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**NGO PROVIDED SCHOLARSHIPS FOR GENERAL EDUCATION
IN VIETNAM: A CASE STUDY IN THE DISTRICT OF SÓC SƠN**

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Abstract

Vietnam's entry to market economy as a result of its "*doi moi*" programme of reform, shifted the responsibility of education financing to households. Although primary education in Vietnam should be free of charge, direct and indirect costs of education cause a great burden on household economy. This study elaborates on the extent to which access to education depends on the income of the household in the context of NGO school scholarships. As a result of this case study, I propose that even though the scholarship enhances the financial capacity of an household to put their children into school and weakens the impact of schooling costs in deciding child's educational attainment, the educational scholarship is merely an incentive for the families to keep their children at school, not a decisive factor. This assumption goes in line with Theis and Huyen (1997) argument that the attitude of parents towards education is more important than their economic situation. My claim is based on the fact that most of the interviewed households were willing to borrow money from relatives to provide schooling to their children. In this context, the educational scholarship is targeted at enhancing and widening households's socio-economical choices in combination with the rice donation.

Keywords: *Vietnam, educational scholarship, poverty, household socioeconomics, Non-Governmental Organization*

Foreword

I would like to thank first of all my supervisor, Helle Rydstrøm, for her support throughout the thesis data collection and writing process. I highly value the help of the staff at the Humanitarian Services for Children of Vietnam (HSCV). Thanks goes to Annetta, Corey, Rose, Chau, Cuong and Nicole- this could have not been possible without you. I would also like to thank my classmates Montse, Niall and Deidre for their support and their positive energy.

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1 Introduction

1.1 Background

Vietnam has a long history of education. The high literacy rate of 94 percent in Vietnam is an evidence of the strong commitment to education that prevails in the country as the legacy of the Confucian cultural heritage (Taylor, 2004:12). However, since the introduction of the “*doi moi*” program of social and economical reform and renovation in 1989, the education system that may have served Vietnam well in a command economy, needed to be adapted to serve the needs of a market economy and modernization. As Tran argues (Rydström and Drummond, 2004:137), although the “*doi moi*” policies aimed at creating the most favourable conditions for all members of the society to participate equally in all social activities as well as to benefit equally from the achievements of the renovation process, some segments of the society have not enjoyed the benefits of the socio-economic changes. Especially the educational sector faced changes that have increased the inequalities in the country. As the result of the new educational policy, cost recovery through the imposition of fees and other charges took on increasing importance in education system. Despite the fact that there has been a more “pro-poor” balance in the benefits from public expenditure on education (Asian Development Bank, 2002:5), the public spending on general education is a matter of great concern, since it is shifting the responsibility of educational funding to households at the cost of increasing amount of school dropouts. Hence, recent theories have put lots of emphasis on the importance of the household income in determining child’s education. Although primary school education in Vietnam should be free of charge and secondary school fees low and adjusted to the poverty level of the family, parents have been increasingly asked to pay more for their children education to cover costs of tuition, maintenance and school uniforms. In addition, the reform of the education system has not been able to keep in tact with the economic growth in Vietnam and inequalities in access to education and healthcare have increased. Although Vietnam in the center of development has initiated several studies on the economic constraints for education, none of the scholars have yet examined the scale of grassroots level poverty reduction and empowerment through non- governmental organization scholarships. In order to understand the impact of the scholarships on the household’s socio-economics, I chose to conduct a case study focusing on the families participating in the small grassroots level NGO’s¹, Humanitarian Services for the Children of Vietnam,² programs in the district of Sóc Sơn, in Hà Nội province in the Northern Vietnam.

¹ Non-governmental organization

² Will be referred as HSCV in the text

1.2 Objective of the study

The purpose of this case study is to examine the economical and social impacts that school scholarships have on Vietnamese families that are classified as poor and qualified in to the NGO programme. Although Vietnam has achieved improvements in primary and lower secondary school enrolment rates since the early years of *doi moi*, children of poor families in Vietnam are enrolling to these grades much older and most of them never transfer to higher secondary grades. Hence, it is evident that the drop-out factor is still prevalent in Vietnam's schooling system despite the recent efforts to enhance the opportunities for access to basic education. I will focus on the extent to which access to education depends on the income of the household. In my study, I wish to not only explore the possibilities the scholarship program of the chosen NGO have in targeting the economical deterrents for education, but give possible policy recommendations in order to design the scholarship program to serve sustainability in development. Value of the scholarships to these households is examined mainly from economical perspective in the context of school policies (direct and indirect costs associated with education) that have evidently influenced the household decisions concerning child's schooling (Bray, 1996, Behrman and Knowles, 1999). The research questions that this research aims to answer are '*How have the scholarships enhanced the socio-economic situation of the families?*' and '*What has the scholarship meant for the child's education*'. Focus is on the costs of schooling that were introduced as the result of Vietnam's renovation or "*doi moi*" and have been increasing ever since. According to the study by Behrman and Knowles (1999:238) school fees are progressive in the sense that they favor children from lower-income households among those children enrolled in school, particularly because of the primary school fee exemption. Nonetheless, school fees are only one-third of what households pay directly to schools and are a much smaller proportion of households' total school-related expenditures (ibid.). Thus, it is important to understand the extent of the additional costs related to education in order to understand the current school dropout trends and find means to subsidy the "total costs" of education.

1.3 Data and Methods

My study is based mainly on primary data that was obtained through review interviews with the families included in the school scholarship and rice programs of the selected NGO. Because the respondents could not speak English, the interviews were conducted in Vietnamese and translated to me. In order to obtain reliable data, I chose to rely most of the income statistics on the review forms that the HSCV employee filled during the interview as well as on the statistics gathered during the

interviews with the households at the qualification phase. The empirical research was conducted in the district of Sóc Sơn, in Hà Nội province with 9 randomly chosen families. The interviews were carried out in close co-operation with HSCV and followed mostly the organization's timetable on reviews of the sponsored families. In addition and to gain a deeper understanding of the overall situation of the sponsorship programs and their importance, some families were visited in the qualifying phase of the program. However, this observational data is used only for a comparative perspective and does not influence the research itself. A People's Committee member, a Vietnamese co-worker of HSCV as well as an American employee of HSCV have been present at all of the interview situations. The interviews were conducted in a semi-structured way at the respondents house where the Humanitarian Services for the Children of Vietnam collected household data based on a form created by the organization. The review form consisted of questions about the heads of household, the number of household members, income of the household and assets/liabilities, other financial assistance and debt. In addition, all the households were asked their opinion on how the scholarship/rice program had improved their socio-economical situation. The respondent in charge of answering the questions was defined as the head of household whether is was the mother, father, grandmother or grandfather of the family. In order to obtain valid data, I chose to limit my in-dept questions to two, because several of the families had difficulties in understanding even the basic questions about their socio-economical situation or were lacking the knowledge of it. The principal questions were: *Without the scholarship, would your child have had the opportunity to go to school?* and *How much do you have to pay for your child's education when the school fees are subsidized?* The previous question was asked in order to understand the importance of education among the poor households and to gain knowledge of how the families would have financed the education of their child. The purpose of the latter question was to get an overall picture of the extend of out-of-pocket costs that are borne by the households after the direct school subsidy. In addition, I chose to interview three NGO programme officers from both bigger and smaller foreign NGOs in order to get a "feel" of the importance of household's economy as a variable in determining child's educational attainment. In addition, I asked these programme officers about their own experiences on the field and how well they have managed to target their scholarship programmes to enhance the socio-economical condition of the targeted households.

My study is qualitative in the sense that I will draw most of the analysis from the situational challenges of the families for which the NGO provided subsidies bring relief to. But the quantitative study is necessary in order to obtain a larger overview of the relationship between household income characteristics and child's education by comparing the statistics from the government,

United Nations Agencies, Asian Development Bank and World Bank sources. The dropout trends in Vietnam have been extensively overviewed and analysed by several development agencies and scholars and thus my study relies mostly on previous research done on these trends in the context of the focus households. In the absence of income data for some of the studied households (mainly due to the household's inability to state their monthly income), the data tables are calculated using the monetary value of corn and seeds provided by the local government. In the nation wide statistics, the households examined are considered to belong to the lowest income quintile.³

1.4 Limitations and ethical considerations

The Vietnam Ministry of Education and Training (MOT) collects a wide variety of educational statistics and information. Although the access to this information was hard, these statistics are nevertheless widely published and analysed in various research articles published by the World Bank, Asian Development Bank and United Nations agencies and thus available for further study. In addition, MOT published reports can be purchased as copies from the “black market”, since requesting the data from official sources is time-taking and might cause trouble with the authorities. However, the prices even in the “black-market” are rather high and reflect the difficulty in attaining official, or in this case, unbiased information in transitional economy like Vietnam. As a matter of fact, several studies claim that the official statistics of enrolment and literature rates in Vietnam are collected under the pressure from the government to show the extent of development and poverty reduction in order to attract more investments. Thus, it is important to question the accuracy of the official data. As a student, receiving information from the extensive Vietnam Household Living Standards Survey 2002 was difficult and thus the data is limited entirely on the General Statistics Office database as well as tables published in previous studies and policy implications. The authorities in the form of People's Committees in rural Vietnam are sensitive to any study and limit the fieldwork conditions especially if the study is not done under an official “researcher's visa”. Hence, it has been vital for this study to be transparent and do the fieldwork only with the permission of HSCV employees and the People's Committee. This in turn has limited the conditions for the interviews and data collection, since individual fieldwork in the communes has not been possible. In order to follow the ethical guidelines of the thesis, this study will not use any names, but the household codes stated as SS plus the household number, will be referred to when a specific family is discussed. The families were aware that the information they provide will be used

³ The lowest income quintile in Vietnam has an average of 107,67 Thousand VND per capita income whereas the second quintile reaches 178,33 Thousand VND per capita income. Thus, it is appropriate to consider the examined households as part of these 2 lowest income quintiles as their income matches the criteria.

by the NGO in making the decision upon their future in the scholarship programme and it was important to make sure that all information provided was confidential.

1.5 Organization of the thesis

I will first provide an overview and statistical background of general educational system and enrolments since the renovation “*doi moi*” took place in the late 1980s and study the degree to which children drop out of school. Following, I will review the previous and current studies on the underlying reasons for dropouts and conduct a descriptive analysis based on the income related factors deterring enrolments on general education in Vietnam. Finally, I will present the findings of the case study and come up with a conclusion and suggestions for the further development and design of NGO targeted subsidy programs.

2 Analytical framework

Education is considered to be the principle route out of poverty in developing countries and a contribution to increase human capital.⁴ Education gives individuals better opportunities to make decisions concerning their lives and provides a path for better future, higher income and thus improves the livelihood as such. Households play an important role in determining investment in human capital both through their actions and their omissions (Bhushan et al., 2001). Vietnam’s renovation “*doi moi*” contributed to the shifts in demand for education through higher costs of education, increased household income, better employment opportunities and higher wages (ibid.:36). The higher costs of education have proven to be a major barrier for child’s education. Despite fee exemptions for some children, information from commune leaders as to why some children do not attend school in their communes, speaks of the difficulty that families have meeting education costs (Belanger and Liu, 2004:27). Direct costs and opportunity costs have a direct influence on the family decision whether to put their children to school or not. The stronger are the associations between household income and child schooling, the lower is intergenerational social mobility and the less equal is opportunity (Behrman and Knowles, 1999:211). Even if poor families can afford primary education, they are unlikely to be able to afford secondary education, since it consumes more than primary education (Bray, 1996:39). The costs of education borne on families have increased their share of the total funding and the school fees are a deterrent to schooling in

⁴ Human capital is defined as the health and education level of an individual. These characteristics are identified as “capital” in order to underline the need for continuous investment and to emphasize the importance of these factors in generating future income and well-being (like any other valuable asset), particularly for the poor (Bhushan et al. 2001).

many poor families. Nevertheless, the variables affecting the household economy must be discussed in detail

2.1 Overview of the educational system in Vietnam

Since 1945, when President Ho Chi Minh announced a nationwide campaign against illiteracy, primary education has been given major governmental priority (Rydstrøm, 2003:117). The Vietnamese Education System follows a standard universal structure of 5-4-3-4 that is summarized in Chart 2.1. Normally, the children enter the educational cycle in the age of 6, but the starting age varies especially in rural areas where the opportunity costs of sending children to school are much higher (Statistical Publishing House, 1996:27). Primary school is compulsory and is divided into two sections: a junior level (cap I) for grades 1 to 5 and a senior level (cap II) for grades 6-9 (Rydstrøm, 2003:117). Depending on a source, the senior level is also referred to as lower secondary. The 9 year cycle of general education is followed either by a) upper secondary education or b) vocational and technical education (both lasting between 2-4 years). The Senior vocational education lasting between 3 to 4 years, is open to lower secondary graduates and sometimes also to primary graduates; secondary technical schools or professional secondary education as it is also called, lasts from 2 to 4 years (Asian Development Bank, 2002). The students graduating from primary and lower secondary education can also choose to take part in short programs (2 years average). The higher education consists of College (mainly teacher training institutions offering 2 or 3 year courses) or University (4-6 years) (ibid., 2002). In order to enter the higher education, the students must successfully complete the national entrance examinations that are highly competitive. Although the Ministry of Education and Training (MOET) has the main responsibility in running educational institutions and in educational policies, the system has been more decentralized to involve provinces and districts in the responsibilities of running schools. Provinces manage secondary schools whereas districts and communes manage the primary schools and pre-primary facilities such as kindergartens. Hence, the system is administered through a devolved system of management and funding that involves a variety of ministries at different levels of government (Asian Development Bank, 2002:21).

Chart 2.1: Structure of the Vietnamese Education System

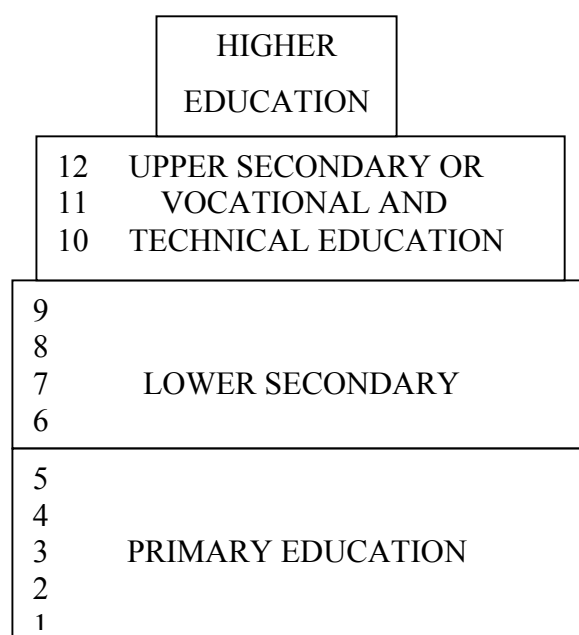


Figure is based on the chart of the Concept of Basic Education in Secondary Education Sector Master Plan (Asian Development Bank 2002)

2.2 Relationship between the socialisation of education, enrolments and dropouts

The social change that followed “*doi moi*” broke many of the existing safety-nets in communes biggest of which was the abolishment of fully subsidized education and healthcare system known as “socialisation”. The socialisation policy aimed to promote local ownership and accountability for services and to generate additional resources which contribute to service expansion at the local level (Crumpton and Giap, 2002:17). However, in reality this policy contributed to the widening social and economic disparities between different groups of people, geographical locations and especially between rural and urban Vietnam.

During the initial phase of Vietnam’s transition to market economy, in the late 1980s and early 1990s, school enrolment rates declined (Glewwe and Jacoby, 1998:201). Although Vietnam has been able to improve the situation since the early years of “*doi moi*”, the net enrolment rates for all levels of education and especially for upper secondary education, are still rather low as can be seen from table 2.2.1. Where the net enrolment rate for primary school in the poorest quintile in 2002 was 84,5, it dropped significantly when lower secondary and upper secondary enrolments are observed to 53,8 and 17,1 respectively.

Table 2.2.1: Net enrolment rates

| In percent | Primary | | | Lower secondary | | | Upper secondary | | |
|-------------------|---------|------|------|-----------------|------|------|-----------------|------|------|
| | 1993 | 1998 | 2002 | 1993 | 1998 | 2002 | 1993 | 1998 | 2002 |
| Vietnam | 86.7 | 91.4 | 90.1 | 30.1 | 61.7 | 72.1 | 7.2 | 28.6 | 41.8 |
| Poorest | 72.0 | 81.9 | 84.5 | 12.0 | 33.6 | 53.8 | 1.1 | 4.5 | 17.1 |
| Near poorest | 87.0 | 93.2 | 90.3 | 16.6 | 53.0 | 71.3 | 1.6 | 13.3 | 34.1 |
| Middle | 90.8 | 94.6 | 91.9 | 28.8 | 65.5 | 77.6 | 2.6 | 20.7 | 42.6 |
| Near richest | 93.5 | 96.0 | 93.7 | 38.4 | 71.8 | 78.8 | 7.7 | 36.4 | 53.0 |
| Richest | 95.9 | 96.4 | 95.3 | 55.0 | 91.0 | 85.8 | 20.9 | 64.3 | 67.2 |
| Kinh and Chinese | 90.6 | 93.3 | 92.1 | 33.6 | 66.2 | 75.9 | 7.9 | 31.9 | 45.2 |
| Ethnic minorities | 63.8 | 82.2 | 80.0 | 6.6 | 36.5 | 48.0 | 2.1 | 8.1 | 19.3 |
| Urban | 96.6 | 95.5 | 94.1 | 48.5 | 80.3 | 80.8 | 17.3 | 54.5 | 59.2 |
| Rural | 84.8 | 90.6 | 89.2 | 26.3 | 57.9 | 69.9 | 4.7 | 22.6 | 37.7 |

Source: *Poverty Vietnam Development Report 2004*

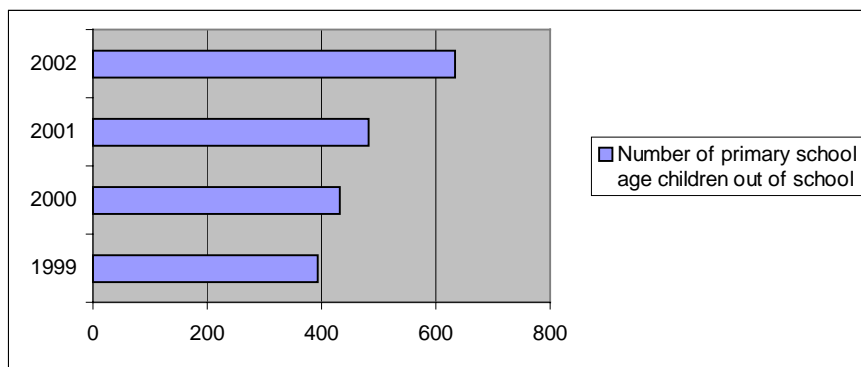
Reasons underlying the low rates of enrolments have been extensively studied and the research has not found only one determining factor, but scholars have suggested that the introduction of school fees has played a major role in household decisions to put their child(ren) into school (Glewwe and Patrinos, 1999, Behrman and Knowles, 1999, Bhushan et al., 2001). However, it is widely argued that the cause for the differences in enrolment rates is not only the direct costs of education, but the opportunity cost of sending children to school (Poverty Vietnam Development Report, 2004:62). Since the “*doi moi*”, the transition into an open market economy brought new employment opportunities to increase the income of the family and highlighted the opportunity cost on education.

Declines in enrolments in Vietnam are particularly serious because the government views the public education as a key mechanism for promoting equity (Glewwe and Jacoby in Dollar et. Al, 1998:201). Nevertheless, those with lower secondary education or below make up 80 percent of the poor (Oxfam, 2000:27). As can be seen from table 2.2.2., the primary school dropouts have been increasing since late 1990s. While the enrolment on primary education (compulsory in Vietnam) is high, approximately 30% of children do not complete the five grades of primary education (Department for International Development, 2002:3).

Here, dropout refers to a student who enrolls in school but fails to complete the terminal level of the relevant education cycle. Thus, the success Vietnam has made in increasing the primary and

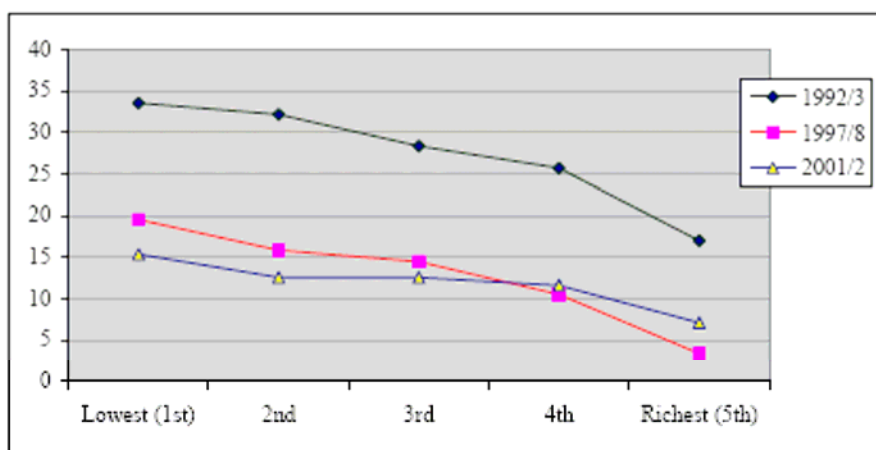
secondary school enrolments tells only part of the truth behind the numbers. Table 2.2.3. gives an overall picture of the extent of dropouts between 1992 and 2002 according to income quintile proving the point that although the overall dropout rates have fallen from 1992, most of the school drop outs occur among the children of the lowest income quintile. For children belonging to the poorer households, the drop out rate is around 40 percent (National Centre for Social Sciences and Humanities, 2001:39). Nationally in Vietnam in 1995, of 10,000 students entering primary school, just 6810 would finish the primary level (Oxfam GB et al.,1998). Of this group, 5482 would enter the lower secondary and 3722 would complete their basic education cycle (ibid.). About 30 percent of of children aged 12-20 drop out of school.

Table 2.2.2: Scale of dropouts at primary school level



Source: Unesco Institute for Statistics

Table 2.2.3: Overall dropout rates by income quintile



Source: Tranh and Long 2004

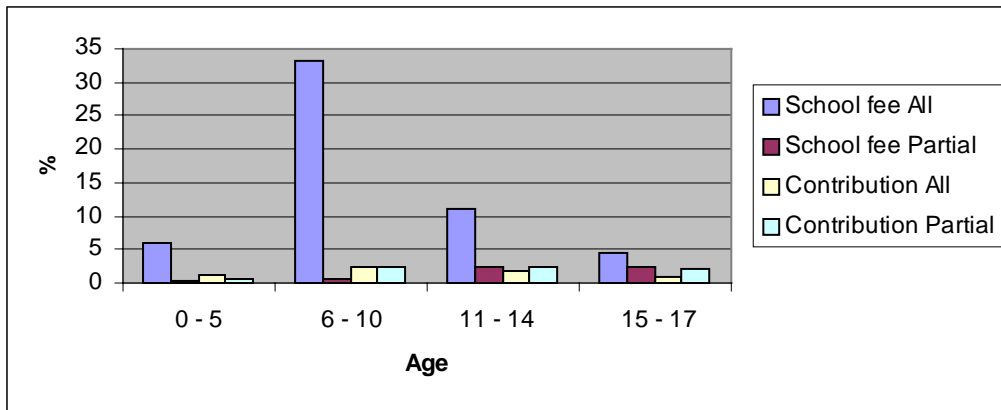
2.3 Costs for education

2.3.1 Direct costs

Education in Vietnam is not free, and fees are charged on every level of education whether it is a public, semi-public or private school. Following the introduction of “*doi moi*”, in September 1989 Vietnam implemented a system of school fees equivalent of 1 kilogram of rice for lower secondary school students and 3 kilograms for upper secondary students when primary school remained free of charge (Dollar et al., 1998:203-204). The transition to a market economy gradually abolished the system of rice contribution, but introduced annual school fees and petty-cash payments charged from secondary school students. In 1993, only a few years after the introduction of fees, households were covering more than half of the cost of public primary education (Bray, 1996). A comparative study of the share of total cost of public primary education, including direct and indirect costs, in nine countries in eastern Asia, indicates that the household’s share was second highest in Vietnam (ibid).

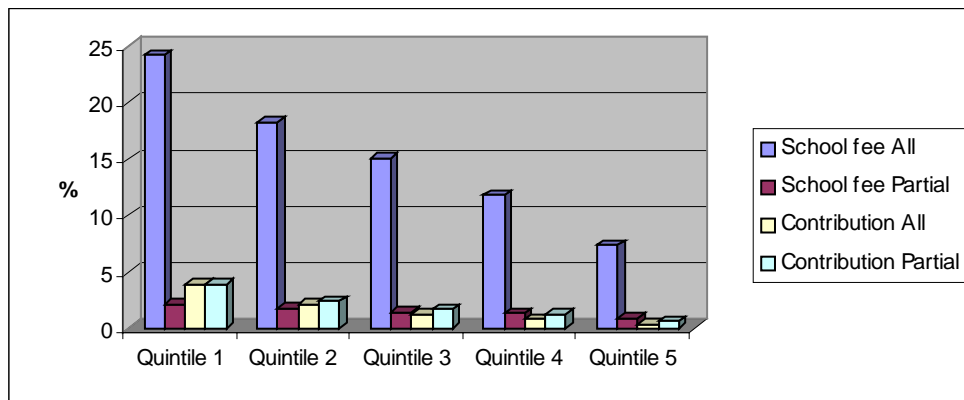
Relatively simple reforms which have minimal impact on learning such as school uniforms, can have a very significant impact on direct private cost. Since the introduction of school fees, certain groups in the society have been exempted from paying for education. Exempted from the school fees are the children of war veterans, disabled and the children of poor families that are defined by the commune. Provincial People’s Committees set the regulations on fee levels and exemption criteria for poor groups and ethnic minorities based on an inter-ministerial policy of Ministry of Education and Training (MOET) and Ministry of Labour, Invalids and Social Affairs (MOLISA) (Crumpton and Giap, 2002:25). The percentages of exempted pupils by age group according to the data from 2002 are presented in table 2.3.1. Although the direct costs of education rise substantially when children enter the secondary grades at the age of 11, the school fee exemptions decline dramatically when their impact on the household economy strengthens. Nevertheless, school fees are progressive in the sense that they favor children from lower-income households among those children enrolled in school, particularly because of the primary school fee exemption (Berhman and Knowles, 1999:238). In addition, as table 2.3.2 reveals, the fee exemptions are strongly targeted at the poorest in Vietnam.

Table 2.3.1: Percentages of pupils who are whole or partial exempt school fees or other contributions by age in 2002



Source: General Statistical Office 2002

Table 2.3.2: Percentages of pupils who are whole or partial exempt school fees or other contributions by income quintile



Source: General Statistical Office 2004

Nonetheless, school fees are only one-third of what households pay directly to schools and are a much smaller proportion of households' total school-related expenditures (ibid.). When out-of-pocket expenses such as school uniforms, transportation, food and lodging are added to the tuition fees, the overall costs for education almost double. Moreover, the poorest 20% receive just over 10% of the total public funds that are delivered mostly through primary education, while the richest 20% receive more than 35% delivered through lower, upper secondary and higher education (Tranh and Long, 2004:18, World Bank, 1997).

Table 2.3.3 shows that of the total costs, only 14 percent of the out-of-pocket expenditures of the poorest quintile contributes to the tuition fee. The biggest share of the costs for education comes from contributions to school maintenance, parent-teacher association (PTA) fees and community as well as from textbooks that are sold to the students. All of these costs are counted out from the

public subsidy for education. Hence, changes in the extent of state subsidies for education may have worked against the general goal of increasing educational attainment (Statistical Publishing House, 1996:24).

Table 2.3.3: Out-of-pocket Expenditures in Education in 2002

| Primary education | In thousand VND per year | | | | | | | | In percent of household expenditure |
|---------------------------|--------------------------|--------------|---------|------------|--------------|---------------|--------|--------|-------------------------------------|
| | Tuition fee | Contribution | Uniform | Text-books | School tools | Extra classes | Others | Total | |
| Poorest | 4.7 | 41.9 | 17.0 | 27.6 | 26.5 | 7.4 | 4.8 | 130.7 | 1.9 |
| Near poorest | 7.5 | 47.2 | 24.9 | 36.4 | 34.6 | 14.1 | 8.8 | 174.3 | 1.9 |
| Middle | 11.5 | 50.3 | 33.0 | 41.3 | 38.6 | 22.6 | 15.4 | 215.0 | 1.8 |
| Near richest | 26.4 | 59.8 | 44.9 | 44.9 | 43.8 | 44.7 | 22.0 | 290.8 | 1.8 |
| Richest | 131.1 | 102.5 | 73.9 | 58.8 | 62.6 | 218.2 | 89.3 | 756.7 | 2.4 |
| Vietnam | 27.8 | 56.0 | 34.4 | 39.5 | 38.6 | 47.2 | 22.3 | 270.3 | 1.9 |
| Lower secondary education | In thousand VND per year | | | | | | | | In percent of household expenditure |
| | Tuition fee | Contribution | Uniform | Text-books | School tools | Extra classes | Others | Total | |
| Poorest | 30.7 | 51.3 | 28.3 | 49.0 | 40.4 | 15.5 | 9.1 | 225.7 | 2.9 |
| Near poorest | 45.9 | 56.4 | 39.1 | 56.3 | 49.3 | 28.9 | 16.0 | 293.2 | 2.9 |
| Middle | 55.0 | 60.5 | 44.5 | 62.7 | 54.7 | 45.6 | 18.0 | 343.1 | 2.7 |
| Near richest | 70.0 | 68.8 | 60.7 | 70.1 | 63.3 | 89.9 | 31.0 | 457.5 | 2.7 |
| Richest | 180.1 | 103.4 | 100.8 | 90.6 | 79.3 | 425.7 | 89.4 | 1076.0 | 3.1 |
| Vietnam | 72.2 | 66.7 | 53.1 | 65.0 | 56.8 | 107.5 | 30.3 | 454.8 | 2.9 |

Source: *Poverty Vietnam Development Report 2004 (Data estimated using VHLSS 2002)*

The total out-of-pocket expenditures of the poorest quintile are one fifth of the richest quintile and estimated half of the country average respectively. This in turn reflects an increasing dilemma of equity in education when richer households can afford to put their children to private schools for better quality, thus explaining the higher out-of-pocket costs of the richest quintile. Since the poor have substantially smaller incomes, they are contributing less to education and quite possible receiving lower-quality education in return. Other direct costs of education include costs of transportation, lodging and food. Thus, the costs borne by households will not reach 0 despite the government exempts them from paying fees.

2.3.2 Indirect costs –opportunity cost

With the sudden availability of wage-earning opportunities in the new economic system, many families faced a difficult decision on whether children should stay at school in the hope of greater future returns or enter the labor force now to maximize present earnings and seize the best openings while they are available (Bray, 1996:29). Thus, for many poor families, the contribution of a child on family income is too valuable to keep him or her in school. The extent of poverty in Vietnam does not provide the option of making a decision between education and labor for many families.

The opportunity costs are too high and requiring children to work has become a matter of survival rather than choice. The opportunity cost of schooling increases substantially when a child enters secondary grades. Age of children will be considered in the parents' process of making decision on whether or not withdrawing them from schools. In rural production, the older children tend to have higher opportunity costs (larger foregone earnings). In other words, the opportunity costs of the child rises beyond primary education, as children are at an age where they can begin to make meaningful contributions to house work and small contributions to household income. Nonetheless, reports of different schools to the Ministry of Education and Training repeatedly mention that a late entry into the educational system potentially increases the extent to which students need to repeat a grade and hence induces early drop out from school (Statistical Publishing House, 1996:49).

3 Descriptive analysis on dropout trends in Vietnam

Vietnam has drawn an impressive amount of scholars to study the different aspects of general education in a developing country. A wide variety of research is concentrated on examining the major determinants of the schooling dropout choice by households with the objective to reveal the path from economic difficulties to withdrawing their children from school. Current research is concentrated on the variables of child's characteristics such as age, working time, primary education and number of siblings as well as on household's economic situation (such as parental education, household's per capita expenditure and costs of schooling).

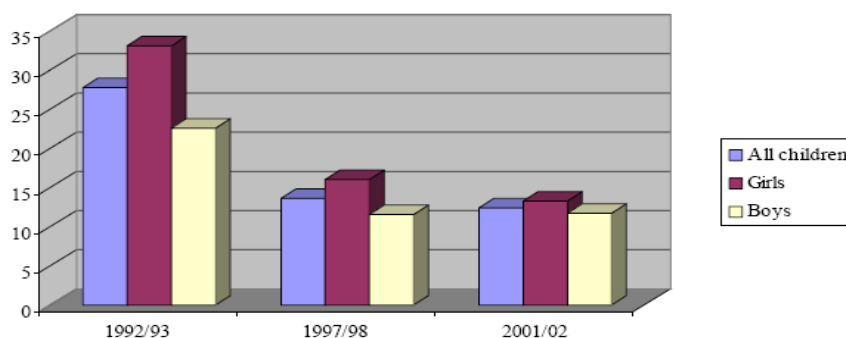
3.1 Recent research on dropout reasons and trends

Many scholars believe that more educated parents tend to have better educated children. This argument reasons itself with the explanation that educated parents are more able to assist in their children's learning, raising the returns relative to less educated parents, and are also more likely to recognize the benefits of schooling (Tranh and Long, 2004:11, World Bank 1997, UNESCO Institute for Statistics, 2005). As a matter of fact, Anh et al. (1998) found that successive levels of parent's educational attainment are associated with higher percentages children attending school in each age group. In addition, their study took into consideration the family size in determining children's education without finding any plausible association between these two variables or the role of parent's gender in children's educational attainment. However, a study by Bélanger and Liu (2004) revealed that children in two-parent families are more likely to attend school than those in one-parent families, while children living in extended families have the highest probability of going to school. Additionally, Bélanger and Liu (2004) confirm the relationship between educational

attainment and the gender of the household head in their research of the girls’s schooling in the context of the social policy reforms. They argue that children living in households headed by women are more likely to go to school than those headed by men (ibid.:34). As a result of their empirical research through logistic regression with multiple variables of household characteristics and gender, they suggest with caution that women place greater value on education than men or households headed by women tend to be more egalitarian, thus leading to a greater school attendance of their children (ibid.). Moreover, Tranh and Long (2004) argue that human capital of the mother is usually more closely related to the attainment of the child than is that of the father. Here, human capital is defined as the educational level of individual and the resulting knowledge and labor contribution of an individual to the society. Nevertheless, as Tranh and Long (2004) claim, growing up in a one-parent family (or experience divorce or marital separation) is negative related to the level of school attained and is statistically significant.

A study by Giang (in Drummond and Rydström, 2004) found that female pupils at all levels of general education account for almost 50 percent of the total number of students. A small gender gap in enrolments appears only after the primary school level and is marginal. Nevertheless, the level of illiteracy among women is still much higher than among men and in general, women attend school for fewer years than men (ibid.:141). In addition, as the interviews with the NGO officials revealed, in rural Vietnam and among the poorest, a persistent preference for boys education exists mainly because the daughter is believed to move out to their husband’s family and as Tạ Thúy Hạnh from Save the Children Sweden (2006) stated “*educated girls are harder to get married in rural Vietnam*” without elaborating more about this claim. However, gender bias is a gradually disappearing factor causing dropouts as can be seen from table 3.1.

Table 3.1.1: Overall dropout rates by gender in 1993, 1998 and 2002



Source: Thang and Long 2004:21

According to Theis and Huyen (1997) families who rely their income mostly in agriculture frequently enter school at later age and many students fail exams and repeat grades (ibid.:24). When enrolling to primary school and secondary school older than most of the classmates, students see themselves older and less successful than their classmates. In addition, older children as well as higher direct cost of schooling (higher direct costs required higher grades), increase the marginal cost of education, and hence in order to restore the equilibrium condition the resource used for investment in education for older children will be cut partly (Tranh and Long, 2004:11). This also means that the older children will face a higher chance to be withdrawn from school (ibid.). An additional remark about the age and schooling correlation of a child was made by Behrman and Knowles (1999). For a given age at which a child starts school and a given extent of schooling, the more rapidly that child completes his or her schooling, the lower is the private cost of schooling in both direct monetary costs and opportunity costs, the sooner are post-schooling returns reaped and the longer is the period in which to earn these returns (ibid.:213).

Household expenditures are a relevant indicator of the increasing pressure that families experience in funding their children's education (Bélanger and Liu, 2004). As a matter of fact, households and individuals determine the demand for schooling by an implicit cost-benefit analysis. Parents will not send their children into school if the expected benefits do not exceed the costs- direct and indirect- associated with school attendance (Patrinos and Ariasingam, 1997:12). The heavy impact of schooling costs analysed by the World Bank were cited in Bray as follows:

For the families in the poorest quintile direct costs per primary student in 1993 were equivalent to 22 percent of nonfood consumption. This was nearly twice the figure for the richest quintile (12 percent). At the lower secondary level, the cost-nonfood ratio was 45 percent, more than twice the ratio for the rich, and upper secondary schooling cost as much as the entire nonfood budget of the poorest quintile, which was three times as much as the relative cost facing the richest quintile. According to these figures, a family with two children in primary and in junior secondary would have spent 89 percent of its nonfood budget on school expenses (World Bank 1995g:94 in Bray1996:41).

In addition, the out-of-pocket costs have the heaviest impact on households in the poorest income quintile as can be seen from table 3.1.2.

Table 3.1.2: Average annual out-of-pocket expenditure per child as percentage of household annual non-food consumption expenditure, by per capita expenditure quintile

| | Per capita consumption expenditure quintile | | | | | Average |
|-----------|---|--------------|--------|--------------|---------|---------|
| | Poorest | Near poorest | Middle | Near richest | Richest | |
| Primary | 6.3 | 5.3 | 4.5 | 4.3 | 4.8 | 4.4 |
| Secondary | 11.0 | 8.9 | 7.2 | 6.7 | 6.8 | 7.4 |

Source: VNHS 2002 in United Nations Country Team Vietnam Discussion Paper No.6, 2005

Moreover, according to the data presented in table 3.1.3, the urban-rural disparity in access to educational opportunities and resources has increased as the result of rises in costs for education. The fact that rural areas are home to about 75 percent of the population and 90 percent of the country's poor, makes the situation alarming. Possible implications of this inequality are presented by Ngu (in Taylor, 2004:227) when he argues that opportunities to pursue higher education-which is strongly believed to be associated with better opportunities of earning a living- are limited to children from rich families and thus social disparities and the income gap are likely to widen. The financial hardship due to the increasing costs of education and lower levels of income leads to more rural than urban pupils dropping out of school as children enter higher education levels.

Table 3.1.3: Private spending on different levels of education between rural and urban areas 2002

| | Total | Primary Education | Lower Secondary Education | Upper Secondary Education |
|---|----------|-------------------|---------------------------|---------------------------|
| Average private spending of provinces (1,000 VND) | 582.22 | 267.92 | 490.62 | 1,718.09 |
| Private spending by urban household (1,000 VND) | 1,176.61 | 590.79 | 939.74 | 2,304.90 |
| Private spending by rural household (1,000 VND) | 437.04 | 197.16 | 387.71 | 1,490.58 |

Source: GSO in Taylor 2004:228

Belanger and Liu (2004) argue that of reasons identified for not attending school at all three levels, 'fees are too high' ranked first with over 65% and 75% of leaders for primary and secondary school non-attendance respectively (General Statistical Office 2000 cited in Belanger and Liu 2004). Their empirical evidence showed that children in the highest socio-economic group were 20 times more

likely to attend school than those in the poorest group (ibid.:34). Save the Children Sweden (2000) study of the children in domestic service in Hanoi came to a similar conclusion when the organisation studied the backgrounds of the working children. The single most common reason for dropout is clearly the high cost of education (ibid.:50). Whereas most people do agree that schooling helps to raise household income and lower the probability of becoming or remaining poor, the reverse is also true. Very poor parents often lack the disposable income necessary to cover the direct costs of sending their children to school (World Bank, 1997:112). The direct costs of education rise gradually throughout the general education; the higher the grade, the more expensive it becomes. For many poor families, these costs are too high to overcome and the opportunities to enhance the quality of life through education or other means are limited. In summary, having educated parents and coming from a relatively well-off household raises one's chance of attending school (based on the results of regression analysis conducted by Glewwe and Patrinos, 1999).

However, a study by Behrman and Jacoby (1999) on the recent trends of school enrolment and completion in Vietnam show that both primary and lower secondary school fees do discourage lower secondary enrollment, but both effects are significant only at about the 10 percent level. A more stronger correlation was found between deteriorating primary school buildings and poor-quality primary school teachers that depress secondary school enrollment. The poor-quality primary school students are ill prepared for lower secondary school and thus tend not to enroll. As a matter of fact, the curricula in public schools do not provide the children with skills and knowledge to transfer to secondary grades and thus the decrease in enrolments (Le Bach Duong, 2006). In addition, Theis and Huyen (1997) argue that the attitude of parents towards education is more important than their economic situation, but on the other hand there are some better-off families who take their children out of school in order to provide their children with high quality private education or send them abroad to study. Hence, an ever increasing amount of literature has been concentrating on the quality factor of education and the changes in perceptions this factor has a strong impact on.

Most Vietnamese agree that the knowledge acquired in school today does not prepare students for the workplace (Pettus, 1994). Vietnamese education continues to bear the mark of a Chinese, and specifically Confusian cultural heritage. It stresses hierarchy and formalism, contributing to a learning environment that stifles individual expression (ibid.:37). In many cases it is not sufficient merely for a school to exist. Enrolment and completion do not necessarily ensure that children always receive a “education of good quality” or that “measurable learning outcomes are achieved

by all” (Department for International Development 2002:4). In addition, the home/school environment may not be conducive to learning because of the lack or awareness about the benefits of education. Hence, even “free” education may not entice poor families (Patrinós and Ariasingam, 1997:12).

As my findings will demonstrate, the above mentioned factors have an importance in child’s education and educational attainment, but the impact of these factors in deciding whether a child should stay at school or not vary whether a child attends primary or secondary school.

4 Findings

The NGOs are serving the gaps that public policies do not reach and facilitate the opportunities through subsidising the disadvantaged children and families. The educational scholarships bear the cost of child’s education with the aim of enhancing enrolment, decreasing the dropout rates and raising the performance. Although the selected NGO, Humanitarian Services for Children of Vietnam (HSCV), can not cover all the costs affiliated with basic education due to several out-of-pocket expenses, the educational scholarship worth 450,000 VND (\$28) provided to the families has direct effects on the household expenditures and most importantly, the respective families are now able to improve the quality of life and have managed to increase their income as the following findings will reveal.

4.1 Background of the respondents

I interviewed 9 households in the communes of Xuân Thu, Xuân Sơn, Sông Công and Trung Giã in the Hà Nội province district of Sóc Sơn. The chosen children/households in Sóc Sơn have been in the HSCV school scholarship programme since the beginning of 2005, which accounts to 2 full school years. The income of the family, an important factor in defining the degree of poverty as well as one of the main criteria to obtain a sponsorship from HSCV, was defined mainly according to the information given by the head of the household. In addition, the degree of poverty for the qualification in the scholarship programme was based on the assets the household possessed such as bicycle, television, domestic animals or plot of land. Nonetheless, the number of household members is considered either as an asset or liability depending on the degree of financial poverty the household faces. The households are coded by numbers and letter combination “SS” to indicate that they live in Sóc Sơn district. The following characteristics of the households studied are taken

from the HSCV database and are adapted to report the most relevant information. Households are presented according to the HSCV style of description.

- **SS001- Province: Hà Nội, District Sóc Sơn, Commune Xuân Thu**

The mother and son are living with a mentally ill aunt in a house that is about to fall down. The mother is ill and weak, but she works as a farmer and a seller just to earn about 250.000VND (\$ 15,6) per month. The family has debt worth 1 million VND (\$ 62,5)⁵ for medicine. The 17 year old son goes to secondary school grade 9 with the help of an educational scholarship.

- **SS014- Province: Hà Nội, District Sóc Sơn, Commune Xuân Sỏi**

The father of the family has died of brain cancer in 2001. The mother of the family runs a small streetside foodshop from which she derives the household's monthly income of 300,000 VND (\$ 18). In addition, the family has the support of 300,000 VND (\$ 18) per month from the Department of war invalid and society of Hanoi. The youngest child is mentally disabled. The oldest daughter goes to secondary school grade 11 for which the mother pays 450,000 VND/year (\$ 28) and additional 20,000 VND/week (\$ 1,3) for extra classes. The middle child, a girl, is on the 4th grade of primary school and receives an educational scholarship. The family debt is around 3 to 4 million VND (\$186-\$248).

- **SS020- Province: Hà Nội, District Sóc Sơn, Commune Sông Công**

Both of the parents are free workers and manage to earn about 600,000 VND (\$37) a month. Their first child, a son, has been on dialysis since birth and has drop out of school due to his condition. The daughter goes to 3rd grade of primary school with the help of the educational scholarship. The family debt is 15 million VND (\$ 934) mainly from the surgeries of the son. In addition, the family has to pay back their loan 100,000 VND (\$ 6,2) a month.

- **SS021- Province: Hà Nội, District Sóc Sơn, Commune Trung Giã**

Parents are free workers and make 700,000 VND (\$ 43) per month. The family has debt of 7 million VND (\$435). Oldest child goes to grade 6 at lower secondary school and family pays 650,000 VND (\$ 40) for her education. The younger daughter goes to 4th grade of primary school and receives an educational scholarship.

- **SS022-Province: Hà Nội, District Sóc Sơn, Commune Trung Giã**

Mother is the sole head of household due to an unplanned pregnancy. The main income of the household is through selling vegetables and the mother makes around 200,000 to 300,000 VND

⁵ Exchange rate: 1 USD=16,075 VND

(\$12-18) per month. The son is on the 4th grade of primary school and receives an educational scholarship.

- **SS023- Province: Hà Nội, District Sóc Sơn, Commune An Lạc, Ward Trung Giã**

Parents are farmers, although the father of the family is mentally handicapped and hardly contributes to the household income except occasionally as an assistant builder. The parents can make about 200,000 VND (\$ 13) per month, but they are indebted worth of 10 million VND (\$ 622). Oldest child who is a boy (born in 1990) stays at home, but is dreaming of becoming a carpenter. The daughter goes to 5th grade of primary school with the help of an educational scholarship.

- **SS024- Province: Hà Nội, District Sóc Sơn, Commune An Lạc, Ward Trung Giã**

The mother is a farmer and the father goes to work as a builder far from home. He comes back home 3 or 4 times per week. However, the father has problems with his back and kidneys. The People's Committee gave the family 3,5 million VND (\$ 218) to repair their house in 2004, but they are still in debt about more than 10 million VND (\$ 623) for the house and for the medicines for the father. The household income is about 500.000 VND (\$ 30) and some rice per month. The daughter goes to grade 3 at primary school with the help of educational scholarship.

- **SS029- Province: Hà Nội, District Sóc Sơn, Commune An Lạc, Ward Trung Giã**

Both of the parents are farmers and make around 600,000 VND (\$ 35) per month. In addition to the parents and their 2 children, the grandmother and the great grandmother share the house with the family. The son attends the 3rd grade of primary school and receives an educational scholarship. In 2005, the household was given 3,5 million VND (\$220) by the local government to repair the house for which they also had to borrow 10 million VND (\$620).

- **SS032- Province: Hà Nội, District Sóc Sơn, Commune Sông Công**

Parents of this household are farmers, but only the mother contributes to the daily "survival" of the family since the father is always drunk. As a matter of fact, this family could not define their income, but reported to "eat whatever they find". They have 7 children from which the oldest daughter is married and has moved outside the house. In 2005, HSCV built the family a compassion home, since before that the family was living on a boat that was falling apart. The family does not receive any subsidies from the government and none of the family members can read. HSCV provides scholarships for the 4 youngest sons of the family for primary school. However, they have dropped out of school.

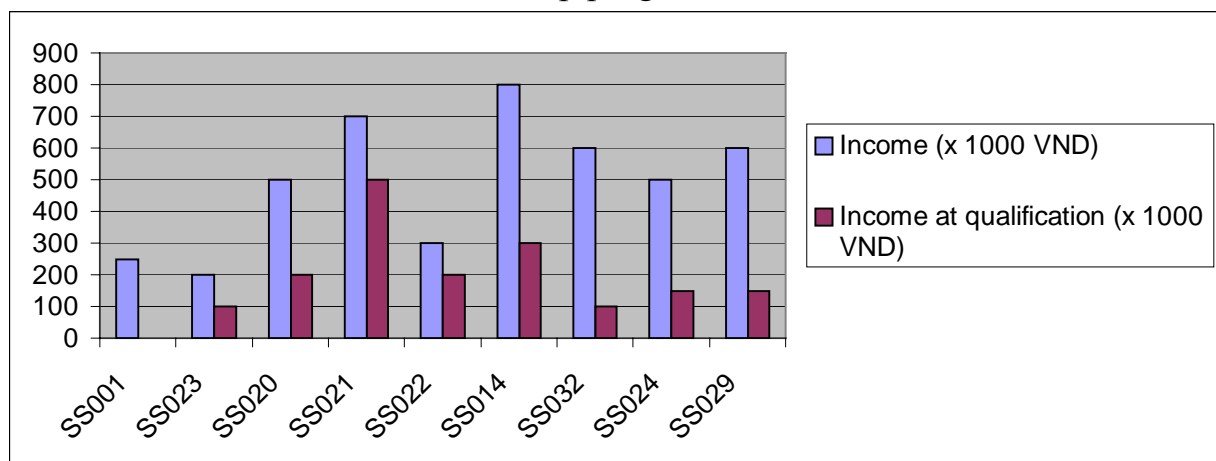
As a summary, 4 of the studied 9 families had mother as the head of household. The average monthly income calculated on the basis of the 8 families that were able to state their income is 525,000 VND (\$ 32). 7 of the studied families have debt with an average of 13 million VND (\$ 809). An average household size is 4 and most of the families are dependant on agriculture as the main source of income. From the 9 chosen families, HSCV provides an educational scholarship for 5 girls and 7 boys. The definition of poor varies between the families. Some families “eat whatever they can find” whereas others do not suffer from similar “hunger” situation.

4.2 Impact of the scholarship programme

4.2.1 Household’s socio-economical status

According to the data provided by the studied households, the rise in income during the qualification and review period is rather remarkable as can be seen from table 4.2.

Table 4.2.1: Income changes of the chosen households since the qualification to the scholarship programme⁶



Source: HSCV database

Although it is evident that the household income has increased within the two years the families have been in the HSCV scholarship programme, these results must be interpreted with caution. First of all, HSCV sponsors the families with a combination of educational scholarship and rice donation. Thus, the household is subsidised by the yearly school scholarship amount of 450,000 VND (\$ 28) paid directly to the school the child is attending and with an additional monthly rice donation of 20-30 kilograms depending on the size of the family. The rice donation’s monetary value is about

⁶ The income of SS024 and SS029 at the qualification phase is based on the monetary value of 150,000 VND of corn and seeds that were donated by the local government. The real income of these families was not stated.

80,000 VND⁷ (\$ 5) per month which contributes directly to the household economy up to 960,000 VND (\$60) per year. Nonetheless, the rice donation can be seen as an “carrot” for the families to keep their children at school. In addition, a remark must be done on the amount of children at school; five of the families have only one child in primary school age and thus reduces the costs of education compared to the three (SS014, SS021 and SS032) families in this study who have two or more children on general education levels. Surprisingly, household SS014 has managed to improve their financial situation distinctively despite the costs that are borne on the household due the older daughter’s education. However, one has to take into consideration the share of the fixed monthly donation of 300,000 VND (\$18) from the Department of war invalid and society of Hanoi that contributes up to 50 percent of the household’s monthly income. In addition, the household’s main income comes from non-agricultural work that is less vulnerable for external shocks. As a matter of fact, many of these low income families derive their income from agriculture, usually through rice and vegetable cultivation. This kind of income generation as well as agricultural income as such, is very sensitive to uncontrollable external forces such as weather and seasonal changes. In addition, family member’s sicknesses and fluctuations in the market prices of the agricultural products have direct impact on the household income. Thus, the household income reported at the review phase is expected to fluctuate between seasons⁸ and the probability that the raise in income is only result of occasional income flow, is rather high.

In spite of the scepticism towards the accuracy of reported income data, almost all households reviewed reported that the acceptance into the combined school scholarship and rice donation programmes has enabled them to spend more own money into medication for the sick family members and clothes in stead of borrowing the money from relatives and increasing the debt. In addition, family SS001 had invested money into buying bricks in order to build a water container on the yard and other family had managed to build a dwell to skip the long walk to the closest water pick-up point.

4.2.2 Impact of school fees on household spending

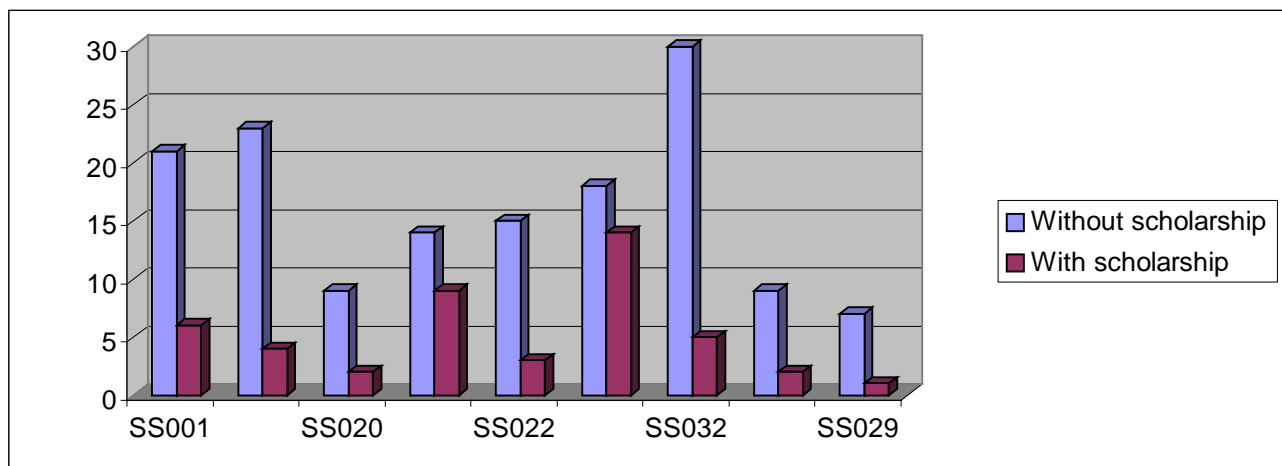
Now, I assume that the school continuation decision, such as the choice between completing primary and secondary education or dropping out, depends on the current costs of schooling, both direct and indirect costs, and current household income. According to several studies and interviews with NGO representatives, the costs of education are the most common deterrant for child’s

⁷ Calculated for 20kg of rice. 1kg of rice costs around 4000 VND.

⁸ Reviews were done in November 2006, at the end of the rice harvest season and right before the cold Hanoi winter.

education especially in the low income group. For the poor, even primary education is quite expensive and despite increases in income, the proportional costs of education continues to rise (Bhushan et al., 2001:46). The following datatable is calculated using the household reported income per month that is multiplied by 12 to correspond to whole years income. According to different sources of data, the annual schooling costs (tuition, parents' fund and facilities, uniforms and miscellaneous out-of-pocket costs) account on average to 550,000 VND (\$34) for primary education and to 650,000 VND (\$40) for secondary education respectively including out-of-pocket costs.⁹ In line with Bélanger and Liu (2004), the studied families are spending a great amount of their annual budgets on schooling fees and other school related costs.

Table 4.2.2: Total costs of education as percentage of the household income per year



Source: Student's own calculations using data collected from the family interviews and HSCV database

HSCV scholarship is paid directly to the respective schools to make sure that the money is used for the right purpose. HSCV scholarship does not cover all the school associated costs, but the additional costs after the scholarship borne on families are marginal as can be seen from table 4.2.2. There is a shortfall of 100,000 VND (\$6) on primary and 200,000 VND (\$12) on secondary level that the families need to cover independently. Nonetheless, the drop in schooling costs borne on households as a result of the educational scholarship provide them an opportunity to invest and save money. Where the total costs of education without the scholarship exceed on average 10 percent of the total annual income, the educational scholarships decrease the educational costs on average under the 5 percent level. The high expenditure levels of the households SS014 and SS021 are

⁹ The data was collected through interviews with the families (they stated paying from 450,000 VND to 650,000 VND for primary and secondary education, NGO representatives and MOET definition of official annual fees (in 2006 these fees are VND558,000 for primary school, VND898,000 for secondary school). However, the MOET definitions provide only a broad school fee framework, and provincial and municipal people's committees are authorized to decide on set school fee rates for each grade level depending on that region's socio-economic status.

explained through the cost of secondary education for their older daughters. Nonetheless, family SS014 pays 200,000 VND (\$12) less for secondary school than SS021 because of the “good student” discount that these households reported existing.

Since only 1 household within the sample of 9 has a child that attends the lower secondary school and is sponsored by HSCV, it is hard to make an accurate conclusion about the impact of the rising costs of education on the probability to dropout during the transition from primary to secondary school. Generally, it costs parents on average almost 70 percent more to send a child to secondary than primary school. Hence, when the respective family was chosen into the HSCV programme, the boy believed to be able to contribute more to the family by working in the city than by attending school that the household could not afford. Here, the question was to make sure that the only child of the family would go back to school after dropping out for 2 years and thus secure a higher probability for the household to enhance their long-term prospects for better life.¹⁰ Nonetheless, in spite of the chosen sample of sponsored households, it is important to remember that HSCV sponsors proportionally a larger share of families where the child has already dropped out of school and the aim is to provide the child a financially possible opportunity to go back to school. Since HSCV sponsors both primary and lower secondary school students, they wish to make sure that the sponsored primary students have a possibility to transfer to secondary school and complete the basic educational cycle of 12 years. The high participation rates in Grade 1 of primary school reflect government campaigns to encourage enrolment and demonstrate the high value that Vietnamese families place on education, but some poor families soon find that they are unable to afford the "voluntary contributions" and other education-related costs (World Bank, 1997). Thus, the share of the costs of schooling contribute clearly to the probability of the family to withdraw their child out of school as a result of financial constraints as is argued by many scholars. Where many of the families have one or more children still under the primary school age, the financial burden related to education is likely to increase within the coming years.

4.2.3 Schooling decisions and importance of education

Through observations and interviews with the families and NGO officers, it is evident that education is highly valued even amongst the poor. Although it is argued that the poor parents seem to have higher degree of suspicion relating to the contribution of education to their total household income, families in this case study are willing to sacrifice a great share of their budgets in educating

¹⁰ See Appendix 1

their sons and daughters. Thus, I would propose that education is understood as a long-term investment. As one single mother put it, “*No matter what, I would have done my best to afford my child to go to school*”. Here, it is important to mention that 7 of the families mentioned that although the scholarship has helped them significantly, they would have borrowed money from relatives and neighbours to afford the costs of education until the end of highschool where the options would be weighted again. But it is important to remember that people are hardly passive and different households respond differently to the same incentives. Household SS032 could be considered as an extreme case, but is a good example of how even largely discounted education does not entice poor families when certain variables that scholars claim to influence the schooling decision, interact. The family is one of the most poorest ones in HSCV programme. The illiteracy of the parents reflects directly to the motivation of the children to study and to the overall disregard of life. 4 youngest sons are sponsored by HSCV to primary school, but they feel discriminated at school and do not attend classes. One of the boys stated that “*The teacher claims that we are stupid and we are not supposed to be at school*”. As a matter of fact, doing badly at school and the inability to keep up was found to be one of the reasons for dropouts especially on primary and lower secondary school level in the study conducted by Save the Children Sweden (2000). The quality of schooling in Vietnam is currently subject to vivid debate. As a reflection of the deteriorating quality of education, it is worth mentioning that many children are required to take extra classes that cost between 20,000 VND (\$1,3) to 70,000 VND (\$4) per month per subject and thus contribute an ever increasing burden on low-income households’ budgets. However, only one family in this study reported of paying 20,000 VND (\$1,3) per week for daughter’s highschool level extra classes.

5 Conclusion

The search for more effective strategies for targeting public support to education, especially the focus on addressing the inequitable impact of direct and opportunity costs, has led to a number of initiatives involving scholarships targeted at improving the human capital of the poor. This study has elaborated on the extent to which access to education depends on the income of the household in the context of NGO school scholarships. As a result of this case study, I propose that even though the scholarship enhances the financial capacity of an household to put their children into school and weakens the impact of schooling costs in deciding child’s educational attainment, the educational scholarship is merely an incentive for the families to keep their children at school, not a decisive factor. This assumption is in accordance with Theis and Huyen (1997) argument that the attitude of

parents towards education is more important than their economic situation. My claim is based on the fact that most of the interviewed households were willing to borrow money from relatives to provide schooling to their children. In this context, the educational scholarship is targeted at enhancing and widening households's socio-economical choices in combination with the rice donation. Nonetheless, it is possible that the children of the studied households would never make it to grades beyond highschool due to increase in schooling costs. As a matter of fact, this claim can be applied only to primary school level where the costs related to education, both direct and opportunity costs, are still rather low in proportion to household income. However, Asian Development Bank report (2002) suggests that it would be astonishing if there were not a widespread perception among families that with continued market development there are significant economic benefits to be gained by having a child graduate from secondary school and, even better, from university.

It is clear that the families in this case study have managed to increase their income within the 2 years they have been participating in HSCV programmes. The subsidies provided by HSCV account annually on average to 1,4 million VND (\$87) from which the rice donation has a monetary value of 960,000 VND (\$60). However, it is hard to define if the increase in household income has been the result of the educational scholarship or the montly rice donation. Nevertheless, the findings suggest that even in one of the world's lowest income countries, demand-side incentives can effectively influence the schooling decisions as well as the school enrolment and attendance. After all, the purpose of any subsidy programme is not only to get children into school, but to keep them at school in order to complete the full educational cycle of 12 years (minimum). Hence, it is important for the NGO to provide a sustainable incentive for the families to keep their children at school especially when children are more likely to be withdrawn from primary education when families realize the financial burden of education. Otherwise the small children might end up on the streets begging and selling chewing gum and the probability to get these children back at school would be rather small. In addition, it is much more cost-efficient to educate a child than try to educate an adult (Bhushan et al., 2001).

What has become evident during my case study is the fact that in Vietnam, physically being in school is only a necessary, not sufficient, condition for learning. Although only one household reported paying for extra classes at secondary school level, it is expected that when the primary school aged children shift to secondary grades, they face difficulties in keeping up with the challenging curricula. Several sources argued that the contemporary curricula in Vietnamese

schools does not prepare the students for life, but is too focused on providing knowledge in natural sciences rather than literacy. Although the Ministry of Education and Training is reforming the curriculum, it is expected that the reform takes lot of time. Nevertheless, the shift in Vietnam's education system is from quantity to quality and according to NGO officers, teachers hold the key to better education quality.

In the absence of empirical evidence on the effectiveness of other similar interventions to improve access to education in Vietnam and the small amount of respondents, it is hard to determine how relevant my findings are in improving the grassroots level subsidy targeting. Undoubtedly, it would be interesting to do a follow-up with the respondents in three to six years when their children are entering senior level primary school in order to see the impact of rising school fees on household economy and to determine the level of sustainability in poverty reduction through educational scholarships.

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Appendix 1: Sponsored family in the commune of Xuân Thu in Sóc Sơn district

The head of this household is the 51 years old mother, since the father has died in 1991. The mother is a farmer, but she also collects cans to make around 250,000 VND/month (\$15). The mother and the son are living together with a mentally ill aunt. They nearly have no furniture. The only true assets the family has are 2 bicycles, the other one has been donated to them by HSCV. The household has been granted a medical card by the People's Committee. The family house is in a very bad shape and about to break down.

The family is sponsored by HSCV with a secondary school scholarship for the son who was born in 1989 who dropped out of school for 2 years and is now on 7th grade. In addition the family is granted a rice donation of 30 kg every month. Initially the boy did not want to go back to school, since he dropped out of school because he believed to generate more income by working in the city. The qualifying into the rice and scholarship program was a "carrot" that made the mother talk her son over and choose education in stead. The rice program is considered very helpful for the family's life. They have access to good meals now and the scholarship provided to the son has made him to go back to school. The scholarship also helps the family to invest more money into clothing and medicines. The family has debt for 1 million VND (\$62) due to medical expenses. Because of the scholarship, the mother has been able to invest money into 1000 bricks in order to build a water container so that she does not have to make a long trip to the dwell every day.

The boy is now 16 years old. In about 4 years time he is expected to marry and be graduating from high-school. The rate of return for the family on the boy's education is expected to be high, since traditionally boys are the caretakers of their family even though they are married and will live with their parents. Education equals better opportunities for life and better job. Possibly all the money the boy earns in the future will be invested in the family. When one considers that the boy had to stop school for 2 years in between, the expected benefit of education is rather big.