelines and processes for incorporation to FDS still need to be developed.** In this context, SEQAP will help facilitate an efficient and equitable incorporation to FDS. The preparation phase for incorporation into FDS will need intensive coaching and may also learn from the example of current successful FDS schools. Training and coaching will be required to help schools formulating their proposals for incorporation. After initial expression of interest from the school, supported by local education managers, school leaders, teachers and parents, schools will need to prepare an infrastructure plan, a training plan, and a pedagogical proposal on the use of time. This pedagogical proposal will need to include at a minimum the: (a)

⁴⁵ Note that additional time for Vietnamese and math is fully aligned with the principals, teachers and parents’ views on how additional time should be used in FDS (500 school survey) and the importance of ethnic minority instruction has been outlined in the Social Assessment.

pedagogical justification of the use of school time, with focus on improving learning outcomes; (b) the way the school schedule is organized; (c) how students' lunch will be addressed; (d) agreements with the parents to ensure the attendance of students in the afternoon's sessions and further scope for parental participation in school management and activities; and (e) any additional human resource requirements. The appropriate institutional levels will have to approve the full proposal and the gradualism that the school requires, and confirm later on that the school complies with the requirements for moving to FDS.

45. MOET will have to systematize the set of rules and procedures for incorporation in the new FDS regime into a single document that applies to schools that already started in some of the modalities of the new regime, and for those aspiring to start it. This manual should include the criteria for eligibility of the schools; procedures, forms and deadlines for expressions of interest; and technical support guidelines and criteria and procedures for evaluating and approving infrastructure and training plans and the pedagogical proposal of the school. Supporting FDS guides and in-service teacher training modules will also need to be developed.

46. **The FDS model also has further room for improvement.** Within this framework, there is still also substantial scope for improving the FDS model with the development of supplementary materials for the reinforcement of the core subjects in T30 – in particular as time for practice and individual work increases requiring new supporting materials, a better definition of the T35 model, and, ultimately, a movement towards a better integrated curriculum and school day – recognizing that FDS is not only about dealing with the extra hours but about a re-conceptualization of the whole of the 30 or 35 periods that are then available.

47. In sum, main activities of this sub-component (also summarized in the policy matrix) will be: (a) developing guidelines for incorporation to FDS; (b) developing in-service training modules on school management and use of time in FDS; (c) developing and printing teacher guides and learning materials for reinforcement of core subjects in T30; and (d) reviewing time schedule, criteria and detailed guidelines for implementation of T35.

1.2 Policies and Road Map for FDS implementation in Vietnam [4.5 US million]

48. This sub-component will develop the broader policy framework needed for FDS to ensure that the enabling environment, related policies and other regulations needed to allow the successful application and improvement of the full-day schooling model are in place for the SEQAP and post-SEQAP period.

49. **Beyond the need to improve the FDS model itself in terms of curriculum focus, design and application, there is also an urgent need in Vietnam to improve the policy framework surrounding the application of FDS - for current implementation and to inform the development, implementation and financing of the 2015-2025 reform.** In particular, four main areas require urgent attention: (a) quality assurance framework for transition to FDS; (b) human resource management, including teacher deployment and workload and linkages between teacher professional standards and title; (c) community and parental participation management for transition to FDS; and (d) recurrent financing mechanisms for transition to FDS.

50. **The quality assurance framework for primary education is still weak.** A first area which requires urgent focus is quality assurance for primary education and transition to FDS in particular. While standardized grade 5 learning outcomes have been measured through ad-hoc studies (in 2001 and 2007) representative at the national and provincial level, these efforts are still not systematic and their results are also still not systematically used to improve teaching practices and curriculum design and application. Along the same line, little use is also done of the semi-annual (unstandardized) school exams and end of primary school exam. Essentially, capacity in general of making use of learning outcome diagnostics to improve quality of education is still very weak in Vietnam. The transition to FDS will raise issues related to the effectiveness of teaching practices and curriculum focus and design which can only be addressed by measuring the impact that the transition is having on learning outcomes and using the results to improve the design and implementation of the reform.

51. **Teacher deployment and workload is inefficient and professional standards need to be more fully used and developed as a tool to improve teacher performance.** As shown in the context section, primary teacher deployment, use and workload is fairly inefficient in Vietnam requiring urgent attention. While transition to FDS itself –by supporting larger classes and higher teacher workload - is an opportunity to address some of these inefficiencies, it would not by itself solve all issues and may end up being costly over the long-run if it is not accompanied by the explicit goal and associated studies/strategies and legal actions to allow for lower ratios of teachers per class-group and students and for a gradual increase of their workload. Beyond issues related to teacher allocation and workloads, the use of human resource professional standards is another area for continued support in Vietnam. Vietnam has defined a framework and initiated processes for assessing teacher performance in primary education through the now closed PDTP. While the available evidence suggests that these standards have been very well received, their application is still limited to a sub-sample of provinces, and their implications for career development (and pay) is still limited because of incomplete regulations.

52. **Communities and parents' participation in primary education is still insufficiently developed.** As also shown in the context section, communities and parents are still too little involved in primary school management in Vietnam, while community engagement (under the form of participation in school activities, meetings with principals and teachers, in-kind contributions, etc) has been shown to be positively related to learning outcomes and completion rates (also see economic analysis). Community and parental support will be all the more important in a full day schooling environment to ensure commitment to keep children in school and improve the quality of the education experience. While there is evidence that the transition to FDS will also be a strong incentive towards more parental involvement⁴⁶, to support this process further and beyond what are the current practices, there is urgent need to devise strategies to involve communities and parents more effectively in school management and in the transition to FDS – going from wider consultation on schools' needs and goals, to managing small amounts of strategic resources and inter-acting more regularly with principals and teachers.

53. **Recurrent cost financing for transition to FDS is still a concern.** The transition to T30 or T35 FDS for the program schools will have recurrent cost implications in terms of teacher

⁴⁶ From the DFA data, parents are said to be very actively involved in 60% of full day schools and only 30% of half day schools.

salary, operation and maintenance, lunches, etc; and, beyond that, the whole FDS reform by 2025 will have even higher recurrent cost implications. While half day primary education is largely free, mixed and full day schools currently rely very much on parents to pay for the additional tuition time. Without attention to state budget mechanisms at national and provincial level and strategies to share and manage costs and resources, there is a risk that either additional recurrent costs would be left to be picked up by parents in the form of higher contributions of one sort or another, with negative implications for equity, or service quality would suffer due to the lack of resources to, say, maintain school buildings, pay teachers, etc. Beyond efforts to rationalize costs, there is also an urgent need to quantify the extent of projected recurrent costs of the whole reform (T35 by 2025); ensure the Government's commitment to the financing of the incremental recurrent costs generated by the program; and, importantly, start fostering changes in the way the Ministry of Finance distributes its central grants, how in general public and private funds are used for the financing of primary education in Vietnam supporting a system which makes appropriate allowance for the relative ability of parents in different types of area to contribute, and how resources are allocated to the schools.

54. Within this context, this sub-component will therefore include the development of the following four main policy areas (through technical assistance), which are also summarized and further detailed in specific activities in the policy roadmap below:

- (a) Quality assurance framework for FDS: development of national capacity to evaluate learning outcomes and implement evaluations in education: improving and mainstreaming the FDS model will require capacity and tools for evaluating the effects of the transition to FDS. The planned work on student learning outcomes should firstly seek to build national capacity in learning assessment, with focus on standardized assessments for grades 3 and 5, particularly if the aim is for Vietnam to ultimately participate in international assessments; secondly, strengthen the learning assessment that is already being carried out in each grade and subject at the end of each semester; and, thirdly, build capacity to evaluate the impact of FDS models and improved teaching methodologies on learning outcomes. These evaluations should directly inform the development of the new school curriculum in 2015 and therefore the improved FDS model. Particularly important will be to develop a program of further study and evaluation to identify those teacher behaviors and teaching methodologies that are mostly strongly associated with improved student learning outcomes.
- (b) Teacher policies for FDS: more efficient teacher deployment and workload: The activities on teacher deployment and workload will support strategies to identify gains in teacher allocation and deployment in Vietnam including optimal ratios of teachers per class-groups, minimum class size standards, and diagnostics on specialist teachers. It will also support a revision of teacher workloads including number and optimal ratios of teaching and non-teaching hours. By 2015, a revised joint circular on teacher allocation and workload should be in place.

Teacher policies for FDS: development and effective use of professional standards: Vietnam has defined a framework and initiated processes for assessing teacher performance in primary education. A Regulation on Primary Teacher Professional Standards was drafted, with 15 requirements spread over 3 strands, and promulgated by MoET as Decision 14/2007. The

program has a special interest to have this process continuously evaluated and improved, because it is directly related to the purpose of improving the quality of human resource performance. Beyond applying the standards for the assessment and in-service training of teachers involved in the program (in Component 2), the program will also support this initiative through supporting further linkages between teacher professional standards and career path by linking teacher titles (which are linked to teacher pay and career path) to teacher standards (revision of Decision 61/2005 on teacher titles).

- (c) Community and parental participation for FDS: more effective community and parental involvement The program will help devise strategies to improve the involvement of communities and Parent-Associations (PAs) (or Parent-Teacher Associations (PTAs)) all the way from participating in the initial decision to undertake the transition to FDS to its implementation in the school (including managing resources and participation in school activities).
- (d) Policies for efficient financing of FDS: improved recurrent costs financial mechanism The program will help devise sustainable strategies for the financing of the recurrent costs generated by the transition to FDS, including use and distribution of the State budget; use of public and private funds; and school-based financial mechanisms to introduce the concept of a minimum amount of resources being available to a school to achieve a defined standard of service (moving towards the notion of unit costs -per school or student).⁴⁷

⁴⁷Along this line, the program will also ensure that schools who initiate proposals to transition to FDS have clear knowledge of the financial framework they must operate in, and will finance an initial study on minimum non-salary recurrent costs standards.

Policy Roadmap for Full Day Schooling

Content		2011	2012	2013	2014	2015
Targets: 2009/2010						
A. Develop a Model for Full Day Schooling in Vietnam						
1. Develop guidelines for incorporation to FDS [2009-2015]	<ul style="list-style-type: none"> -Guidelines and procedures for incorporation to FDS (T30, T35) -Format and expected content of school pedagogical proposal on use of time and other FDS related plans -Modules for in-service training on school management and use of time for FDS 	Guidelines and formats for FDS and related documents, manuals and modules for teachers and schools ready	Detailed guidelines and formats for T35 ready			
2. Identify need for reinforcement in Vietnamese, math and local languages and develop related teacher and student teaching-learning materials	<ul style="list-style-type: none"> -New teacher guides and supplementary pupil workbooks -Additional materials for ethnic minority groups (Vietnamese as a second language) 	All materials developed and printed				
3. Review T35 instructional schedule and related minimum criteria for incorporation	<ul style="list-style-type: none"> -Eligible subjects and alternative timetables -Minimum infrastructure and human resource needs -Resource optimization at the school level 	<ul style="list-style-type: none"> -Revised timetable -Studies on room and teacher utilization by school size and resource optimization 				

B. Develop Quality Assurance Framework and Improve Pedagogical Focus for FDS						
1. Develop quality assurance framework for FDS	-Standardized assessment of student learning outcomes in grade 3 and 5 applied and mainstreamed, and improved school assessments - Evaluation of impact of FDS on learning outcomes		Grade 3 and 5 learning assessment applied (including baseline for program schools)	-Data analysis and report -Assessment improved/mainstreamed	Assessment improved/mainstreamed	Repeat of Grade 3 and 5 assessment Data analysis and report, includes impact of FDS on learning outcomes
2. Improve pedagogical focus for FDS	-Monitoring of teaching methodologies and evaluation of impact on learning outcomes -Improved pedagogical approaches for FDS, including use of multi-grade teaching	Analysis of multi-grade methodology	-Repeat of time on task study and classroom observations (including program schools) -Impact of teaching practices on learning outcomes	Improved practices	Improved practices	-Repeat of time on task study and classroom observations (including program schools) -Impact of teaching practices on learning outcomes
3. Ensure minimum school standards	-Primary school census/survey to monitor FSQI and other key indicators -Study on minimum school standards of non salary recurrent expenditure (see E)	Annual primary school census	Annual primary school census	Annual primary school census	Annual primary school census	Annual primary school census

C. Develop more Effective Policies for Human Resource Management and Teacher Deployment for FDS								
1. Improve teacher deployment and review teacher workload	-Identification of efficiency gains in teacher allocation (minimum class size; options for teacher deployment rationalization; optimal ratios of teachers per class group for T30 and T35) -Revision of teacher workloads (total working hours; relation teaching-non teaching; other) - Diagnostic of general versus specialist teachers	Studies and diagnostics undertaken	Studies and diagnostics undertaken	Studies and diagnostics completed	New regulations on teacher-class ratios, minimum class size and teacher workload	New regulation on teacher-class group ratios, minimum class size and teacher workload	New regulations on teacher-class group ratios, minimum class size and teacher workload [revision of JC 35/2006]	
2. Improve the application of professional standards	-Link professional standards with titles and career growth		Review regulation on standards and titles [Decision 61/2005]	New regulation on standards and titles and roll-out	New regulation on standards and titles and roll-out			
D. Improve Community and Parental Participation for more Effective FDS								
Improve community and parental participation for more effective FDS	-Strategies to mobilize communities and parents for transition to FDS and more effective school management	PAs and communities involved in transition to FDS and study on further enhancement of PA/PTA role		-Study on role of community officers and language assistants -Study on longer term	Broad strategy to mobilize parents and communities for FDS developed	Impact of new participation strategies on FDS schools		

						implications of socialization of education	and implemented	and learning outcomes
<p>E. Improve Recurrent Financing Mechanism for Transition to FDS</p> <p>Improve recurrent financing mechanism for transition to FDS</p>	<p>-Minimum school standards in non salary recurrent expenditure</p> <p>-Long-term recurrent budget implications of FDS (to T35)</p> <p>-Development of school-based financial mechanisms, including funding formula</p> <p>-Strategies for sustainable financing of additional salary and other recurrent costs for transition to T30 and T35, including use of public and private funds</p>	<p>Study on minimum levels of school non salary recurrent expenditure</p>	<p>Study on long term recurrent implications of T35</p>				<p>-School-based funding formula developed</p> <p>-Strategy on use and mobilization of resources for FDS developed (also based on D)</p>	<p>Strategy on use and mobilization of resources for FDS developed</p>

COMPONENT 2: Improve Human Resources for the Implementation of the Full Day Schooling Program [US\$34.3 million]

55. This second component will support the training and professional development of teachers, school leaders and education managers to successfully move to FDS in the provinces which are beneficiary of the program, with focus on teaching methods, teacher standards and school management. The implementation of the FDS model will need to be accompanied by significant school leaders, teachers and education managers' training in key areas to ensure smooth transition (including preparation of pedagogical proposals; initial school and staff upgrading; regular functioning in new FDS regime). This will be critical to ensure that SEQAP leads to more effective classroom instruction within the context of increased time for schooling leading ultimately to improvement in learning outcomes. The component will be divided in three sub-components focused on in-service training of teachers, school leaders and education managers and the quality assurance framework for effective in-service training in the targeted provinces. All teacher training related activities will be managed at the district BOET (Bureau of Education and Training) level.

2.1 Training and Professional Development of Teachers [US\$ 26.9 million]

56. Education systems need to ensure that teachers have adequate subject-matter knowledge and a repertoire of pedagogical skills based on evidence and standards⁴⁸ sufficient to meet the development and learning needs of all students. This sub-component will mostly focus on supporting improved teaching methods of teachers for effective FDS, including maximizing the use of the additional and existing teaching periods, while also helping address some current gaps in the teaching of additional subjects for FDS.

57. **Teaching methods are still very much passive and teacher centered in Vietnam and performance in math and even more Vietnamese is still below standards for many students. There is significant need for improved teaching methods and pedagogical practices, in particular applied to the teaching of math and Vietnamese. Subject-knowledge is an issue for the new curriculum subjects.** Teaching methods are still very passive and frontal, in part because of insufficient time to cover the existing already demanding curriculum which makes teachers rush through the program, in part because of lack of practice. Teaching practices in general are also not conducive to maximizing time on task. About 80% of the teachers surveyed in the 2007 SEQAP 500 school survey made it very clear that the area where they needed more training was pedagogical practices; and, judging from the still insufficient reading performance in grade 5, the teaching of Vietnamese, including reading skills, will need to receive particular attention. Another related area where teachers need training is assistance to low and high achieving students. Finally, in relation to the new subjects that the FDS model may be able to integrate, most teachers said they needed training in local culture and context and outside activities, while recognizing their lack of preparation or capacity to teach foreign or ethnic minority languages or yet IT or music (which may therefore also possibly require specialists or local teaching assistants).

⁴⁸ Including knowledge of active teaching and learning methodologies and action research.

58. *Target beneficiaries:* The target beneficiaries of this sub-component will be: (i) class room teachers who teach classes in the program schools (regular & specialists) (first priority group); (ii) class room teachers who teach in FDS and Mixed schools in the target districts and provinces (regular & specialists) (second priority group); and (iii) bachelor degree holders teachers of the target districts and provinces who may become specialist teachers in FDS schools (third priority group).

59. *Main areas of training:* Main areas of training would be: (i) preparation of the pedagogical proposal on the use of time in the targeted schools; (ii) teaching of Vietnamese (as a first and second language) and mathematics; (iii) student assessment; (iv) catering student diversities, including the high and low achievers (including active teaching and learning and action research methodologies⁴⁹); (v) FDS school, classroom and school libraries organization⁵⁰; (vi) new subjects/knowledge (environment, health, outside activities, local culture and context, ethnic minority languages, life skills, etc); (vii) general primary education curriculum, child pedagogy, action research, and additional subject knowledge (foreign language, IT, etc) for bachelor degree holders teaching specialized subjects for 33-35 periods FDS.

60. *Delivery of training:* **In service teacher training will be the focus of the program and will to a large extent use the in-service teacher training modules developed under PDTP⁵¹ and be delivered largely through a school-based model, building on the experiences of PDTP and PEDC and, when applicable, the Vietnam Belgium Teacher Training Project.** The modules developed by PDTP comprise both print materials and video clips with self-study options complementing face-to-face delivery and cover a wide range of areas (application of the new primary curriculum, use of new teaching methods, teaching Vietnamese to students from ethnic minorities, multi-grade teaching, etc). In the design, the modules were required to provide for multiple modes of delivery (including on-campus programs, school-based programs, and distance learning), to cater to the needs of teachers in remote locations or with restricted physical access, but it is the school-based delivery one which ended up being the most successful. PDTP supported innovative school-based delivery of the modules, including a combination of face-to-face hours (between regular teachers and “key” teachers -lead or excellent teachers - and/or school deputy-principals) and time in self study; and learning moments and classroom practice. After the initial training, the “key” teachers would also go and observe all trained teachers in their respective classrooms to provide follow-up on the way new teaching practices have been applied. Indeed, successful experiences of changing teaching practices have included relying on “excellent” or “lead” teachers, recognized by their peers and valued for their educational commitment with their students. PEDC as well has been encouraging the use of the deputy -principals in school-

⁴⁹ Such as Project Work, Contract Work, Corner Work, and action research, building when relevant on the Vietnam-Belgium Teacher Training Project.

⁵⁰ School library organization includes the establishment of child-friendly school libraries and organization of learning activities in the libraries, and will build on the experience of the Vietnam Belgium Teacher Training Project.

⁵¹ And PEDC and the Vietnam Belgium Teacher Training Project when relevant.

based training. Another relevant experience of school-based training is the one of the Vietnam Belgium Teacher Development Project with the organization of active teaching and learning application contests through video lessons and the establishment of provincial evaluation committees which have improved professional capacities of teachers and education managers at all levels. Feedback from the beneficiaries suggests that the school-based model developed by PDTP helped to generate in teachers a culture of self improvement, reinforced by the knowledge that completion of further training would result in recognition of growth on the professional standards. Non school based in-service training, under the form of six to eight months residential courses, will also be provided for ethnic minority languages given the more serious burden than learning them represents and the need to form new specialists in this area for the 30 weekly periods model.

61. **Overall, the final classroom observation study⁵² and survey on the effectiveness of the in-service module delivery⁵³ undertaken as part of the final evaluation of PDTP have confirmed that both the modules and the way they were delivered have had positive effects on teaching practices.** The studies found that both teacher knowledge competency levels and teacher pedagogical skill levels were good or very good in the school samples of the 10 targeted provinces by the end of the program, with, for instance, more positive attitude in teachers, teachers making more use of teaching aids, giving more feed-back to students and reinforcing their learning, and feeling they developed a repertoire of new skills from their training. In general, in-service teacher training had resulted in interesting, diverse and enriching training sessions and school-based training offered more opportunities to practice and apply the theory. Additionally, the studies also found that students had become more active and interested learners and enjoying school because of their participation and cooperative learning opportunities, indicating a movement towards more student-centered methods. Moving to longer instructional time should allow for a fuller and better application of the modules on teaching Vietnamese and math in the classroom, which would be further enhanced by the teachers and students' guides and workbooks on math and Vietnamese included in Component 1.

62. **The program will also develop new modules related to the transition to FDS, while, building on one of the lessons of PDTP, thrive to address more closely teachers and schools' training needs and support higher teacher autonomy in the longer-run.** New modules will be developed on local culture and context (see sub-component 3) and the program will thrive to incorporate some of the lessons from the

⁵² This study focused on the impact of the in-service training on teachers, students, managers, key teachers and parents. Information was obtained by classroom observation, interviews with managers, focus groups with students, and survey forms for parents. The study was extensive, involving 1,300 teachers (13 per school with 10 schools per province across all 10 provinces), each observed in 3 classrooms (mathematics, Vietnamese, and an elective), over 7,000 students and over 200 key teachers and managers.

⁵³ This survey was conducted in all 10 provinces and targeted managers (24 per province) and teachers (60 per province) who had completed at least 4 of the in-service modules. Information and evaluations were sought on the effectiveness of the training, the use made of the modules, and their distribution.

modules and associated teaching methods developed by the Vietnam-Belgium Teacher Training Project. Overall, teacher training modules would be delivered over the life of the program based on individual teachers' and schools' demands (with the exception of some compulsory modules). In the long run professional development activities should link more closely to personal needs in terms of career stages and paths, while also allowing teachers to be more autonomous in their teaching (currently very limited in Vietnam according to the 500 school survey), within the framework of achieving the curriculum outcomes.

63. The program will also support some pre-service training to help start develop a small pool of specialist teachers. According to the 500 school survey, employed bachelor degree holders are doing particularly well in teaching specialized subjects. A 12 months pre-service training will be offered to bachelor degree holders who have the potential to teach specialized subjects in FDS schools. IT courses will be offered following the IT modules developed by PDTP.

64. In sum, main activities of this sub-component will be: (a) in-service teacher training for about 115,000 classroom teachers (in program and non program schools) in a variety of training areas; (b) additional school-based training in local languages, culture and context and life skills in all SEQAP program schools; (c) campus-based in-service teacher training in local languages for about 150 teachers and additional in-service teacher training for about 1500 teachers in communication skills; and (d) pre-service training in a variety of training areas for about 400 bachelor degree holders to become specialists in primary schools.

2.2 Training of School Leaders (school principals, deputy-principals, key teachers) and Education Managers (district and provincial education managers/officers) [US\$ 2.5 million]

65. This sub-component will focus on increasing the capacity of school leaders and education managers to support effective FDS. School leaders and education managers will clearly have a key role to play in ensuring a successful transition of the school to FDS and high quality school based training.

66. School management practices are still weak. Principals need training in school management. Capacity of school leaders to deliver professional development also needs to improve. Currently in Vietnam, less than half of the primary schools have school development plans and active parental support, and there is significant discontent on how schools are managed. While the 500 school survey indicates that 91% of principals find that FDS increased their satisfaction making it a potentially better environment for professional growth, it also indicates that 75% of principals admit that they need training in school management and 57% in financial management, with little difference across types of schools suggesting that this is a pervasive need, likely to become more acute as transition to FDS continues. Additionally, field observations confirm that the deputy principals/key teachers should be better equipped with the knowledge and skill and related content knowledge to organize, plan, develop, and

deliver focused, relevant, needs-based school based professional development for the whole school and provide useful advice to individual teachers.

67. **Current practices of school supervision by provincial and district education managers are more formal than substantive.** Current practices of school supervision – such as are meetings with principals in the provincial or district offices, school visits or formal documentation that needs to be filled –are still too formal and bureaucratic with too little emphasis on school education development plans, school performance, and school and teacher support. Transition to FDS will require more substantive and continuous support to schools.

68. *Target beneficiaries:* The target beneficiaries of this sub-component will be: (i) school principals, deputy principals, key teachers in the program schools (first priority group); (ii) key teachers and deputy-principals in FDS and Mixed schools in the target districts and provinces (second priority group); and (iii) province and district education managers/officers in the target districts and provinces.

69. *Main areas of training:* Main areas of training for principals and deputy-principals would be: (i) curriculum, pedagogical⁵⁴ and results-based management of the school; (ii) leadership management, aimed at coordinating efforts of the educational community leading toward achieving the goals of the school; and (iii) management for the institutional development of the school and its resources⁵⁵. Main areas of training for deputy principals/key teachers would be the school-based professional development and training package that will be delivered to the teachers. Main areas of training for education managers would be: (i) design, advice on and evaluation of the proposed pedagogical proposals of use of time; (ii) long-term/short-term education development plans; (iii) monitoring and evaluation; (iv) training plans; (v) leadership management; (vi) advice and support for pedagogical and institutional school management⁵⁶, with priority given to schools with greater needs; (vii) intermediation between “policies” and schools, to communicate policy decisions and improve their application; and (viii) coordination and articulation of school pedagogical and resource networks in the local education system.

70. *Delivery of training:* The key teachers (excellent and lead teacher – as determined through the application of the teacher professional standards and performance as teachers in teacher training institutes) and deputy-principals will be trained to deliver the school-based training modules applying the extended modules for education leaders and the methodologies developed by PDTP. Key teachers may come from both the first and second school priority groups in the target provinces –including schools where good practices are being used. Principals and deputy-principals will be trained using the

⁵⁴ Including training in new teaching methodologies to ensure an effective pedagogical support to teachers.

⁵⁵ Based on a modular training scheme, different training tracks could be proposed, depending on the school leaders involved, with two different outputs and their corresponding certificates: curriculum and pedagogical management and institutional and resource management. Leadership management training would be provided to all.

⁵⁶ Including training in new teaching methodologies to ensure an effective pedagogical support to teachers.

existing PDTP modules for principals complemented with additional modules covering use of time and school organization and management in FDS. The main delivery method of education manager training will be provincial and district based training courses applying the modules for education leaders developed by PDTP, complemented by modules on use of time and school supervision and management for transition to FDS.

71. The training of education managers will generally take place in the local district resource centers; while the training of school leaders will be partly district-based, partly centrally based (in Hanoi pedagogical universities). PDTP supported the development of district resource centers, which became a base to store software (print, videos, IT software) developed by the program, a location for new ICT and other equipment, and a site for local development of additional teaching and learning materials and became a good venue for in-service training. A similar strategy will be followed here. The delivery of the modules for school leaders and education managers will be mostly undertaken by newly set teams of experts (nationally and provincially), teacher training colleges and faculties of education management of universities. Models for provincial teacher training institutes supporting in-service training exist within the Vietnam-Belgium Teacher Training Project (VBTTP) and PEDC, which will be further analyzed.

72. In sum, the main activities of this sub-component will be: (a) in-service training in the school-based training package for about 2,500 key teachers/deputy-principals; (b) in-service training on school management for management teams in all SEQAP program schools; and (c) training of about 32 provincial teams and about 150 district teams in school supervision and management for transition to FDS.

2.3 Quality Assurance of Training and Professional Development [US\$ 4.9 million]

73. Finally, this sub-component will help build the required quality assurance framework for training and professional development in the beneficiary provinces and districts, and all program and non-program HDS, FDS and Mixed Day schools. Although this quality framework will also be built at the national level, additional effort will be needed in the targeted provinces to ensure that teacher and principal standards are fully and well applied in all schools, and the capacity to train teachers, school leaders and education managers in the beneficiary provinces is improved.

74. **The sub-component will support the application of teacher professional standards in the targeted schools and provinces** – by making sure these standards are integrated in the teacher and principal appraisal instruments, principals and teachers are trained to use these standards for annual performance appraisal, and teachers and principals are ultimately appraised against the standards. A virtuous circle should be created through which teachers are appraised against the standards, further training needs are identified, they receive additional training, are re-appraised and better standards translate into career advancement by the linkage of titles, standards and career growth.

75. **The sub-component will also support the training of trainers and the development of new modules.** The sub-component will support the training of trainers for school leaders and education managers; teachers in ethnic minority languages; and in

the application of teacher professional standards, as well as the development of some new modules on local culture and context for teachers, school leaders and education managers⁵⁷; and teacher professional standards. The future trainers for school leaders and education managers should be trained in at least the following areas: (a) teaching and learning of Vietnamese (as a first and second language); (b) teaching and learning of mathematics; (c) active learning/teaching methods; (d) student assessment; (e) use of time in FDS schools and classrooms; (f) effective school management; and (g) school supervision. Training will take place in country –through bachelor degrees – and outside through participation in masters and doctorates in education.

76. This sub-component will therefore consist of the main following activities: (a) communication and awareness raising for the implementation of teacher standards; (b) training for about 600 key MOET trainers in teacher professional standards; (c) training of about 2,600 education managers on using the teacher and principal standards for annual teacher and principal performance appraisal and training need assessment; (d) training of about 3,150 school principals on using the teacher standards for annual teacher performance appraisal and training need assessment; (e) training and assessment of about 85,000 primary teachers against the teacher professional standards; (f) recording the data on teacher and principal assessment into a Professional Development Information System; (g) training of about 126 future educators for effective trainer training; (h) training of 10 national specialists on ethnic minority languages; and (i) development of new training modules on local culture and context and professional standards and quality assurance.

COMPONENT 3: Improve School Facilities and Resources for the Implementation of the Full Day Schooling Program [US\$ 133 million]

77. This third component will support the upgrade of infrastructure and facilities and support recurrent expenditures as needed in about 1,730 schools to successfully move to FDS. Improved teaching quality is essential but will clearly not be enough to ensure a successful transition when we compare schools which are currently in FDS and HDS. There is a need for a comprehensive package allowing for upgraded infrastructure and facilities; more teaching-learning materials and operation and maintenance; more teacher time; and complementary welfare interventions to help the most vulnerable families keep their children in school.

78. *Target schools:* financial projections confirm that SEQAP will cover about 1,730 primary schools. Target schools have been identified based on nine main criteria⁵⁸, which ensure a good balance between equity and efficiency concerns in the implementation of the program. About 85% of the target schools have less than 100% of the students in FDS

⁵⁷ Building upon the action research experience of the Vietnam Belgium Teacher Training Project as relevant.

⁵⁸ (i) location in disadvantaged areas; (ii) low ratios of full day schooling; (iii) high ratios of ethnic minority groups; (iv) teacher-class group ratio of at least 1.2; (v) classroom-class group ratio of at least 0.6; (vi) overall school size (main + satellite) larger or equal than 200 students; (vii) number of satellites smaller or equal than 10; (viii) number of SEQAP schools per district at least equal to 5; and (ix) and number of SEQAP schools per province at least equal to 35.

–as measured by T30 – and about 80% of the target schools are in poor income quintiles (Q3, Q4, Q5). The target school sample represents about 40% of schools with less than 100% of students in FDS in the 35 SEQAP provinces.

3.1 Upgraded Infrastructure and Facilities for FDS [US\$ 60.8 million]

79. This sub-component will focus on physical improvements in the beneficiary schools. Moving to FDS will require an upgrading of school infrastructure and facilities to provide enough room and facilities to keep children and teachers longer in school. The sub-component will also support the upgrading of district resource centers to facilitate in-service training for transition to FDS.

80. **There are several infrastructure and facilities needs for transition to FDS.** As pointed out in the broader context section, the 500 school survey indicates that a large majority of principals thinks that the school infrastructure is not adequate for moving to FDS. Main infrastructure needs according to principals and teachers are additional number of classrooms, multi-functional rooms and toilets. 42% of teachers also mention the need for more teacher rooms, while a bit more than half of the principals mention the need for eating and sleeping rooms. National data suggest even higher needs for upgrading in HDS schools, in particular for functioning toilets and better furniture and classroom conditions (other variables were not specifically analyzed). They also confirm that there is currently about 1.4 class groups per classroom in half day schools and 1.2 class groups per classroom in mixed day schools. Finally, it is also noticeable that classroom dilapidation or semi-permanency is still an across the board problem for Vietnam, which while not strictly preventing transition to FDS, is nonetheless an element that needs to be considered.

81. *School package:* the specific school package will vary according to the classroom-class group ratio and initial school conditions. A total of about 2,800 classrooms, 500 multi-purpose rooms, and 2,400 sanitary facilities will be financed – all within existing school premises and for a maximum of two classrooms per site. Classroom furniture will be provided across the board. The program will not finance rehabilitation and upgrading of existing classrooms in dilapidated state, but will coordinate closely with other existing infrastructure projects to ensure that schools which make their transition to FDS also get some support under these other projects.

82. *Implementation arrangements:* a decision was taken to decentralize as much as possible classroom construction and other civil works to the district and commune level (building on the lessons of existing projects which have decentralized civil works to these levels). The PPC will authorize DPC (district people committee) through the BOETs to procure furniture for the schools and equipment and materials for the resource centers, and three options will be considered for civil works: (i) establishing a procurement technical committee at the district level; (ii) authorizing the BOET; or (iii) authorizing the Commune People Committees (CPC)/schools themselves, if the DPC considers that there is sufficient capacity at commune level that can be supplemented by hiring consultants.

83. Overall, this sub-component will finance: (a) about 2,800 additional regular classrooms; (b) about 500 multi-purpose rooms; (b) about 2,400 sanitary facilities; (c) 6 regional school construction coordinators, architectural consultant services and construction-related workshops; (d) classroom furniture; and (e) equipment and materials for 150 district resource centers.

3.2 Operation of FDS [US\$ 24.5 million]

84. This sub-component will largely focus on the development and implementation of school FDS plans and related recurrent costs incurred by the beneficiary schools for operation and maintenance, including additional teaching-learning materials, needed to maximize the effects of the transition to FDS.

85. **There will be additional needs for operation and maintenance, including learning materials, classroom consumables, and even lunch caretakers for transition to FDS, which need to be carefully planned for.** When asked about the most important needs in their school in the 500 school survey, well over half of the teachers mentioned selected learning materials. As time for practice and additional subjects increases, the need for new complementary didactic materials for students becomes clear. Similarly, program schools also need to have adequate resources to operate the extended day under the FDS regime and therefore the program will also finance the cost of maintenance and minor repairs, classroom consumables (chalk, paper, pencils etc.), limited learning materials, utilities and other operational expenditures such as lunch caretakers to supervise students during the lunch breaks. Capacity building will be needed to help schools prepare robust FDS plans.

86. *Implementation arrangements:* To finance operation and maintenance, inclusive of teaching-learning materials, the program will provide a small operating grant (school education grant) to schools. The average amount of the grant is US\$ 1,050 every six months – enough (and eligible) to cover basic utility fees, classroom consumables, small scale repairs and maintenance, basic learning materials, textbooks for emergency use, essential extra-curricular activities related to education and culture, and a lunch caretaker. These grants will be managed by the school principals, who will also receive training to manage them, according to the guidelines and instructions included in the Grants Operations Manuals and in Grant Agreements between schools and BOET. Additional teaching-learning materials (including emergency textbooks) will be procured through the BOETs and delivered directly to the schools⁵⁹. FDS regional coordinators and part-time support to DOET will make sure FDS plans are satisfactory.

87. Overall, this sub-component will finance: (a) school education grants (of US\$ 1,050 per semester) to be spent on eligible expenditure for 1,730 schools; (b) additional complementary teaching-learning materials and equipment for poor and ethnic minority students; (c) 6 regional FDS coordinators supporting provinces, districts and schools in the planning of their transition to FDS; (d) part-time support to provincial DOET to process FDS plans and reports (including financial reporting and consolidation); and (e)

⁵⁹ These learning materials will also be used to support more child friendly libraries building on the experience of the Vietnam Belgium Teacher Training Project.

provincial/district/school/community workshops on FDS planning and appraisal; and school grants.

3.3 Additional Teacher Time for FDS [US\$ 22.7 million]

88. This sub-component will focus on additional salary costs for transition to FDS, associated with regular teachers.

89. **As schools move from their current regime of half-day schooling to the FDS model of at least 30 periods of instruction per week, some program schools will need to finance incremental teacher salary costs.** More precisely, on the basis of the analysis developed in the context section, half day schools with less than 1.3 teachers per class group will need to receive a salary increase corresponding to a staffing ratio of 1.3 – which should largely be used to provide a salary increase to cover the additional workload of existing teachers (rather than hiring new teachers). Initial estimations on the 35 targeted provinces suggest that about 60% of the schools satisfying the selection criteria may need additional resources for salaries to reach the equivalent of a 1.3 ratio. The fiscal impact analysis confirms that these limited salary increments are fiscally sustainable.

90. *Implementation arrangements:* additional salary costs for regular teachers will be managed by the district education bureaus (BOETs) together with teacher training.

91. Overall this sub-component will therefore finance incremental teacher salaries for regular teachers not going beyond the equivalent of a ratio of 1.3 teachers per class group.

3.4 Demand-Side Support for Disadvantaged Students [US\$ 25 million]

92. This sub-component will finance complementary welfare interventions to help schools keep the most vulnerable children in school.

93. **Scholarships and funds to buy clothes and lunches and pay for local language assistants, if needed, will complement supply-side interventions for ethnic minority and very poor students.** The program will also finance some limited scholarships (“attendance” and “performance” rewards) and emergency clothing to help ethnic minority families and households from the poorest 20% income quintile to keep their children in school. 45% of parents from ethnic minority groups surveyed in the 500 school survey say that FDS costs are more that they can afford compared to only 27% of Kinh parents, suggesting that these families may need to be further helped beyond simply not having to pay fees to cover at least some indirect costs of schooling such as transport, uniforms, etc. Similar results are also reached by the social assessment. The completion diagnostic and the latest study on determinants of primary education completion⁶⁰ also point to the lower completion performance of the poorest 20% and ethnic minority groups. Additionally, field observations (and the social assessment) also suggest that providing some funds to schools to buy lunches during the full day would help schools retain children in school, in particular in main sites which are often far away from

⁶⁰ See Nores (2009).

students' homes, and improve their performance. As such it is confirmed that funding food expenditure is an essential and integral part of the program, essential to create an adequate learning environment for poor students during the transition to FDS. To enhance cost-effectiveness and sustainability, food will be bought and prepared locally, involving as much as possible local communities. It is also expected that by the program end, as household wealth continues to increase in Vietnam, families will be able to provide for their own food confirming the temporary nature of the intervention. Finally, where the school serves a predominately ethnic minority population, there will be a need for teaching assistants who, through their specialized communication skills and knowledge of local languages, can facilitate learning in the first two grades for ethnic minority pupils whose Vietnamese language skills are minimal.

94. *Implementation arrangements:* Pupil welfare related activities will be supported through grants jointly managed by the schools' parent associations (PAs) and principals. The average amount of the grant has been determined to be US\$ 2,050 every six months. This amount is enough (and eligible) to cover the partial financing of an average lunch program for an average T30 school (two lunches a week), the hiring of two ethnic minority language assistants per school, limited attendance rewards and emergency clothing for the poorest (students from ethnic minorities and the bottom 20% quintile) and performance rewards for ethnic minorities. Grants will be managed according to the guidelines and instructions included in the Grants Operations Manuals and their use further monitored through Grant Agreements between schools and district offices to ensure that they are well managed and effectively targeted (including minimizing leakages of food outside the target group). PAs will also receive additional training in their management under 3.2 above. Finally, junior community leaders will also be supported through the program to reinforce links between local communities, ethnic minority groups, PAs and schools and provide further training as needed.

95. Overall this sub-component will therefore finance: (a) school student grants (of US\$ 2,050 per semester) to be spent on eligible expenditure for 1,730 schools; and (b) salaries for 35 junior community coordinators for about 2 years per province.

COMPONENT 4: Program Management [US\$ 7.9 million]

96. This component will support the management of SEQAP to ensure smooth implementation and results on the ground. It will support the MOET Standing Office in key areas, as well as additional capacity building at the sub-national level in procurement and financial management. The component will include three main sub-components

4.1 Overall support to the MOET SEQAP Standing Office [US\$ 3.6 million]

97. This sub-component will provide direct support to the Standing Office for the management and oversight of SEQAP, and will therefore provide financing for the following: (a) a program coordinator and international program advisor; (b) 3 national level program officers in three main areas (planning and implementation of FDS, staff training for FDS and professional standards, and school grants); (c) 1 procurement officer, 2 accountants and 5 support staff; (d) national program workshops; (e) limited

equipment, furniture and vehicles; and (f) bi-annual, mid-term and implementation completion reviews.

4.2 Support to financial management at central and sub-national level [US\$ 1.6 million]

98. This critical sub-component will ensure that the financial management of SEQAP is properly carried out at all levels. It will consist of four main groups of activities:

(a) Technical Assistance (TA)

Technical assistance (TA) will play an important role during program implementation, specifically to assist MoET and provinces to improve the effectiveness of program expenditure. TA will focus on: i) working with spending units especially at commune, school and district level to identify capacity constraints in budgeting, reporting, reconciliation, managing funds flows, documenting expenditures; (ii) providing solutions to overcome weaknesses and constraints, including trainings/capacity building and workshops; (iii) facilitating communication between central and local levels; and (iv) undertaking regular supervision (technical reviews and joint semi-annual GOV-donor reviews).

Technical assistance at the **national level** will comprise:

- One international adviser based within the standing office in MoET for SEQAP tasked with providing technical assistance to the standing office, particularly for program monitoring, budgeting and budget allocation, reporting, and auditing. The TA will further support the Standing Office in liaising with provincial TAs.
- Two contracted accountants to assist the Finance and Planning Department under MOET in implementation of FM work for the off-budget expenditure, in consolidation of financial reports for the whole program, and in preparation of withdrawal applications to donors.

Technical assistance at the **provincial level** will comprise:

- A part-time adviser in all provincial DOET to help districts, communes and schools with financial reporting and reconciliation (already accounted for under 3.2). The consultants will support the DoETs and BoETs in consolidation of budgets and reports (at both district and province level), and reconciliation between spending units and State Treasury; and support communes and schools in budgeting, managing funds flows (state treasury deposit accounts), documenting expenditures, and reporting.
- Independent Tracking Study consultant(s) engaged to further strengthen independent and frequent checking/verification to detect and avoid misuse of funds.

(b) FM training/workshop

A workshop will be held at least on an annual basis, province by province, to (i) provide instruction on budgeting, managing funds flows, and reporting; (ii) identify bottlenecks in FM implementation and find solutions; and (iii) foster communication and experience sharing among different levels.

(c) Preparation of SEQAP financial management guidelines

(d) Internal control review and audit: An independent auditor will be hired to perform annual financial audit. State Audit of Vietnam (SAV) is strongly encouraged to include SEQAP in its annual audit plan, especially for performance audit.

4.3 Support to procurement management at central and sub-national level [US\$ 2.7 million]

99. This critical sub-component will ensure that the procurement management of SEQAP is properly carried out at all levels. It will also consist of four main groups of activities:

(a) Technical Assistance (TA)

TA will play a key role during the implementation of SEQAP, specifically to assist MoET, DOET, BOET, districts authorities, communes and schools provinces to improve the effectiveness of Program procurement, and to ensure this experience is shared amongst provinces and integrated into plans, policies and guidelines for SEQAP prepared at national level.

Technical assistance at the **national level** will comprise:

- One international adviser based within the standing office in MoET for SEQAP tasked with providing technical assistance to the standing office in procurement matters. The TA will further support the Standing Office in liaising with provincial TAs.

Technical assistance at the **provincial level** will comprise:

- Six national consultants, each of which will work with the provincial governments, DoETs, BoETs, districts, communes and schools. The consultants will have an important role in supporting districts and communes in the procurement of civil works and schools in managing the school grants.

(b) Procurement training/workshop A workshop will be held at least on an annual basis, province by province, to share best practices in procurement.

(c) Preparation of SEQAP procurement guidelines

(d) Internal control review and audit: An independent auditor will be hired to perform annual financial audit. State Audit of Vietnam (SAV) is strongly encouraged to include SEQAP in its annual audit plan, especially for performance audit.

Annex 5: Program Costs

VIETNAM: School Education Quality Assurance Program

Program Cost By Component and/or Activity	Local US \$'000	Foreign US \$'000	Total US \$'000	Total US \$' 000 ¹	IDA Loan US \$' 000 ¹
COMPONENT 1: Improve Policy Framework for the Implementation of FDS	4,096	1,119	5,215	6,182	3,892
COMPONENT 2: Improve Human Resources for the Implementation of FDS	27,054	1,308	28,362	34,284	31,259
COMPONENT 3: Improve School Facilities and Other Resources for the Implementation of FDS	118,814	1,125	119,939	133,041	84,054
COMPONENT 4: Program Management	4,228	2,393	6,621	7,874	7,794
Total Baseline Cost			160,137		
Physical Contingencies			2,362		
Price Contingencies			18,882		
Total Program Costs²			181,381	181,381	126,999
Total Financing Required			181,381	181,381	126,999

World Bank: US\$127 million; DFID: US\$23.9 million; Belgium: US\$3.6 million; VN Government: US\$26.9 million

¹Including physical and price contingencies

²Identifiable taxes and duties are US\$m 9.8, and the total program cost, net of taxes, is US\$m171.6 Therefore, the share of program cost net of taxes is 94.5%.

Table 2: Total Program Costs by Expenditure Type

		<i>Total</i>		
		<i>(US\$ '000)</i>		
Expenditure (inputs by investment & recurrent)		Local	Foreign	Total
I. Investment Costs				
	A. Civil Works	41,450	-	41,450
	B. Goods	7,728	1,160	8,887
	C. Consultant Services	8,048	3,089	11,137
	D. Training & Workshops	31,693	1,696	33,389
Total Investment Costs		88,918	5,944	94,862
II. Recurrent Costs				
A. Grants				
	1. School Education	17,849	-	17,849
	2. Pupils Welfare	24,033	-	24,033
	Subtotal Grants	41,882	-	41,882
	B. Teacher Incremental Salaries for FDS	22,680	-	22,680
	C. Operating Costs (*)	712	-	712
Total Recurrent Costs		65,274	-	65,274
		139,413	10,662	150,074
	Physical Contingencies	2,305	58	2,362
	Price Contingencies	17,725	1,157	18,882
Grand Total (include. all contingencies)		174,222	7,159	181,381

(*) Standing Office

Annex 6: Implementation Arrangements

VIETNAM: School Education Quality Assurance Program

100. School Education Quality Assurance Program (SEQAP) will improve Primary Education Quality in Vietnam through support to Full Day Schooling for the Primary Education System, increasing and more effectively utilizing the time at school, innovating the curriculum and building capacity for teaching and managing staff to fulfill task requirements. This program provides timely contribution to enhance student's performance, and further develop teaching practice to create equal learning opportunity for different groups of students. Delivery will target school and decentralized governance levels thereby supporting greater administrative and management autonomy of the decentralized system and institutes.

101. **Institutional arrangements for the efficient implementation of SEQAP need to take into account the complex legal framework and multiple-actor scenarios at both central and decentralized levels.** This derives from the dual/parallel model of governance, synonymous with planned economies, that impact upon both the vertical and horizontal management structures throughout the education sector. The institutional division of labour for Public Financial Management (planning, budgeting, pay controls (including periodic reconciliation), monitoring, reporting and auditing) requires the collaboration and input of the People's Committees, Ministry of Finance, State Treasury, Ministry of Planning and Investment and Ministry of Home Affairs with education managers. An appropriate design for SEQAP will help mitigate the fiduciary risks associated with earlier/on-going ODA project/program implementation, notably Targeted Budget Support in support of Education for All (TBS-EFA) and Primary Education for Disadvantaged Children Project (PEDC).

102. **SEQAP places the school and its community as the core focus of the program.** To target school and teacher development to achieve quality objectives it is imperative to equip the school and their immediate (principals) and strategic managers (districts) with the appropriate mechanisms for fund flow, fund management, technical leadership and overall program management. This will provide the basis for targeting funds and their efficient use at the school level.

103. The schools and districts in principle retain autonomy over primary education. However, the model for strategic management – policy, planning and budgeting (including identification of economies across provincial districts), human resource development, and so forth – often can be seen as a function or control of the provincial level. **Given this and/or the potential for provinces to wrestle control on these issues, it is critical for SEQAP to facilitate a level of provincial leadership and organization (including all key actors) while ensuring districts and schools receive the mandate for technical implementation and execution, wherever possible.**

104. The central level of the education sector is critical for, *inter alia*, determining and formally communicating policy and final budget allocation, accessing leading

Vietnamese research and technologies in support of new policy and providing leadership in the overall monitoring and identification of best practices and obstacles to implementation. The central level is the also the most accessible and efficient level of government for policy dialogue (and program supervision) between Government of Vietnam and SEQAP donors. Given the principles of SEQAP (in particular greater autonomy) and the focus upon the decentralized levels, the Missions discussed the importance of MOET to refrain from centralizing SEQAP operations. Instead, MOET and other partner ministries should concentrate efforts on the extensive policy areas for reform that will require redress during the program; and ensure effective monitoring of program activities and process.

Institutional Capacity Assessment

Systemic Assessment

105. **The Vietnamese primary education system is characterized by a dual, vertically and geographically divided structure.** The overall direction and control are in the hands of People's Committees (PC), while the daily management, administration and delivery of instruction are in the hands of the Ministry of Education and Training. The Ministry is sub-divided by level of governance. It has Departments of Education and Training, Finance and Planning and Investment at each province and Bureaus of Education and Training, Finance and Planning and Investment at each district. There are branches of the national PC at each of these levels as well as at the commune level. In this structure, a certain mode of matrix management is being practiced. Each BoET at district level reports to the PC, BPI and BOF in the district and to the DoET at the provincial level, and each DoET reports both to the provincial PC, DOF and DPI and to the MoET at the national level. There are often reporting gaps between the vertical levels of Education and Training as Districts have the responsibility of early childhood, primary and lower secondary sub-sectors; and Provinces for Upper Secondary and other Institutions.

106. To some extent, there is a culture of "management by consensus" in this system, whereby at each level (horizontal) the parties involved (e.g., BoET, PC, BPI and BOF) attempt to reach commonly agreed decisions. This often requires compromises and lengthens the time it takes to make important decisions. From a project point of view, it means that representatives of the education units of the PCs are involved not only in design and planning, but also in implementation. It means also that the more decision-points there are in project operations, the longer it will take to implement them.

107. From a vertical perspective, difficulties can emerge at the provincial level if there is no provincial ownership, no inter-ministerial agreement and no clear direction from the Office of Government. The People's Committee at Provincial Level are responsible to Office of Government; Line Ministries (MOET, MOF and MPI) have no mandate to impose practice upon the PC. The various line ministries struggle to coordinate themselves (e.g. through the development of Inter-Ministerial agreements on practice, functions, roles and responsibilities) resulting in often fragmented planning, implementation and monitoring and reporting activities. To mitigate against these risks, SEQAP will need to locate program implementation at the decentralized level; ensuring

ownership of PCs; timely inter-ministerial agreement between the relevant line ministries, notably on Public Financial Management; and, when needed, prompt policy documents from the Prime Minister.

108. **The capacity of the education system to achieve its vision is compromised by lack of financial resources and limited systemic and human capacity.** The capacity of the system to mobilize financial resources is limited, in turn, because both government and individual communities are unable to provide as much funding as is required. As far as the communities are concerned, there is a strong culture of community mobilization in Vietnam. The mechanisms and the practices of mobilization are in place. However many communities, in particular those to be targeted by SEQAP, are poor and can contribute only labor and time.

109. The capacity of the system to target support to critical policy areas at central and decentralized areas is well developed (e.g. central-level formula-based allocation of ENTP to provinces). However, the provincial application of targeted funds remains opaque due to weak financial and implementation monitoring and reporting⁶¹. Financial Statement and Procurement Audits of ENTP activities implemented by TBS-EFA provide evidence of areas for concern in the allocation, procurement of goods and services, financial management (in particular accounting principles and reconciliation of implementing unit financial records with State Treasury statements) and overall reporting. Current government systems will not provide a sufficient level of monitoring and accurate reporting. SEQAP will need to support the strengthening of current practice in the allocation, planning and implementation of SEQAP funds. This will be supported by on-going TBS-EFA capacity building of Public Financial Management (2009-2010).

110. **The primary education sub-sector has relatively strong leadership, although management capacity is diverse.** There are leaders/managers in place at all levels. At each level there is a director and two deputy directors who, together, form the “leadership group.” The leadership groups generally know well where primary education is today in Vietnam and they generally know where they want it to be in the future. Data for Primary Education is rich and the collection and reporting of data is strengthened through the Primary Education for Disadvantaged Children project (2004 though 2009) that has supported the development of annual census district and district-aggregated province data (District Fundamental School Quality Level Audits – DFA). The capacity for utilization of data for monitoring and its application for planning remains inconsistent and requires further support during SEQAP program implementation.

111. **The Ministry of Education as a whole is generally under-staffed, particularly district offices.** This can influence either the quality of work being done or the length of time it takes to do it. It can also limit the amount of additional work that can be given to the BoETs. The capacity of the Government to decentralize the system and devolve more responsibilities to this level is greatly dependent on the availability of staff there. Thus,

⁶¹ The Building Capacity for Education Planning (BCEP) will continue to support provincial planners and extend capacity building to district planners in 2009; TBS-EFA will continue funding capacity building through 2010. SEQAP should look to BCEP and TBS-EFA to support project planning practice.

the pace of decentralization needs to be linked to the pace at which more staff can be mobilized and added to the establishment. SEQAP will support additional capacity at provincial and district level, and where possible seek to utilize auxiliary staff recruited at district level through PEDC.

112. ***The level of functional differentiation in the system is relatively low particularly at BOET level, leading to a low level of specialization.*** For example, the primary unit in BoETs is managed and operated by generalists. There is little differentiated specialization by teaching subjects or by technical areas. Since functional differentiation is one of the most important ways to develop practical expertise, there is a basic shortage of such expertise at all operational levels.

113. The low level of functional differentiation means also that functional areas do not have a discrete organizational home. This translates, in turn, into a general weakness in specialization areas, formulating policies and strategies, developing standards and norms or monitoring. For SEQAP, there are four key areas, full day schooling, provision of education for disadvantaged children in particular ethnic minority children who speak Kinh as a second language, pedagogical supervision and information technology.

114. ***The general shortage of funds in the education sector is reflected also in an inadequate provision of material resources at the primary education level.*** Schools and BoETs often do not have adequate facilities, furniture and equipment. In primary schools, the situation is worst in satellite campuses. The introduction of FSQ guidelines and the new Inter-Ministerial Circular for the Education NTP have established explicit expectations and mechanisms for the allocation of material resources to school sites.

SEQAP Implementation Arrangements

115. The implementation arrangements for SEQAP are expressed in the below organization chart.

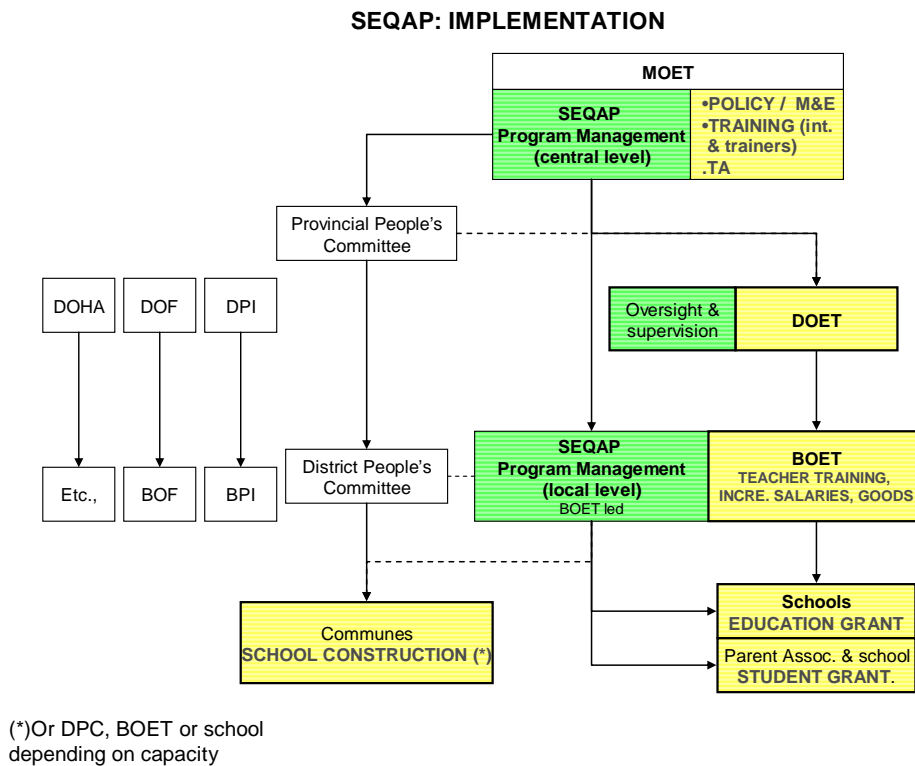
116. The above is based upon the knowledge and lessons-learned during current/previous implementation of complex education projects⁶² in Vietnam. To overcome known institutional risks and in order to best facilitate the implementation of SEQAP, institutional analysis and design is required in several areas, and in particular: (i) Legal Framework; (ii) Planning, Budgeting and Allocation; (iii) Public Financial Management (including planning and budgeting, fund flow/management, procurement, monitoring and report, reconciliation and assessment); and (iv) Monitoring and Reporting. Below are provided more details on (i), (ii) and (iv) referring to Annexes 7 and 8 for (ii).

117. There are multiple actors for the implementation of SEQAP, which require clear mandate (role and responsibility) for fulfilling their respective tasks. Responsibility for overall program oversight, implementation and goals will rest with the Provincial and

⁶² Other projects/programs include TBS-EFA, PEDC and PTDP.

District People’s Committees (PC); and technical implementation and execution of program interventions with MOET.

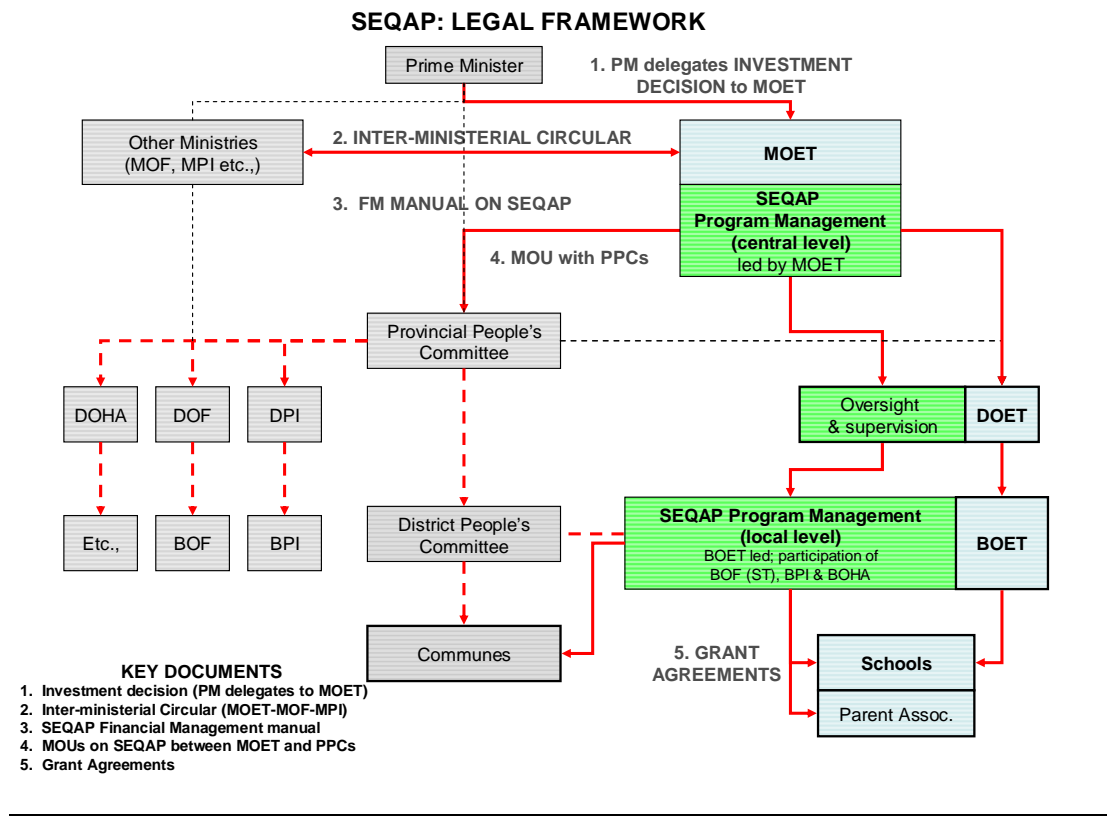
118. **Responsibility for the technical implementation and execution of program interventions will rest with MOET, with BOET as focal point of the program.** The BOET, responsible for decentralized education administration and management for primary education, will lead the Program Management Unit at that level and be the main investment decision-maker (upon delegation of DPC), as well as investment-owner for training and goods; the School will be the investment-owner for operation and maintenance, and pupil welfare activities; and DPC (through a procurement technical committee), BOET, Commune or School –depending on capacity - the investment-owner for civil works. The DOET will be responsible for overseeing and monitoring education activities across the respective provinces and consolidating plans and reports, and as such will also have a focal point for SEQAP implementation.



SEQAP legal framework

119. **Early formulation and promulgation of all legal documentation for SEQAP is essential for effective implementation.** The structure for SEQAP organization builds upon both the existing government system and ODA practice. A Joint Inter-Ministerial Circular (MOET-MOF-MPI) will be required to provide sufficient instruction (functions, roles and responsibilities) to ensure the efficient implementation and management of SEQAP. To enhance the effectiveness of this JC and the smooth implementation of

SEQAP in general, a Prime Minister decision may also be needed to give formal mandate to MOET for the overall program management of SEQAP and state roles and responsibilities of central and decentralized institutions, including People’s Committee and ministries of Finance, Home Affairs and Planning and Investment. To support overall program implementation and further overcome non-compliance by decentralized levels, in particular related to delayed implementation and poor reporting experienced in other ODA projects, it is recommended that Provincial People’s Committees and MOET/Donors also agree a Memorandum of Understanding (MOU) related to decentralized program implementation. This would clearly specify expectations and requirement of all parties and provide non-compliance penalties for poor province performance against agreed criteria. Finally, Grant Agreement between BOETs and schools would set the conditions and criteria for the utilization of the school grants.



SEQAP Policy Issues

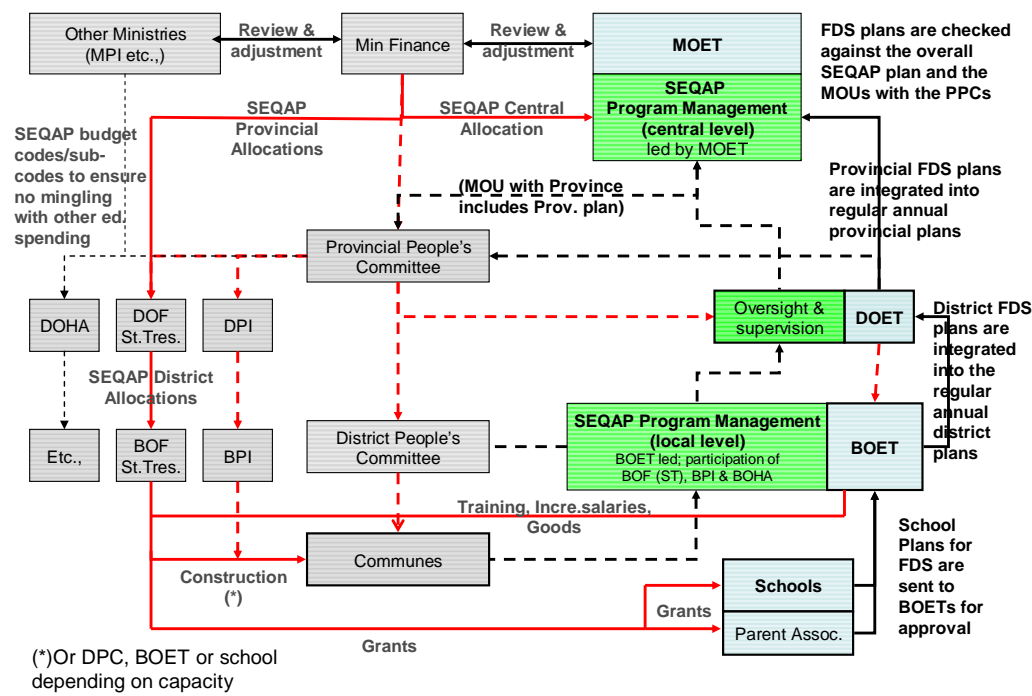
120. GVN commitment to SEQAP implies considerable policy development for primary education, in particular relating to Full Day Schooling, method of instruction, teacher service reform and support for ethnic minority and other disadvantaged children. The policy issues, although not new for many developed nations, signify a major shift within the Vietnamese context and will require a structured, well-researched and sensitive plan for change.

121. Dialogue between GVN agencies at all levels is essential and will be the management responsibility of MOET Program Management Unit (Standing Office) in conjunction with other relevant line-ministries and supported by donors. It is envisaged that at the central level, technical policy groups will be created with the inclusion of donors and other sector actors. Consultation with decentralized actors will be a critical activity.

SEQAP Planning, Budgeting and Allocation

122. The planning process will take advantage of medium-term allocation guidance from MOET, in conjunction with MOF. Memorandum of Understanding between Provincial People's Committees and MOET upon SEQAP support to the respective SEQAP provinces will ensure funds will reach intended recipients. Recipient schools will be identified at program outset and allow school planning for SEQAP interventions within a stable funding structure (based upon school allocation principles). Following a bottom-up approach, schools and their respective communes and districts, led by BOET (delegated responsibility by District People's Committee), will develop school plans for capital investment and use of recurrent expenditure support (school and student grants). FDS plans will be approved by the BOET and integrated within the regular annual district and provincial plans. Consolidated plans are then checked against the overall SEQAP work plan (including indicative provincial allocations) and the MOUs; and provincial/district allocations adjusted as needed. More details on the budgeting, planning and allocation cycle are provided below and in the operation manual.

SEQAP: PLANNING & ALLOCATION



SEQAP School-Based Implementation

123. The core SEQAP implementation activities are envisaged at school and community level and will require strong ownership to ensure successful implementation. The relationship between the school, children and parents and the greater community is critical in taking ownership of the goals of SEQAP and achieving them. Community organizations already exist at the community level – School Management Board, Parents’ Associations, project-based Parent-Teacher Associations and so forth. These will become the core agents for change in school development.

124. School-based implementation will include decentralizing infrastructure-upgrading activities to the commune level, when possible, building upon positive performance of communes under the P135 National Target Program. Strong commitment from provincial and district people’s committees is a requirement for this approach to be successful.

125. To support the increased recurrent expenditure envisaged for human resource, instructional material and school running costs for full day schooling, a formula-based school grant (school education grants) will be provided to each program school, to be managed by the school principal. To support any additional costs to families and the community for the implementation of full day schooling, another formula-based school grant (school student grant) will be provided to the Parent Association (PA) of each school. As the PA does not have a legal status for the management and use of funds, the execution of this second grant will be by the joint signatory of PA Head and the respective school principal.

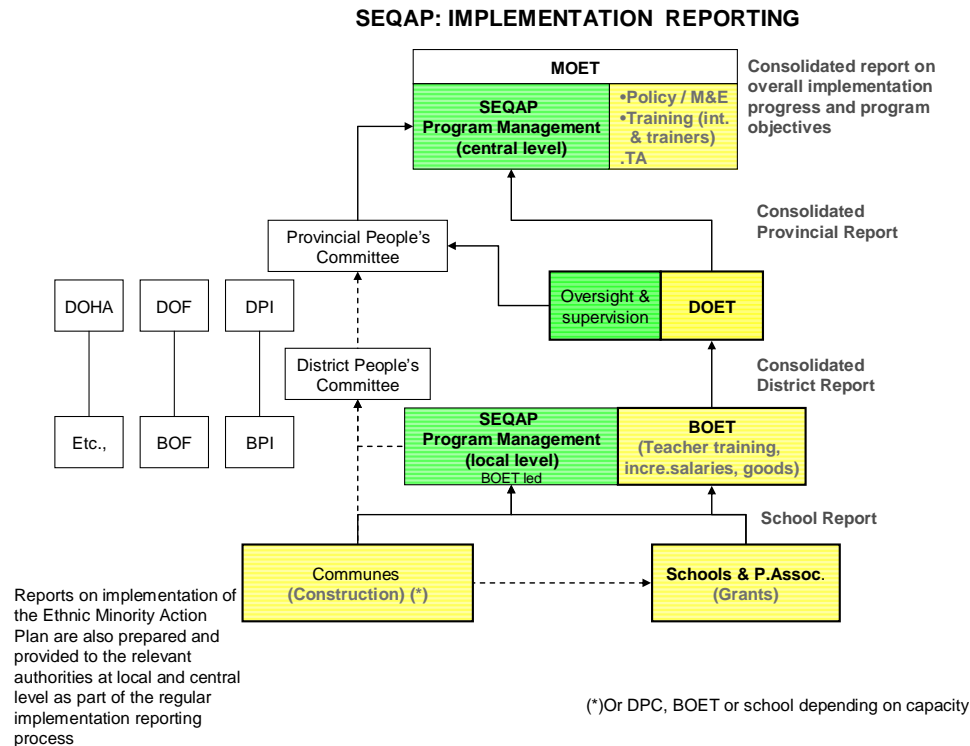
126. School Management for achieving SEQAP goals by principals and deputy principals requires further capacity building. In particular, the financial management of grants for school recurrent expenditure and in support of school communities will require additional support to ensure school-level personnel are equipped and able to appropriately utilize these funds. On-going school-based management, financial management and community organization (PEDC, SREM) capacity building should be built upon by SEQAP.

SEQAP Implementation Monitoring and Reporting

127. Monitoring of SEQAP implementation will rest with Education and Training personnel. At the school level, community (participatory) monitoring of school-based SEQAP activities and results as developed by PEDC will require further elaboration and strengthened community organization. Within-school monitoring of activities – school-based teacher training, instructional method and so forth – will require further development of tools and processes and capacity building of school managers. District (BOET) supervision (compliance) and monitoring of school-based activities will similarly require further development of tools and processes and capacity building of district experts and managers.

128. Implementation reporting will rest with Education and Training personnel. School principals will consolidate monitoring activity reports at the school level. BOET on

behalf of District SEQAP Program Management will interface with school principals. District reports will consolidate district-monitoring activities and be submitted to District PC and DOET. DOET will consolidate reports and submit to PPC and MOET Program Management. PPC will be held accountable for timely and accurate implementation reporting.



SEQAP Capacity Strengthening

129. PPC will delegate program management of SEQAP to the Education and Training offices at each governance level. This will create additional workload for each level, involving departments of Planning and Finance and Primary Education. No new functions are introduced as management processes will be the same as for other budgets. However, it is expected that SEQAP will support the strengthening of existing management processes, as well as improving tools and building upon human capacity for executing SEQAP. This will have a multiplier effect within the Education system, as well as further strengthening cooperation between Education and Training and the offices of Finance (including State Treasury), Planning and Investment and Home Affairs.

130. The focus upon school-based development with the aim of greater autonomy requires improved tools, process and planning and management capacity of schools. The approach of school-based teacher training and school/community monitoring and reporting requires improved organization and capacity of deputy principals, parents and other community members. PEDC and SREM target management process and capacity strengthening of managers, practitioners and communities. Further exploration is required

to understand the scope and progress of these programs and further need-based capacity development projects.

131. SEQAP Program design must balance the need for sufficient human resource capacity for the implementation of SEQAP with the need to commence implementation of school-level activities. A form of process-driven capacity development will be required to allow functionary capacity building to happen whilst the program is under implementation.

Partnership Arrangements

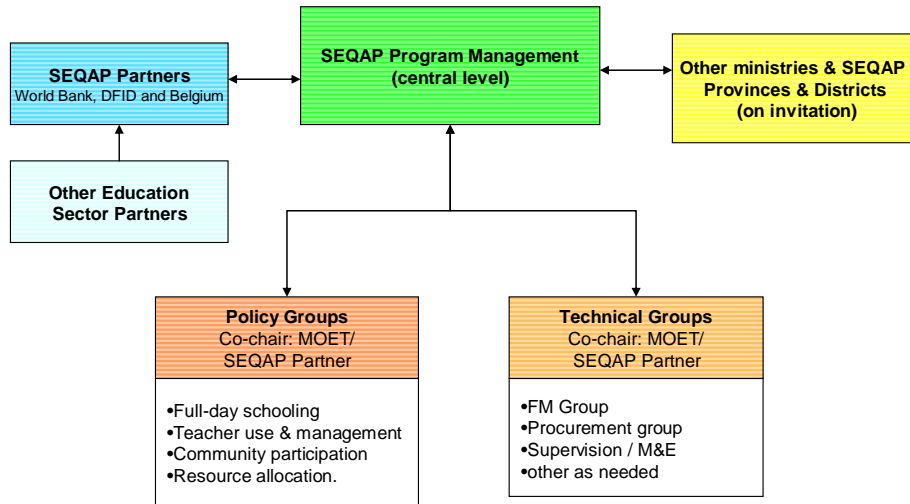
132. SEQAP is an IDA/multi-donor grant funded program. It builds upon existing ODA-supported GVN initiatives targeting primary and basic education – notably PTDP, PEDC and TBS-EFA (all supported by World Bank, DFID and other development partners) – and will utilize outputs of other existing ODA projects, including SREM (EC funded) and BCEP (World Bank/CIDA).

133. Existing GVN/multi-donor partnership arrangements vary. PEDC relies upon one active donor providing continuous supervision of GVN implementation on behalf of the other three (non-active) donors, with joint annual and semi-annual reviews. TBS-EFA has a more structured policy dialogue arrangement led by donor focal points on behalf of the development partners who take a more active role, including joint technical working groups, regular monthly reporting to all parties, as well as joint annual and semi-annual reviews. An outcome of TBS-EFA has been improved donor coordination and project harmonization across development partner supported projects and programs.

134. SEQAP partnership arrangement will further build upon the policy dialogue arrangements of TBS-EFA. GVN (Office of Government, MOET, MOF (including State Treasury), MPI, MOHA) and SEQAP Partners will nominate SEQAP focal points. The MOET focal point will coordinate SEQAP GVN focal points. Focal points will operate on an ad-hoc basis, working closely together to monitor on-going activities, lead policy dialogue (based upon the SEQAP Policy Framework) and address any obstacles to implementation.

135. At the technical and policy level, working groups will be formed with appropriate participation from respective line-ministries (including the possible merging or further development of TBS-EFA *Financial Management and Procurement* and *Planning, Standards and Quality* working groups). These working groups will provide joint advice to GVN Executive related to policy and technical initiatives in support of SEQAP implementation.

SEQAP Partnership Arrangements



136. It is recommended that – to the extent possible - SEQAP supervision, especially the policy and technical groups, be harmonized with the supervision activities of other current projects and programs related to SEQAP. This would allow GVN and a wider set of Development Partners to ensure alignment of various initiatives, improved targeting of ODA and GVN resource and a reduction in transaction costs. Particular projects/programs for alignment could include PEDC, BCEP and TBS-EFA. Further assessment is required to identify the extent of alignment of supervision activities, especially semi- and annual reviews; and the willingness of MOET to organize and align their respective coordination and management units.

Annex 7: Financial Management and Disbursement Arrangements
VIETNAM: School Education Quality Assurance Program

Country Issues

137. The 2007 CFAA assessed the financial management risk relating to proper use, control and reporting of funds that are managed through the Vietnam public financial management systems as Moderate. Public financial management arrangements/systems are well-documented and regulated but financial management risks arise from gaps and overlaps in the systems and, more particularly, risks arising from weaknesses in implementation and compliance. The CFAA found that key challenges in the PFM systems remain in the areas of: (i) expanding budget coverage in line with internationally accepted norms; (ii) implementing the new government Chart of Accounts and the Treasury and Budget Management Information System (TABMIS) with strengthened internal controls (including internal audit) and streamlined business processes; (iii) implementing a more comprehensive accounting and a more timely financial reporting system based on internationally recognized standards and practices; and (iv) expanding audit coverage and quality, and legislative oversight over PFM. Strengthening strategies and implementing action plans to enhance capacity and accountability for public financial management within line ministries and agencies at all levels of government is a high priority area.

138. PFM reforms such as streamlining of business processes, strengthening of expenditure and revenue internal controls, and enhancing monitoring and oversight of budget development and execution are in progress. The implementation of the 2004 PER-IFA and 2007 CFAA recommendations are being supported by the PRSC program and various grants. The PFM reforms are having a positive impact on overall PFM environment but specific improvements in systems have not yet led to full integration of ODA into the overall PFM framework.

Risk Analysis and Mitigating Measures

139. FM risk is assessed as **High before mitigation** and **Substantial after mitigation**.

140. To mitigate the risks, the following actions will be utilized for this program: (i) Detailed guidance including Joint Circular, FM Manual, MOU, PPC's Decision on FM arrangements will be drafted by negotiation and ready by effectiveness; (ii) Related training, which will include FM, on Joint Circular, FM Manual, MOU, and PPC's Decision and on program implementation will be delivered within 3 months after program effectiveness and continue on at least an annual basis through out program life; (iii) International consultant and contracted accountants employed at central level for FM capacity building; (iv) FM assistance available from provincial level (Planning and Finance Unit under provincial DOET) to help district BOET in consolidating reports from schools and reconciling with State Treasury; (v) Financial report templates, align as much as possible with current government reporting system, will be utilized for report-

based disbursements; and (v) The opening of SEQAP budget code and sub-codes for on-budget expenditure types within state budget lines will be completed by program effectiveness.

141. The proposed mitigating measures, if successfully carried out, will help reduce the program's FM risk. The following risks with corresponding mitigating measures have been identified during the assessment

Risk	Risk Rating	Risk Mitigation Measures Incorporated into Program Design	Risk After Mitigation Condition of Negotiation, Board or Effectiveness
Inherent Risk			
1. Country level: Overall Fiscal Environment with limitations in FM capacity and availability of appropriate FM skills within the government, particularly at sub-national levels	Substantial	- Capacity building in Medium Term Expenditure Framework (MTEF), planning and budgeting, implementation and monitoring, commitment control and debt management at macro level.	Moderate
2. Entity level: Funds may not be used efficiently and economically and for purposes intended	Substantial	- Independent external audit for program financial statements on an annual basis, including assessment of internal control system and compliance with donors' and government regulations => <u>financial covenant</u> . - SEQAP is subject to SAV audit, depending on their annual audit plan and scope. - Financial settlement/liquidation process by Finance agencies at all spending level. - Independent Tracking Study consultant(s) will be engaged to further strengthen independent and frequent checking/verification to detect and avoid misuse of funds.	Moderate
3. Program level: Program implementation is fully decentralized to province, district and school level.	Substantial	- International consultant and two contracted accountants employed at central level and additional FM assistance will be available from provincial level (Planning and Finance Unit under provincial DOET) to help district BOET in consolidating reports from schools and reconciling with State Treasury. - Detail guidance including FM Manual, Joint Circular, MOU between MOET and PPCs, PPCs' Decision, School Grants Manuals => <u>condition of effectiveness, financial covenant</u> - Continuous FM workshop and training for provinces, districts, communes and schools, for both spending units and State Treasury.	Moderate (Condition of Effectiveness – FM Manual)

Risk	Risk Rating	Risk Mitigation Measures Incorporated into Program Design	Risk After Mitigation Condition of Negotiation, Board or Effectiveness
Overall Inherent Risk	Substantial		Moderate
Control Risk			
1. Budgeting: Limited clarity in budget constitution and timeliness of budget allocation to spending units at the lowest GoV levels	High	<ul style="list-style-type: none"> - MOET is responsible for budget allocation to province and names of schools and communes will be agreed to between PPC and MOET before program implementation - Open separate SEQAP code and sub-codes within state budget lines. => <u>condition of effectiveness</u> - MTEF will integrate SEQAP into education sector and improve its budget planning. 	Substantial (Condition of Effectiveness – Open SEQAP code and sub-code within State Budget line)
2. Funds Flow: Parallel financing from donors to be comingled with GoV counterpart funds in budget allocation for provinces. Risk is that funds will not be timely disbursed to appropriate schools/communes	High	<ul style="list-style-type: none"> - For on-budget expenditure, donors will deposit funds in parallel into a designated foreign exchange account at SBV; - After budget allocation is approved by MoET and appraised by MOF, MOF advises State Treasury on the level of annual state budget SEQAP allocations and convert donors' foreign currencies into VND and transfer funds to Central State Treasury; - Central State Treasury transfers funds to provincial treasuries participating in the program according to normal procedures for implementation of provincial SEQAP plans approved by PPCs; - Provincial treasuries transfer funds to district treasuries into deposit accounts opened for spending units (BOET, schools, and communes). - For off-budget expenditure which will be managed by MOET, donors will advance funds into Designated Accounts in foreign currencies opened for MOET at a commercial bank acceptable to the IDA. - In accordance with Budget Law, MOET's budget allocation to provinces must be finished by 20 November; PPC's budget allocation to districts and district's budget allocation to schools must be finished by 31 December for the coming year. - Also, as names of schools and districts were already identified and agreed before hand, it is expected that budget allocation process down to spending unit level will be timely. 	Substantial
3. Staffing: FM capacity of counterpart staff varies and is generally weaker at district, commune and school level	High	<ul style="list-style-type: none"> - FM work will be carried out by the finance and accounting units under DOET and BOET, which units have experience and background in government accounting and FM systems. Schools and communes will prepare simple 	Substantial

Risk	Risk Rating	Risk Mitigation Measures Incorporated into Program Design	Risk After Mitigation Condition of Negotiation, Board or Effectiveness
		<p>reports to BOET and BOET will help them with consolidation and reconciliation with district State Treasury.</p> <ul style="list-style-type: none"> - Semi-annual reports will be based on State Treasury system while annual liquidated financial reports on finance agencies' system. Both systems are relatively well-established in terms of consolidation and reconciliation. - FM assistance will be available from provincial level (Planning and Finance Unit under provincial DOET) to help district BOET in consolidating reports from schools and reconciling with State Treasury for FM capacity building. - Clear guidance including FM Manual, Joint Circular, MOU between MOET and PPCs, PPCs' Decision, Sub-grant Manual. - Continuous FM workshop and training for provinces, districts, communes and schools, for both spending units and State Treasury. 	
<p>4. Accounting Policy & Procedures, and System: New sub-codes for a new budget line will be added to the current coding system. However, miscoding still may occur.</p>	High	<ul style="list-style-type: none"> - Issue guidelines on accounting for the SEQAP program and the use of the accounting codes (in Joint Circular). - Training courses on the accounting processes and sub-codes use – at least annually 	Substantial
<p>4. Internal Controls: The financial accounting and expenditure control system is working reasonably well, However, audit and inspection reveals that some funds are not used for intended purposes</p>	Substantial	<ul style="list-style-type: none"> - SEQAP is to be budgeted as a separate line under MOET's budget. - Enhancing awareness of SEQAP program – this will be done through training seminars, practical guidelines and brochures, publishing of audit findings and results (throughout the implementing agencies, MOF, the State Treasuries and the Departments of Finance and Planning under MOET). - State treasury's expenditure verification applies for all spending units. - Annual liquidation process by finance agencies for spending units at the same level. - Joint FM supervision reviews including donors, MOET, MOF, ST meet on a semi-annual basis, focusing on (i) verifying the adequacy of the reports for disbursement; and (ii) checking expenditures against proper use and disbursement level, and (iii) communicate and find solutions for any FM issues at all levels. - Independent Tracking Study consultant(s) 	Moderate

Risk	Risk Rating	Risk Mitigation Measures Incorporated into Program Design	Risk After Mitigation Condition of Negotiation, Board or Effectiveness
		will be engaged to help with FM supervision review on a semi-annual basis. Results of internal control reviews will be reported to MOET, MOF, State Treasury, PPC, and donors.	
<p>5. Reporting & Monitoring:</p> <ul style="list-style-type: none"> - Parallel and inconsistent FM report system between education sector and State Treasury. State Treasury prepares reports for final account purpose as required by MoF rather than for Education sector management. - MoET has limited capacity to collect sufficient financial reports prepared by implementing entities, ministries which leads to delays in MoET financial reporting. - State Treasury does not take initiative to submit reports to MoET until required. Report format is structured by sub-components, rather than by school levels. - DoET and BoET have difficulty in consolidating figures from local level, leading to significant delays in provincial financial reporting. 	High	<ul style="list-style-type: none"> - IFR format for disbursement to be agreed by negotiation. => <i>condition of negotiation</i> - FM staff of implementing units and State Treasury staff participate in training courses to enhance specialist knowledge, as well as request Central State Treasury to guide and encourage implementing units in reconciliation procedures and prevailing state budget regulations. - Defining basic accounting and reporting principles to achieve a consistent basis for the budget and actual figures reports - Executing agencies/spending units are responsible for reporting and reconciliation with State treasury. - State Treasury system will be used to generate 6-monthly disbursement reports. - MOF is responsible for annual liquidated financial reports which are consolidated from all spending units. - Planning, coordination and support arrangements for the preparation of financial statements to be undertaken jointly by MoET, Treasury & MOF. - Improving procedures to verify the reliability of the financial information in the financial statements through State Treasury's expenditure verification process using GoV cost norms and regulations. 	Substantial (Condition of Negotiation – IFR format)
6. Reconciliation: Reconciliations are being done between the spending units and the relevant state treasury; however the system is not working as envisaged.	High	<ul style="list-style-type: none"> - Executing agencies/spending units are responsible for reporting and reconciliation with State treasury. - Joint Circular will stipulate clearly the reconciliation process, responsibility and frequency. - Reporting is based mainly on State treasury and Finance's systems. 	Substantial
7. Internal Audit: No clear internal audit	High	- Donors, MOET, MOF and State Treasury will form FM working group and can jointly carry	Substantial

Risk	Risk Rating	Risk Mitigation Measures Incorporated into Program Design	Risk After Mitigation Condition of Negotiation, Board or Effectiveness
mechanism in place		<p>out FM supervision reviews of provincial, district, commune and school education operations every six months focusing on checking expenditures against proper use and disbursement level.</p> <ul style="list-style-type: none"> - Expenditure verification process by State treasury. - Annual liquidation process by finance agencies on financial reports submitted by all spending units. 	
8. External Audit	Substantial	<ul style="list-style-type: none"> - Annual financial audit by independent auditor. => <i>financial covenant</i> - SEQAP is subject to SAV audit, depending on their annual audit plan and scope. - Independent Tracking Study consultant(s) will be engaged to further strengthen independent and frequent checking/verification to detect and avoid misuse of funds. 	Moderate
Overall Control Risk	High		Substantial

Implementation Arrangements

142. The Bank’s task team and the government counterpart agreed that SEQAP will apply a “hybrid” financing option: (i) ring-fenced and decentralized “on-budget” with code/sub-code opened within the state budget lines for expenditure at local level (province, district, commune and school); and (ii) ring-fenced “off-budget” using traditional project approach for centrally-managed expenditure by MOET, including consultants and training/workshops (both international and local expenditures), goods and operating costs.

143. Roles and responsibilities of program-related agencies are summarized as follows:

MOET:

- Lead nationwide SEQAP implementing agency.
- Consolidate annual budget for this program.
- Allocate budget to provinces and related agencies.
- Responsible for submitting consolidated semi-annual disbursement reports and annual financial reports to the WB.
- Manage Designated Accounts for off-budget expenditures and prepare withdrawal applications.

MOF:

- Open separate code and sub-code for SEQAP within state budget lines for on-budget expenditures.
- Appraise budget allocation proposal by MOET.
- Allocate and manage funds, monitor and evaluate the use of funds for on-budget expenditures.
- Appraise and consolidate annual budget finalization reports (bao cao quyét toán hàng nam) from all provinces.

State Treasury:

- Open deposit accounts for spending units (i.e. DOET, BOET, school, commune).
- Ensure available funds for all spending units as per approved budget allocation.
- Responsible for expenditure verification for all spending units.
- Responsible for consolidating spending unit semi-annual disbursement reports.
- Confirm/certify spending unit disbursement amounts in financial and reconciliation reports.

PPC:

- Assign DOET to be the responsible agency for consolidating provincial annual budget, and financial reports.
- Assign BOET to be the responsible agency for consolidating financial reports from all schools and communes under its district and be responsible for reconciliation of the consolidated financial reports with district state treasury.
- Delegate implementation responsibilities to lower level (district and/or commune/school) as appropriate.

At decentralized level:

- DOET: focal point in consolidating provincial annual budget, financial and reconciliation reports; assign staff from the Planning and Finance Unit under DOET to help district BOET to consolidate reports from schools/communes and reconciling them with State Treasury.
- DOF: appraise and consolidate all district budget finalization reports (bao cao quyét toán).
- BOET: focal point in consolidation of financial reports for all schools and communes under its district and is responsible for reconciliation of the consolidated financial reports with district state treasury; advance funds to commune and schools for implementation of program activities in case schools do not have account at state treasury.
- Commune/school: prepare reports on funds sources and use of funds and submit to BOET for consolidation and reconciliation with district state treasury; receive advance from BOET (if required), implement program activities, gather supporting documents and submit to BOET to clear advance.

Technical Assistance and Capacity Building

144. Technical assistance (TA) will play an important role during program implementation, specifically to assist MoET and provinces to improve the effectiveness

of program expenditure. TA will focus on: i) working with spending units especially at commune, school and district level to identify capacity constraints in budgeting, reporting, reconciliation, managing funds flows, documenting expenditures; (ii) providing solutions to overcome weaknesses and constraints, including trainings/capacity building and workshops; (iii) facilitating communication between central and local levels; and (iv) undertaking regular supervision (technical reviews and joint semi-annual GOV-donor reviews).

145. Technical assistance at the **national level** will comprise:

- One international advisor in MoET will provide TA to the standing office, particularly for program monitoring, budgeting, reporting, and auditing. The international advisor will further support the Standing Office in liaising with provincial TA activities.
- Two contracted accountants will assist the Finance and Planning Department under MOET in implementation of FM work for the off-budget expenditure, in consolidation of financial reports for the whole program, and in preparation of withdrawal applications to donors.

146. Technical assistance at the **provincial level** will comprise:

- Additional FM assistance will be available from provincial level (Planning and Finance Unit under provincial DOET) to help district BOET in consolidating reports from schools/communes and reconciling with district State Treasury.
- Independent Tracking Study consultant(s) will be engaged to further strengthen independent and frequent checking/verification to detect and avoid misuse of funds.

147. FM training/workshop will be held at least annually in provinces to (i) provide instruction on budgeting, managing funds flows, reporting, and reconciliation; (ii) identify bottlenecks in FM implementation; and (iii) fostering knowledge sharing among different levels. Participants will include FM staff from spending units and state treasuries.

FM Staffing

148. At the central level, the Finance and Planning Department of MOET will be responsible for overall program FM arrangements with support from an international FM consultant and two contracted accountants.

149. At provincial level, planning and finance unit under DOET and BOET will be responsible for budgeting, accounting, reporting and consolidation. Commune and school are responsible for reporting their expenditure and submitting them to BOET for consolidation and reconciliation with district state treasury.

150. Thus, FM work will be carried out mainly by the finance and accounting units under DOET and BOET, which units have adequate experience and background in government accounting and FM systems. Accountants at schools and communes will

prepare simple reports to BOET and BOET will help them with consolidation and reconciliation with district State Treasury.

151. As the on-budget expenditures rely on government systems with regards to budgeting, accounting, reporting and consolidation, government FM personnel already have experience and background on the system and thus, will be able to do their work. They will be further supported with ready legal documents (Joint Circular, FM Manual, and PPC's Decision) for implementation and continuous trainings/workshops on FM. PPC will be ultimately responsible for coordinating and consolidating the whole program within their province. Semi-annual disbursement reports will be based on state treasury system while annual financial reports will be based on liquidated financial reports (bao cao quyét toán nam) by spending units through finance agencies. Both systems are relatively well-established in terms of consolidation and reconciliation. However, all reports should be also sent to DOET for onward submission to MOET and for harmonization of both technical and FM activities.

Budgeting

152. Schools and communes will prepare their budgets based on instruction from MOET (names of schools and communes already identified and agreed). BOET will then consolidate these district budgets and submit them to DOET for provincial consolidation. MOET will consolidate these provincial budgets and then approve a budget allocation to the provinces for MOF's review and approval. MOET will issue decision to allocate SEQAP budget to provinces and SEQAP budget will not be commingled with provincial state budget. Thus, provinces can only utilize SEQAP budget for SEQAP activities and budget roll over of unused amounts are permitted (i.e. unused budget from one year can be transferred to the next year).

153. MOET has the authority to adjust annual budget including cancelling, reallocation from under-performing provinces/districts to better-performing provinces/districts. Counterpart funds will be provided from central budget with none from the province's budget as all SEQAP provinces are poor provinces. Budget allocation to provinces will not segregate donors' versus GoV counterpart funds.

154. In accordance with Budget Law, MOET's budget allocation to provinces must be finished by 20 November, while PPC's budget allocation to districts and district's budget allocation to schools must be finished by 31 December for the coming year. This will be reiterated in SEQAP legal documents including Joint Circular, MOU, PPC's Decision, and FM Manual to ensure funds are timely disbursed to appropriate schools/communes.

155. Also, as names of schools and districts were already identified and agreed before hand, it is expected that budget allocation process down to spending unit level will be timely.

Accounting Policies, Procedures and Systems

156. All executing agencies will adopt accounting system and chart of accounts in accordance with Decision 19/2006/QĐ-BTC dated 30 March 2006 by MOF (or a newly-issued Decision replacing Decision 19).

157. A separate code for SEQAP and sub-codes for expenditure types will be opened within the state budget lines in accordance with Decision no. 33/2008/QĐ-BTC dated 2 June 2008 by MOF (or a newly-issued Decision replacing Decision 33). Executing agencies will report usage of funds by expenditure types using these sub-codes.

158. BOET and DOET are responsible for reconciliation between their own accounting books/records/reports and State Treasury's reports, including communes' and schools' expenditure reports.

159. At provincial level, PPC will assign a focal point (either BOET or DOF) in consolidating financial reports and reconciliation from all executing agencies within the province, while BOET is responsible for consolidated reporting and reconciliation for its district. PPC will issue an official Decision guiding this function.

Internal Controls and Internal Control Reviews

Internal controls

160. The Treasury system provides strong aggregate control over expenditure against budgets. Therefore, all spending units will be subject to expenditure verification process by all State Treasury levels. In addition, there are financial finalization/settlement procedures by spending units to finance agency at the same level. These financial finalization/settlement procedures are performed on an annual basis.

161. Internal audit is not yet institutionalized in Vietnam. However, Vietnam has a number of well established Inspection Agencies, which perform compliance checks on expenditure. These include MOET's Inspection (Thanh tra Bộ GDĐT) and Government Inspectorate (Thanh tra Chính phủ). Even though some weaknesses exist - responsibilities of different inspectorates overlap, and coordination between them is still weak - recent progress has been made on developing internal audit, through transformation of the role of some Inspectorates.

Internal control reviews

162. MOET, MOF, State Treasury and the various donors will jointly carry out FM supervision reviews of provincial, district, commune and school education operations every six months focusing on (i) verifying the adequacy of the reports for disbursement; (ii) checking expenditures against proper use and disbursement level; and (iii) communicate and find solutions for any FM issues at all levels. To further strengthen independent and frequent checking/verification to detect and avoid misuse of funds, donors' funds will be available to engage Independent Tracking Study consultant(s) to do

this review on a semi-annual basis. Results of internal control reviews will be reported to MOET, MOF, State Treasury, PPC, and donors.

Reporting and Monitoring

163. On-budget expenditure will be financed using report-based disbursement method with unaudited Interim Financial Reports (IFRs) as supporting documents to be submitted every six month. Off-budget expenditure will be financed using Statement of Expenditure (SOE) or full documentation (e.g. contracts, invoices) evidencing eligible expenditures as supporting documents.

On-budget expenditure reports

164. Semi-annual IFRs will be prepared based on State Treasury system, consolidated by the MOF's Budget Department, and submitted to MOET for onward submission to the WB for disbursement purposes. Yearly financial reports will be prepared by spending units, certified by State Treasury, consolidated by MOF's Budget Department using its finance agencies' system, and submitted to MOET and then to the WB for review and served as basis for external auditor. Both semi-annual IFRs and yearly financial reports will report by expenditure types to ensure consistency.

165. As reporting is based on government reporting system, the deadline for submitting reports to the WB must be inline with government's reporting deadline, which are: by **15 September** for the first semester IFRs and by **15 April** for the second semester IFRs and the annual liquidated financial reports.

166. Current government reporting systems will be used:

- **Current State Treasury system:**
 - Recording total budget allocated by MOET for SEQAP program, detailing to province, and not separating between donors' and GoV funding.
 - Recording total disbursement to provinces and districts by direct payment/advance payment and by expenditure types.

- **Current reporting system by spending units following Decision 19/2006/QĐ-BTC dated 30 Mar 2006 by MOF (or a newly-issued Decision replacing Decision 19):**
 - Recording sources of funds by recurrent/capital budget;
 - Recording uses of funds by expenditure types.

167. Enhanced reconciliation and consolidation mechanisms will be used:

- **Enhanced reconciliation reports between spending units and State Treasury:**
 - To reconcile sources and uses of funds by spending units with disbursement report by State Treasury.

- Spending units are responsible for reconciliation with State Treasury except for schools and communes whose reports will be submitted to BOET for consolidation and reconciliation with district State Treasury.

➤ **Enhanced consolidation reporting:**

- Spending units must report to BOET and DOET;
- BOET is the focal point to consolidate district reports; DOET and/or DOF is the focal point to consolidate provincial reports;
- MOET is responsible for consolidation of nation-wide reports.

168. Executing agencies must be held responsible for reconciling between their reports and those of State Treasury. From the experience of Component 3 of the Natural Disaster Management Program (with MOF as the implementing agency, and report-based disbursement with consolidated reports from PPMUs which are certified by local State treasury), it seems that if advance to the PPMUs is limited, and direct payments are made based on supporting documents from PPMUs which are checked and verified by the same state treasury, the reconciliation/verifying procedure are simpler and easier.

169. For consolidation, there will be two channels: through finance agencies and through education and training agencies. The consolidation through local finance agencies (based on state treasury system) up to MOF is more systematic, complete and reliable but will be done only once a year. The consolidation through education and training might be less reliable because of limited FM capacity especially at local level, but is useful for education and training to have an overall picture of both technical and financial reports. Therefore, in addition to the existing finance agencies' consolidation, PPC will assign DOET to be the focal point in consolidating financial reports and reconciliation from all executing agencies within the province, while BOET within district. PPC will issue an official Decision guiding this function. BOET and schools will be supported by additional FM assistance from provincial level (Planning and Finance Unit under provincial DOET) in consolidating reports from schools/communes and reconciling with district State Treasury.

170. At central level, MOET will consolidate provincial report and reconciliation by DOET for all provinces. MOF will also submit semi-annual IFRs and annual financial reports to MOET for onward submission to the WB. MOET will be supported by international TA/FM consultant. Format of IFRs will be agreed by negotiation.

Off-budget expenditure reports

171. MOET is responsible for reporting on off-budget expenditure which consists of consultants and trainings/workshops (both local and international), goods and operating costs. MOET will report on funds receipt from donors and uses of funds by expenditure types (i.e. consultants, trainings, goods, and operating costs) together with a Designated Account statement. Template for this report will be aligned with the AMT reports as stipulated in Decision 803/2007/BKH-DT by MPI. Deadline for submission these off-budget expenditure reports will coincide with deadline for on-budget expenditure reports (i.e. by **15 September** and **15 April**).

Annual Financial Statements

172. MOET will prepare annual consolidated financial statements including both on-budget and off-budget expenditure, in compliance with IPSAS and based on provincial and consolidated financial reports. The Program Financial Statements will consist of (i) a Statement of Sources and Uses of Funds by expenditure types; (ii) a Statement of Uses of funds by expenditure types, summarized by provinces; (iii) a Statement of Foreign Exchange Deposit Account/Sub-accounts; (iv) Statements of Designated Accounts; (v) the Accounting Policies Adopted and Explanatory Notes; and (vi) a Management Assertion that Bank funds have been expended in accordance with the intended purposes as specified in the relevant World Bank legal agreement. The deadline for MOET to submit the annual consolidated financial statements to the Bank is **15 April** every year.

Audit Arrangements

173. Independent auditor will be hired to perform annual financial audit. SEQAP is also subject to SAV audit, depending on their annual audit plan and scope.

174. SAV audit and inspection reports prepared by governmental inspectorates (Government Inspectorate, MOF's Inspectorate, MOET's Inspectorate, provincial inspectorates) will be made available to development partners. Donors will engage in dialogue with GoV about any planned action that may be undertaken if there are adverse results in such audits.

175. In addition, SEQAP expenditure will be monitored through semi-annual Expenditure Tracking Studies by Independent Tracking Study Consultant(s) to ensure funds are utilized for the purposes for which they are allocated in accordance with applicable regulations. It is important for lesson learning and improving FM practice that Audit and Tracking Study results should highlight opportunities / the need for strengthening financial processes and procedures. These recommendations should then be assessed and discussed formally with MOET, MOF, ST and PPCs as part of a joint financial management review.

External independent audit

176. Program Financial statements will be audited on an annual basis in accordance with international auditing standards and terms of reference acceptable to IDA. The audited financial statements and audit report must be submitted to IDA within six months of the end of each fiscal year and the closing date of the program. The auditor is to express a single audit opinion on the Program's Financial Statements. A management letter addressing any internal control weaknesses of the implementing agencies and systems will also be provided by the auditor together with the audit opinion report. MOET will be responsible for procuring and managing the audit contract. The auditor must be appointed within six months after signing of the Financing Agreement. The Audit TOR must be agreed with the Bank before auditor recruitment process begins. The cost of audits will be financed from donors' funds.

177. The Annual financial statements and audit reports will be made publicly available through MOET and MOF website.

Funds Flows and Disbursement Arrangements

178. It is agreed that Government counterpart funds will finance 100% of goods, 100% of architectural design consultants for civil works, and 50% of incremental salaries for teachers. WB, DFID and Belgium will finance all remaining expenditure types across all components based on fixed percentage for on-budget expenditures and item-by-item for off-budget expenditures. Please refer to Table 1, 2, and 3 below for more details.

Table 1: Disbursement table⁶³

<u>Category</u>	<u>Amount of the Financing Allocated (expressed in SDR)</u>	<u>Percentage of Expenditures to be Financed (inclusive of Taxes)</u>
(1) Eligible Expenditures under Parts A, B3, C3 of the Program (off-budget)		100%
(a) consulting services	3,500,000	
(b) training and workshops	3,800,000	
(2) Eligible Expenditures under Part D of the Program (off-budget)		100%
(a) consulting services	3,600,000	
(b) training and workshops	1,100,000	
(c) Operating Costs	600,000	
(3) Works under Part C.1 of the Program (on-budget)	25,300,000	80%
(4) Training and workshops under Parts B1, B2, C2 of the Program (on-budget)	17,800,000	80%

⁶³ Please note that Parts A, B, C and D used in this table correspond respectively to Components 1, 2,3 and 4 of the program.

(5) Eligible Expenditures under Part C.2 of the Program (on-budget)		
(a) School Education Grants	9,600,000	80%
(b) School Student Grants	13,000,000	80%
(c) consultants services	1,000,000	80%
(d) teacher incremental salaries	6,100,000	40%
TOTAL AMOUNT	85,400,000	

Table 2: Financing percentage and disbursement table by expenditure types

	On-budget				Total On-budget	GOV		IDA		DFID		Belgium		Total On-budget
	Component 1	Component 2	Component 3	Component 4		Financing %	Budget	Financing %	Budget	Financing %	Budget	Financing %	Budget	
Civil works														
Construction contracts			46,953		46,953			80.35%	37,728	16.98%	7,975	2.67%	1,252	46,953
Architectural services			4,521		4,521	100%	4,521		-		-		-	4,521
Goods			9,629		9,629	100%	9,629		-		-		-	9,629
Consultant services														
International consultants					-			80%	-	17%	-	3%	-	-
Local consultants		-	1,761		1,761			80%	1,415	17%	299	3%	47	1,761
Training and workshops														
International training		-			-			80%	-	17%	-	3%	-	-
Local training		29,564	3,465		33,029			80%	26,538	17%	5,610	3%	881	33,029
Resource for School Running Costs														
School Education Grants			17,849		17,849			80%	14,341	17%	3,032	3%	476	17,849
School Student Grants			24,033		24,033			80%	19,310	17%	4,082	3%	641	24,033
Teacher Incremental Salaries for FDS														
			22,680		22,680	50%	11,340	40%	9,112	8.5%	1,926	1.3%	302	22,680
Operating costs					-			80%	-	17%	-	3%	-	-
Total on-budget	-	29,564	130,891	-	160,455	16%	25,490	68%	108,442	14%	22,923	2%	3,600	160,455
	Off-budget				Total Off-budget	GOV		IDA		DFID		Belgium		Total Off-budget
Component 1	Component 2	Component 3	Component 4	Financing %		Budget	Financing %	Budget	Financing %	Budget	Financing %	Budget		
Civil works														
Construction contracts					-									-
Architectural services					-									-
Goods	1,313			81	1,394	100%	1,394							1,394
Consultant services														
International consultants	977			3,110	4,087			100% of C4	3,110	100% of C1	977			4,087
Local consultants	2,876	181	2,160	2,229	7,436			100%	7,436					7,436
Training and workshops														
International training	453	1,585			2,038			100%	2,038					2,038
Local training	563	2,954		1,558	5,075			100%	5,075					5,075
Resource for School Running Costs														
School Education Grants					-									-
School Student Grants					-									-
Teacher Incremental Salaries for FDS														
					-									-
Operating costs				897	897			100%	897					897
Total off-budget	6,182	4,720	2,150	7,875	20,927	7%	1,394	89%	18,556	5%	977	0%	-	20,927
GRAND TOTAL	6,182	34,284	133,041	7,875	181,382	15%	26,884	70%	126,999	13.2%	23,900	2%	3,600	181,382

Table 3: Financing percentage by financiers

Financiers	USD million	Financing percentage with counterpart funding
GOV	26.9	15%
IDA	127	70%
DFID	23.9	13%
Belgium	3.6	2%
TOTAL	181.4	100%

	USD million	Financing percentage without counterpart funding
IDA	127	82%
DFID	23.9	16%
Belgium	3.6	2%
TOTAL	154.5	100%

Disbursement arrangements:

179. On-budget expenditures will be financed using report-based disbursement method with unaudited Interim Financial Reports (IFRs) as supporting documents to be submitted every six month. Off-budget expenditures will be financed using Statement of Expenditure (SOE) or full documentation (e.g. contracts, invoices) evidencing eligible expenditures as supporting documents.

On-budget expenditure

180. One Designated Account (DA) will be opened and managed by MOF. The advances from the Bank and other donors will be deposited into the government general foreign reserve account, and the MOF should maintain a separate ledger account to monitor receiving and using the advances from the Bank and other donors. The ceiling for DA is variable, and will be determined based on the IDA share of every six months program financial forecast.

181. Supporting document for reporting eligible expenditures paid from the DA is the semi-annual financial reports (IFRs). Withdrawal applications for advances and for reporting eligible expenditures should be submitted every six month. The applications for additional advances may be submitted separately as long as the outstanding advance in the DA doesn't exceed the ceiling approved by the Bank based on the program financial forecast. The IFRs includes the following statements:

- i. foreign exchange account statement monitoring receipts and uses of the advances from the Bank;
- ii. consolidated financial reports submitted by MOET from MOF using State Treasury system, specifying expenditure by types; and
- iii. the DA activities Statement
- iv. annual budget allocation by MOET and MOF, detailing by province.

182. In addition to the IFR, acceptable progress report for the whole program by MOET will be a condition for semi-annual disbursement by the IDA.

183. Semi-annual IFRs will be based on State Treasury system, consolidated by the Budget Department under MOF, and submitted to MOET for further submission to the WB for disbursement purposes. Yearly financial reports will be prepared by spending units, certified by State Treasury, consolidated by the Budget Department under MOF using its finance agencies' system, and submitted to MOET and then to the WB for review and served as basis for external auditor. Semi-annual IFRs and yearly financial reports will report by expenditure types to ensure consistency.

Off-budget expenditure

184. One Designated Account (DA) will be opened for MOET at a commercial bank acceptable to the IDA to receive IDA advance for off-budget expenditure. (MOET can open two other bank accounts to receive advances from DFID and Belgium who also finance the same off-budget expenditures). The ceiling of the DA will be specified in the Disbursement Letter issued by the Bank. MOET is responsible for withdrawal application (WA) submission to the WB.

185. *Disbursement Methods.* Reimbursement, Advance, and Direct Payment as per the Bank's disbursement guidelines are all available for this program.

186. *Reporting on Eligible Expenditures Paid from the Designated Accounts.* Withdrawal applications reporting eligible expenditures paid from the designated accounts will be with the following documentation: (a) List of payments against contracts, together with records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for the contracts subject to the Association's prior review as required in the Financing Agreement; and (b) Statement of Expenditure in the form attached for all other expenditures / contracts not subject to the Association prior review.

187. MOET will report on the use of the IDA credit from its DA on a monthly basis.

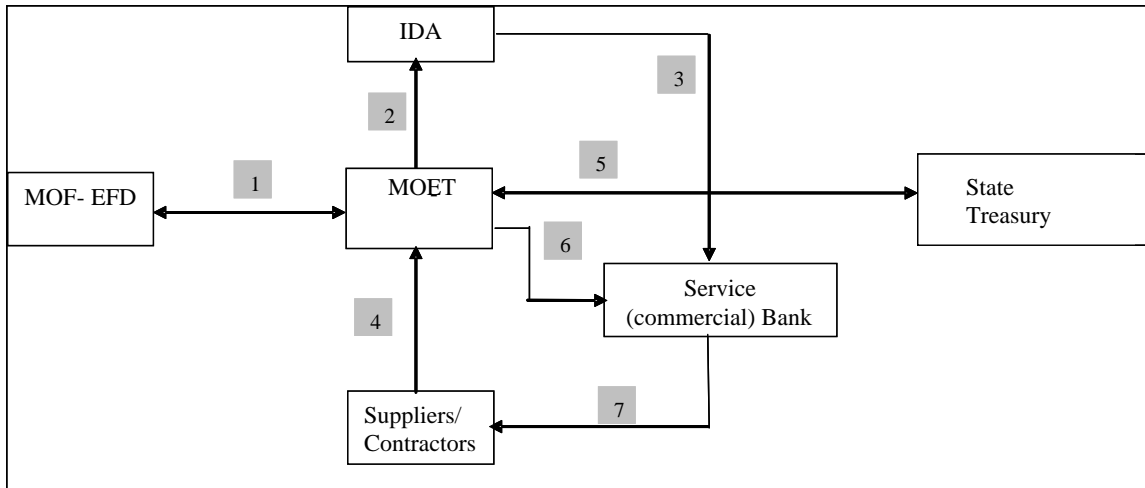
Funds flows:

On-budget expenditure

- Donors will deposit funds in parallel into a designated foreign exchange account at SBV;
- After budget allocation is approved by MoET and appraised by MOF, MOF advises State Treasury on the level of annual state budget SEQAP allocations and convert foreign currencies into VND and transfer to Central State Treasury;
- Central State Treasury transfers funds to provincial treasuries participating in the program in accordance with normal procedures for implementation of provincial SEQAP plans approved by PPCs;
- Provincial treasuries transfer funds to district treasuries into deposit accounts opened for spending units (BOET, schools, and communes).

Off-budget expenditure

- Donors will advance funds into Designated Accounts (in USD for IDA, in GBP for DFID, in EURO for Belgium) opened for MOET at a commercial bank acceptable to the IDA;
- Funds flow arrangements for payments from the designated accounts to suppliers and beneficiaries will be as following: Government procedures for processing of payment claims will apply, i.e. the MOET will prepare and check payments claims, the claims will then be submitted to the relevant State Treasury which will check validity of use of funds and approve for payment. The claim will be returned to MOET which will then prepare and issue the check or bank order to make the payment to the supplier/beneficiary from its designated accounts. The funds flow steps proposed are set out below:



1. MOET prepares the withdrawal application (WA) and sends it to MOF- External Finance Department, MOF-EFD co-signs the withdrawal application and sends it back to MOET.
2. MOET submits WA to IDA/donors.
3. IDA/donors disburse monies to the Designated Accounts of MOET at the agreed commercial bank.
4. Suppliers/Contractors submit certificates and invoices to MOET.
5. MOET reviews, certifies, and then submits certificates and invoices to the relevant State Treasury (ST), State Treasury checks, approves, and send them back to MOET.
6. MOET sends the request for payments out of IDA and donors' funds to Service (commercial) bank.
7. The Service (commercial) bank makes payment out of IDA and donors' funds to the Contractors.

School Education Grants and School Student Grants

188. *Grants mechanism.* Eligible expenditures are recognized for disbursement when the grant amounts are actually received by the schools. It is critical to have comprehensive control framework to ensure the grants received by the schools are used for intended activities. The control framework will at least include two key parts: (i) criteria on delivering grants to schools, e.g. a fixed amount for each school or an amount

based on number of students; and (ii) reporting, monitoring and auditing arrangements on how the schools use the funds after the grants are delivered.

189. *Current allocation* is a USD1,050.70 school education grant and a USD2,050.00 school student grant per semester for each school of 281 pupils and 12 classes in size. The allocation will vary depending on school size and poverty level taking into account weighted factors.

190. *Eligible expenditures under school education grant include:* (i) Utilities for school (electricity, phone/fax); (ii) Textbooks for emergency use; (iii) Classroom consumables (notebooks, pencils, paper, chalk, etc.); (iv) Information campaign on Full-day schooling; (v) Small-scale repairs and maintenance of school facilities/buildings to help the most disadvantaged children to go to school; (vi) Essential extra-curricula activities related to education and culture; and (vii) Lunch caretaker.

191. *Eligible expenditures under school student grant include:* (i) Partial financing of an average lunch program for a T30 school of 281 pupils; (ii) Hire of two (2) local-minority teaching assistants; (iii) Attendance rewards; (iv) Emergency clothing for very poorest; and (v) Performance award for ethnic minorities.

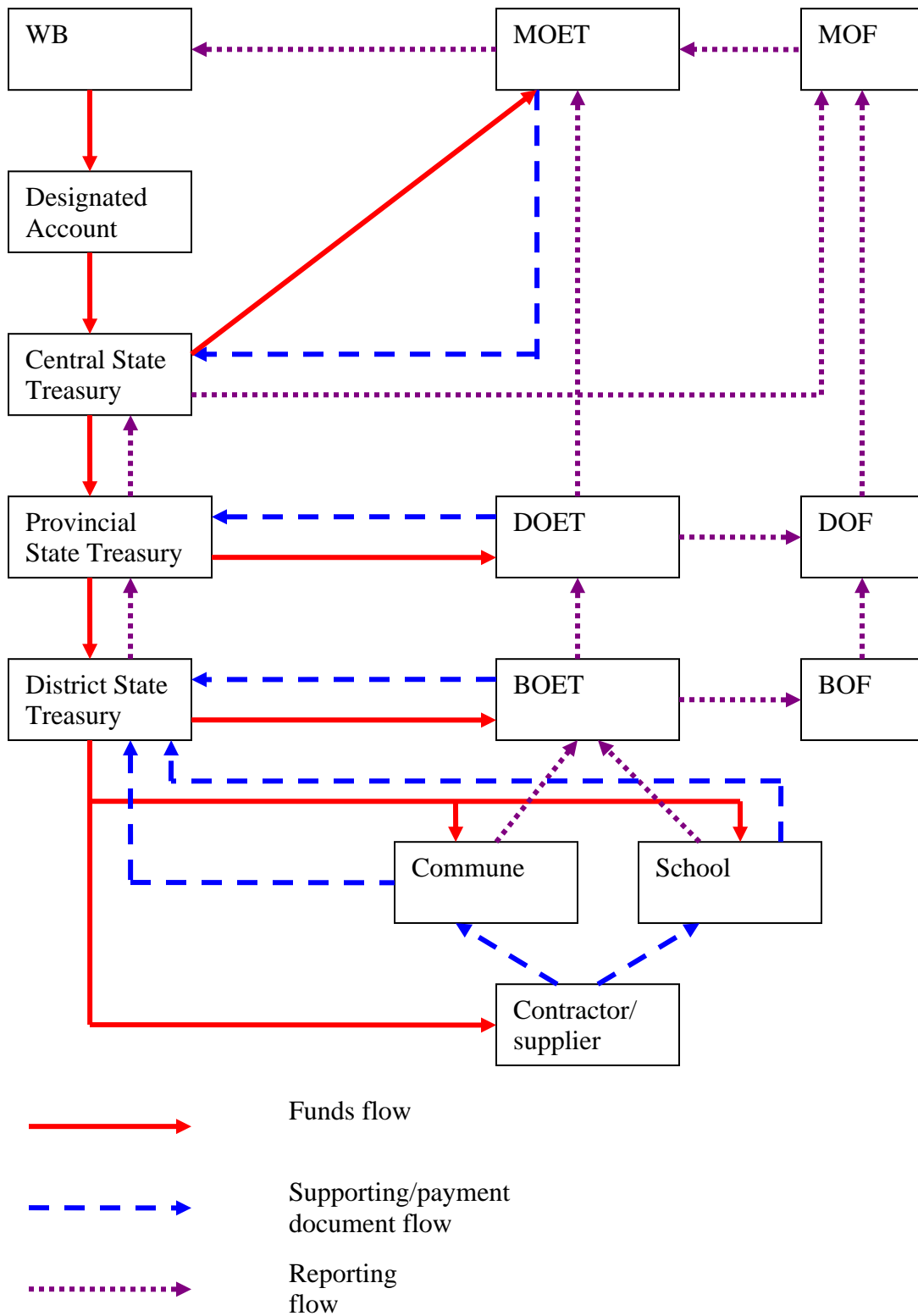
192. District state treasuries will open two deposit accounts for each schools: one for the school education grant with the school principal is the account holder; the other for the school student grant which will require signatories from both the school principal and the head of the parents' association.

193. Schools and parents' association are allowed to use the grants money on eligible expenditures listed above as they wish. Schools will then report to BOET on funds receipts and uses of funds. BOET will be responsible for reconciliation with district state treasury for all schools within its district and report to DOET and DOF. There will be "grant agreements" between BOET and schools specifying grant amount, eligible expenditures, reporting conditions.

194. Grants to schools for recurrent expenditure and funding to commune for construction will be transferred to schools' and commune's deposit account at district state treasury. In case schools and communes do not have or cannot open an account at district state treasury, grants will be transferred to BOET's account at district state treasury and BOET will then further advance to schools/communes. Schools/communes will submit supporting documents to BOET to clear advances. BOET will record/account for these expenditure and report on behalf of schools/communes. Accounting and reporting function will stay at district and provincial level to facilitate consolidation and reconciliation.

195. The joint semi-annual supervision among donors and government agencies (MOET, MOF, ST) will visit some schools to ascertain grant usage. The external independent auditor will also be required to visit a sample of schools during their annual audit of the whole SEQAP.

Chart 1: Overview of fund flows and reporting flows for on-budget expenditure



Summary of FM conditions of negotiation, effectiveness and legal covenants

Actions	Responsibility	Date of Completion
Agree on template of six-monthly IFRs for report-based disbursement and annual financial reports	MOET, MOF, State Treasury, WB	Negotiation
Issue final Financial Management Manual (as part of the Operational Manual)	MOET, MOF, State Treasury, MPI	Effectiveness
Issue final Joint Inter-Ministerial Circular between MOET and MOF	MOET, MOF	Effectiveness
Opening code for SEQAP and sub-codes for expenditure types within state budget lines	MOET, MOF	Effectiveness
Deliver trainings on Joint Circular, FM Manual, MOU, and PPC's Decision and on program implementation including FM arrangements	MOET, MOF, State Treasury, PPC	Legal covenant
Issue final MOU between MOET and PPC	MOET, PPC	Legal covenant
Issue final Decision by PPC on accounting and reporting mechanism for SEQAP	MOET, PPC	Legal covenant

Supervision Plan

196. The supervision strategy for this program is based on its FM risk rating, which will be evaluated on regular basis by the FMS and in consultation with relevant task team leader.

Annex 8: Procurement Arrangements

VIETNAM: School Education Quality Assurance Program

A) General

197. Procurement of civil works contracts and school grants' consumables for the proposed Program would be carried out in accordance with the World Bank's "Guidelines: Procurement under IBRD Loans and IDA Credits" dated May 2004, revised October 2006; and "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated May 2004, revised October 2006, and the provisions stipulated in the Financing Agreements. The general descriptions of various items under different expenditure categories are provided below. For contracts to be financed by IDA and development partners under the Program, the different procurement methods, or consultant selection methods, the application of domestic preference, estimated costs, prior review requirements, and time frame are agreed among the Borrower, other development partners and the Bank and are reflected in the first 18 months Procurement Plan. The Procurement Plan will be updated at least annually or as required to reflect the actual Program implementation needs and improvements in institutional capacity. A general procurement notice (GPN) shall be published in the *UNDB online* and in *dgMarket* as soon as possible but no later than credit effectiveness. A Specific Procurement Notice (SPN) shall be published in a national gazette or a national newspaper or in an electronic portal with free access, prior to inviting bids or requests for expressions of interest for any contract to be financed under the Program. SPN's for all ICB contracts, if any, and consultant contracts estimated to cost equal to and greater than US\$200,000, shall also be published in *UNDB online* and in *dgMarket*.

198. **Institutional Arrangement and Procurement Responsibilities:** Due to the decentralized implementation setup in SEQAP as described in Annex 6, most procurement activities will be handled at district level and down to commune/school level, especially for school construction. At central level – MOET, with the help of a part-time international procurement advisor and six local regional procurement officers, will undertake all procurement for all components where ICB is required and also all procurement of goods⁶⁴, and consulting services required to support the centrally based Components 1 and 4; they will also provide training and support to local levels to build procurement capacity at all levels, and will review procurement audit findings and conduct lessons learnt workshops. At provincial level – the DOET will hire local individual consultants, such as part-time support to FDS planning, community coordinators, and will conduct provincial workshops and in house training. At district Level – the PPC will authorize the DPC to undertake GOV-financed goods procurement through the BOETs for small office equipment, learning materials, teaching aids and furniture. For civil works under Component 3, the DPC will arrange procurement to be undertaken using NCB or Shopping, by either: (i) establishing a procurement technical committee; or (ii) authorizing the BOET; or (iii) authorizing the CPCs/schools themselves, if the DPC considers that there is sufficient capacity at commune level when

⁶⁴ To be financed 100% by GOV.

supplemented by hiring consultants. BOETs will conduct local in house training of school principals, teachers and administrators under Component 2. Local in house training may not need any external consultant services but small amounts of consumables and facility rentals will be needed, which will be procured by the BOETs using the Government's own established procedures acceptable to the Bank. At School Level – Grants to individual schools and their parent associations for pupils' welfare will be made to cover some incremental recurrent expenditure needed for the move to FDS. The grants will range between US\$1,000 for School Education Grant and US\$2,000 for School Student Grant per school per semester. BOETs will undertake the consolidation and coordination of the school-level planning and administration of the grants as well as being responsible for supervising school principals and administrators in disbursement at individual school level. All procedures, possibly including small scale procurement, will be specified in Grants Operations Manuals satisfactory to the Association and finalized as a condition of disbursement of grants.

199. **Preparation of Bidding Documents.** MOET and the BOETs will prepare bidding documents according to the division of responsibility described above. For ICB, if any, and all competitively recruited consultant services, the Bank's standard bidding documents and RFP shall be used. For NCB, the Bank's Vietnamese Sample Bidding Documents (SaBD) for NCB Works which are being used in other Bank financed projects shall be used, subject to the modifications stated in the NCB Annex in the financing agreement.

Procurement of Works (approximately US\$47.0 million):

200. Works to be financed under the Program will be limited to upgrading of school infrastructure and facilities, construction of additional adjoining classrooms, utility rooms for teachers and pupils, and toilets. The value of works is likely to range between US\$5,000 and US\$80,000 per school site.

201. Due to the scattered locations of work throughout the 35 Program provinces, packaging is unlikely to produce larger contracts and bidding is unlikely to attract international contractors, although they will be free to participate if they so choose. Therefore, procurement will be through Shopping or NCB, subject to the following thresholds:

NCB – for civil works contracts estimated to cost equal to and greater than US\$100,000 and less than US\$3,000,000 each.

Shopping – for civil works contracts estimated to cost less than US\$100,000 each.

202. In the event that packaging produces contracts estimated to cost US\$3,000,000, or more they will be procured by MOET through ICB procedures. Domestic preference will apply for all civil works ICB contracts, if any. No procurement of works by Direct Contracting will be permitted, except in exceptional cases provided for in paragraph 3.6 of the Guidelines and subject to the Bank's prior approval on a case by case basis.

Procurement of Goods (approximately US\$11.0 million):

203. Goods other than small school consumables under the Grants will be 100% financed by the Government under the Program, and will comprise office equipment, teaching materials, teaching aids, emergency supply of textbooks and classroom and other school furniture.

Selection of Consultants (approximately US\$13.3 million):

204. Procurement of consulting services will be in accordance with procedures in the Bank's *Guidelines on Selection and Employment of Consultants by World Bank Borrowers* dated May 2004, revised in October 2006 (the Consultant Guidelines). Procurement of consultant services will use the Bank's *Standard Request for Proposal – Selection of Consultants*. All consultant contracts will use the Bank's standard Forms of Contract for Consultant Services.

205. Services of consulting firms will generally be procured through the Quality- and Cost-based Selection (QCBS) method or Quality-based Selection (QBS) depending on the technical complexity of the consultant services. However, for assignments estimated to cost less than US\$200,000 equivalent per contract, Selection Based on the Consultants' Qualifications (CQS) may be used, and, for external financial and procurement audit assignments, the Least Cost Selection Method may be used. Services for tasks under circumstances which meet the requirements of paragraph 3.10 of the Consultant Guidelines may, with the Bank's prior agreement, be procured through the Single Source Selection method. Services requiring hiring of individual consultants may be procured in accordance with the provisions of Section V of the Consultant Guidelines, whereas Sole Source Selection of individual consultants may be done only with the Bank's prior agreement and under the circumstances described in paragraph 5.4 of the Consultant Guidelines. Shortlists of consultants for consulting services estimated to cost less than US\$200,000 equivalent per contract may be composed entirely of national consultants. Architectural and supervision fees under the school construction will be 100% financed by the GOV.

School Education and Student Grants (approximately US\$41.9 million):

206. The Program will support primary schools to move from half-day schooling to FDS. There will be two kinds of grants, one to the schools and the other to their parent associations. School Education Grants to individual primary schools will be made to cover certain eligible expenditure including recurrent costs such as utilities, classroom consumables, FSD information and awareness campaign, small repairs and maintenance to school facilities, extra curricula activities, along the lines of the Campus Support Fund of the PEDC Project. The School Student Grant to a school's parent association will be made to cover other eligible expenditures not covered under the School Education Grants, such as providing school lunches (approved by the RVP as eligible expenditure of SEQAP), a language assistant for minority students, and emergency needs such as clothing for the very poorest. Grant amounts will be about US\$1,000 per School

Education Grant and about US\$2,000 per School Student Grant per school per semester. Schools will undertake planning and administration of their grants, which will be consolidated and coordinated by the BOETs. The BOETs will be responsible for supervising school principals and administrators in disbursement at individual school level. All small scale procurement under the Grants will be carried out using shopping procedures for goods and works and IC for language assistants and caretakers, and will be specified in the Grants' Operations Manuals satisfactory to the Bank before disbursement.

Training (approximately US\$40.1 million):

207. Training of school policy makers and administrators, primary education teachers, teacher assistants, parents and communities, and program management personnel, will be undertaken through local workshops and seminars. Most of the local training will be conducted in-house either by MOET, DOET or, in most cases, by BOETs. The training of trainers and procurement and financial management staff, and the award of overseas fellowships, will be conducted by MOET. No consultant services or Teaching Training colleges will be needed for these local training events. Training activities for each year will be included in the annual work plan, which will be subject to the approval of the Bank.

Incremental Operational Costs (approximately US\$23.6 million):

208. Incremental teacher salaries totaling US\$22.7 million will be needed for switching from half-day schooling to FDS and will be eligible to be financed by the Program. For sustainability, 50% of the incremental salaries will be paid through Government funds. Other incremental operating costs totaling US\$0.9 million at the central level such as office rental and utilities, bank charges, supervision travel per diems will also be needed, with reimbursement based on SOE procedures acceptable to the Bank.

B. Assessment of the agency's capacity to implement procurement

209. The Procurement Capacity Assessment was conducted between late August 2008 and early March, 2009, by an international procurement consultant, and was reviewed and cleared by the Program designated procurement accredited staff, in line with the Bank's "*Revised Instruction for Carrying out Assessment of Agency's Capacity Assessment to Implement Procurement; Setting of Prior-Review Thresholds and Procurement Supervision Plan*" issued by the OPCPR on July 15, 2002. The Assessment was also based in part on a review of a sample of procurement transactions undertaken at central, provincial, district, and commune levels over approximately the last two years. The high risk rating was cleared during QER. Due to the decentralized nature of implementation of this Program, especially for civil works, further work on capacity assessment at the commune level was undertaken, which confirmed the high risk rating before mitigation and substantial rating of residual risk.

210. **Review of Sample Contracts.** Data were gathered in three provinces for a total of 26 contracts. Master lists of contracts did not exist and it cannot be determined whether the sample was statistically representative of all education sector contracts. The key findings from the sampling analysis were:

- Management of procurement records was, on the whole, unsystematic.
- Some contracts exhibited an unusually low spread of bid prices, which is an indicator of possible collusion during the bidding process.
- In some cases, the speed with which bid evaluation was conducted gave rise to doubts about its thoroughness.
- Except where prior review was required, the time taken from calling bids to signing a contract was quicker for donor-funded NCB than for GOV-funded open and limited bidding.
- There was no difference between the number of bidders for GOV-funded open bidding and limited bidding.
- Some bid openings are delayed slightly beyond the advertised closing date and time.
- Final payments to some consultants were reduced retroactively from the signed contract amounts, after they had completed their assignments satisfactorily.

211. Assessment of procurement capacity at the commune level revealed that it is rare to find any members of CPCs or school administration staff that have the MPI procurement certification. However, there are cases where communes and schools have carried out civil works procurement, although none were found on Bank-financed projects. In every case, the services of consultants have been utilized for design, procurement and construction supervision. The Program should encourage the development of capacity for carrying out improvements to educational facilities at the local level and, therefore, the delegation of responsibility to CPCs and schools will be permitted in cases where the DPC adjudges that there is sufficient existing capacity when supplemented by consultants appointed to assist design, procurement and construction supervision.

212. **Country Procurement Assessment.** The most recent country procurement assessment was conducted under the Baseline Indicator System approach of the OECD/DAC in late 2006 by an independent assessor. Six of the 54 Sub-indicators in this methodology were found to be fully achieved (with a rating of “3”). Among other requirements, the Bank requires that at least 17 Core sub-indicators are fully achieved before a country is considered for inclusion in its initiative to pilot the use of country procurement systems. Out of the 17 core sub-indicators, Vietnam is rated “3” in only three sub-indicators.

213. **Legal Aspects.** There are some key differences between the 2006 Vietnam Law on Procurement (and its supporting 2008 Decree No. 58) and international good practice.

The Bank and five other donors (the Six Banks) are in discussions with the GOV to align Vietnamese public procurement procedures with international good practices. As a result of the gaps, the Six Banks are unable to accept the use of the national procedures for NCB, including the use of Vietnam SBDs without modification. For these reasons, the use of country procurement systems cannot be accepted for the Program and procurement should be carried out in accordance with the Bank's Guidelines.

214. **Risk Assessment.** Chapter 9 of the PER-IFA of April 2005, entitled "Public Procurement Management," notes in para 9.4 that "the procurement system continues to create a significant fiduciary risk that Government and donor funds will not be put to best use." In para 9.46 of the same chapter, the PER-IFA notes, in connection with the decentralization of procurement responsibilities, that "Enhancing technical and managerial capacity at decentralized levels for performing approval and award processes, along with greater capacity for review by oversight bodies is essential in order to minimize the potential fiduciary risk of delegation".

215. The BIS review of the country's procurement system finalized in February 2007, found that all four Pillars were being only partially achieved (the second lowest ranking out of four in the OECD/DAA methodology) while only 25% of the main Indicators within the four pillars were being fully achieved. These findings indicate a high risk procurement environment.

216. The introduction of the 2006 Law on Procurement and 2008 Decree No. 58 as implementing rules and regulations for the Law, have raised further concerns on aspects of departure from best procurement practice exhibited by the new regulatory regime. The Bank and five other donors have raised these concerns with GOV. Furthermore, the sample contract review carried out as part of this Procurement Assessment revealed a number of concerns about the current fiduciary risk of the procurement environment in Vietnam, especially at provincial and district levels.

217. For these above reasons, the overall procurement risk for this Program is **high** at this time. The risk will be mitigated through a wide range of strengthening measures that are being incorporated in the Program design and legal agreements, as listed in the Action Plan below. The residual risk after mitigation is assessed as **Substantial**.

Risk Mitigation and Performance Improvement Plan

218. To mitigate the high risk on procurement for the Program, and to improve the procurement performance of all levels, the following Procurement Capacity Improvement Plan is proposed:

Risk	Action	Carried Out by	Time Frame
Lack of familiarity with Bank Guidelines	Conduct procurement workshop	Bank procurement-accredited specialist	At Program launch
Lack of understanding of Program objectives, procurement content and agreed procurement procedures.	Prepare Procurement Manuals for various levels acceptable to the Bank.	MOET with the assistance of the International Consultant	Three months after appointment of the International Consultant
	Conduct procurement & lessons learnt workshops	MOET/ Bank team including procurement-accredited specialist	At Program launch and periodically thereafter.
Weak oversight by MOET Program management team	Recruit a part-time international and six local regional procurement officers to the team	MOET	Recruit by three month after effectiveness
	Prepare annual procurement plans and semi-annual procurement monitoring and contract progress and expenditure reports.	All implementing agencies. MOET to consolidate.	Procurement Plan for first 18 months of implementation has been prepared and will be agreed by Negotiations. Annual updates of procurement plan(s) and semi-annual progress reporting.
Weak capacity at commune and school level to undertake civil works procurement.	DPC will delegate procurement to commune and school level only when capacity and previous experience is adjudged to be satisfactory. If necessary, communes/schools will be obliged to appoint consultants to assist the process.	DPC with MOET and Bank oversight.	During district level planning of civil works procurement and prior to commencement of any local level procurement.
Non-compliance with agreed procurement procedures	Hire independent external procurement audit firm to carry out post reviews and annual procurement audits. Organize annual procurement audit findings workshop.	MOET to recruit	At least six months before the due date of submission of the first procurement audit.
	Regular supervision missions	Bank Program team	Semiannually after Program start-up
Low quality and quantity of Program deliverables	Include in the TOR of the external procurement audit firm that will carry out post reviews, the physical verification of program deliverables through periodic and random site visits for the whole duration of the Program	MOET to include in TOR and after each audit, conduct a 'lessons learned' workshop for Program staff	At least six months before the due date of submission of the first procurement audit.
Possible collusion and other irregularities in procurement	Raise awareness of Bank's Anti Corruption Guidelines. Provide training to implementing agencies and beneficiaries on Red Flags in procurement and anti-corruption provisions in bidding documents.	Bank procurement-accredited specialist / Governance Specialist	At Program launch and periodically thereafter.

	Conduct procurement audits and procurement post reviews (PPR) biannually.	MOET through Procurement Auditor. Bank staff to validate procurement audit findings	Annually Semi annually.
Poor management of procurement records	Mandate adoption of a records management system through the Program Implementation Manual and inclusion in the procurement manual	MOET and Bank staff to monitor adoption	Start 3 months after effectiveness
Lack of transparency on bidder selection	Publish procurement plans, bidding opportunities under open competition and results of all bidding exercises in accordance with Law on Procurement. Enhance demand side accountability by creating awareness among, beneficiaries such as schools, PTAs and communities about the Program of work, the budget and the agreed implementation schedule and sources of procurement information.	MOET and each DOET on MPI website and on notice boards at end user location. MOET and each DOET through communication activities.	Continuously. Continuously
Unfair or biased handling of complaints	MOET and each DOET to designate a focal person to receive and log complaints and ensure they are addressed	MOET and each DOET and publish on notice boards and MOET website	Designate focal persons one month after effectiveness

C. Procurement Plan

219. The initial Procurement Plan for the first 18 months of the Program has been prepared by MOET for Program implementation, and provides the basis for the procurement methods for contracts financed by the Credit and multi-donors' grants. This plan will be agreed between the GOV and the Bank Team by Negotiations. The Procurement Plan will be available in the Program's database and in the Bank's external website. The Procurement Plan will be updated in agreement with the Bank Team annually or as required to reflect the actual Program implementation needs and improvements in institutional capacity.

D. Frequency of Procurement Supervision

220. In addition to the prior review supervision to be carried out from Bank offices, the capacity assessment of the Implementing Agency has recommended ex-post reviews will be made of 20% of all contracts not subjected to prior review, in line with the Bank's high risk rating. Ex-post reviews will be carried out by an external procurement audit consulting firm, a sample of whose findings will be validated by Bank procurement staff during semi-annual supervision missions. Field office procurement staff will make short

but regular monitoring and capacity building visits to BOETs, if needed, between official supervision missions.

E. IDA Review Requirement

221. The following contracts will be subject to the Bank's prior review: (a) all works contracts procured by ICB, if any; (b) the first contract for works procured by the first 10 district BOETs (or CPCs/schools if delegation of procurement responsibility is authorized by DPCs) under NCB procedures and Shopping, irrespective of value; (c) each contract for works estimated to cost the equivalent of US\$500,000 or more; (d) each contract for consultants' services provided by a firm estimated to cost the equivalent of US\$100,000 or more; (e) each contract for the employment of individual procurement and financial consultants irrespective of value; (f) each contract involving Single-Source Selection of firms or Sole-Source Selection of individual consultants, irrespective of value; and (g) the contract for external financial and procurement audits provided by firms procured through Least Cost Selection, irrespective of value. All other contracts shall be subject to ex-post review by the external procurement auditors as mentioned above, and/or by the Bank.

Attachment 1

Details of the Procurement Arrangement involving international competition.

1. Goods and Works and non consulting services.

List of contract Packages for works which will be procured following ICB and Direct contracting:

None is expected for ICB; and direct contracting may not be used for the procurement of works other than in exceptional cases provided for in paragraph 3.6 of the Guidelines and subject to the Bank's prior approval on a case by case basis.

2. Consulting Services.

List of Consulting Assignments with short-list of international firms.

1	2	3	4	5	6	7
Ref. No.	Description of Assignment	Estimated Cost	Selection Method	Review by Bank (Prior / Post)	Expected Proposals Submission Date	Comments
1.	Improved pedagogical focus and QA for FDS under Comp 1.2.1	US\$153,000	QBS	Prior	June 2010	
2.	Assessment of student learning outcome year 2011 (design & data collection phase) under Comp 1.2.1	US\$480,000	QBS	Prior	Sept. 2010	
3.	Assessment of student learning outcome year 2011 (data analysis and report writing) under Comp 1.2.1	US\$200,000	QBS	Prior	Sept 2011	
4.	Assessment of student learning outcome year 2014 (design & data collection phase) under Comp 1.2.1	US\$550,000	QBS	Prior	July 2014	
5.	Assessment of student learning outcome year 2014 (data analysis and report writing) under Comp 1.2.1	US\$200,000	QBS	Prior	July 2015	
6.	Financial Audit	US\$300,000	LCS	Prior	Sept. 2010	2 contracts for 3 years each
7.	Procurement Audit	US\$300,000	LCS	Prior	Sept. 2010	2 contracts for 3 years each

Annex 9: Economic and Financial Analysis

VIETNAM: School Education Quality Assurance Program

A) Economic Analysis

222. This section summarizes the economic analysis carried out to identify the expected economic viability of SEQAP. With strong benefits due to improved learning outcomes and increased completion the benefits of SEQAP are projected to far exceed the costs, confirming that this is an economically viable and desirable program. The analysis concludes that at 10% discount rate, the benefits of the program are projected to outweigh the costs with a lower bound net present value (NPV) of US\$1.76 billions and an internal rate of return (IRR) of 28%.

223. In all instances we attempted to be conservative in the estimations in this analysis. In particular, only benefits associated with the schools to be transferred from half day schooling (HDS) to full day schooling (FDS) were considered, while SEQAP will also have broader benefits going beyond the target schools, and only private, rather than both private and social benefits were predicted.

Program Costs:

224. Program costs discounted at 10% are shown in Table 1 below. Both investment and recurrent costs were obtained from the most recent costing figures of the program. In undiscounted terms, investment costs sum to about US\$ 115 million and recurrent costs (largely associated with limited incremental teacher salaries, operation and maintenance, supplies, and lunches) sum to about US\$ 65 million during the life of the program and about US\$ 19 million each year afterwards. Finally, opportunity costs are calculated by multiplying a fraction⁶⁵ of the number of new primary graduates and lower and upper secondary enrollees projected from 2012 to 2027 by the average yearly income of working youth at the equivalent age (according to VHLSS 2006 data). Overall, these costs sum to about US\$ 77 million. Combined the total discounted costs of the program are about US\$ 223 million.

⁶⁵ Corresponding to the proportion of primary, lower secondary and upper secondary age-equivalent youth earning money on the labor market – which is very low for primary school age children, but increasing for lower and upper secondary school-age youth.

Table 1: Discounted project costs of SEQAP (10% discount rate)

year	investment costs	recurrent costs	opportunity costs	Total costs
2009	\$495,000	\$18,000		\$513,000
2010	\$13,442,727	\$130,000		\$13,572,727
2011	\$19,704,959	\$3,858,678		\$23,563,636
2012	\$20,864,763	\$6,909,091	\$23,228	\$27,797,082
2013	\$18,724,131	\$9,813,537	\$85,609	\$28,623,277
2014	\$11,039,981	\$11,331,814	\$179,629	\$22,551,424
2015	\$2,165,886	\$10,618,319	\$295,384	\$13,079,590
2016		\$9,653,017	\$481,765	\$10,134,783
2017		\$8,775,470	\$774,005	\$9,549,475
2018		\$7,977,700	\$1,150,941	\$9,128,641
2019		\$7,252,455	\$1,678,257	\$8,930,712
2020		\$6,593,141	\$2,168,501	\$8,761,642
2021		\$5,993,764	\$2,459,497	\$8,453,261
2022		\$5,448,877	\$2,952,774	\$8,401,651
2023		\$4,953,524	\$3,235,811	\$8,189,335
2024		\$4,503,204	\$1,784,713	\$6,287,916
2025		\$4,093,822	\$1,803,758	\$5,897,579
2026		\$3,721,656	\$1,695,723	\$5,417,379
2027		\$3,383,324	\$1,123,425	\$4,506,749
Total (present value)	\$86,437,448	\$115,029,393	\$21,893,019	\$223,359,860

Program Benefits:

225. SEQAP will have two main expected benefits:

- a) Improvement in primary learning outcomes for beneficiary schools and students in HDS, through increased instructional time (to at least 30 periods per week) combined with improved teacher and teaching quality, better facilities, more teaching learning materials and improved school management (Component 1 and 2)
- b) Improvement in primary completion rates for beneficiary schools and students in HDS, through the same above variables, under the expectation that higher school quality also has positive effects on school retention (Component 1 and 2)

226. Other expected benefits include improvement in the attendance of some of the poorest and ethnic minority beneficiaries through the financing of targeted lunches, attendance incentives and teaching assistants in ethnic group languages (component 3); improvement in learning outcomes for schools already in FDS through improved teacher and teaching quality and management practices (through Component 2); improved learning outcomes and completion rates of secondary education, since improved learning outcomes in primary are the very foundation for improved performance in other education levels (Component 1 and 2); and indirect benefits of full day schooling, which have turned out to be very significant in countries applying this reform, such as decrease

in street violence and improved safety in general (improved safety was also mentioned as a benefit in the social assessment), improved health standards when lunches are provided, and increased women labor market participation rate. All these potentially large benefits have not been quantified leading to an under-estimation of the overall benefits of the reform. The analysis below is restricted to benefits (a) and (b) above.

227. Benefits (a) and (b) above from improved learning outcomes and increased completion were quantified estimating the total number of students moving from HDS to FDS thanks to SEQAP and the resulting total and/or new primary, lower secondary and upper secondary graduates – through student flow analysis - and the additional lifetime earnings associated with improved learning outcomes of the total graduates (effects of improved cognitive skills on earnings) and lifetime earnings associated with the new graduates (effects of schooling cycle completion on earnings). The main assumptions used for the student flow analysis are summarized below. The effects of SEQAP interventions on learning outcomes and primary completion are estimated through multivariate education production functions and completion rate regressions. While rate of return analysis is the main tool used to estimate the effects on lifetime earnings of completed schooling cycles and improved cognitive skills.

228. Main assumptions for student flow analysis:

-1,600 primary schools for a capacity of 542,400 primary students (assuming an average of 113 students per site) are transferred from HDS to FDS during the program investment phase (2009-2015). This is a bit less than the project target of 1700 schools to remain on the conservative side.

-schools start to function in the new regime –with corresponding student enrollment – in 2011; and school transition is gradually completed by 2015.

-student projections are quantified up to 2020- to allow for the cohort starting in 2015 to complete its primary education cycle.

-student population is stable over the program investment phase (to reflect the current population trend).

-survival to the last year of primary school is set at 85% (reflecting the survival rate of fairly disadvantaged groups according to the recent school census data) with a yearly repetition rate of 1% (same as above).

-for simplification – and to be on the conservative side - all students enter the labor market at the same time (at 17, which corresponds to the formal end of upper secondary education) irrespective of the cycle completed and work up to the age of 60.

-completion of lower secondary is set at 70% and of upper secondary at 35% (reflecting the average for fairly disadvantaged groups).

a) Effects of SEQAP on learning outcomes

229. From SEQAP interventions to improvement in learning outcomes for the students in the 1,600 HDS schools moving to FDS: Results from a 3-level hierarchical linear model (HLM) education production function, regressing grade 5 Vietnamese and math learning outcomes to a set of student, classroom and school characteristics, are reported in Table 2. Both the size of the significant coefficients and the estimated magnitude of the

impact of program related variables (in score points) are reported – controlling for key student variables. Significant program related variables, or variables which will be affected by the program, include teacher subject knowledge score, teacher attribute as excellent, the availability of classroom resources, the number of meals, parental participation and, obviously, proportion of students in FDS. The magnitude of the effect of these variables on math and Vietnamese scores is proportional to the expected change in these variables triggered by the program - assumed to be equivalent to one or more standard deviations depending on the cases⁶⁶. For instance, focusing on the largest magnitudes and math result, it is expected that in the newly converted schools teacher subject knowledge would be at least two standard deviation higher than it would be if schools were continuing in the current HDS regime with no accompanying intervention – due to the significant training investment included for all program schools in component 2 – resulting in a difference of 26 score points in math and 20 score points in Vietnamese. Or still, it is expected that the investment in teaching-learning materials and new furniture also taking place in all program schools will easily increase the availability of classroom resources from 6 to 14 items per school (out of 16 advisable items) leading to a difference of four standard deviations in the variable or 12 score points. Along the same line, adding one additional meal in the program schools at least twice a week (corresponding to the T30 schedule) would bring to an increase of about 9 score points (corresponding to a difference of two standards deviations). Importantly, even after controlling for teacher, resource and school process characteristics, time to learn remains significant and moving from HDS to FDS (corresponding to a three standard deviation difference in the variable) would result in an increase of between 11 (Vietnamese) and 15 score points (math), representing in turn about 11 and 15% of a standard deviation of Vietnamese and math scores.⁶⁷ This result is generally in line with what is found from another set of regressions measuring the impact of one year of additional private tutoring in Vietnamese and math (equivalent to about 230 additional hours a year, or about 5-6 additional hours per week) on reading and math test scores measured across household members in grades 3 to 7, controlling for student characteristics.⁶⁸ The study finds that one additional year of private tutoring results in an increase of about 4% of a standard deviation of test scores, or about 20% of such a standard deviation in the case of five additional years of private tutoring (length of primary education cycle).

⁶⁶ All variables, except the dummies, are (score) grand mean centered, meaning that the effect on scores can simply be derived by adding to or resting from the grand mean the coefficient multiplied by the number of standard deviations. Test scores have been standardized with a mean of about 490 and a standard deviation of about 100.

⁶⁷ Since test scores have been standardized with a standard deviation of about 100.

⁶⁸ Hai Anh Dang and Paul Glewwe (2008): “Preliminary Report on Student Achievement and Private Tutoring in Vietnam” for World Bank - High Quality Education for All Report.

Table 2: Effects of SEQAP related variables on math and Vietnamese scores

	Math	Vietnamese	Math	Vietnamese
	Coefficients (*)	Coefficients (*)	Estimates of Size of Impact of Program Related Variables (**)	Estimates of Size of Impact of Program Related Variables (**)
Classroom variables				
Teacher Score	0.13	0.10	26 (2)	20 (2)
Teacher Gender	3.79	4.09		
Excellent Teacher	5.16		5	
Classroom Resources/materials	1.43	1.44	12 (4)	13 (4)
Teacher Possessions	0.51			
Average Travel Time		-0.24		
Average Days Absent	-2.51	-2.02		
Average Grade Repetition		-7.25		
Average Parental Support	10.57	9.03		
School variables				
Average Homework	14.65	13.10		
Average Meals	15.62	15.32	9 (2)	9 (2)
Pupil Behavior	-36.75	-31.24		
Average Days Absent				
Average Teacher Score				
Teacher Training				
Percent Students Full Day	15.16	10.62	15 (3)	11 (3)
Percent Female Teachers	20.10	18.59		
Parental Participation	1.39	1.51	5 (4)	5 (4)
Average Parental Support				
Student variables controlled for (***)				
<i>Overall increase in score points</i>			Increase by 72 score pts	Increase by 58 score pts

Source: Grade 5 learning outcome assessment study; (*) Only significant coefficients are reported; (**) Increase in score points (between brackets, difference in standard deviation); (***) Significant student variables controlled for include age, ethnic background, days absent, travel time, grade repetition, homework, and parental education and support.

230. From improvements of learning outcomes to increase in earnings: The overall combined effect of all interventions would reach between 58 and 72 score points – representing between 12 and 15% of the mean score in respectively Vietnamese and math, or, yet, between 58 and 72% of a standard deviation in Vietnamese and math. The household testing paper results confirm that an increase of about 12 to 15% in test scores is equivalent to about two years of schooling (see Table 3) and, along the same line, the

same paper finds that five years of private tutoring (leading to a difference of about 20% of a standard deviation of test score) are also equivalent to about two years of schooling (since each schooling year is associated with a difference of about 10% of a standard deviation of test score). Earning regressions⁶⁹ analysis on 2006 VHLSS data confirm that one additional year of schooling generates a 5% increase in earnings (Table 4) – which would imply that two additional years of schooling would be equivalent to an increase in earnings of about 10%. Along the same line, even without making an equivalency with years of schooling, a review of the international literature on rates of returns and cognitive skills⁷⁰ confirms the strong relation between an increase in cognitive skills generated through education and higher rates of return, leading to the estimation that one standard deviation of test scores represent, on average, between a 10 and 30% increase in lifetime earnings. In this context, an increase of between 58 and 72% of a standard deviation of test scores would lead to an increase of at least 10% in earnings, bringing to a similar result than the years of schooling equivalency.

Table 3: Household Test Scores in 2007-08

<i>Grade Completed</i>	Reading (easy test) % score (*)	Math (easy test) % score (*)	Reading (easy test) % score (**)	Math (easy test) % score (**)
3	59	55		
4	65	60		
5	67	61	62	55
6	68	61	63	60
7	77	70	69	63
8			71	64
9			79	73

Source: Dang and Glewwe (2008). Notes: (*) by grade completed in 2006 and students in school in 2006-07 school year; (**) by current grade in 2007-08 and students in school in 2007-8 school year

Table 4: Vietnam - Returns to education (2006) - Employed for wages (*)

<i>Overall</i>	
Years of schooling	0.05
<i>By education level</i>	
Primary/incomplete primary	0.094
Junior Sec./primary	0.055
Senior Sec./ primary	0.210
Tertiary/primary	0.648

Source: VHLSS 2006; (*) Basic controls only

⁶⁹ Using simple Mincerian regressions controlling for workers' basic characteristics.

⁷⁰ See for a review of past literature and new evidence on the link between cognitive skills and rates of return Sakellariou and Patrinos (2008): "Cognitive and non-cognitive components of the return to schooling: Multi-country evidence".

231. From earnings increase to overall quality related benefits of SEQAP: a student flow analysis was undertaken to estimate the overall benefits associated with quality improvements under the assumptions highlighted above. Under these assumptions, applying a 10% increment in private earnings over the working life of overall primary graduates of SEQAP schools (and corresponding lower secondary and upper secondary graduates assuming primary graduates continue to and complete these additional cycles according to the current completion rates for fairly disadvantaged students), and discounting at 10% both the incremental earnings (to year 1) and the total benefits associated with student cohorts entering the labor market at different years (to 2009), we obtain a total benefit associated with the quality improvements of SEQAP of about US\$ 1.8 billions. Table 5 below shows the detail on primary, lower secondary and upper secondary graduates and the related discounted total differential earnings (based on the discounted incremental salaries corresponding to 10% over the yearly salaries of graduates with different education levels).

Table 5: Total graduates and discounted differential earnings

Years	Primary graduates entering the LM	Total discounted (to 2009) differential earnings	Lower sec graduates entering the LM	Total discounted (to 2009) differential earnings	Upper sec graduates entering the LM	Total discounted (to 2009) differential earnings
2018	3535	\$11,719,256	4125	\$15,585,793	4125	\$18,130,690
2019	10816	\$32,597,523	12619	\$43,344,820	12619	\$50,422,299
2020	18822	\$51,569,273	21959	\$68,569,683	21959	\$79,765,956
2021	26926	\$67,066,308	31414	\$89,176,441	31414	\$103,737,451
2022	30139	\$68,244,665	35163	\$90,744,462	35163	\$105,561,504
2023	29049	\$59,796,859	33891	\$79,510,761	33891	\$92,493,528
2024	28249	\$52,863,703	32957	\$70,290,481	32957	\$81,767,731
2025	27765	\$47,234,519	32393	\$62,806,895	32393	\$73,062,203
2026	27601	\$42,686,834	32201	\$56,758,751	32201	\$66,026,498
2027	20084	\$28,237,527	23432	\$37,547,424	23432	\$43,678,285
		\$462,016,466		\$614,335,511		\$714,646,147
		Disc salary increment: \$ 7,817		Disc salary increment: \$ 8,909		Disc salary increment: \$ 10,363
Total benefits	\$1,791,031,495					

b) Effects of SEQAP on primary completion

232. From SEQAP interventions to increase in completion rate: A probit function was undertaken to identify the determinants of primary completion in Vietnam merging the most recent VHLSS data (2006) with the primary school census (DFA 2006-07) – to be able to relate education outcomes to students and schools’ characteristics. The regression

was estimated overall and for vulnerable population groups. Table 6 below reports the results for the overall sample (results are similar for vulnerable groups). As above, both the size of the significant coefficients and the estimated magnitude of the impact of program related variables (in increases in probability of completion) are reported – controlling for key student variables. Significant program related variables, or variables which will be affected by the program, include presence of a library (or at least shelves with teaching materials in the school), parental participation, proportion of students in FDS and average attendance in terms of school days per year.⁷¹ The magnitude of the effect of these variables on primary completion is proportional to the expected change in these variables triggered by the program. For instance, it is expected that libraries may be provided in about half of the schools resulting in an increase of about 5% in the probability of completion for the beneficiary students (assuming access increases from 0 to 50%). Or, still, an increase in at least 30% in active parental participation could be expected in SEQAP schools resulting in a 3% increase in the probability of completion. Finally, the regression results confirm the importance of time to learn to improve completion – both in terms of learning sessions per day and number of school days per year. In fact both are related since the effect of FDS decreases significantly when adding the attendance variable suggesting that FDS schools are also better at enforcing the official number of school days. SEQAP will therefore both have an impact on the % of students in FDS (from 0 to 100% student coverage will lead to a 1% increase in the probability of completion – after correlated interventions such as teaching materials, parental participation and length of the school year have been controlled for) and on the length of the school year (comparing the average length of the school year for schools in full day and half day there is a difference of about 20 days which would therefore translate into another increase of about 2% in the probability of completion). Overall, SEQAP interventions would therefore result in an increase in the probability of completion for the beneficiary students of about 11%, which in turn would result in an increase in the survival rate to grade 5 to almost 95%.

⁷¹ It may appear surprising that the teacher education related variable has turned out not to be significant but, as shown above, it is really teacher subject/pedagogical knowledge which makes a difference more than education per-se – and this is where teacher training can make a difference.

Table 6: Effects of SEQAP related variables on primary completion

	Coefficients (*)	Estimates of Size of Impact of Program Related Variables (**)
Student-level variables		
Age	0.055	
Female		
Minority	-0.022	
Rural		
Household p/c expenditure	0.122	
School-level variables		
Teacher education		
% of students with access to library	0.001	5
Good conditions furniture		
Utilities (drinking water; toilet; etc)		
Active parental participation	0.001	3
% of student in full day schooling	0.0001	1
Average school days (per year)	0.001	2
Region fixed effects	Yes	
<i>Overall increase in probability of completion</i>		Increase by 11%

Source: VHLSS 2006/DFA 2006-07 merged dataset; (*) Only significant coefficients are reported; (**) In increases in probability of completion.

233. From increase in primary completion to completion related benefits of SEQAP: an increase in the survival rate to 95% for the beneficiary students translates into about 75,000 new primary graduates from 2012 to 2020, entering the labor market between 2019 and 2027. Assuming constant completion rates of lower secondary and upper secondary (conservative assumption), we obtain the number of new primary, lower secondary and upper secondary graduates reported in Table 7 below. In this case, salary increments correspond to the incremental earnings associated with the completion of additional education cycle (see Table 4 above) – where complete primary leads to an increase in earnings of about 9% over non complete primary; complete lower secondary to an increase of about 15% over non complete primary; and complete upper secondary to an increase of about 30% over non complete primary. Discounted lifetime salary increments are then multiplied by the new graduates at each education level joining the labor market and discounted back to 2009 for a total benefit associated with increased completion of almost US\$ 200 million.

Table 7: New graduates and discounted differential earnings

Years	New primary graduates entering the LM	Total discounted (to 2009) earnings	New lower secondary graduates entering the LM	Total discounted (to 2009) earnings	New upper secondary graduates entering the LM	Total discounted (to 2009) earnings
2019	123	\$259,244	144	\$505,842	144	\$1,011,684
2020	501	\$959,950	585	\$1,868,167	585	\$3,736,333
2021	1158	\$2,017,097	1351	\$3,922,134	1351	\$7,844,267
2022	2094	\$3,315,907	2443	\$6,447,596	2443	\$12,895,192
2023	3040	\$4,376,294	3547	\$8,510,261	3547	\$17,020,521
2024	3732	\$4,884,070	4354	\$9,496,803	4354	\$18,993,605
2025	4149	\$4,936,180	4841	\$9,599,119	4841	\$19,198,239
2026	4291	\$4,641,019	5006	\$9,023,904	5006	\$18,047,808
2027	3127	\$3,074,610	3648	\$5,978,136	3648	\$11,956,271
		\$28,464,372		\$55,351,961		\$110,703,922
		Discounted salary increment: US\$ 5,467		Discounted salary increment: US\$ 9,111		Discounted salary increment: US\$ 18,222
<i>Total benefits</i>	\$194,555,696					

Relating Costs and Benefits:

234. The final stage of the analysis is to compare costs and benefits which is done below in Table 8. Discounted at the standard 10% discount rate the benefits of SEQAP exceed the costs by about US\$ 1.8 billions. The associated internal rate of return (IRR) – or rate of return which brings the NPV to zero - is 28%.

Table 8: SEQAP cost-benefit summary

Benefits	Present Value
Improved learning outcomes	\$1,791,031,495
Increased completion	\$194,555,696
Total	\$1,985,587,191
Costs	
Investment	\$86,437,447
Recurrent	\$155,029,393
Opportunity	\$21,893,019
Total	\$223,359,860
NPV	\$1,762,227,331
IRR	28%

Sensitivity Analysis:

235. It is important to double-check to what extent our results are sensitive to our projections and/or assumptions by conducting some sensitivity or value switching exercise to see how the NPV and IRR change. We conducted three such analyses whose details and results are summarized in Table 9 below. While wage compression traditionally considered as a risk in economic analyses is not a major risk here given the relatively little number of new primary graduates, a decreased quality premium may be a risk if SEQAP's measures do not fully meet their expectations on education quality (decreasing rates of return are not a risk considering the markedly increasing trend since 1998)), as well as slow implementation of the program in terms of school (and student) transfer from HDS to FDS in its first years due to the prior training and capacity requirements which need to be fulfilled for transition to FDS. The sensitivity analysis shows that the benefits of SEQAP would still clearly outweigh its costs even with a significant decrease in the quality premium and slow initial implementation. The economic viability of SEQAP is confirmed.

Table 9: Sensitivity analysis

Sensitivity factor	Methodology	NPV	IRR
Principal analysis	Described in text	\$1,762,227,331	28%
Decreased quality premium	Halved: From 10 to 5%	\$928,140,448	22%
Slower implementation	50% decrease in total graduates in 2011/2012 and new graduates in 2012/2013	\$1,672,147,488	27%
Higher discount rate	Applied a 15% discount rate rather than 10%	\$581,396,211	28%

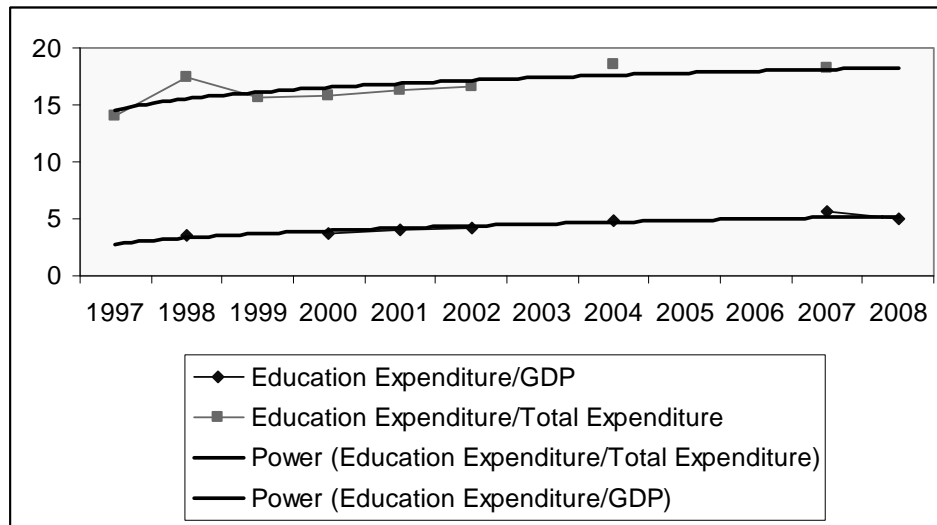
B) Financial Analysis

236. We undertake below an education expenditure review of Vietnam, followed by cost projections of SEQAP and beyond.

Education Expenditure Review

237. The expenditure review (see Table 1 for full figures) indicates very clearly that the priority given to education expenditure has been growing in Vietnam in the 1997-2008 time period. This appears clearly from the increases in real education expenditure (by almost 300%) between 1997 and 2008 and related increases in terms of GDP (from 3.5% to 5%) and total public expenditure (from 14% to 18%) (Figure 1). Along the same line, primary education expenditure also increased in real terms (by 165%), although its share of the total education budget decreased somewhat, and even more notably in per-student terms (by 300%), taking advantage of the rapidly decreasing primary student population (only recently stabilizing). This puts Vietnam in a particularly strong position to address new quality challenges – such as completing the transition to acceptable instructional time and continuing improving the state of the infrastructure.

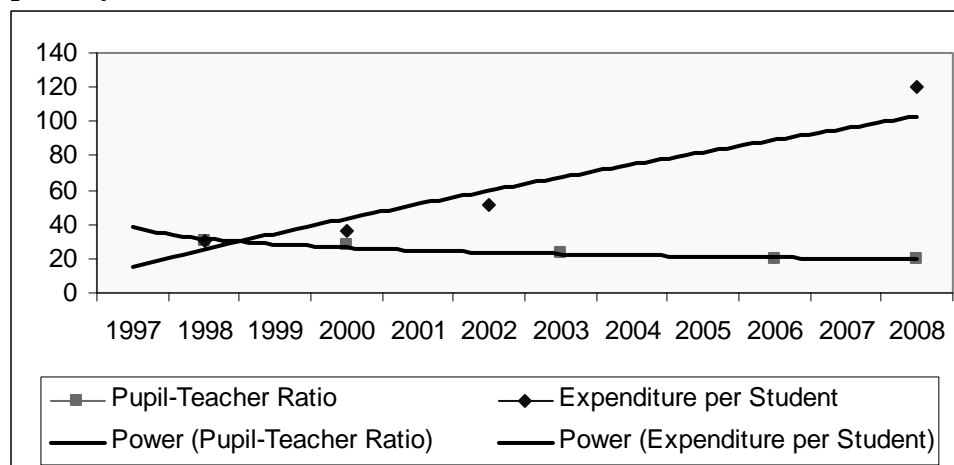
Figure 1: Education Expenditure as a ratio of GDP and Total Expenditure (%)



Source: Table 10

238. However, the trend in expenditure per student also indicates some growing inefficiencies in the system in terms of rapidly decreasing pupil-teacher ratios (Figure 2), accompanied by an increasing share of recurrent-salary costs, which the country will need to tackle to improve the cost-effectiveness of its education system. Possible options include not replacing retiring teachers, supporting larger class size, a more intense use of existing teachers and/or more efficient teacher deployment.

Figure 2: Education Expenditure per Student (US\$) and Pupil-Teacher ratio (primary)



Source: Table 10

Cost Projections/Fiscal Impact

239. **The share of the education budget associated with SEQAP is within reasonable limits.** Adopting the updated IMF medium-term projections on the growth of nominal GDP (2008-2013)⁷² (and assuming these projections continue to apply from 2014 onwards), and assuming a constant share of 5% of nominal GDP spent on education and training⁷³, we get a persistent increase in the total education budget, to a almost doubled level by 2020. Maintaining a share of 30% of this education budget for primary education also results in an almost twofold increase in this budget. In this context the share of the overall and primary education budget associated with SEQAP is within reasonable limits both in the program implementation period (where it will amount to an average of respectively about 0.4 and 1.3%) and operational period (where it will amount to an average of respectively about 0.2 and 0.7%). On the recurrent side, the estimated incremental recurrent costs of the program will represent about 0.5% of the recurrent primary education budget in the implementation period and 0.8% of the recurrent primary education budget in the operational period. In all cases this should not create any unreasonable financial burden on the MOET budget.

240. **The fiscal impact of the overall T30 reform is also sustainable but reaching T35 for all will require efficiency improvements.** Beyond the fiscal impact of the program itself, further projections were also made on the likely fiscal impact of transferring all remaining schools 100% in half day or with less than 100% of students with at least 30 periods a week to at least 30 periods per week by 2020 (this effort would include about 6000 schools, or 20500 sites, not yet converted to be converted by 2020). Assuming reasonably priced standard packages for one shift and double-shift main sites and one-shift satellite sites (which largely reflect the national relative needs for infrastructure; furniture; teachers' salaries – to reach the equivalent of a teacher-class group ratio of 1.3 for all schools – and other recurrent costs in this type of schools as per the DFA data) multiplied by the target sites, and the above education budget projections, we find that the fiscal impact of the overall reform will remain sustainable (reaching about 1.2% on average of the total education budget and 4.2% of the primary education budget over the 2014-2020 time period –including the continuous operation of SEQAP schools). However, this reform only implies reaching at least 30 periods a week for all schools while the country is planning to reach 35 periods a week for all schools by 2025, so costs will necessarily increase further. Additionally, the cost of replacing deficient classrooms has not been accounted in these projections. Therefore, while the estimates or reaching T30 for all are comforting, reaching T35 for all will require efficiency gains in teacher deployment and an effective resource mobilization policy (with a clear understanding of the relative public-private burden in financing the reform) to improve fiscal sustainability over the longer-run.

⁷² These projections factor in the possible negative implications of the international crisis on the Vietnamese growth rate.

⁷³ Which reflects the continuous increase in the education share since 2000 and the firm priority given to education reiterated recently in the 2008-2020 education plan.

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<i>In Billions VND</i>												
GDP (1)		361500		441646	481295	535762	613443	715307	839,211	974,266	1,144,015	1,486,514
Total Expenditure (2)	70,749	73,419	84,817	103,151	119,403	135,490	162150	187353	226935		357400	
Total Recurrent Expenditure (3)	48,825	49,998	51,551	68,045	75,084	80,566	102,521	121,238	154,978			
Total Salary Expenditure (4)	21,580	24,220	23,275	29,523	35,931	37,050						
Total Capital Expenditure (5)	21,924	23,421	33,266	35,106	44,319	54,924	59,629	66,115	71,957			
Total Education Expenditure (6)	9,979	12,750	13,232	16,344	19,505	22,596		34847			64903	73193
Total Education Recurrent Expend (7)	7,767	9,199	9,803	11,874	14,148	16,548	22,881	25,343	32,351	40,745	51880	59,295
Total Education Salary Expend. (8)	4,308	5,544	5,883	7,707	9,231	10,317						
Total Education Capital Expend. (9)	2,212	3,551	3,429	4,470	5,357	6,047		9,504			13023	13,898
(6)/(1) % Ratio of Educ Exp/GDP		3.53		3.70	4.05	4.22		4.87			5.67	4.92
(6)/(2) % Ratio of Educ Exp/Tot Exp	14.10	17.37	15.60	15.84	16.34	16.68		18.60			18.16	
(7)/(3) % Ratio of Educ Rec/Tot Rec	15.91	18.40	19.02	17.45	18.84	20.54	22.32	20.90	20.87			
(9)/(5) % Ratio of Educ Cap/Tot Cap	10.09	15.16	10.31	12.73	12.09	11.01		14.37				
(7)/((6) % Recurrent Educ Share	77.83	72.15	74.09	72.65	72.54	73.23		72.73			79.93	81.01
(9)/(6) % Capital Educ Share	22.17	27.85	25.91	27.35	27.46	26.76		27.27			20.07	18.99
Total Primary Education Expend. (10)		4497		5258	6380	7143		10803			19471	22015
Total Recurrent Primary Expend. (11)				4285	5187	5828		8815			15888	17964
Total Capital Primary Expend. (12)				973	1193	1314		1988			3583	4051
Number of Pupils (Primary) (13)		10250000		9751000		8841000	8350000			6894351		6753648
Number of Teachers (Primary) (14)		336792		347833			362627			347000		344763
(10)/(6) % Ratio of Pri Educ/Tot Educ		35.27		32.17	32.71	31.61		31.00			30.00	30.08
(11)/(10) % Pr Rec Educ Share				81.5	81.3	81.6		81.6			81.6	81.6
(10)/(13) (in 000 VND) Exp per Stud		439		539		808						3260
(13)/(14) % Pupil-Teacher Ratio		30.43		28.03			23.03			19.87		19.59
Total Education Expend. (2000 VND))	11033	13066	13023	16344	19505	21814		30262			44724	40674
Total Primary Education Exp. (2000 VND)		4608		5258	6380	6896		9381			13417	12234
Exp per Student (2000 VND)		450		539		780						1811

Source: Vietnam Public Expenditure Review (2005) up to 2002; MOF data and education sector projections after 2002; IMF- World Economic Outlook Database; *italic: estimates*

Table 11: Fiscal Impact Projections

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<i>In 2009 000 USD</i>												
GDP (nominal 000 USD)	117923819	132683036	148015787	165545891	185559532	207826675	232765877	260697782	291981516	327019297	366261613	410213007
Total Education Expenditure (nominal 000 USD)	5698105	6448568	7442299	8483105	9277977	10391334	11638294	13034889	14599076	16350965	18313081	20510650
% of GDP	4.83	4.86	5.03	5.12	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Total Education Expenditure	5698105	5916109	6411063	6894028	7113196	7515829	7941254	8390759	8865707	9367540	9897778	10458029
Recurrent Education Exp.	4615465	4792049	5192961	5584163	5761688	6087822	6432415	6796514	7181223	7587707	8017200	8471004
% of Recurrent Expenditure	81	81	81	81	81	81	81	81	81	81	81	81
Total Primary Educ Exp	1703733	1721588	1859208	2013056	2062827	2179590	2302964	2433320	2571055	2716586	2870356	3032828
% of Tot Educ Exp	29.90	29.10	29.00	29.20	29.20	29.00	29.00	29.00	29.00	29.00	29.00	29.00
Total Primary Rec Exp	1380024	1394486	1505959	1630576	1670890	1765468	1865400	1970989	2082555	2200435	2324988	2456591
% of Recurrent Primary Exp	81	81	81	81	81	81	81	81	81	81	81	81
Program Total Costs (000 USD)		513	14930	28512	36967	41782	36030	22648	18811	18811	18811	18811
Program Investment Costs (000 USD)		495	14787	23843	27771	27414	17780	3837				
Program Recurrent Costs (000 USD)		18	143	4669	9196	14368	18250	18811	18811	18811	18811	18811
Program Costs/Total Education Exp		0.009	0.252	0.445	0.536	0.587	0.479	0.285	0.224	0.212	0.201	0.180
Program Recurrent Costs/Tot Rec Exp		0.000	0.003	0.090	0.165	0.249	0.300	0.292	0.277	0.262	0.248	0.222
Program Costs/Primary Education Exp		0.030	0.867	1.534	1.836	2.025	1.653	0.983	0.773	0.732	0.692	0.620
Program Recurrent Costs/Prim Rec Exp		0.001	0.010	0.310	0.564	0.860	1.034	1.008	0.954	0.903	0.855	0.766

MOVING TO T30 FOR ALL

Total Cost of T30 (excluding SEQAP schools)						28310	65748	112315	111390			
Tot Investment Cost of T30						28310	56620	84929	56620	101337	110465	91284
Tot Recurrent Costs of T30							9128	27385	54770	28310	28310	
% of Tot Educ Exp						0.377	0.828	1.339	1.256	1.082	1.116	0.873
% of Primary Educ Exp						1.299	2.855	4.616	4.332	3.730	3.848	3.010
% Recurrent Total							0.142	0.403	0.763	0.962	1.025	1.078
% Recurrent Primary							0.489	1.389	2.630	3.319	3.534	3.716

Annex 10: Safeguard Policy Issues

VIETNAM: School Education Quality Assurance Program

Environment

241. SEQAP will contribute to develop a policy framework, enhance teacher quality and improve school infrastructure for transition to FDS. This program is classified as Category “C,” which has minor or no adverse triggers to environmental safeguards. Incorporating good civil works practices in the construction design and bidding contracts will ensure minimal, localized and mitigated impacts.

242. Civil Works Impact and Management. SEQAP will finance construction of primary classrooms within existing premises. Given the nature and scale of civil works for classroom and sanitary toilet construction, a formal environmental assessment report was not necessary. The program builds on existing practices of the on-going PEDC project, where a standardized classroom and sanitary toilet construction design is in line with policy guidance of MoET. The Education Equipment, Facilities and Toys Department of the MoET is responsible for setting construction standards of educational facilities and monitoring implementation activities. Classroom design will include appropriate ventilation, lighting, sanitation facilities and ramps for disabled students, as appropriate.

243. The assessment of PEDC confirmed that these types of construction activities have temporary, minor environmental impacts. They are normally limited to the construction phase. The impacts included dust and generation of construction waste which can be mitigated through good construction practices, including proper housekeeping measures, proper storage and disposal of excavated earth materials, and pollution control. Civil work contracts and procedures to address these impacts will be adopted for this program. Contractor bid specifications for school buildings, latrines and water supply wells have already been developed, inclusive of environmental provisions for demolition and construction techniques, unexploded ordinance (UXO), noise and dust, site and waste management, asbestos containing material management, cultural and historic resources, and provision of clean water and sanitation facilities. Guidelines for environmental management for construction activities for SEQAP have been prepared.

Social

244. The Bank’s safeguard policy on Indigenous People (OP4.10) is triggered. However, the Program is expected to have no adverse impacts on ethnic minority groups. But rather, positive impacts on improving education quality and decreasing inequity in learning outcomes of the ethnic minorities are anticipated. The program will be implemented in about 35 provinces country-wide of Vietnam. Selected provinces represent the most disadvantaged areas, including the mountainous and ethnic minority areas. Of the proposed 35 provinces, ethnic minorities are found in at least 20 provinces.

ETHNIC MINORITY ISSUES

245. Vietnam is a multiethnic society and is home to about 54 distinct ethnic groups of which the majority Kinh makes up approximately 86% of the population, minority groups almost 14%.

This is a substantial proportion of the population. The program's proposed 35 provinces represent all country's regions and include most of the ethnic minority groups. The main ethnic minority groups in the Northern region include Muong, Thai, Hmong, Dao, Tay, and Nung. In the Central Highland, the main ethnic minority groups are Ede, Ba na, Gia rai, and Xudang. The Khmer and Cham groups represent the ethnic population in the Mekong Delta region. Despite educational progress for minorities in recent years, data of different sources revealed that minorities continue to lag behind the ethnic Vietnamese. The educational barrier for minorities may result in many long term problems. Low rates of literacy and fluency in Vietnamese may prevent minorities from taking advantage of business and income opportunities, and consign them to the lower-return sectors of subsistence agriculture. According to analysis of VHLSS data, the ethnic minority households in rural areas that do not speak Vietnamese have per capita expenditures that are only three-fifths those of their Vietnamese-speaking counterparts. Ideally, we need to better link educational improvements to ideas of poverty and development outcomes; too often, poverty projects and education projects have been decoupled. As long as minority education disparities remain, the differences in poverty outcomes between Kinh and minorities will likely persist.

246. Clearly the most intensive efforts in recent years in Vietnam have been in ethnic minority education. This includes a comprehensive range of strengthened policies, and new policies and programs aimed at boosting educational opportunities and attainment at primary and secondary levels and in vocational training. Education for ethnic minorities is one of the 7 main Projects under the National Targeted Program on Education and Training approved in January 2008⁷⁴ (Project 5: support for education in mountainous, ethnic minority and difficult areas). Education and vocational training will also be one of the main focus areas of the new 61 Poor Districts Program. Recent years have seen substantial investment in up-grading commune and village schools infrastructure and facilities in all poor districts and communes, through a range of Government and donor-supported projects and programs. The policies on schooling support to poor households (for example, fee exemptions, subsidized text-books, etc.) have been extended and updated. Policies to support ethnic minority pupils to enter secondary education and vocational training have also been significantly strengthened in the last two years (for instance, greater provision of boarding accommodation, fee exemptions and scholarships). Taken as a whole, this represents a major concerted effort to address the problem of differential access to educational opportunities amongst ethnic minorities, although it is recognized these efforts need to be further strengthened in the future.

SOCIAL ASSESSMENT (SA)

247. A Social Assessment was carried out by an international consultant team with social development expertise to, *inter alia*, (i) consult with the poor, disadvantaged and ethnic minority stakeholders, their communities, local minority officials from EM communities and educational officials, to understand their perception on full day schooling education and (ii) verify key access issues (such as minority enrollment and completion rates, language of instruction, distance and cost) for poor, disadvantaged and ethnic minority children to understand their constraints to participating in the Full Day Schooling program and to support preparation of program design in

⁷⁴ Decision No.07/2008/QD-TTg of January 10, 2008, approving the national target program on education and training up to 2010.

general. It also obtained stakeholders' views to improve the program design and to establish a participatory process for implementation and monitoring.

248. Key points to emerge from the fieldwork include:

- Central majority-designed services may not recognize competing indigenous knowledge systems, communal activities, festivals, ceremonial practices, or agricultural calendar. These issues will need to be considered in the design of FDS, if it is to increase the learning outcomes of disadvantaged groups
- Local language instruction is permitted, but its availability is limited
- Language constraints affect the quality and extent of relationships between teachers and parents. Teachers also value EM language skills.
- Kindergarten benefits family through faster Vietnamese language learning, and reduces the labor demands on older children
- Distance to school hinders access.

249. Recommendations of the fieldwork are:

- Incentives to boost **demand** for schooling – by helping families to overcome economic and geographical constraints for example providing lunch, clothing, raincoats, and fund primary boarders, and transportation
- Affirmative action programs to recruit EM teachers and assistants – and support incentives for scholarships, training, etc. (Role models matter)
- Increase parent participation through: support to parent associations; clear guidelines and expectations on parent-teacher relationships
- Expand access: boarding facilities in main schools, kindergarten, etc
- Clear language policies
- Strengthen cultural understanding – through inclusion in curriculum and school activities
- Provide incentives to teachers with bilingual skills and teaching responsibilities.

Ethnic Minority Plan

250. Government of Vietnam's policy on Ethnic Minorities is similar to the World Bank policy OP 4.10 on Indigenous People. An Ethnic Minority Plan was completed, agreed and disclosed based on the findings of the Social Assessment, Ethnic Minority Policy Framework and a consultation workshop with 17 SEQAP provinces (poor and with a generally significant proportion of ethnic minority groups), leading to its broad endorsement. The EMP confirmed and costed 13 main interventions in favor of ethnic minority groups to be supported by SEQAP – including awareness campaigns, pedagogical interventions, and demand-side measures. All interventions are fully financed under the program, and the EMP will be enclosed within each of the MOUs between the provinces and the MOET.

CONSULTATION PROCESS

251. The field surveys were undertaken in Lao Cai and Kon Tum provinces which were judged to be representative of locations with poor and disadvantaged communities and large ethnic minority populations facing issues of low education achievement. A consistent

methodology and consultative approach was applied across the two locations, with intensive time spent at the commune and school level.

252. A set of structured interviews with poor, disadvantaged, and ethnic minority stakeholders in two selected provinces was carried out to understand their perception of FDS education. Participatory and qualitative interviews with key informants provided insights to verify key access issues for poor, disadvantaged, and ethnic minority children to understand their constraints to participating in the FDS program and to support preparation of the SEQAP program design.

253. The key informant interviews within each province focused on education quality issues to gain insights into the opportunities and constraints facing ethnic minority populations with regard to the implementation of full-day schooling. Conversations with key contacts examined issues of school management, teaching and learning, and participation as part of the assessment. The field activities were organized to facilitate contact with provincial and district officials, commune leadership, village heads, and school community stakeholders. Focus group discussions were organized with school principals, teachers, and parent groups.

254. For each of the two provinces, the following sampling approach was deployed:

- Provincial Department of Education and Training
- District Bureau of Education and Training
- Commune leadership
- In each commune, main school principal, assistant principal, head teachers, and teachers
- In each commune, satellite school principals and teachers, at least two per satellite schools
- In each commune, parent group discussions drawing parents from the main school and satellite school villages. Emphasis in the social assessment was placed on parents, and the relationship principals and teachers had with parents and issues of FDS
- Site visits at the school level observed and interacted with primary school students

255. Further consultations with 17 poor provinces –through structured working groups- were undertaken to validate the EMP, leading to its broad endorsement.

INVOLUNTARY RESETTLEMENT

256. The Bank's OP4.12 on Involuntary Resettlement will not be triggered, given that land/assets acquisition was not envisaged under the investments for the upgrading of the primary schools since these works will take place within the existing premises.

Annex 11: Program Preparation and Supervision
VIETNAM: School Education Quality Assurance Program

	Planned	Actual
PCN review	January 29, 2007	January 29, 2007
Initial PID to PIC		
Initial ISDS to PIC		
Appraisal	March 2 – 18, 2009	
Negotiations	May 13-18, 2009	
Board/RVP approval	June 23, 2009	
Planned date of effectiveness		
Planned date of mid-term review		
Planned closing date		

Key institutions responsible for preparation of the program:
 Ministry of Education and Training (MOET) - Vietnam

Bank staff and consultants who worked on the program included:

Name	Title	Unit
Emanuela di Gropello	TTL	EASHD
Than Thi Mai	Sr. Education Specialist	EASHD
Carol Ball Chen	Sr. Operation Officer, Designated Procurement Staff	EASHD
Anh Thuy Nguyen	Operations Analyst	EASHD
Masahiro Matsumoto	ETC	EASHD
Quynh Xuan Thi Phan	Financial Management Officer	EASHD
Lan Thi Thu Nguyen	Operations Analyst (Social)	EASHD
Lan Hoang Le	ETC (Environment)	EASHD
Binh Thanh Vu	Sr. Education Specialist	EASHD
Jeffrey Waite	Sector Coordinator	EASHD
Mei Wang	Sr. Counsel	LEGES
Mario Marcel	Consultant (Full Day Schooling)	
Carlos Concha	Consultant (Full Day Schooling)	
Kwok Tung Tsui	Consultant (Teachers)	
Neil Baumgard	Consultant (Teachers)	
Thanh Quy Nguyen	Consultant (EMP)	
John Richardson	Consultant (Procurement Assessment)	

Bank funds expended to date on program preparation:

1. Bank resources: About US\$300,000
2. Trust funds: US\$700,000

Estimated Approval and Supervision costs:

1. Remaining costs to approval: US\$ 9,000
2. Estimated annual supervision cost: US\$75,000

Annex 12: Documents in the Program File

VIETNAM: School Education Quality Assurance Program

- Glewwe, P., Agrawal, N., & Dollar, D. (2004). Economic Growth, Poverty, and Household Welfare in Vietnam. Washington, DC: The World Bank
- Glewwe, P., & Jacoby, H. (2004): “School Enrollment and Completion in Vietnam: An Investigation of Recent Trends”
- MOET – FSQD District Audit (2006 & 2007).
- MOET (2008): “Study in Grade 5 student achievement in math and Vietnamese in the 2006-2007 school year”
- Swinkels, R., & Turk, C. (2006). Explaining Ethnic Minority Poverty in Vietnam: A Summary of Recent Trends and Current Challenges. Washington, D.C.: The World Bank
- Taking Stock – An Update on Vietnam’s Recent Economic Development – for the Mid-year Consultative Group Meeting for Vietnam (June 2008), Washington D.C.: The World Bank
- Taking Stock – An Update on Vietnam’s Recent Economic Development – for the Annual Consultative Group Meeting for Vietnam (December 2008), Washington D.C.: The World Bank
- The World Bank (2004): “Vietnam: Reading and Mathematics Assessment Study”– Volume 1,2, 3
- Vietnam Development Report 2008: “Social Protection” – Joint Donor Report to the Vietnam Consultative Group Meeting, 2007
- Vietnam Development Report 2007: “Aiming High” – Joint Donor Report to the Vietnam Consultative Group Meeting, 2006
- Vietnam – Transition towards FDS (school survey; model; procedures for transition; costing and implementation) – by Telos Group (study commissioned on SEQAP PHRD grant)
- Vietnam – Teacher quality (school survey; teacher standards; teacher training; teacher autonomy) – by University of Melbourne (study commissioned on SEQAP PHRD grant)
- Vietnam – Access, Progression and Attainment in Vietnamese schools – by Milagros Nores (for The World Bank/DFID/Belgium AAA on High Quality Education for All in Vietnam)
- Vietnam – SEQAP Ethnic Minority Plan
- Vietnam – SEQAP Social Assessment
- Vietnam – SEQAP Procurement Assessment
- Vietnam – SEQAP Financial Management Assessment

Annex 13: Statement of Loans and Credits
VIETNAM: School Education Quality Assurance Program

Project ID	FY	Purpose	Original Amount in US\$ Million				Cancel.	Undisb.	Difference between expected and actual disbursements	
			IBRD	IDA	SF	GEF			Orig.	Frm. Rev'd
P083581	2008	VN-HANOI URBAN TRANSPORT	0.00	155.21	0.00	0.00	0.00	154.88	0.00	0.00
P099376	2008	Tax Administration Modernization Project	0.00	80.00	0.00	0.00	0.00	81.27	0.00	0.00
P079665	2007	VN-2ND HIGHER EDUCATION	0.00	59.40	0.00	0.00	0.00	61.61	0.00	0.00
P082295	2007	VN-COASTAL CITIES ENVMT SANIT.	0.00	124.70	0.00	5.00	0.00	128.41	-4.21	0.00
P083588	2007	VN-MKG DELTA TRANSPORT INFRA DEV	0.00	207.70	0.00	0.00	0.00	218.97	0.00	0.00
P101608	2007	VN-Avian & Human Influenza Control & Prep	0.00	20.00	0.00	0.00	0.00	20.46	1.40	0.00
P104848	2007	VN-HIFU DEVELOPMENT	0.00	50.00	0.00	0.00	0.00	51.82	0.00	0.00
P084871	2006	VN-TRANS & DISTRIB 2	0.00	200.00	0.00	0.00	0.00	197.12	32.31	0.00
P085071	2006	Customs Modernization	0.00	65.90	0.00	0.00	0.00	69.96	18.24	0.00
P079663	2006	VN-Mekong Regional Health Support Proj	0.00	70.00	0.00	0.00	0.00	73.71	-1.43	0.00
P079344	2006	VN -ICT Development	0.00	93.72	0.00	0.00	0.00	92.11	9.27	0.00
P077287	2006	VN-RRD RWSS	0.00	45.87	0.00	0.00	0.00	45.77	4.19	0.00
P075407	2006	VN-RT3	0.00	106.25	0.00	0.00	0.00	112.30	23.00	0.00
P073361	2006	VN -Natural Disaster Risk Mngt Project	0.00	86.00	0.00	0.00	0.00	83.77	-1.66	0.00
P085260	2005	VN-EFA Support Program	0.00	50.00	0.00	0.00	0.00	15.87	0.00	0.00
P085080	2005	VN-ROAD SAFETY	0.00	31.73	0.00	0.00	0.00	30.01	13.45	0.00
P066051	2005	VN - Forest Sector Development Project	0.00	39.50	0.00	0.00	0.00	47.19	13.06	3.66
P082627	2005	Payment System and Bank Modernization 2	0.00	105.00	0.00	0.00	0.00	101.90	62.32	53.57
P082604	2005	VN-HIV/AIDS Prevention Project	0.00	35.00	0.00	0.00	0.00	22.42	-2.13	0.00
P080074	2005	VN-GEF-RURAL ENERGY 2	0.00	0.00	0.00	5.25	0.00	4.89	0.20	0.00
P074414	2005	VN - GEF Forest Sector Development Proj	0.00	0.00	0.00	9.00	0.00	8.37	4.40	1.50
P074688	2005	VN-RURAL ENERGY 2	0.00	220.00	0.00	0.00	0.00	207.53	77.27	0.00
P073763	2005	VN-WATER SUPPLY DEV.	0.00	112.64	0.00	0.00	0.00	113.57	18.39	0.00
P059663	2004	VN-ROAD NETWORK IMPROVT	0.00	225.26	0.00	0.00	0.00	209.49	143.24	0.00
P065898	2004	VIETNAM WATER RESOURCES ASSISTANCE	0.00	157.80	0.00	0.00	0.00	150.99	48.39	0.00
P070197	2004	VN-URBAN UPGRADING	0.00	222.47	0.00	0.00	0.00	201.27	11.00	0.00
P044803	2003	VN-PRIMARY EDUC FOR DISADVANTAGED CHILRE	0.00	138.76	0.00	0.00	0.00	131.96	41.18	2.23
P071019	2003	VN-GEF DEMAND SIDE MGMT & ENERGY	0.00	0.00	0.00	5.50	0.00	2.23	2.23	0.00
P075399	2003	Public Financial Management Reform Proj.	0.00	54.33	0.00	0.00	0.00	52.32	43.84	3.17
P073305	2002	VN-Regional Blood Transfusion Centers	0.00	38.20	0.00	0.00	0.00	36.98	27.29	-1.34
P066396	2002	VN-SYSTEM ENERGY, EQUITIZATION & RENEWAB	0.00	225.00	0.00	0.00	0.00	150.10	100.51	100.51
P073778	2002	VN-GEF-System Energy Equitization-Renewa	0.00	0.00	0.00	4.50	0.00	3.05	3.05	0.00
P072601	2002	VN - Rural Finance II Project	0.00	200.00	0.00	0.00	0.00	0.03	-59.80	0.00
P062748	2001	VN - COMMUNITY BASED RURAL INFRA.	0.00	102.78	0.00	0.00	0.00	31.48	10.54	0.00

P052037	2001	VN-HCMC ENVMTL SANIT.	0.00	166.34	0.00	0.00	0.00	142.00	100.59	95.35
P042927	2001	VN-Mkg Transp & Flood Protection	0.00	110.00	0.00	0.00	0.00	75.80	30.44	22.34
P051553	1999	VN-3 CITIES SANITATION	0.00	80.50	0.00	0.00	7.40	10.60	10.97	-1.52
Total:			0.00	3,680.06	0.00	29.25	7.40	3,142.21	781.54	279.47

VIETNAM
STATEMENT OF IFC's
Held and Disbursed Portfolio
In Million of US Dollars

FY Approval	Company	Committed				Disbursed			
		IFC				IFC			
		Loan	Equity	Quasi	Partic.	Loan	Equity	Quasi	Partic.
2003	ACB-Vietnam	0.00	5.02	0.00	0.00	0.00	5.02	0.00	0.00
2002	CyberSoft	0.00	0.06	0.00	0.00	0.00	0.06	0.00	0.00
2002	Dragon Capital	0.00	0.00	1.05	0.00	0.00	0.00	1.05	0.00
2002	F-V Hospital	5.00	0.00	3.00	0.00	5.00	0.00	3.00	0.00
2005	Khai Vy	6.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1998	MFL Vinh Phat	0.13	0.00	0.00	0.00	0.13	0.00	0.00	0.00
1997	Nghi Son Cement	10.09	0.00	0.00	1.88	10.09	0.00	0.00	1.88
2004	Olam	20.00	0.00	0.00	0.00	20.00	0.00	0.00	0.00
2005	Paul Maitland	7.20	0.00	0.00	0.00	7.20	0.00	0.00	0.00
2001	RMIT Vietnam	7.25	0.00	0.00	0.00	3.50	0.00	0.00	0.00
2006	SABCO	20.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2003	Sacombank	0.00	2.77	0.00	0.00	0.00	2.77	0.00	0.00
2004	Sacombank	0.00	2.31	0.00	0.00	0.00	2.31	0.00	0.00
2005	Sacombank	0.00	2.05	0.00	0.00	0.00	2.05	0.00	0.00
2006	Sacombank	0.00	3.05	0.00	0.00	0.00	3.05	0.00	0.00
2002	VEIL	0.00	0.00	2.00	0.00	0.00	0.00	2.00	0.00
2003	VEIL	0.00	7.41	0.00	0.00	0.00	7.41	0.00	0.00
2007	VEIL	0.00	6.15	0.00	0.00	0.00	6.15	0.00	0.00
Total portfolio:		75.67	28.82	6.05	1.88	45.92	28.82	6.05	1.88

		Approvals Pending Commitment			
FY Approval	Company	Loan	Equity	Quasi	Partic.
2000	MFL-AA	0.00	0.00	0.00	0.00
2006	CCS-Asia	0.02	0.00	0.00	0.00
2000	Interflour	0.01	0.00	0.00	0.01
2006	CII-Vietnam	0.00	0.00	0.00	0.00
2000	MFL Mondial	0.00	0.00	0.00	0.00
2002	F-V Hospital	0.00	0.00	0.00	0.00
1999	MFL Minh Minh	0.00	0.00	0.00	0.00
1999	MFL Chau Giang	0.00	0.00	0.00	0.00
Total pending commitment:		0.03	0.00	0.00	0.01

Annex 14: Country at a Glance

VIETNAM: School Education Quality Assurance Program

POVERTY and SOCIAL	East Asia & Pacific				
	Vietnam	East Asia & Pacific	Low-income		
2006					
Population, mid-year (millions)	84.1	1900	2,403		
GNI per capita (Atlas method, US\$)	690	1,863	650		
GNI (Atlas method, US\$ billions)	58.0	3,539	1,562		
Average annual growth, 2000-06					
Population (%)	13	0.9	19		
Labor force (%)	2.1	13	2.3		
Most recent estimate (latest year available, 2000-06)					
Poverty (% of population below national poverty line)	29		
Urban population (% of total population)	27	42	30		
Life expectancy at birth (years)	71	71	59		
Infant mortality (per 1,000 live births)	16	26	75		
Child malnutrition (% of children under 5)	28	15	..		
Access to an improved water source (% of population)	85	79	75		
Literacy (% of population age 15+)	..	91	61		
Gross primary enrollment (% of school-age population)	95	114	102		
Male	98	115	108		
Female	91	113	96		
KEY ECONOMIC RATIOS and LONG-TERM TRENDS					
	1986	1996	2005	2006	
GDP (US\$ billions)	26.3	24.7	52.5	59.3	
Gross capital formation/GDP	14.4	28.1	35.6	35.7	
Exports of goods and services/GDP	6.6	40.9	69.4	73.5	
Gross domestic savings/GDP	4.5	17.1	31.4	32.4	
Gross national savings/GDP	..	19.8	35.8	36.9	
Current account balance/GDP	-2.5	-10.5	-0.9	-0.3	
Interest payments/GDP	0.0	0.4	0.6	..	
Total debt/GDP	0.7	106.5	36.7	..	
Total debt service/exports	..	3.9	2.6	..	
Present value of debt/GDP	32.5	..	
Present value of debt/exports	46.2	..	
	1986-96	1996-06	2005	2006	2006-10
<i>(average annual growth)</i>					
GDP	7.2	7.0	8.4	8.2	8.2
GDP per capita	5.0	5.7	7.0	6.9	7.0
Exports of goods and services	28.1	16.2	20.7	22.7	17.9

Development diamond*

Life expectancy

GNI per capita

Gross primary enrollment

Access to improved water source

— Vietnam

— Low-income group

Economic ratios*

Trade

Domestic savings

Capital formation

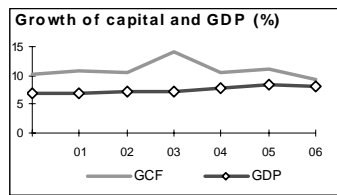
Indebtedness

— Vietnam

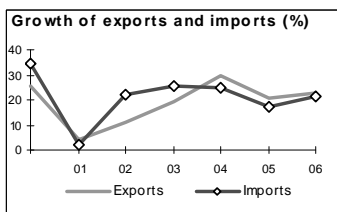
— Low-income group

STRUCTURE of the ECONOMY

(% of GDP)	1986	1996	2005	2006
Agriculture	38.1	27.8	21.0	20.4
Industry	28.9	29.7	41.0	41.6
Manufacturing	22.4	15.2	20.6	21.3
Services	33.1	42.5	38.0	38.1
Household final consumption expenditure	..	74.5	62.5	61.8
General gov't final consumption expenditure	..	8.4	6.2	5.9
Imports of goods and services	16.6	51.8	73.5	76.8



(average annual growth)	1986-96	1996-06	2005	2006
Agriculture	3.7	4.0	4.0	3.4
Industry	8.3	9.4	10.7	0.3
Manufacturing	5.1	11.1	13.7	12.4
Services	9.1	6.1	8.5	8.3
Household final consumption expenditure	..	7.5	13.0	-40.7
General gov't final consumption expenditure	..	4.8	8.2	8.5
Gross capital formation	25.2	10.0	11.2	9.3
Imports of goods and services	28.1	16.8	17.2	21.5



Note: 2006 data are preliminary estimates.

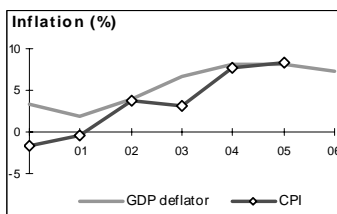
This table was produced from the Development Economics LDB database.

* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

Vietnam

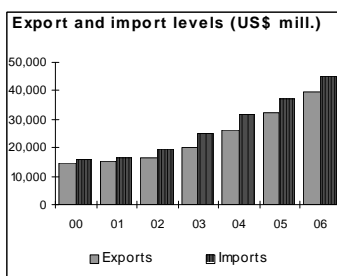
PRICES and GOVERNMENT FINANCE

	1986	1996	2005	2006
Domestic prices				
<i>(% change)</i>				
Consumer prices	..	5.7	8.3	..
Implicit GDP deflator	398.1	8.7	8.2	7.3
Government finance				
<i>(% of GDP, includes current grants)</i>				
Current revenue	13.9	22.8	25.9	27.1
Current budget balance	-0.5	5.4	7.4	8.5
Overall surplus/deficit	..	-0.2	-1.2	-0.3



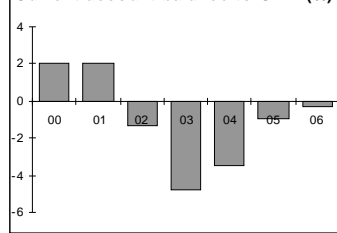
TRADE

(US\$ millions)	1986	1996	2005	2006
Total exports (fob)	595	7,256	32,442	39,826
Rice	..	855	1,407	1,276
Fuel	..	1,346	7,373	8,265
Manufactures	..	2,710	16,341	19,360
Total imports (cif)	1,162	11,144	36,978	44,891
Food	..	1	4	..
Fuel and energy	..	1,238	5,024	5,970
Capital goods	..	3,075	9,285	10,800
Export price index (2000=100)	..	126	98	100
Import price index (2000=100)	..	120	102	103
Terms of trade (2000=100)	..	105	96	97

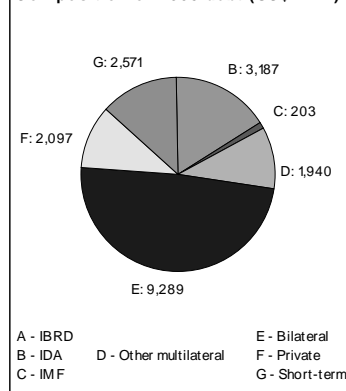


BALANCE of PAYMENTS

	1986	1996	2005	2006
<i>(US\$ millions)</i>				
Exports of goods and services	..	10,042	36,623	44,926
Imports of goods and services	..	13,255	39,281	47,710
Resource balance	..	-3,213	-2,658	-2,784
Net income	-94	-428	-1,219	-1,430
Net current transfers	57	1,046	3,380	4,049
Current account balance	-655	-2,591	-497	-165
Financing items (net)	..	3,012	2,740	3,093
Changes in net reserves	..	-421	-2,243	-2,928
Memo:				
Reserves including gold <i>(US\$ millions)</i>	..	1,797	8,557	11,485
Conversion rate <i>(DEC, local/US\$)</i>	22.7	11,032.6	15,987.1	16,409.5

Current account balance to GDP (%)

EXTERNAL DEBT and RESOURCE FLOWS

	1986	1996	2005	2006
<i>(US\$ millions)</i>				
Total debt outstanding and disbursed	175	26,255	19,287	..
IBRD	0	0	0	0
IDA	59	412	3,187	3,663
Total debt service	2	396	954	..
IBRD	0	0	0	0
IDA	0	3	44	56
Composition of net resource flows				
Official grants	65	230	486	..
Official creditors	5	147	1,207	..
Private creditors	0	217	681	..
Foreign direct investment (net inflows)	0	2,395	1,954	..
Portfolio equity (net inflows)	0	0	0	..
World Bank program				
Commitments	0	502	659	0
Disbursements	5	189	391	341
Principal repayments	0	1	14	23
Net flows	5	188	378	318
Interest payments	0	2	31	33
Net transfers	5	186	347	285

Composition of 2005 debt (US\$ mill.)


Note: This table was produced from the Development Economics LDB database.

9/28/07

MAP SECTION

VIETNAM

- ⊙ PROVINCE CAPITALS
- ⊕ NATIONAL CAPITAL
- RIVERS
- MAIN ROADS
- RAILROADS
- PROVINCE BOUNDARIES
- INTERNATIONAL BOUNDARIES

PROVINCES:

- | | |
|----------------|---------------------|
| 1 Lai Chau | 32 Thua Thien Hue |
| 2 Dien Bien | 33 Da Nang |
| 3 Lao Cai | 34 Quang Nam |
| 4 Ha Giang | 35 Quang Ngai |
| 5 Cao Bang | 36 Kon Tum |
| 6 Son La | 37 Gia Lai |
| 7 Yen Bai | 38 Binh Dinh |
| 8 Tu Yen Quang | 39 Phu Yen |
| 9 Bac Can | 40 Dac Lac |
| 10 Lang Son | 41 Dac Nong |
| 11 Phu Tho | 42 Khanh Hoa |
| 12 Vinh Phuc | 43 Binh Phuoc |
| 13 Thai Nguyen | 44 Lam Dong |
| 14 Bac Giang | 45 Ninh Thuan |
| 15 Quang Ninh | 46 Tay Ninh |
| 16 Ha Noi | 47 Binh Duong |
| 17 Bac Ninh | 48 Dong Nai |
| 18 Ha Tay | 49 Binh Thuan |
| 19 Hung Yen | 50 T.P. Ho Chi Minh |
| 20 Hai Duong | 51 Ba Ria-Vung Tau |
| 21 Hai Phong | 52 Long An |
| 22 Hoa Binh | 53 Tien Giang |
| 23 Ha Nam | 54 Dong Thap |
| 24 Thai Binh | 55 Ben Tre |
| 25 Ninh Binh | 56 An Giang |
| 26 Nam Dinh | 57 Vinh Long |
| 27 Thanh Hoa | 58 Tra Vinh |
| 28 Nghe An | 59 Kien Giang |
| 29 Ha Tinh | 60 Can Tho |
| 30 Quang Binh | 61 Hau Giang |
| 31 Quang Tri | 62 Soc Trang |
| | 63 Bac Lieu |
| | 64 Ca Mau |



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