

Child-Focused Budget Study:

Assessing The Rights To Education Of Children With Disabilities In Vietnam

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GLOSSARY

Budget units (spending units): agencies that spend money of the budget

Line ministry and offices: Ministry (e.g. MOET) and lower offices with the same functions (in the same line): department (provincial level), division (district), section (commune level)

Financial offices: MOF and line offices

Education and training offices: MOET and line offices

Expenditure on services: expenditure for *providing public services* (e.g. teaching in education) from the State budget

Expenditure on administration: expenditure for *providing administrative management* from the State budget.

Target programme: national action programme with specific targets (e.g. anti-illiteracy, universalisation of primary education)

(Branch) training: = Vocational + higher + tertiary training

(Branch) education: = general education = basic education + secondary education = (pre-school +primary) + (lower + upper secondary)

School year: starting from September until June next year.

Budget: in this report, “**budget**” includes all financial resources that have origin from the State and are balanced by government.

Budgetary process = budget drafting + ratification + implementation (execution) + inspection + accounting (acquittance)

Budget year (Financial year): 1/1 to 31/12.

Children with disabilities: less than 16 year-old children, who have physical or mental disabilities

ABBREVIATIONS

CDC: Children in Especially Difficult Circumstances

CRC: Convention on the right of the Child

CWD: Children with disabilities

DivOE: Division of Education (district level)

DivOF: Division of Finance (district level)

DOET: Department of Education and Training (provincial level)

DOF: Department of Finance and Price (provincial level)

DPI: Department of Planning and Investment (provincial level)

GDP: Gross domestic product

GOV: the Government of Vietnam

MOET: Ministry of education and training

MOF: Ministry of Finance

MOLISA: Ministry of Labour, Invalid and Social Affairs

MPI: Ministry of Planning and Investment

NA: National Assembly

PC: People Committee (Local government)

PC: People Council (Local assembly)

SBV: State Bank of Vietnam

SC: Standing committee

TEB: training and education budget

UPE: universalised primary education

INTRODUCTION

Rationale

Studies focused on the link between macroeconomic developments and the implementation of children's rights have lately received much attention from international community of researchers in child related fields. This issue has gained strong support from many organizations in various countries and continues to gather momentum. However, recent international conferences have revealed shortcomings in scale, scope and methodology of the research in this field. This study endeavours to clarify and improve some of these shortcomings.

One of the emerging themes is "child-focused budgets". The main objective of studies on this theme aims at clarifying resources, especially financial resources from governments, which have been spent (directly or indirectly) on children, and analysing possibilities to improve the efficiency of this expenditure (see, e.g., Robinson, 1998). Such child-centred budget studies are clearly problem-oriented, as they provide a basis for recommendations and advocacy for children's rights, especially in countries, where the International Convention on the Rights of the Child (CRC) has been ratified.

Due to sharp differences between countries in terms of socio-economic developments as well as in educational and political institutions, it is necessary to put forward a proposal for a common research strategy to enable inter-country comparisons. This strategy would take into account country-specific characteristics and would have long-term significance for this relatively new field of study.

Vietnam is among the first nations to ratify the CRC and is striving to implement the convention. The government's commitment to guarantee children's rights was reflected in many ways, especially in the Law on Protection, Care and Education for Children, which was ratified by The National Assembly (NA) in 1991. However, the link between policy commitments and financial commitments (expressed in the State budget) has not always been appropriate, transparent or adequate. (This observation is certainly not new and not only specific to policy commitments to children). The following can be identified as reasons causing these discrepancies: constraints on the overall budget and resources; lack of information and knowledge about real demands on financial resources; practical obstacles in the budget process; and lack of political pressures on financial commitments. The last reason is especially true with regards to the issues related to children since children have no political voice and are subject to many other disadvantages. The above analysis also reflects this research group's awareness of the necessity to study the issues, which will be identified later in this report.

Studies on budgets in general have not received much attention from Vietnamese researchers. Much less on budgets for children. Apart from difficulties arising from the collection of information and data, there are also difficulties related to characteristics of the centrally planned economy (CPE), which existed until the late 1980s. Nevertheless, the fast changing socio-economic process over the past decade, with the role of the State in social economic development being regarded as one of the significant features, has led to many changes in this research field, despite some remaining difficulties.

Not until 1996 did Vietnam's Budget Law take effect. Regulations on budgeting and financial transparency were beginning to be implemented and facing many difficulties (see also WB and IMF, 1999). The national statistical system is also weak, while researchers do not receive appropriate cooperation from policy makers as well as from other public servants, who control information within various State agencies. The choice of scale and scope for this study is consequently restricted by these constraints.

Objectives and Purposes of the Study

The main objective of this study is to examine the budget for primary education at district level with emphasis on budget expenditure on education for children with disabilities (CWD). The study also

examines utilisation of budget and other financial resources for CWD in some primary schools that have inclusive education classes for CWD. The study encompasses the following broad objectives:

- I. To make children including CWD, more visible in policies and decision-making processes, especially those related to budget and resource allocations in Vietnam;
- II. To collect information and details on the process and structure of education budgets at district level, with focus on expenditure on inclusive education for CWD;
- III. To identify and clarify the link between budget and policies related to children's (including CWD) rights to education.

District level was selected not only on its feasibility but also on the significance of the study. A case study of a delta district with typical social economic characteristics will allow us to study the issues in depth with little loss of generalisation. Vietnam is a unique country where its principles, criteria and methods of implementation of the budgetary process are basically the same at all government levels (except, possibly, at the commune level (i.e. grassroots level) which is characterised by specific features and is in a fast changing process related to State's and party's policy on democratisation at grassroots level).

Given the time constraints as well as limited access to information, the research group view this study as the first steps towards creating momentum and an initial knowledge base for future studies of budgets in general and budgets for children in particular. The specific purpose this study is: to clarify the budget allocation process in Vietnam, with focus on the budget for education and training at district level (taking Vinh Tuong district in Vinh Phuc province as a case study). Analysis of various stages in the budgetary process will facilitate the understanding of the role of various State agencies in budget allocation as well as budget regulations to which local governments should conform. Based on the knowledge on the budget process, the study will also examine in details three primary schools in order to reveal any problems and issues related to budget expenditure at school level for CWD. The results of this analysis will form the basis for recommendations on policies related to CWD rights to education.

As in many other countries, for one reason or another, the budgetary process in Vietnam is usually not clear to common people or even to researchers. The most important reason is the complexity of the process. The process and content of some details of the budget have only recently been published. In addition, issues related to the structure and content of the budget are always so politically sensitive and technically complex that it is very difficult to use even the most sophisticated cost-benefit analysis (CBA) models to assess its rationale. However, there is still some relevance in studying some aspects of budgetary activities, which is budget at district level for primary education in this case. Besides consolidating knowledge and obtaining an overall picture of the budget process, such an analysis is essential to providing some ideas about the extent of the complexity, the incremental characteristics, and the overlapping in the budgetary process.

The choice of a specific target group like CWD will facilitate a problem-oriented analysis. There exists then a common basis on which to organize our analysis, to draw lessons learned, and formulate recommendations. The research group also hopes that the study can be expanded to other levels and other children groups.

Research Methods

The main approach is to regard the budgetary process as an incremental process. This means analyses of the budget and other financial resources will not concentrate on the overall rationality (i.e. efficiency of financial resources in economics) of a budget but on the rationality of the *incremental part* (i.e. the part that is changed from year to year). The main justification for this approach is that governments as well as researchers, although paying more attention to quantifying the criteria for efficiency of budget expenditure, cannot overcome main obstacles such as limited access to information and data, analysing capability and even differences in theories of evaluation. Therefore, any suggestion of rationality (in a broad and loose sense) should be understood as rationality conditioned by specific local environment. This environment, in our specific case, is affected mainly by legal frameworks, which specify the State's

responsibilities for children's education. The analysis, by starting from general (central) to specific (district, school) levels, can provide an understanding of overall limitations which the budgetary process at lower levels much be subject to and the understanding of typical as well as general points in the analysis.

Data were collected through 3 main channels:

- I. official publications of the State and international organizations (i.e. officially published data by the GSO, WB, IMF, UNDP etc.)
- II. Reports by officials from central and local governments (MOET, MOF, DOET and DOF in the provinces and districts, CPCC in the provinces and the districts, three primary school principals)
- III. discussions and interviews with officials from related ministries and departments (education and finance specialists, CPCC staff, school principals, commune leaders).

Data adjustment was based on these three information sources in order to yield an evaluation, which is as close to reality as possible. Although the quality of the statistical data is low, deviations in general do not fundamentally affect research results.

Schools, chosen by recommendations from the district people's committee, might not be representative. However, the study of issues in inclusive education and budget utilization in these schools will not lose its generality thanks to the nature of the budgetary process as well as to the specific purposes of this study.

The emphasis on qualitative rather on quantitative analysis is due to data limitation as well as to the fact that the central issue of the study cannot be too specific. This is also the reason for the use of relative rather than absolute measures to ensure comparability between the district under study and an average district (in the delta).

Robustness of the study was somehow improved by considering the reliability and consistency of data and information. Critical data and information were crosschecked with available sources. However, as in many other studies, limitations in resources, access to information, as well as technical (unintended) errors from information providers are factors, which should be accounted for in the interpretation of research results.

Structure of the study

The report comprises three main sections:

1. The background concentrates on the description of legal frameworks, policies related to children, and general budgetary process at central level, with emphasis on various stages of the budgetary process and the overall structure of the State budget in Vietnam
2. The second section focuses on the budget for primary education. After a brief description of the education system in Vietnam, this section describes and analyses the budgetary process for education in general and for primary education in particular. The main purpose of this section is to provide relevant backgrounds for the study in later sections
3. The third section is the core of the report. It examines issues related to budget and financial resources for inclusive education (IE) of CWD in Vinh Tuong district. This section includes three main subsections according to three levels from province to district to commune (schools). Section II.1 describes main activities in the care and education of children at province and district levels. Section II.2 analyses the district budget, concentrating on two types of expenditure: expenditure on children and expenditure on education and training. Section II.3 examines the budget utilisation and financial sources for inclusive education of CWD in three primary schools.

The conclusion summarises the main research results. These also form a basis for recommendations in the last part of the report.

EXECUTIVE SUMMARY

Vietnam's budget system is undergoing rapid changes thanks to the introduction of the Budget Law and related legal documents. The government's commitment to education has been reflected in significant increases in the budgets for training and education (TEB) in recent years. The present budget management system shows that district level plays an insignificant role in TEB and lacks the necessary flexibility to play a more important role in attracting non-budget financial resources. **The district budget is not adequate to meet new education priorities.**

The budget content and process for education and training at district levels differ in many respects from higher levels. One of the most salient differences **is the dispersion of budget resources to education and training.** This is one of the biggest difficulties hindering the efforts to evaluate and identify a rational spending structure, as well as the efforts to coordinate financial resources for education of children including CWD. As shown by the case study, although the required budget to maintain inclusive education for CWD may not be high, **institutional constraints as well as difficulties in coordination of budget resources prevent many practical solutions.**

Despite very good initial achievements, budget spending is still inadequate and unrelated to the workload required to maintain IE for CWD. This gives rise to a number of necessary measures to ensure sustainability of the IE programmes for CWD. This is even more important when considering the relative equal distribution and stable ratio of CWD in the districts and communes of the investigated province.

Schools spend their budgets mostly on salary (95%). School budgets do not allow **expenditure on work volume, increased due to CWD** (or children under special circumstances). Under current tight budgets, a regular subsidy (in significant amounts) for CWD may not be possible, however **subsidies for teachers with additional work related to CWD is very necessary, legally sound and feasible** (according to calculations in the report) **with the budget at district levels.**

The essence of the research group's recommendation is that the district should have a more active role in the budgetary process, not only in spending larger amounts on CWD, but more importantly, by **implementing the government's commitment towards IE for CWD.**

BACKGROUND

A. Childrens Situation in Vietnam today

On the map, Vietnam is an S-shaped land, situated at the centre of South East Asia. It lies to the West of the Indo-China Peninsula, bordering with China in the North, with Laos, and Cambodia in the West, and adjoining the Eastern Sea and the Pacific Ocean in the South and South-East. Vietnam has 3730 km of land border and 3260 km of seacoast. The distance from the northernmost to southernmost points is 1650 km; the widest distance East-West is 600 km, and the narrowest 50 km.(Quang Binh Province).

Vietnam is a socialist republic with a political system led by one Party (the Vietnamese Communist Party). The Vietnamese National Assembly (VNA) has 450 members, elected to 5-year terms by universal suffrage. The Government and President are appointed directly by the National Assembly. The Prime Minister is the chief executive and head of the Cabinet, which consists of 17 Ministers, and 7 heads of other agencies at ministerial level. The administration system has four levels: central, provincial (61 provinces and major Cities), district (600 towns, districts) and commune (10.330 communes and wards).

Table A.1 Some Basic Information about Vietnam

Official Name :	Socialist Republic of Vietnam
Capital :	Hanoi
Ordinate :	Meridian : 1020 08' to 109028' East Prattle of latitude 8002' to 23023' North
Mainland Area :	330,991 Km ²
Population :	76.3 million (1999)
Ethnic group :	54 ethnic groups (Viet group accounts for 86%)
Language :	Vietnamese
Climate :	Monsoon tropic
Currency unit:	Dong
GDP per capita :	374 USD (1999, 1USD = 14000 dong)
Life expectancy :	67

A.1. Children under Political and Legal Institution Frameworks

International Convention on the Rights of Child

In 1989, the United Nations approved the Convention on the Rights of the Child (CRC). The CRC forms the basic framework for States, international organizations, communities and individuals to protect the legitimate rights of children. The Convention is a system of international legal criteria for protecting the basic rights of the child, as well as being the foundation for other factors necessary for the development and happiness of the child.

The content of the Convention, in three parts, mentions four groups of basic rights of children: the right to survive, the right to development, the right to protection and the right to speak on relevant issues. The Convention emphasises such principles as: all children are equal, children's interests must be placed first in finding solutions to all child-related issues, children must be able to develop fully and harmoniously in the family, in a caring, happy, loving and sympathetic atmosphere; children must be able to grow up in a peaceful environment with dignity, tolerance, freedom, equality, and unity...

Because the CRC is one of the international laws, all member States that have ratified the CRC are obliged to review their national laws related to children in order to ensure that no conflict exists between their laws and the rights mentioned in the Convention. It is necessary for all countries to bring children's issues onto the national agenda and establish policies and regular activities for the benefit of children. Another more significant point is that information on child's rights must be widely disseminated to all members of society and be recognised and respected.

Legal Institutions Relating to Children in Vietnam

Vietnam is one of the first States in the world to have signed the International Convention on the Rights of the Child. Soon after signing the Convention, the government carried out a number of measures to implement its plan of action for implementing the rights of the child. The government's efforts concentrate on three main fields:

- i) To review the legal system and policy-making system
- ii) To establish implementing organizations
- iii) To disseminate the contents of the Convention to everyone

The Legal System: Vietnam has legalised activities related to the protection and care of children. It has also reviewed national laws in accordance with the terms of the CRC. Since 1991, many legal documents related to children have been approved. The Constitution clearly stipulates the responsibilities of the society and the State in education and care of children. The Law on Education, Protection and Care of Children (LEPCC), and the Law On Universalisation of Primary Education (LUPE) are main laws that embody the principles and spirit of the CRC. Other laws such as the Law on Protection of People's Health, the Civil Codes, the Labour Codes, also have special sections related to children.

The combination of legal documents and national cultural traditions has created new motivating forces in people and provided strong support for activities on education and care of children in Vietnam.

In addition, the Government has also established a national structure i.e. The Committee for Protection and Care of Children (CPCC), which exists from central to local levels in order to help the Government design strategies and policies for the development of children as well as supervise the implementation of children's rights.

Concurrently, the dissemination of the rights and obligations of children has made good progress, especially in bringing these issues into schools. Such activities have always been appreciated by the State and the Party and received appropriate attention in their agendas and actions.

Clearly, children issues have become one of the priorities of the State. The policies on children reflect great efforts by the Government to fulfil its commitments.

A.2. National Policies Related to Children

In order to transform the contents of the laws into concrete actions, a national conference on children was held at the end of 1991 in Hanoi. The conference approved the Government's "National Action Programme for Children 1991- 2000" to implement its commitments signed at the World Summit Conference on Children. The programme specifies concrete objectives in responding to the urgent needs of children as well as for the search for practical solutions. Detailed calculations of resources for every activity are included. The contents of the programme include four prioritised objectives and seven specific objectives.

The prioritised objectives are:

- Health for all children
- Primary education for all children
- Attention to be paid to the cultural and spiritual life of all children
- Care of children in difficult circumstances (CDC)

The specific objectives are:

- Reduction of the under-1 mortality rate from 46‰ (1990) to 30‰ (2000) and the under-5 mortality rate from 81‰ (1990) to 55‰ (2000).
- Reduction of the maternal mortality rate from 110‰ in 1990 to 70‰ (2000).
- Reduction of the malnutrition rate of children under 5 from 50% to 30% by the year 2000.
- Increase in the proportion of people having access to clean water from 43% in 1990 to 82% in urban and 80% in rural areas (2000).
- By 2000, achieving 90% rate of under-15s completing primary education, 100% completing third grade, and the elimination of illiteracy for the 15 year olds.
- The building of cultural centres with equipment for children in 50% of the towns, districts, communes by 2000.
- Increase of up to 70% by 1995 in the number of CDC (orphans, homeless children, CWD, children who are victims of social ills) cared for.

To reach all the above objectives, the Government has increased the annual budget for programmes related to children. Since 1991, there have been many programmes directly targeting children such as: "*Anti- illiteracy and universalisation of primary education programme*"; "*Extended vaccination programme*", "*Programme for universalised use of iodine and vitamin A*", "*Programme for dental care at school*", "*Programme combating diarrhoea*", "*Programme for prevention of and combating malnutrition and protection of CDC*", "*Programme for building boarding schools for ethnic minority children*", and the "*Programme for clean water*".

In order to mobilise maximum resources for care and education of children, the Government has organized a nationwide movement to appeal to the whole society to participate and help children. More significantly, Vietnam has also received bilateral, and multilateral aid from many government- and non-government organizations (NGOs) all over the world. Besides, supporting policies are also carried out to ensure coordination between families and community in the care and education of children through integrated programmes such as: "*The national poverty alleviation and hunger eradication programme*", "*Social subsidy programme*"...

A.3. Children in the Current Social Economic Situation

Since the beginning of the "Renovation" in 1986, Vietnam's socio-economic situation has improved considerably. The 1999 GDP doubled that of 1990. This strong growth in the last decade has improved the living standards of most Vietnamese households. However, Vietnam now is still a poor country with 12.5 million people (15.7% of population) living in poverty. This situation significantly affects the lives of

children - who are the most vulnerable group. The main social and economic indicators for Vietnam are presented in Appendix 1.1

Health and Nutrition

The main health indicators for Vietnam are relatively good compared with other countries in the same GDP bracket. However, the challenges in this field are still very serious and the indicators need to be improved. In spite of the fact that Vietnam is a major exporter of rice, the nutrition index for Vietnamese children is of concern. According to the statistics of the Ministry of Public Health (MPH) published in 1998, 37% of children under 5 have under normal weights, and 34% children are undersized and underdeveloped. The number of underdeveloped children in the countryside due to malnutrition is 47%, three times higher than in urban areas. The main cause of malnutrition of children is lack of nutrients and vitamins such as vitamin A, iron, and iodine. The absence of these adversely affects both the physical and mental development of children.

Education

Vietnam is a country with a relatively high literacy rate of 92%. This achievement is the result of the Government's special priority given to this field. The Education Law created a legal foundation for maximum mobilisation of all resources in order to achieve policy targets in education.

The schooling rate of 6-14 year-old children in Vietnam is relatively high compared with many countries in the region. In the school year 1998-1999 alone, 10.3 million children attended primary school, of which 47% were girls and 16% were ethnic minority children. The schooling rate in 1997-1998 rose to 97% compared with 89% in 1992-1993. The children graduated from primary school in 1998 accounted for 66% of the number enrolled (MOET, 1998). However, the schooling rates differ from area to area: usually lower for Northern mountainous areas, the highlands of Tay Nguyen and the Mekong Delta. For examples, in Tay Nguyen (i.e. the central highlands) only 47% of the number of children under 14 enrolled in schools finished primary school, 60% in the Mekong Delta and northern mountainous area and only 46% children from poor household finished primary school (CPCC, 1999).

Cultural and Spiritual Life:

Using a countrywide approach to build cultural centres, cultural villages and cultural precincts, Vietnam has made significant progress in infrastructure development to meet children's demands for leisure activities. In a relatively short time the number of books, newspapers, magazines, radio programmes, television programmes for children has increased considerably both in quantity and quality. The number of district level playgrounds for children rose to 262 (1999), which brought the number of districts and towns with playgrounds to 43.6%. In villages, nearly 3000 playgrounds for children were created, but they were sparsely equipped, or only existed as a name without any real equipment. The number of communes with equipped playgrounds and caretakers accounts for a modest proportion of only 5%. Television and radio programmes are planned as regular leisure activities for children, together with annual activities such as *the month of action for children*, summer activities programme, mid-autumn festival ... offer interesting and attractive activities for many children.

The Needs and Rights of Children Today.

It can be said that, the National Action Programme for Children 1991- 2000 marked a new stage in the realisation of the government's commitments towards children's education, care and protection. The achievements and real improvements of quality of life for children are evidence that commitments to children are being honoured. However, in order to reach all of the targets requires a great deal more effort and Vietnam still faces significant challenges in the task of implementing children's rights. Despite the government's effort to curb the ever-increasing inequality caused by economic growth, there is still a big gap between the rich and the poor in the society. The differences in living standards, in access to social services between children in the urban and rural areas and children in rich and poor families, are still causes of concern. Children are always the most affected in a society where inequality tends to increase.

At present, a large number of children, especially those living in the countryside and girls of ethnic minority groups, do not go to school. Due to policy restrictions, many children from “freely migrating” families - a recent widespread phenomenon - do not enjoy equal rights to basic education. It should be noted, that *the target of universalised primary education does not take into account thousands of CWD*. This seems contradictory to the target set by The National Action Plan for Children, that is to eliminate illiteracy for all children by the year 2000. Therefore, the right to education of this CWD group should be seriously recognised and integrated into education policies and targets set by the Government.

The issue of protection of children has also emerged as another challenge. The negative effects of the market economy coupled with rapid socio-economic changes, migration and urbanization have significantly affected the lives of many children. Children working and/or living on the streets and child labour in cities are becoming common phenomena. Daily reports from the public media indicate that the number of children being sexually abused, addicted to drugs and/or breaking the law is increasing alarmingly. Trafficking of children shows no sign of abating. Despite laws, children rights continue to be violated.

It should be acknowledged however, that Vietnam’s efforts in the implementation of the CRC are commendable and the actual achievements confirm that Vietnam is heading in the right direction. However, in order to achieve targets that they have committed themselves to, the government needs to have firm and stronger policies. In addition, as mentioned above, it is necessary to find effective ways to inform the public about child rights so that they fully recognize and respect the rights of children.

B. Overview of the Finance System in Vietnam

B.1. Budget management

The management of a national budget is very important for the socio-economic development of every country. Prior to the introduction of the Law on the State Budget, budget management in Vietnam was implemented by decisions and instructions (called “sub-legal documents”) which were of inferior legal status and ineffective. Lack of consistency and uniformity among these “sub-legal documents” and between different time periods had created many difficulties for the management of budget.

At the beginning of 1996, the National Assembly legislated the Law on the State Budget (LSB). This became the first legal document with such high legal status, which stipulated concrete principles for the organisation and management of the budget. The LSB basically defined the scope of the budget, the State budget system, classified revenue sources and expenditure responsibility among budget levels and assigned authority to approve budget projections and budget balance at all levels.

Budget levels

The budget system in Vietnam is divided into four levels: *central, provincial, district and commune* matching the different levels of government. Of these, the central budget plays an active and most important role in ensuring the consistency of the State budget. The division of the budget system into four levels enables local governments to take initiative and be more creative in the management of their budgets, at the same time be able to meet their socio-economic development targets. Revenue sources and expenditure responsibilities are regulated very clearly at each budget level. Moreover, the clarification of revenues and expenditure at various levels helps local governments collect maximum possible revenues in their areas in order to meet expenditure. This would reduce local government’s passivity and dependence on budgets at higher levels.

According to the present regulations, if the total revenue specified for a province is higher than the projected total revenue, a proportion of this surplus will be transferred to the central treasury. The remainder is retained at the province to spend on provincial plans. Only those provinces with high revenue are therefore able to collect excess revenue and retain a percentage of it. Other provinces, especially remote mountainous ones, usually do not have enough revenue to cover their expenditure plans. In such

cases, additional budget to make up the deficit has to be granted from the central government. This is a process of adjustment and balance between revenue and expenditure of the local budgets by the central budget level.

In fact, provincial budgets play an especially important role, because most of the revenue and expenditure tasks are carried out at provincial level. Provinces also collect a large proportion of the overall taxes and most of this revenue is retained for expenditure according to plans approved in the State budget. Provinces have the autonomy to make decision on expenditure at every stage of their budgetary process: from projection to amendment and allocation of funds to districts, departments, and offices in the province.

Budgetary process

The Vietnamese budgetary process may be divided into four basic stages:

1) drafting (projection), 2) ratification (approval), 3) implementation and adjustment and iv) inspection and accounting.

Budget Drafting: All state owned enterprises (SOE) are responsible for preparing their budget projections for the next fiscal year and submitting them to the financial offices. Ministry of Finance and other financial offices at all levels play important roles in the budgetary process.

The construction of a budget is based mainly on annual socio-economic development plans. These plans are designed by the Ministry of Investment and Planning (MPI) in coordination with related Ministries and Branches and contain main directives and projections for socio-economic development (GDP growth, agricultural and industrial products, monetary and price indicators etc.). These are also the most important criterion for budget projection at various levels.

After consolidating all budget projections, which are accepted by line ministries and finally approved by the Prime Minister, the Ministry of Finance will issue a circular of guidelines for budget projection. This circular, apart from giving an assessment of the implementation of previous year's budget, provides instructions in the form of norms, criteria and formulas to which all ministries and branches should conform in their budget projections.

Based on these guidelines, together with the control numbers issued by the MOF to provinces, districts and communes the budget projection units have to register the revenue projection (for commercial enterprises and organizations with income), and expenditure projection and then send them to the corresponding tax offices at the appropriate level. Their expenditure projections are also submitted to financial offices, planning and investment offices and to the line offices at higher levels.

Revenue projection. Local tax offices prepare the projections based on calculations of all their revenue sources and revenue ratios. The projections will then be sent to higher-level tax offices and to financial, planning and investment offices at the same level. The provincial customs department also prepares their revenue draft based on regulated items such as import-export tax and special tax imposed on import goods. They then send this to General Customs Department and other authorities. The various revenue drafts of the General Tax Department and General Customs Department are sent to the Government through the MOF and the MPI.

Expenditure projection. All units allocated with a budget prepare expenditure drafts, aggregate them according to activities and then send them to the financial office, planning and investment office at the same level and higher office of the same line ministry. This means provinces will collect budget drafts from their districts and communes and submit them to Ministry of Finance for consideration. Meanwhile, planning and investment offices at all levels in coordination with financial offices will project expenditure on investment and construction. Based on this projection, the financial offices will allocate the budget. The managing offices for national target programmes play an important role in the coordination of budget drafts.

It can be said that, in both revenue and expenditure drafting processes, the financial offices at all levels play a leading role. They are responsible for guiding, aggregating, and regulating other units in order to produce the final budget draft at their level. Other State offices mostly assume a consulting and cooperating role.

The process of budget drafting in previous years shows that local governments usually project low revenues and high expenditure in order to request supplements from the government. This is quite a widespread practice in the budgetary process. According to government regulations, the budgetary process starts from June until January of the following year, but in fact, this process is longer and normally finishes in March of the following year.

Budget Ratification: Officially, the People's Councils of all levels have the power to ratify the final budget drafts at their respective levels. The State budget draft therefore will be approved by the National Assembly and at province, district or commune levels by the corresponding People's Councils. In fact, this ratification is only a formality because during the whole budget drafting process these Councils have been involved in consultations, amendments and discussions. Before submission to the People's Council for approval, the budget draft has already undergone inspection, adjustment and supplementation by the People's Councils and People's Committees at various levels to comply with realistic local situations, targets and resolutions. A draft that is not ratified by the People's Council will be returned to the financial office at the same level for adjustment.

At the central level, the Ministry of Finance in coordination with related ministries consolidates budget drafts from all local governments, and submits them to the government. If approved by the government the State budget draft will be submitted to the Standing Committee of the National Assembly (SCNA). The Economic and Budgetary Commission (EBC) of the National Assembly (NA) has the responsibility to examine and revise the State budget draft. However, the commission will not examine all the details contained in the draft but mainly check the main macro items and clarify questions such as: Are expenditure adequate for targets approved by the NA? Are the drafted budget deficits reasonable? Is it feasible to implement the projected budget? etc. All the above matters will be reported to the SCNA. The important adjustments (if any) will be decided by the SCNA and finally approved by the NA. In principle, the NA only approves the total revenue (which is separated into: revenues from state sector, non-state sector, agricultural land tax, housing land tax, etc) and total expenditure (which is separated into: spending for development investment, education, health services, science, technology etc), as well as budget deficit and supplementary sources. Each of the line ministries and local governments will decide on the detailed figures.

Budget implementation and adjustment: After the approval of the State budget draft by the NA, the SCNA will coordinate with government agencies to assign budget tasks to provinces, ministries and branches. Based on the allocated budgets from the Central level, provinces will allocate budget to districts according to guidance from the Central level. The districts in turn allocate budgets to communes accordingly. In general, the allocation of budgets continues to be implemented even when the budget drafts have not been officially ratified because adjustments and supplements of budget can be made later.

Amendments of the State budget usually occur in two cases: i) when there are big changes in revenue and expenditure which affect the realisation of national targets. For examples, social-economic crises, natural disasters or new sources of national revenue etc. This happened in 1999 when Vietnam was affected by both the financial crisis in the region and the heavy flooding in the Central provinces; and ii) when budget drafts at lower levels do not match the budget drafts at higher levels. In this case, the higher-level government will require the People's Councils at lower levels to adjust their budget drafts. In practice, the Government will require budget adjustment at provincial level, provincial People's Committees will require budget adjustment at district level, and so on. Based on this requirement, the lower-level People's

Committees will adjust budget drafts and submit them to the People's Councils at the same level for ratification.

Inspection and balancing of State budget: After a fiscal year, units with an allocated budget are to report budget accounts according to the national accounting regime and unified budget classification scheme (BCS). In principle, the content of the account reports must follow the approved budget drafts in details according to the BCS. The data contained in the report must be accurate and reliable. Moreover, such data must be crosschecked and certified by the State treasury. According to regulations, the institution that ratifies budget drafts also ratifies budget accounts at that level. In practice, the NA will ratify the State budget account; the People's Councils at all levels will ratify accounts of their levels.

At present, many institutions carry out inspection and supervision of budgets in Vietnam. Besides committees of the NA and People's Councils, the State inspectorates, inspectorates of branches, auditing agencies etc... also have the responsibility to examine the implementation of revenues, expenditure and the management of State budgets at all levels of government. These inspection offices also examine the implementation of policies, norms, standards, and revenue share ratios as well as fund transfers to see if they match with budget drafts and regulations.

However, current inspection and balancing of budgets in Vietnam face many difficulties caused by technical limitations of the budget management process. For example, as stipulated by laws, the allocation of State budget must be detailed according to the BCS but due to limitations in budget and management, this regulation is only applied to some basic items. This means that the budget units have to regularly adjust items to match realistic conditions. This also creates difficulties for the State treasury who controls budget expenditure.

All the stages in the budgetary process are summarised in Appendix 1.5.

Structure of the State Budget:

The State budget consists of 2 parts: budget revenues and budget expenditure as mentioned above.

1) *Budget revenues.* The State's revenue sources include three types: the revenue of the Central Government, the *authorised* revenue sources and percentage distribution between central budget and provincial level budget

The central revenue sources include special consumption tax, taxes from State owned enterprises (at central level), natural resources and main minerals such as oil. These items are collected by General Tax Department and transferred to the State treasury. Provincial Tax Departments collect the so-called "authorised" (100% retained at provincial level) and "shared" (only a certain share of revenues is retained) tax revenues. The authorised revenues include agriculture tax, land tax, registration fees, licence fees, and personal income tax... The structure of the budget revenue depends on the State policies in each period, in accordance with national socio-economic development conditions.

Table B.1 : Budget Revenues (%)

	1996	1997	1998	1999	2000
Total	100	100	100	100	100
From SOE	27.7	25.9	25.8	20.6	19.5
From enterprises with foreign invested capital	16.5	19.4	18.1	19.9	21.4
From private enterprises	8.4	8.7	8.5	8.4	8.2
Import-export taxes	24.2	20.7	21.7	22.3	22.0
Fees	3.0	3.3	3.0	2.9	3.1
Others	20.2	22.0	22.9	26.0	25.8

Source: MOF

2. Budget expenditure. Budget expenditure as a share of GDP in Vietnam has increased very slowly during the last 10 years, from 20% in 1990 to 21.3% in 1999 (MOF, 1999). Thanks to the tax system reform, budget revenues have increased over the same period faster than budget expenditure and as a result the budget deficit has also decreased steadily.

The budget expenditure can be divided into three types: regular expenditure, investment for development expenditure, and expenditure for national target programmes.

Table B.2 Budget Expenditure in Relation to GDP (%)

	1996	1997	1998	1999	2000
Total budget expenditure	25.6	24.9	21.9	21.3	21.5
Development investment	6.0	6.2	5.4	5.4	6.0
Debt services	3.9	3.0	2.8	3.0	3.0
Regular expenditure	15.6	15.7	13.4	12.2	12.5

Source: Ministry of Finance

The regular expenditure is the biggest section of the State budget, and usually constitutes more than half of the total budget spending. Table B.2 shows the size of this type of spending. In 1998, the total State budget expenditure accounted for 21.9% of GDP, of which more than 60% was regular expenditure (or 13.4% GDP). Regular expenditure includes expenditure for training/education, health, information, culture, science technology, national defence and security, the State administration and some other public services. In regular the budget expenditure structure, the highest portion is paid to training and education, and reaches about 12.4% of the total budget expenditure. Such a sustained high rate is due to the government's policy prioritising "human cultivation" in order to speedily develop human resource which seems very small in Vietnam today. Moreover, policy priorities are reflected in budget ratios of each sector like health service, education, social security, science and technology... Within the regular expenditure, spending on administrative services normally involves more accurate statistics since budget allocation for this field is based on concrete criteria, norms, and number of people.

The expenditure for development investment section is the second biggest within the State budget. This fund is mostly invested for socio-economic infrastructure construction and re-capitalisation of SOEs and for the fund of national investment support. Due to the demands of economic development, this part of budget expenditure increases steadily every year. In fact, the growth rate of development and investment spending has always been higher than that of the total spending. According to the data reported from MOF in 1999, while the growth rate of total expenditure was 2.1% and regular expenditure strongly decreases by - 4.3 %, the expenditure for development and investment still received priority with a growth rate of 6.1%. The government has committed itself to increasing investments for agricultural and rural

development, especially to improve the rural infrastructure. The biggest government investment in 1999 was for transportation and information projects, while the second biggest one was for agriculture, forestry, and irrigation.

The third part of budget expenditure is expenditure on national target programmes such as poverty alleviation and hunger eradication program, education, public health, culture, environment and fresh water... Formally, these expenditure are not separated items in the State budget expenditure list, but are integrated within regular and development investment expenditure. The biggest proportion of that expenditure is for the national target programme on poverty alleviation and hunger eradication programme, with an estimated budget of 714 billion dong in 1999. The target of this programme is to eradicate hunger and reduce poverty rate in those areas as specified in the programme from 15.7% in 1998 down to 10% by the end of 2000 (calculated by using MOLISA method). The initial focus of the programme was on mountainous and remote areas, and on infrastructure construction, support for re-settlement, education, healthcare and credit.

Table B.3 Budget Expenditure in Some Sectors 1998- 2000 (billion dong)

	1998	1999	2000 (est.)
Total Budget expenditure	81 995	94 100	96 535
Training and education	9 723	10 327	11 240
Health care	3 064	3 100	3 340
Social security	9 006	9 106	8 840
State administration	6 741	5 790	5 232

Source: MOF

Regulation on Budget Transparency

After nearly four years of implementation of the Law on the State Budget (LSB), there has been strong progress in the management of the budget. The State budget has been managed more tightly and budget leaking has been considerably reduced. Because of the incentive provided by the retained share of budget surplus, local governments pay more attention to tax collection.

At the end of 1998, the government legislated a statute of financial transparency in order to mobilise the participation of people in checking and supervising budget utilisation. By the middle of 1999, the government published the State budget for the first time. This marked a big step by the government toward transparency, publicity and information sharing.

Regulations on budget transparency require that all budget expenditure, with the exception of defence and security, and national reserve funds, be subject to publicity. However, it should be pointed out that although many budget items are made public, the extent of the content to be exposed depends what kind of items they are. Also, not everyone has the right to access this information. The forms of publicity also are various depending on the type of information, publicity levels and who receives the information. There are four ways in which budget publicity is carried out:

- (i) Direct reports at annual meetings of spending units
- (ii) Distributed printed documents
- (iii) Public announcements posted up at offices
- (iv) Information in written documents

For the State budget at central level, the transparency regulations apply to budget drafts and accounts of annual expenditure and revenues and deficit-financing sources in the form of printed publications. Only the members of the National Assembly and high-ranking officials have access to this information. Publications may include data on major expenditure within the State budget such as

expenditure for development investment, training and education, health service, culture and national programmes.

Budget drafts on revenue and expenditure, and budget accounts of ministries, branches and provinces also have to be made public. At the provincial level, the published information also includes ratios of revenue sources, the budget transfer which the province gets from central budget, and authorised (devolved) funds. Therefore, ministries, branches and provinces know the budget data of not only their own unit but also other units. Access to this information is limited to officials of the provinces, ministries and branches. At both levels of publicity as explained, according to the regulations, the Minister of Finance has the authority to publish budget details.

At local levels, the Chairmen of the People's Committees at various levels has the responsibility to make public their budget details on: budget draft, revenue and expenditure and budget account, which were all approved by the People's Committees at the respective levels. The information to be made public at these levels is general data on major areas, which is similar to that at central level such as: development expenditure, expenditure on education, health services, culture and sport.

At commune and ward levels, which are close to the people, information made public is required by regulation to be more detailed and everyone living in the area has access to it. Typically at these levels, the information on budget is reported in the form of public announcements posted up at the office of the People's Committee and is presented at annual meetings of the People's Councils.

The time to publish the State budget varies depending on the form of publicity selected after ratification of budget drafts and accounts by authorities at various levels. For distribution of printed documents, the date for publishing is not to be later than 60 days after the date of ratification and for the report - 30 days, and for posted public announcements 15 days.

Budget transparency regulations marked an important step of the Government in the democratisation process in society, especially in the field of State finance. To some extent, it also creates a legal foundation for future steps. However, the transparency policy seems to create a hierarchical system of transparency levels and individuals who have access to information. Accordingly the higher the level, the more general is the information and the fewer is the number of individuals who can access it. At grassroots level, however, people have access to information on the budget at commune level, and in effect become participants in the supervision of budget implementation.

It could be said that, increasing information sharing helps speed up transparency and openness. All involved agencies will be made more responsible and accountable for their tasks. This is one of the vital factors necessary for State management and development management in Vietnam today.

B.2. Social expenditure

The Vietnamese economy gained an average growth of 8% in the period 1990 - 1997. Actual GDP per capita increased 75% in the same period. Budget expenditure based on GDP rate has also risen considerably in the last decade from 20% in 1990 to 21.3% in 1999 (source: Ministry of Finance). As presented above, thanks to the strengthened tax system, State budget revenues have increased rapidly compared with expenditure. Consequently, budget deficit has decreased continually.

Because revenue sources are stable, the distribution of budget has been carried out without much difficulty. The government always gives special priority to expenditure on social areas. Social services have been considered important in Vietnam in the past as well as at present. Expenditure for this area has always accounted for a high proportion of the Government's expenditure. This policy has resulted in many impressive social achievements in Vietnam despite the low national income.

Education expenditure

Policy makers in Vietnam, having realised the importance of education in regard to national development, have given special priority to this area. In the period 1990 -1997, expenditure on education rose consistently from 12% to 15% of the total State expenditure. In the same period, expenditure on

education based on the GDP rate more than doubled from 1.6% in 1991 to 3.8% in 1998. The real educational expenditure reaches close to expenditure draft in comparison with other fields. In education, the largest proportion of expenditure, 40%, goes to basic educational programmes for nursery, kindergarten, and primary school as well as anti-illiteracy programmes for adults. This priority matches with the national target on eradication of illiteracy for all people in 2000.

Health Service Expenditure.

In Vietnam, the investment for health services has also increased since 1991 based on expenditure per capita and the total budget expenditure of the Government. The share of expenditure for health services is relatively stable. Budget expenditure for health services reached 5.9% of the total budget expenditure in 1990, and 5.6% in 1997, or 1.2% of GDP. That expenditure is still inappropriate given the population growth rate and increasing demand for health services due to the economic growth. However, that low expenditure has certainly reflected the fast development of private health services from the end of the 1980s when the policy of renovation started Vietnam. In the 90's, the Government controlled the expenditure distribution in this field based on the increasing expenditure for basic health services. In 1997, this expenditure accounted for 40% of total health service expenditure.

Social Subsidy Expenditure

In Vietnam, social subsidy is a wider concept compared to that of the United Nations. From the UN's point of view, only services rendered to victims of natural disasters, and food supplied in emergency situations to poor people are considered subsidies. In Vietnam, beside these, social subsidies include also subsidies for people who have served the country, for poor people and vulnerable groups. Over the years, social subsidies have always been a priority of the State budget. From 1990 to 1997, the Government spent 12 – 14% of total budget expenditure for social subsidies. In 1997 they accounted for 3.2% of GDP, almost equal to expenditure on training and education. Most of these subsidies were in the form of money or goods.

Expenditure for Population and Family Planning Activities (PFPA)

Since the National Committee for Population and Family Planning became an agency of equal status to a ministry in 1989, the Government's expenditure for PFPA has increased considerably. The total expenditure for this field increased from 16 billion dong in 1990 to 339 billion in 1997.

Expenditure for Supply Water and Rural Hygiene

In 1997, the programme of supply water and rural hygiene became a national programme. From the end of the 90s, the government has increased investment for this programme, which shows the government is paying more and more attention to this field. The rising expenditure for this field is highest compared with other basic social services, because this expenditure was quite low at the beginning of the 90s.

B.3. Social Expenditure towards the 20/20 Initiative

Vietnam has committed itself to carrying out the 20/20 initiative proposed at the World Summit Conference on Social Development. In line with this initiative, an average of 20% of budget expenditure and 20% of official development aid (ODA) must be set aside for basic social services (BSS).

The UN's concept of BSS includes primary education, primary health care and nutrition, family planning services and supply of cheap, clean water. As mentioned above, Vietnam extends this concept to include welfare for poor people, benefit schemes for people credited with services to the country and services for disadvantaged groups.

The Vietnamese commitment to BSS is definite and long-term. This commitment is both sensible and necessary for Vietnam considering its recent historical background. Under the colonial period, the conditions for BSS were poor and backwards, the number of impoverished people was high. Resources to develop BSS were scarce. After the reunification of the country 1975, Vietnam has made important progress in developing infrastructure and basic human resources to form and implement BSS. During this time, education and health care have achieved remarkable development despite the country's modest

income. However, in order to maintain these achievements Vietnam has had to face enormous challenges. The recent war in Vietnam has put special demands on BSS. Many people have sacrificed their youth and shed their blood for the mission of liberating the country. The State has recognized its responsibility towards this disadvantaged group of people and has used considerable resources to support their livelihood and this service is also considered to be BSS. The major difference between the UN's definition and National definition is the services given to the people having been credited with services to the Vietnamese revolution. Besides, the national definition also includes social services to poor people, disabled people, orphans, wandering children, reformed prostitutes and drug abusers.

Using the national definition of BSS, Vietnam has come close to the target of 20% of the 20/20 initiative. It is of special importance to note that the tendency for expenditure on BSS is increasing markedly. In the period 1990 -1997, the State's investment portion on BSS rose from 12.7% to 17.2%. Base on the UN's definition, in 1997 Vietnam spent 8.5% of the total budget on BSS compared with 6.2% in 1990. Although the 20% target has not been reached, the fast increasing expenditure at present indicates the government's strong commitment to implement the 20/20 initiative.

In education, Vietnam has reached the target of allocating 15% of the total budget expenditure for this area. This 15% figure was reached as a result of much greater resource utilisation in education in relation to the projected expenditure compared to other areas.

According to the collected data, expenditure on health services amounts to about 5.6% of the total budget expenditure in Vietnam at present, and that proportion has not changed much since the beginning of the 90s. In the health sector, the proportion of budget expenditure for basic health care (including primary health care, health prevention and public health care) consumes 39% of the whole sector's budget. In general, this proportion has risen a little at the beginning of the 90s but stabilised at 41% in 1995. This number also reflects the fact that the private market for health services has been spreading widely and meeting the ever-increasing demands of especially urbanites, for health care. However, the private market for health services provides mainly treatment services. The State's expenditure on treatment services can thus be reduced and concentrated on prevention services, public and primary health care. The increasing trend of the State's expenditure on basic health services is expressed clearly through the priority of the expenditure sources for population and family planning, supply water and rural hygiene.

As for social security, based on the national definition of BSS, 60% of the budget is allocated for basic services. This proportion is even higher than that of education. Nearly two thirds of the resources are used to support and subsidise the people having credited with services to the revolution. Mainly cash, goods in kind and some services are provided for poor people. In 1997, 40% of the rest of the resources were spent on services, which were not considered as basic services according to both national and UN's definitions. This part of the budget was spent for pensions of civilian staff. However, the expenditure on people credited with services to the revolution is decreasing because they are becoming older and the number of civilian staff having a pension is also passed on to the management of other offices and no longer directly dependent on the Ministry of Labour, Invalids, and Social Affairs. Thus it is realistic to consider the possibility of increasing the budget for services to meet the basic demands of people.

In general, the tendencies of the State budget expenditure for BSS indicate considerable progress in the effort to attain the target set out by the 20/20 initiative. Whether the UN's definition or the national definition is used, the real data has proven this fact and a thorough analysis of the tendencies in each social field can also increase our understanding of investment trends within the State budget for this area in Vietnam.

I. OVERVIEW OF BUDGET FOR PRIMARY EDUCATION

I.1. Education and Training in Vietnam

This section describes an overview of Vietnam's educational system (VES) in order to provide an understanding of the education budgetary process. It is also necessary to say at this stage that generally international researchers in their approach emphasise the institutional structure of this system. The actual processes in the educational system however, are directly influenced by traditional cultural concepts and values. Unless this is taken into account, it is difficult to explain the "rationale" behind the seemingly "irrational" phenomenon in educational management and budget as well as other decisions in the educational sector, especially in the fast changing socio-economic environment over the last two decades.

Like many East Asian countries influenced by Confucianism, Vietnam also has a tradition of study and education. This is reflected in the strong commitment to education by the government and community. This tradition here means that educational achievement in itself is considered of personal value. In other words, the rate of return of investment in education is sometimes not taken into account. For a long time, also due to the consequences of the war, the link between the needs of the economy (and development in general) and outputs from the education system have not been analysed in depth but instead treated lightly, albeit unconsciously. This view has resulted in the fact that primary education (and secondary education in general as well as the vocational educational system) has for many years been treated lightly, (the educational structure is not logical). The World Bank's research reveals a very low rate of return in vocational education (The World Bank, 1996). With the development of market economy relations and with them the recognition of the concept of "opportunity costs", the State and society have been acutely aware of this weakness. Yet, strategy and resources for dealing with these problems are still not satisfactory (See the World Bank, 1996 and UNDP, 1999). The two important law codes recently approved related to education - Law on Universal Primary Education (1991) and Education Law (1999) - mainly express the State's efforts to overcome this weakness.

At present, Vietnam's education and training system can be described by the structure (3 -3) + (5 - 4 - 3) + (4). In which (3 -3) represents pre-school education, including 3 years kindergarten and 3 years nursery school. (5-4-3) represents general education with 5 compulsory years at primary school for children from 6 years old, 4 years at lower secondary school and 3 years at upper secondary school or technical secondary/vocational training school. Tertiary and higher education generally require 4 years (possibly 6 years for some disciplines such as Medicine and Pharmacy). For postgraduate studies, recent regulations require 2 years for Masters and 3 years for Ph.D.

The above structure has been established in the last 10 past years (from 1989). Prior to that, in the north of Vietnam, general education consisted of only 10 years (4-3-3) compared with 12 years in the south. Before that, the north had teachers training courses $7+x$ (for the graduates of lower secondary school - finishing the former grade 7) and $10+x$ (for the graduates of upper secondary school - finishing the former grade 10), in which x is the number of school years, generally 1 or 3). At the present, these training forms exist no more and are merged into the system of provincial pedagogical colleges. Pre-school education has been considered a part of the national formal educational system since 1999 when the Education Law came into effect.

Table 1.1 - Main forms of education and training in Vietnam

Pre-schooling	Nursery: 3 years (for children from 3 months to 3 years)	
	Kindergarten: 3 years (aged 3 years up to 6 years)	
General education	Primary school: 5 years (aged 6 years up)	
	Lower secondary school: 4 years	
	Upper secondary school: 3 years	Vocational training: Short term vocational training: under 1 year Long term vocational training: 1-3 years Technical secondary school: 1-2 years (for those finished upper secondary school) or 3-4 years (for those finished lower secondary school)
Higher education and post graduate	College: 3 years	
	University: 4 years	
	Master: 2 years PhD: 3-5 years	

Source: MOET, Education Law, Decree 51/1998/ND-CP

The educational forms in this structure are summarised in Table 1.1. The table does not take into account a small amount of special schools including ethnic general education schools (these are special schools for ethnic minorities operated by the provinces); prep-schools for university, special schools for young talents in art, sports, reformatories and schools for children with disabilities.

According to formal definitions, the educational sector consists of general education levels and various forms of supplementary classes (for those who are older and have not finished general education). Vocational, higher and tertiary education is classified as training.

Apart from this, there is a system of political schools, administrative schools and the so-called regular and non-regular training centres. These schools and centres train only public servants (including also cadres from the Party and other mass organizations) in social sciences, managerial science and updating knowledge in economic, political, and social issues. These activities are also listed under training (See main forms of education listed for budget expenditure - Appendix 1.2).

Most of the budget and specialist activities (excluding tertiary and postgraduate trainings) of this system are outside the administrative management of the Ministry of Education and Training (MOET). Over the last 5 years, the minimum requirements for postgraduate training have been more and more consistent, although still unclear in some cases (as indicated by the identification of subject codes). However, from 1998, the budget expenditure for part-time tertiary education has been formally defined as the responsibility of the provinces. (See the Government Decree 51/1998/N§-CP, Article 18). In recent years, a number of research studies have revealed that the quality control of inputs and outputs to achieve a nationwide consistent quality in education is especially weak.

In regard to professional management and direction (the training programme, input and output requirements, etc): This can be viewed from two angles: Vertical (professional) management (through line ministries) and horizontal (administrative) management (through authorities at various levels). It is necessary to understand the managerial devolution under these two views so that the role of different institutions in the budgetary process can be well understood. As will be mentioned in the next sections, the budget for education will be projected and implemented by authorities at all levels (this emphasizes the importance of

horizontal management) while the establishment of norms and total national budget for education are decided by vertical line ministries mainly MOET, Ministry of Finance (MOF) and Ministry of Planning and Investment (MPI).

For vertical line management, efforts to concentrate professional management have reinforced the leading role of MOET especially in general education. Yet, for vocational training and tertiary education, the role of line ministries is still relatively diversified. According to the World Bank's survey (1996) there were over 20 line ministries and professional organizations, which held managerial functions over public education and training. The situation has not improved much in recent years. The present trend is that schools want to have a more independent voice not only in administrative but also in professional matters, which relate to their existence and development prospects. In 1999, the General Department of Vocational Training was re-established (under MOLISA) and is responsible for the management of vocational training. The management of education for children with disability was transferred from MOLISA to MOET in 1995.

For horizontal management through authorities at various levels, the managerial devolution is very clear. However, due to historical conditions, overlaps in management remain a challenge to be overcome. These overlaps inevitably complicate the process of budget drafting and allocation and may constitute the main difficulty in a study of the budgetary process.

Table 1.2 simplifies this management scheme.

Table 1.2 - Managerial devolution according to government levels

	Commune	District	Province	Central
Pre-schooling	x	x		
Primary schooling		x		
Lower secondary schooling		x		
Upper secondary schooling			x	
Vocational training			x	x
College			x	x
Tertiary and post graduate				x

Source: Ministry of Education and Training and fieldwork surveys

We can see that general education is completely managed by the local governments, while tertiary education is controlled by the central government. Budget analysis in the next sections will show that this devolution (or division of management) links closely with the budget expenditure proportions for schooling levels managed through local government levels. The methods of budget implementation and role of local governments at various levels in expenditure implementation will be described in more details in the next sections. Fieldwork surveys show that these methods are still undergoing changes with the role of provincial governments being strengthened. On the whole, the central government expenditure accounts for only 25% of the total educational expenditure and for about 45% of capital expenditure on education.

Generally, Vietnam's policies have reflected the government's awareness of challenges in education as manifested in the Law on Universal Primary Education (1991), Education Law (1999), National Action Plans (1991), as well as Development strategies and the Party's resolutions. Among the National Target Programmes there are two directly related to education (budget expenditure for these programmes are controlled by MOET): The Universal Primary Education Programme and the Anti-illiteracy Programme. The National Committee for Illiteracy Elimination reports the literacy rate of population aged over 15 years to be 92% and relatively equal for both men and women. The appropriate allocation of resource to target programmes has resulted in these achievements. Table 1.3 indicates good progress in the school enrolment

ratios in recent years. However an issue to be considered is the sustainability of these achievements. This clearly relates to the general planning of financial resources for education. It must be done on a regular basis, not on ad hoc and short-term programmes.

Table 1.3 - School enrolment ratio (%)

	1993	1998
Primary schooling		
Male	87.1	90.7
Female	86.3	92.1
Lower secondary schooling		
Male	29.0	62.1
Female	31.2	61.3
Upper secondary schooling		
Male	6.1	27.4
Female	8.4	30.0

Source: Vietnam development Report 2000.

I.2. Budget for Education

I.2.1. Budgetary process

The budgetary process for education and training complies with the Budget Law. The annual total expenditure projection for education is prepared and presented to MOF and MOET by provincial departments of education and training in coordination with departments of finance. MOET puts together a combined projection for the whole sector in accordance with MOF and MPI to make up a national budget projection and present it to the Government and National Assembly for approval.

The process of budget projection is a complicated one and of incremental characteristic. This is also expressed through the five criteria for budget projection i) The development plan (of the Prime Minister) and economic predictions according to the plan, ii) Guideline circulars of MOF, which include projection of macro-economic indicators, balance of payment and norms of revenue and expenditure (annually in June), iii) Development plans for education and training of MOET, iv) Regional characteristics (according to the present classification system, there are five regions including urban areas, the deltas, midlands/sea coast, low mountainous remote areas and high mountainous areas) and v) Data of previous years (See Appendix 1.1).

Technically and administratively, MOF and the financial departments at all levels play the central role in preparing the final budget projection to present to the government at various levels for approval. Yet, in the process of projecting, especially in designing the norm system, MOF must coordinate with MOET in order to ensure these norms and that the budget for education and training is appropriate for the policy targets of the whole sector. This is understandable because MOET is the organ that monitors and holds its own information, at the same time co-ordinating its general activities to achieve policy targets. Much attention is paid to the budget increment, (that is the “incremental portion” of budget), which is expressed as specific targets in each stage or year. In other words, the basic part of the projection is similar to the previous year, the changed part is small but new, and is the focus of discussions.

The process of implementation, inspection and balancing education budget also proceeds according to the general procedure as described in the background section, where the key role belongs to MOF and financial departments.

There are two notable points here:

Firstly, the budgetary process is linked closely to management devolution. This means that the TEB will be approved by the People's Councils at corresponding levels. However, as will be shown in later sections of this research, the education and training system in the provinces receives budget norms from provinces (through authorised accounts). So in this case, districts (although responsible for management of lower secondary schools down) are not at the level that directly approves the budget draft for those schools. This practice is carried out uniformly nation-wide, but types of implementation (and with them the relative ability of local governments at various levels to intervene) can be different. This will be mentioned in the section of the study on Vinh Tuong district.

Secondly, from 1992, according to regulations, the education and training budget allocation for local units has been calculated per capita (not per pupil as before 1992). The nation-wide average norm is 100.000 dong/person adjusted according to regional coefficients (See the Appendix 1.3). In reality, this is only applied for budget allocation from the central level to the provinces. Provinces themselves allocate budget to districts and schools on per pupil basis. The main reason is that the provincial budget is already tight. If it is allocated on per capita basis for districts, there may be cases where some schools will not have enough minimal funding to carry out regular tasks. In coming years, this inconsistency must be adjusted in reality. Beside the positive intention of trying to ensure equality among regions in education development, the calculation of norms on per capita basis may not reflect the reality for two reasons. In the first place, the population census is carried out every ten years so the numbers of population used in calculations might not be close to the actual numbers. In the second place, the growth of population in different regions is not proportional to the growth of pupils going to school. For this reason budget allocations might not be linked to policy targets.

I.2.2. Trends within the Education Budget

The data on the education budget in this section is collected from different sources. To date, Vietnam has not formally published the budget details for recent years. It is difficult to ensure consistency of data on the budget education because of many different reasons. Among them is the classification system of budget expenditure items and the difference between the expenditure concepts used in research (focused on the effect over the whole education area) and the concepts used in the budget process. This difference has been mentioned earlier in this research document.

However, on the whole, it can be seen that the TEB is increasing continually both in absolute and relative values from 1.6% of GDP (1991) up to 3.8% of GDP (1998). The proportion for basic education (which includes primary and lower secondary schools) is stable at the level of 40% of the total budget for education and training (See table 1.4).

Vietnam is carrying out a renovation process in which the transition process from the centrally planning economy to the market economy is the central of the renovation process. In the framework of this research, it means that the role of the State in education and training (and budget is one of its central expressions) is being re-examined.

Prior to 1998, most of the financial sources for education were from the State budget. However, from 1998, user fees have been introduced for the State's educational services, at the same time the private sector has been allowed to provide educational services on a self-financing basis. Thus, beside the State budget, financial sources from the community (through the collection of a portion of the expense in public schools or full expense in private schools) are increasingly important. In primary education, the ratio between these two main sources has increased to 10 to 8. That is, for every 10 dong spent for primary education by the State budget, 8 dong is spent by the private sector. The private sector's contribution is

higher in secondary and vocational education (Oxfam GB, SCA and UNICEF, 1998). The World Bank's research in 1996 shows that the proportion of education expenditure in the total household income of the poorest quintile is twice as much as that in the richest quintile (the World Bank, 1996 page 56). This indicates that children in poor families are at a disadvantage in the present financial structure for education. As mentioned in the next section of this document, most families with CWD are poor, partly because of the earlier expenses for treatment of diseases. Taking into account expected future expenses due to children's disabilities, such disadvantages will be bigger because these expected expenses directly affect the present expenditure structure.

In legal documents, the link between the budget (and other resources as well) and policies always receive due attention and identification. However, the practice in reality is not always consistent with that commitment.

In education, the current main policies (understood in a narrow sense as new policy measures that have not constantly received due attention) are primary education universalisation and illiteracy elimination, implementation of educational policies in mountainous areas and regarding ethnic minorities, strengthening material facilities for schools, dividing professional branches in upper secondary school, retraining teachers, re-editing text books, upgrading training schools (including repairing and upgrading the equipment for training, informatics and phonetics).

Table 1.4 The State Budget Expenditure According to School Levels (billion dong).

	1991	1995	1998
GDP	76707	222840	313437
State budget (including ODA)	11465	63080	89976
Budget for education and training,	1256	6909	11755
Pre-schooling education (% of educational budget)	61.4 (4.9%)	290.5 (4.2%)	635.0 (5.4%)
Primary education (% of educational budget)	475.3 (37.8%)	2234.1 (32.3%)	4147.0 (35.3%)
Lower secondary education (% of educational budget)	192.0 (15.3%)	1352.5 (19.6%)	2279.0 (19.4%)
Upper secondary education (% of educational budget)	45.0 (3.6%)	594.2 (8.6%)	979.0 (8.3%)

Source: WB, UNDP. Note: The data are originally quoted, possibly different from other sources

These policies are mainly expressed through national target programmes. The State assigns MOET to control the budget directly for such key programmes as illiteracy elimination, primary education universalisation, prevention of lowering of standards in some key schools, education enhancement in mountainous and ethnic minority regions. The difference between these policy programmes and "regular" policies is expressed through budget allocation as above. Of course, in the long term, the budget portions of target programmes must be internalised into regular items of budget and follow the general budget procedures.

I.2.3. Budget Structure for Education and Training

Vietnam's aggregate budget expenditure can be classified into two types of structure: allocation structure according to school levels (as shown in table 1.4) and allocation structure according to economic purposes.

According to economic purposes, the education and training budget in Vietnam now is divided into two general types: current expenditure and capital expenditure (for material facilities).

Current expenditure including all periodical expenditure, normally account for 70% of total national budget for education and training (BET). Among them, the most important expenditure is that for administration and services, for teachers and managerial staff in schools. These are biggest and have the first priority. Therefore, in poor provinces, they may amount more than the national average (over 90% of the local BET) as in the case of Vinh Phuc province. Expenditure for salaries and subsidies contain the same irrational features as the general salary system in Vietnam. The current expenditure portions include expenditure for periodical purchases (1-5 years) of cheap and quickly worn-out goods and other office stationary.

Capital expenditure (for technical and material facilities): This includes 2 main parts: i) building and ii) repairing and purchasing of equipment. Among them, the expenditure for building is the largest part. The expenditure for technical-material facilities (ETMF) on the average takes 30% of national BET. This expenditure is now mainly realized through target programmes (the same as illiteracy elimination, primary education universalisation...). Certainly, a large part of expenditure in target programmes is current expenditure. However, in the financial report for State budget expenditure for target programmes are always separate. This reminds us again of the difference between the concept of current expenditure (and budget for education and training in general) in this report (as well as in financial reports on education) and the concept of current expenditure (and budget for education and training) in the formal budget accounting documents. This is particularly important in the case study at district level as will be mentioned in part 2.

I.3. Budget for primary education

As the budget for primary education is a component of the total budget for education and training it also follows the same procedures and criteria as described in section I.2 above. Because provincial authorities uniformly manage the budget for general education, they, who are responsible for balancing revenue sources for this task, also manage the budget for primary education. This section will concentrate on description and analysis of expenditure norms used in practice to calculate the budget for primary education.

Like the general budget structure, the budget for primary education has two components, regular and capital expenditure. At present, capital expenditure is included in expenditure for target programmes (according to a report by MOET). Capital expenditure is estimated in accordance with development capital investments in the general budget of the State; therefore they are classified according to their degree of importance and projected according to regulations for construction projects. However, as the case study at district level will show, a small portion of regular expenditure in the budget for education also includes expenses for minor repairs and purchase of some equipment.

Regular expenditure takes up a large part of the budget and is prioritised. This is of significance in primary education because at this level there are no tuition fees. Furthermore, it is important to note that this expenditure constitutes 80-90% of the total budget for primary education and the budget for primary education always accounts for 1/3 of the total budget for education and training. In the country as a whole, salary and salary related expenditure for teachers (referred to as the "hard portion" and besides including salaries also include subsidies and insurance costs) are estimated at 70% of the total budget (according to a report by MOET).

Currently, the budget draft is still (technically) based on planning criteria and expenditure norms. Clearly, this system of norms is complicated because it has to take into account differences between geographical areas (even in one province) and different education levels as well. However, some key norms determine the regular expenditure of the budget. These are:

i) *Number of pupils per class*: the nationwide average norm is 32 pupils/class. Different regions have different norms: In urban areas - 45 pupils/ class, in the deltas - 40 pupils/class, in midland/central coastal areas - 35 pupils/class, in low mountainous and remote areas - 25 pupils/class, and in high mountainous areas - 15 pupils/class.

ii) *Number of teachers per class*: the general norm is 1.15 teachers/class, but for special classes it is 2.15 teachers/class.

iii) *Expenditure per pupil*: shown in table 1.5 (See also Appendix 1.2)

Table 1.5 Norms of Expenditure per Pupil (1000 VND per pupil)

Education level	Average	Urban areas	Deltas	Midland - central seacoast areas	Low mountainous, remote areas	High mountainous areas
Primary education	290	220	242	286	330	440

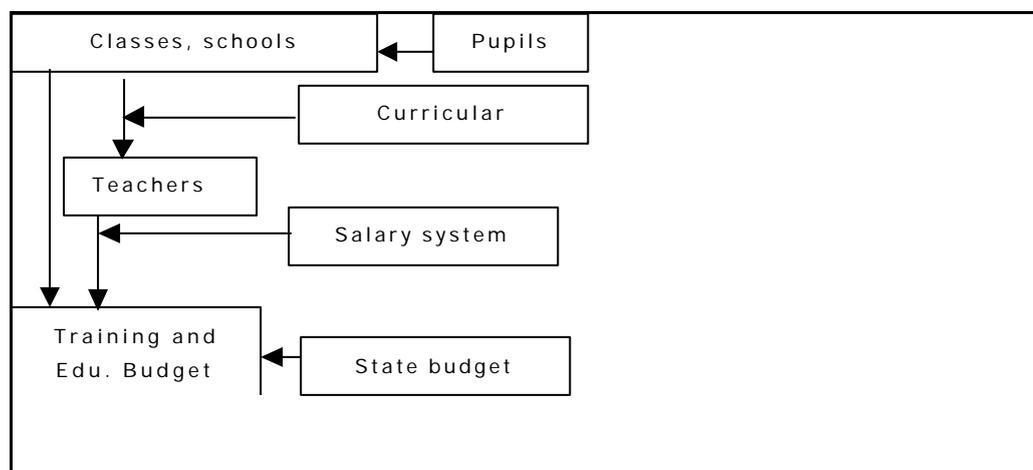
Source: Ministry of Education and Training

The norms in table 1.5 were specified in 1998 and are still in use today. According to MOET, to ensure the implementation of proposed policy goals and the quality of education, the average budget expense per pupil needs to be increased to at least 300.000 VND. This is to take into account socio-economic developments in recent years and the actual expenditure at present. Also according to the calculations by MOET, the average expenditure for primary education development in the coming years should increase to 431.000 VND/pupil.

These norms are only guideline figures. Fluctuations between geographical areas still exist but are not significant. The case of Vinh Phuc and Vinh Tuong districts analysed outlined in the following sections will verify this. There is very little leeway for provinces to adjust these figures to match their local conditions.

The relationships between norms can be depicted as in diagramme 1.6. The arrows indicate, “*determine quantity*” (e.g. number of pupils determine number of classes/schools). This also explains the complexity in the drafting of training and education budget (TEB) in the districts, as will be discussed later.

Diagramme 1.6 Relationships between Norms



This diagramme also shows the constraints that the education budget for regular expenditure is subject to. If the variables; population, students, schools, classes, teachers have a 1 to 1 relationship with

each other, the budget, whether calculated per capita, per pupil or per teacher, would produce the *same* result. This observation partly explains the difference in the budget drafting processes in practice between districts. It also clarifies the roles of various authorities such as the provincial personnel departments, departments of education, etc. in the task of preparing a budget in reality.

The education budget for children with disabilities has different expenditure norms, higher than that for *normal* pupils (800.000 VND/pupil in comparison with 490.000 VND according to the official criterion of MOF). However, in the whole country only 3 900 children with disabilities receive this part of the budget, which accounts for a very small proportion of the total number of children with disabilities in Vietnam (the research team has not obtained detailed information on criteria with which to identify the number of children with disabilities).

II. CWD AND THE BUDGETARY PROCESS: CASE STUDY OF VINH TUONG DISTRICT, VINH PHUC PROVINCE

The target group of this case study is children with disabilities of primary school age. The main objective is to analyse the budgetary process at district level, focusing on the budget for education and training. On this basis, the report will look at two central issues: i) benefits to primary school children: through financial allocation to primary education indirectly to all children and directly to children with disabilities, ii) examining the role of authorities involved in the budgetary process for primary education as well as the possibilities for improvement in the budget expenditure structure at district level.

Due to time constraints, limited ability to access information and data and efforts to maintain the focus of the study, the research concentrates only on these two issues. As research materials on budget, particularly on local budget in Vietnam, are relatively scarce, this research also wishes to lay a foundation for further research studies on Vietnam's budget and the link between budget and policies for children.

II.1. Education and Care of Children in Vinh Tuong district, Vinh Phuc Province

II.1.1. Vinh Phuc

In the budgetary process, the province holds a relatively important position. In TEB field, the relative independence of provinces from central level is much greater than that of districts from provinces.

Vinh Phuc province was re-established according to the National Assembly Resolution of 1996. Therefore, in terms of administration, the province has only become stabilised in the last 2 years.

The province is comprised of 7 administrative units at district level including Vinh Yen township and 6 districts: Lap Thach, Vinh Tuong, Yen Lac, Tam Duong, Binh Xuyen and Me Linh; with an area of 1 370.73 square km and a population of approximately 1.2 million people, of whom 90% live in the rural areas.

In recent years, the provincial economic structure has changed but agricultural production is still the main activity amounting to nearly 40% of the total provincial production. Although the economic growth rates have been high (25-30%) in recent years,¹ Vinh Phuc is an average province (economically) compared with other provinces in the Red River delta.

The income of most of the population is relatively low. This may be one of the reasons why there are only a few private schools providing general education. At present, there are no private primary or lower secondary schools (although there are private classes in public schools). There are 6 private and 18 public upper secondary schools in the whole province.

Vinh Phuc has succeeded well with the work of universalisation of primary education. In the 1999-2000 school year, the province had 178 primary schools with 137000 students divided into 4207 classes, two of which are private classes (with 60 students). If compared with 157 000 students in 1996, the number of primary school students has decreased in recent years. The rate of children entering grade 1 at the right age (i.e. 6 years old) is 99% indicating that the above mentioned decrease is mainly caused by improvement in the population structure. In the province, Vinh Yen town and its two districts - Vinh Tuong and Yen Lac - have achieved the primary education universalisation standards - (See Table 2.1).

¹ In which the sector with foreign investment is the fastest growing (increasing 300% in 1998, from 139 to 425 billion VND)

Table 2.1- Vinh Phuc Basic Data

	1995	1998
Population (million of people)	1.05	1.1
Gross Product (GP) in the province (bln VND)		
Current price	1723	2847
Price in 1994	1411	2168
Sector share of GP (%)		
Agriculture, forestry and fishery (%)	50.0	38.5
Industry and construction (%)	13.0	29.8
Services (%)	37.0	31.7

Source: General Department of Statistics

As will be mentioned in the next sections, the province is responsible for balancing most of its budget for education and training of its own districts as well as of all units under its administration. Administratively (in appointing, and releasing headmasters), the districts are responsible for lower secondary schools and below i.e. primary schools and kindergartens. The province is responsible for upper secondary schools (23 schools, 38 000 students), technical secondary and vocational schools (9 schools) and colleges (2 colleges) (6 000 students in both technical secondary schools and colleges). Apart from this, there are 8 permanent educational centers with over 6000 students.

In general, the schools are continually being strengthened and improved. Educational quality is being continually enhanced. National educational programmes are carried out reassuredly and effectively. The province also supports a structure of key schools in all subject areas and levels. These schools are invested as model-schools with better material facilities and equipment. Some of them are equipped with language laboratories and computer rooms.

According to DOET, the two main weak points in the educational system in the province at present are: i) within high school and technical secondary level education, private schools are few and not well developed. The main reason for this is that the living standard of most of the population is still rather low and policy mechanisms for creating favourable conditions for these private schools to develop are not yet clear and stable. Also the community as well as leaders and teaching staff, are not up to date with new changes, ii) the quality of teachers is poor and the teacher/pupil ratio is low i.e. high number of students per teacher, iii) the material facilities are scarce and out-of-date.

II.1.2. Vinh Tuong

Vinh Tuong is a district on the Red River delta with an area of 141.8 square km and a population of 183 000, i.e. about 17% of the population in the province. Population density is high: 1287 people/square km. The district's main livelihood is agriculture, which produces 75% of its gross revenue. Industries are small and few and produce mainly craft articles. There are 28 communes and 1 township in the whole district.

Over the last five years, average economic growth has been 6%. Agriculture has increased 4.3% annually. The average income per capita in the district was 1.6 million VND in 1999, which is much lower in comparison with the average income per capita for the whole province (2.6 million). However, the district has many achievements in social and cultural areas. The rate of poor households has decreased from 22% in 1996 to 8.6% in 1999, in comparison with 10.2% in the whole province. 100% of the communes have electricity.

In the area of care for children, the district has paid special attention to implementing State directives and policies. The rate of child malnutrition has decreased from 39% in 1995 to 27% in 1999. This is the lowest rate of all the districts in the province (the provincial average rate is 32.9%).

Education and Training in Vinh Tuong

The authority on education at district level is the Division of Education (note: without Training), under the District's People's Committee. The Division of Education (DivOE) is responsible for three education levels: pre-school, primary and lower secondary. The district "training" part mainly includes training and upgrading qualification of teachers and educational staff in districts and communes, which is not managed by Division of Education in Vinh Tuong district. In fact, the budget for training in Vinh Tuong is small, and coordinated and controlled by the Office of the People's Committee.

Table 2.2 presents main data on the situation of primary education in Vinh Tuong. In the school year 1999-2000, there were 693 teachers in the whole district. The district therefore ensures the rate of 1.1 teachers/class as regulated by the State. The class average of 35 students complies with the norm by MOET. These figures at the same time suggest difficulties in material resources and teaching staff that the primary educational branch in Vinh Tuong has to deal with, because it can be seen that the norms are maintained at the minimum level for teacher/pupil ratio and maximum level for number of pupils/class.

Table 2.2 Statistics on Primary Education

School years	Number of primary schools	Num of classes	Total number of primary students		Entering grade 1		Children aged from 6-14 years		
			Total number	Female	6 years old	% of total number	Total number	Number of children going to school	% of total number
1996-97	29	632	24387	12102	4529	98,2	41267	39666	96,1
1997-98	29	633	23382	11613	4445	99,5	40724	40072	98,4
1998-99	31	637	22613	10974	3859	99,6	40625	39871	98,2
1999- 00	33	630	21723	10645	4037	99,7	39156	38624	98,6

Source: Vinh Tuong Educational Division

From the perspective that the function of the budget is to ensure appropriate financial sources for implementation of certain policy tasks, it is possible to divide the tasks of the district Division of Education into two parts:

- i) To ensure educational quality of the system of schools under its control (annual regular tasks, broadly called "regular tasks") and
- ii) To implement policy measures or programmes proposed by authorities at various levels (key specific tasks for each year, broadly called "key tasks").

Annually, apart from the quality inspection of the teaching of staff and learning of the students in schools, the Division of Education coordinates with Department of Education and Training in Vinh Phuc to organise competitions to choose the best students and assess the best teachers. In recent years, Division of Education concentrates on fulfilling three tasks, which are "primary education universalisation", "mobilisation of children to attend school" and "bringing the standard of schools into line with the national standards".

Table 2.3 Main Education Tasks in Vinh Tuong, 1999-2000

Regular tasks	Key tasks
<i>Organising Teaching and studying activities:</i> including supervision and supplement teaching programmes; extra- curricular activities; improvement of material facilities	<i>Campaign to send children to school:</i> Mobilise children aged 6 to start grade 1, mobilise CWD, maintain flexible and charity classes (for children under special circumstances such as working children and wandering children...)
<i>Organising Competitions:</i> best teachers (at provincial and district levels), best students (at provincial and district levels), graduation examinations, music and sports competitions.	
<i>Inspection and Supervision:</i> of both specialist and financial Matters	Universalisation of Education Promoting primary education universalisation for children reaching school age, secondary education, and maintaining primary universalisation
<i>Management of degrees and certificates</i>	
<i>Consultancy with the People's Committee:</i> including the setting up of experimental models	<i>Building national standard schools:</i> Building material facilities, professional guidance
<i>Contests and Information dissemination</i>	

Source: Vinh Tuong People's Committee and interviews.

Table 2.3 summarises the main tasks of the educational sector in the district. Such a broad division into two categories of task is necessary in order to understand the content of the budget and the process of allocating budget. It also forms the basis on which to consider the rationality of budget allocation in general. In the table, additional notes are not intended as a description of all activities but to give extra information on tasks that are less significant. For example, in teaching and studying organisation, teaching is the main task but there are also other tasks as shown.

Vinh Tuong has completed its universalised primary education programme since 1994. At present, the district is concentrating on primary education popularisation *at right age* (i.e. for children reaching school age). In 1999, the number of children aged 11 finishing primary school was 4644, making up 85.2% of the total number finishing primary school. 27 of 29 communes and small towns in the district have been recognised as having reached the standard of primary education universalisation *at the right age*. These are the first steps for the district to proceed with in order to complete secondary universalisation. Up to now, 14 of 29 communes and small towns have achieved secondary universalisation. At present, the district has 5 primary schools having attained national standards. In the coming years, the district will concentrate on developing a further 3 schools to reach national standards. The district's educational and training branch has always been the leading unit in the province in supporting/ up-skilling teachers and producing best students.

The Situation of CWD in Vinh Tuong District

According to the 1999 survey, the total number of children under 16 years old in Vinh Tuong was 63721. The age distribution is shown in Table 2.4.

Table 2.4 Children in Vinh Tuong in 1999

Age	Total number	Male
0-12 months	3841	1846
12-36 months	6744	3264
36- 60 months	13415	6446
5-6 years	3605	1733
6 - < 10 years	15658	7524
10 - < 15 years	17132	8232
15 - <16 years	3326	1599
Total number	63721	30644

Source: Vinh Tuong People's Committee

There are 983 CWD (amounts to 1.54% of all the children) and 2115 children living in especially difficult circumstances (See details in Annex 3.1). In the two communes studied, Binh Duong has 28 CWD and Ngu Kien 25. These communes have the highest number of CWD in the district.

The comparison of data between the province and the district shows some discrepancies. According to a report from the province (which is a report combining all the district reports), Vinh Tuong has 75 children affected by chemicals of whom 60 are suspected to have been affected by the Agent Orange defoliant. While Vinh Tuong's own data shows the figures 34 and 29 respectively. In this report, crosschecking is not always carried out because there are no alternative data. Even in the same report there are obvious differences based on the same statistics (particularly between raw data and combined data). In cases where there are differences, we use the data supplied by the most direct source or data that have been officially accepted for reporting.

Table 2.5 summarises data on CWD in Vinh Tuong. In comparison with the whole province, Vinh Tuong is a district that has a relatively low rate of number of CWD/the total number of children, 1.57% compared to the average rate of 1.92% in the province. 38% of CWD are from poor families. This is, of course, a very high rate in comparison with the provincial average rate of 2.7% in the total number of children in poor families. This however does not lead to a conclusion about a relationship between poor families and CWD. It nevertheless confirms the fact that families with CWD tend to be subject to tighter budgets than other families in sending their children to school.

Table 2.5 - CWD in Vinh Tuong in 1999

	Total number	Number of children in poor families
CWD	983	374
Types of Disability		
Harelips	70	13
Eyes	201	59
Physically impaired	233	94
Hearing-speaking	137	56
Slow mental development	272	138
Chemically affected	34	14

Source: Vinh Tuong Committee for Children Protection and Care

The district policies on children have originated from the Party's directives expressed in the form of resolutions by the district Party Committee and the People's Council. Based on these resolutions, Party Committees and authorities at various levels and mass organisations construct (or incorporate) programmes for the protection and care of children (PCC). At present, 24 out of 29 communes' Party Committees and 29 out of 29 communes' People's Committees have plans for PCC. This can be considered as a legal framework for the operation of district and commune CPCCs as well as for the establishment of funds for PCC, which receives contributions from the State budget as well as from the community and international organizations. In the Party's and Governmental organizations' resolutions for PCC, the issue of ensuring financial resources for care programmes is always a concern and clearly identified. However, it is necessary to take into account practical obstacles when assessing this concern.

At present, according to central and provincial directives, Vinh Tuong has four programmes for PCC: Preventing malnutrition; ensuring the right to study; the right to play and children in especially difficult circumstances. These are the four most important components of the province's programme known as "For children 1998-2000". The district CPCC has 9 members headed by the deputy chairman of the district's People's Committee. However, there are only 2 full time cadres who are the deputy chairman and a standing member (compared to 6 full time cadres at the provincial level and one full time cadre at commune level). The main activities of the district's CPCC are coordination, data collection, information and inspection of programmes for report.

At the same time, the CPCC coordinates the setting up of funds for PCC. There are currently four main funds:

- i) Fund from the district budget: controlled by the district's CPCC to support/create experimental models, manage, inspect and make preliminary and final summary reports of these programmes (36 million VND in 1999);
- ii) Fund for the protection of children at commune level: controlled by the commune's CPCC (20-50 million VND in 1999);
- iii) Fund for study incentive: controlled by the commune's People's Committee (10 000 VND/student); and
- iv) Fund for the support of children suspected of having been affected by Agent Orange: controlled by the district's People's Committee, allocated from the district budget (40 million VND in 1999). Details on the use of these funds will be mentioned in the next section.

Agencies in cooperation with the CPCC to implement these programmes are very diversified: Divisions of health, education, invalids and social affairs, the Communist Youth League, the Police, the Court, the Fatherland's Front and the Women's Union. Due to this complexity and diversify, the budget expenditure for children (and CWD in particular) through these agencies is not mentioned in the research.

The work of PCC in Vinh Tuong is highly recognized by the province because it has gained outstanding achievements such as: decreasing the rate of malnourishment among children from 42.2% (1994) to 27.5% (1999), contributing to universalised primary education, mobilising 80% of CWD to study in inclusive classes, increasing the number of recreation facilities for children from 13 (1996) to 87 (2000) and taking care of children in especially difficult circumstances.

II.2 Budget for Primary Education in Vinh Tuong

II.2.1. Description of Budgetary Process for Primary Education

The budgetary process in the district (including drafting, adjusting and draft ratification, implementation, inspection and accounting), follows the general budgetary procedures as required by the State. The budget projection is clearly the most important process because it basically decides the size and structure of TEB. This is also the focus of the analysis in this section.

To clarify the issue under study, Table 2.6 was constructed to answer the question "What does budget expenditure for education and training include?"

The table indicates that the concept of district TEB in this research is wider than the concept of TEB as used in practice by district officials. Neither is the TEB drafting process the same for all parts of the budget.

The expenditure of district budget on training is separated and put into the category of cultural-social activities. This part is rather small (approximately 150 million VND or 1.5% of the district total budget). In addition, this part is not related to our research goals hence will not be analysed in details.

One of the noteworthy points from Table 2.6 is that the drafting process of regular expenditure for education lies mainly in the province (that is item 2.1.1 in the table). While, expenditure estimate for material resources/facilities, lies mainly in the districts and communes (item 2.2 in the table). Before we start our analysis in detail, there are a number of general points that need to be mentioned on the district budgetary process for education:

Table 2.6 Financial Sources for Education and Training in Vinh Tuong

Expenditure on	From sources (sorted by importance)	Agency to prepare drafts	Note
1. Training	District budget	Financial Division	Small quantity
2. Education			
2.1 Regular expenditure			
2.1.1 Expenditure on Services	Provincial budget	Department of Finance	Authorised to DivOF
2.1.2 Administrative management expenses for DivOE	District budget	Financial Division	
2.1.3 Expenditure for professional activities of DivOE (organization of contest, conference...)	i) Provincial budget ii) Tuition from lower secondary schools	i) DOF ii) DivOE	i) Authorised to DivOF ii) Report to DivOF
2.1.4 Other expenditure	i) Commune budget ii) International organisations	i) Commune People's Committee ii) Provincial DOET	ii) Authorised to DivOE
2.2 Expenditure for material facilities:			
2.2.1 Construction	i) Commune budget ii) District budget ii) Provincial budget	i) Commune PC ii) DivOF iii) DOF	
2.2.2 Repairs and purchases of other fixed assets	i) Contributed by students ii) Commune budget iii) Provincial budget	i) and ii) Commune People's Committee iii) DOF	iii) Authorised expenditure through financial division
2.2.3 Other expenditure	International organisations	Provincial DOET	Authorised to DivOE

Source: Budget Law, Decree 51/CP, interviews and reports.

Firstly, the whole budget proportion of *regular expenditure* for education in the district (including preschool, primary and secondary education) belongs to category “*authorised expenditure*”. The district is not responsible for *balancing the district revenue sources* for these expenditure (to balance means to match revenues with expenditure). Administratively, expenditure for educational services do not appear in the district annual budget draft and the district is obliged to provide funds for expenditure by order of the province (provincial departments of education and finance) that is to say the district is *authorised* to spend. However, the district is responsible for balancing administrative expenditure and a part of the expenditure on basic physical constructions. So the concept of “education budget” at district level in practice accounts for a *very small* part of the total budget for education in the district. This also shows that the budgetary process for education should be considered in separate components for different parts of TEB as will be mentioned below.

Secondly, despite the above-mentioned observation, the district Division of Finance (DivOF) is still technically responsible for collecting education data (numbers of schools, classes, students and teachers, etc.) to advise and present data to the province for the drafting process of TEB in the whole province. At the same time, the district DivOF is also responsible for monitoring and making recommendations on TEB adjustment to the province. Thus, it is possible to conclude that in TEB process, the district does not have the same degree of independence as province has from the central level.

Thirdly, in some cases (as items 2.1.3, 2.1.4, 2.2.2 in Table 2.6), the analysis of correlation between revenue and expenditure is very difficult because many revenue sources are used for one expenditure goal while there have not been strict regulations on management of revenue sources.

The fact that the provincial government is responsible for most of the provincial TEB is a result of a need to ensure consistent and equal educational development in the whole province. Poor districts will be supported in achieving educational development goals of the province as well as of the whole nation.

Budget Drafting Process

The drafting process in the district is also based on 5 main factors mentioned in the general budgetary process (socio-economic development plans, educational development plans, predictions on revenue sources, local characteristics and data of previous years). In practice, these factors are expressed in the provincial government resolutions and specified in detailed financial norms for the year of the draft.

In the TEB drafting process at district level there are *two relatively independent processes*. These processes reflect the decentralised financial management as shown in Table 2.6. The most important portion is *the regular expenditure for educational services*, which was estimated and balanced by the provincial government. (This portion was approximated to be 10 billion VND in 1999, i.e. nearly equal to the whole district budget - 10.7 billions VND). At the same time, *regular expenditure for administrative management and fixed assets* was estimated and balanced by the district government.

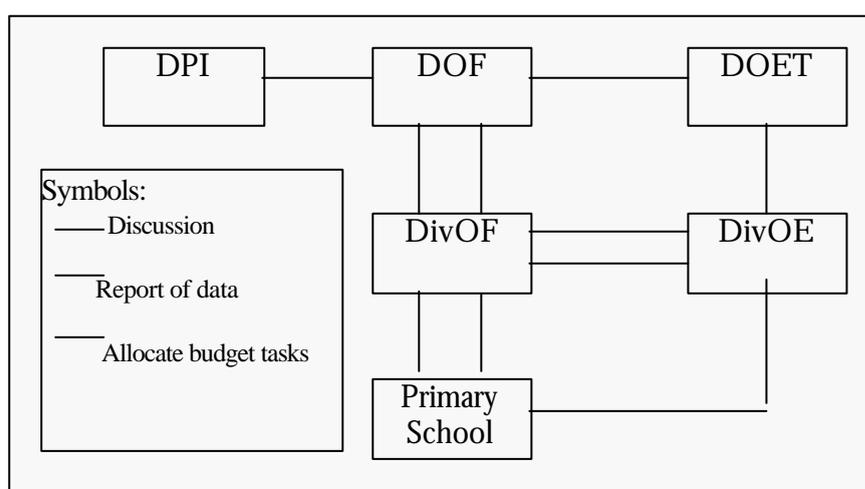
Regular expenditure for educational service in the district consists of 2 components: i) the “hard portion” including expenditure for salary, subsidies and social insurance (will be generally called salary expenditure); ii) Expenditure for other activities, which include purchases of low-cost articles, notebooks and other expenditure for general activities². This expenditure is referred to as *non-salary expenditure*.

The regular expenditure for educational service is included in the *province’s* annual budget draft. Yet they are also shown up in the *district* budget reports, under the section “authorised expenditure” (This item also includes expenditure for health sector).

The drafting process for this regular expenditure is as follows: Schools, based on their own data (the number of teachers, classes, students...) report to the Division of Education and present the estimated expenditure to the Division of Finance. To prepare for the annual draft, the Division of Education (DivOE) aggregates data of all schools combined with data on the needs of educational development of the district and presents it to the *provincial* Department of Education and the *district* Division of Finance. The district Division of Finance will summarise all data to report to the *provincial* Department of Finance. Based on these data, the norms and other financial indicators (approved by the provincial People’s Council), *Department of Finance* will coordinate with the department of planning and investment and department of training and education to estimate expenditure for educational service in the whole province and present it to the People’s Committee and People’s Council.

The general process can be described as in Diagramme 2.7 below.

Diagramme 2.7 TEB Process in VinhPhuc.



Source: field surveys.

² Will be mentioned in details in the section of case study of primary school

The above diagramme only expresses the drafting process (the biggest and most important process) of budget *expenditure* for education in the district, that is the regular expenditure for educational services (balance of revenue sources will be finalised by financial organs from tax offices and other agencies related to revenue sources depending on predictions and plans for economic development). It is clear that the provincial Department of Finance (DOF) plays a central role in estimating and allocating budget to provincial units. The expenditure draft also integrates annual specific policy targets in the whole province (for example, national target programmes or other provincial policy directions).

Norms for drafting budget for primary schools in the district: As mentioned in the general analysis of TEB, although TEB allocation has changed to be based on *per capita* norms, at provincial level TEB expenditure are still estimated based on *per pupil* norms and budgets are allocated to districts and to each school. Because the largest portion (90-95%) is for salaries, subsidies and social insurance of teachers, the TEB draft *technically* was made up according to the number of *teachers*. But the number of teachers clearly depends on the number of students. So this is not contradictory to the per-student calculations. The number of teachers employed depends on the number of classes and students. At present, Vinh Phuc meets the norms required by MOET. That is, the average number of primary students per class does not exceed 35; the average number of teachers per class is 1.1. So regular expenditure for salaries is relatively stable and easily predicted each year (depending on the number of staff members and salary level of teachers and other staff). Moreover, it is necessary to recognise that the budget year does not coincide with the school year, which begins in September. The budget draft based on the number of teachers is thus more practical because the number of staff is very stable during a period of 1 to 2 years.

On the basis of salary expenditure calculations, the province determines norms for non-salary expenses of primary schools, which State that for every 1 VND of salary there will be 0.4 VND for non-salary expenses. However, included in this 0.4 VND is 0.25 VND considered to be salary expense according to the definition used in this report. This explains why salary expenditure (including subsidies and social insurance) amounts to 90% of the total regular expenditure for primary education.

It can thus be seen that although at the central level the province's total TEB is calculated on a *per capita basis*, in practice the province calculates expenditure for schools based on *the number of teaching staff*. The provincial system of norms is built on the afore-mentioned basis.

Theoretically, calculations per capita, per student or per teacher will be *the same* if all the norms are followed and remain unchanged. In reality, however, MOET's regulations on norms of number of students/classes/teachers nationwide are the most important determinant of regular expenditure. These regulations are guidelines only and provinces can adjust them within allowable limits. However, the scope for adjustment is relatively small because the number of staff does not change much from year to year.

Teachers' salaries, subsidies and insurance costs are clearly decided by the State salary system and approved by the provincial personnel department. This salary and subsidy expenditure is referred to as "hard expenditure", which are not readily changed. The system of recruitment, salary system and subsidy schemes make it complicated to initiate any change in number of staff or salary adjustment. One of the main reasons is that dismissing or transferring a teacher to other jobs is not a simple task. The salary system does not relate closely and directly to the teacher's workload or quality of work. From this viewpoint, the provincial personnel department plays an important role, albeit indirectly, in budget allocation because this department decides the number of teachers (even the number of staff within the district People's Committee).

It is therefore clear that the norms for budget drafting are the major factor in determining most of the regular expenditure for education. However, besides this "hard expenditure" the province also has other education priorities such as, building specialised schools, priority schools and ethnic schools to implement. In addition to this national target programmes on education universalisation and anti-illiteracy, etc. in the whole province have to be fulfilled and districts budgets have to be coordinated.

The administrative expenditure on managerial tasks (for district Division of Education) is estimated in the district annual budget draft and the district authorities are responsible for this. The district budget draft is also prepared according to the general procedure outlined in the law, with the Division of Finance playing the central role (technically). Administrative budget for the office of DivOE is calculated on the basis of its staff numbers i.e. permanent staff and contract staff and on the norm for regular expenditure per capita approved by the People's Council. At present, this norm is applied uniformly for every office of the district People's Committee and is approximately 10 million VND/person/year (including fixed expenditure of 8.7 million and supplementary expenditure of 1.3 million according to Government Decree 175. This is the norm stipulated by the province based on revenue-expenditure balance and guidelines from MOF. The norm covers salaries, subsidies, insurance costs (called salary expenditure) and other non-salary (fuel for vehicles, electricity, water, business trip expenses, supplementary payments according to work etc...).

The material resources/facilities expenditure for both the Division of Education and schools are included in the district's budget draft and belong to the expenditure for development investment. At present, the district's expenditure for material resources/facilities includes new constructions only, not repairs and purchases of equipment. In recent years, the Division of Education has not received budget for this expenditure because the existing facilities have been adequate. For schools, the district has not provided 100% of expenses for new constructions but only financed according to the fixed norm of 100 million VND per school, which is about 20-25% of the total expenditure for construction and only for the construction of durable multi-storey schools. The deficit is settled by the commune. Schools that want to build new constructions must request funds from the commune. If the commune agrees to finance, the district will estimate the expenditure for material resources/facilities for the following year. Based on its revenue sources, the Division of Finance (DivOF) will estimate the expense and allow the number of schools to be built. These expenditure figures also determine the budget for educational material resources/facilities.

Approval Process: In principle, the People's Council at respective levels approves the budget for each level. The official approval is only a formality because the estimates of revenue-expenditure sources prepared by the Divisions of Finance (or Department of Finance) have already been discussed and revised several times before an agreement is reached between the authorities concerned. Important reviews of the estimates are generally discussed in meetings of the Party's Standing Committee within the People's Committee and in meetings between finance, planning and investment agencies together with related agencies, like education in this case study.

According to regulations, on the 30th of August of the current year, all financial offices must present estimates for the following year for approval. In Vinh Tuong, however, the annual budget estimate is usually presented to the People's Council in March of the current year after five to eight discussions and joint meetings involving the concerned authorities. The district People's Council approves and reports to the province People's Council for its approval during their annual meeting in July. The approval process follows the same procedures as for the general budget.

Adjustment and Implementation of Budget Estimates:

Budget implementation begins even before it is approved because there exists little difference between early versions and the final approved version. Moreover, in the budget draft there is always some "buffer" expenditure. This item can be considered as an allocation buffer to ensure that any adjustments will not result in much change in the revenue-expenditure budgets of the different agencies. The final balance (deficit or surplus) will be transferred into the following year's budget draft as stipulated by the LSB.

Budget adjustments occur only when there are big fluctuations in revenue and expenditure sources caused by unpredicted events such as natural calamities, failure of crops etc. However, adjustments to the structure of budget expenditure sometimes occur, in cases where a particular school has not provided a realistic estimate due to lack of knowledge of the budget regulations. When the budget year is over (on the

31st of December) the DivOF prepares a summary report of the actual revenues and expenditures of the previous year, to be sent to the district People's Council in mid-February. At the same time it prepares a budget revenue-expenditure draft for the following year. In this process, the district People's Committee has the authority to adjust actual expenditure. The People's Council finally approves the previous year's budget balance in June-July.

Annually, the People's Committee issues a relatively detailed statement (according to a request by the DivOF), to primary schools specifying budget expenditure for each school. Schools are required to open an account in the district branch of the State Treasury and carry out all transactions through this account. Since 1998 the DivOF has been authorised to manage these accounts. This method of budget implementation has only been applied in Vinh Tuong in the last two years. Essentially, it improves the role of the district in the implementation and inspection of the budget. This method of implementation however, is not stipulated by the State. Although the real process of budget implementation at district level is basically similar some provinces do not apply this form of budget implementation, (for example, our surveys in Yen Phong district in Bac Ninh province show some significant differences: even the budget for the district DivOE is determined by the province, Yen Phong district has an even smaller role in the TEB process).

Budget Inspection and Balancing:

Although the role of the district DivOF is limited in matters related to authorised expenditures, it is responsible for monitoring and inspecting the budget to ensure expenditures of schools correspond with items in the budget draft. The DivOF is also responsible for balancing schools' final accounts and to report to the province. Balancing and ratification of final accounts of the State Budget are uniformly carried out according to the State system of accounting and State budget classification system. The account data must be checked and confirmed by the State Treasury. The provincial People's Council approves the balance of account for regular expenditure in education.

Payments of other expenditures by the district are ratified by the district's People's Council and reported to the provincial authorities. 50% of the provincial budget surplus and 100% of the district budget surplus is transferred to the budget of following year.

Because most of the expenditures are for salaries, one of the important functions of the Division of Finance is to ensure that payments are made on time.

Conclusions

The district budget for education and training has different components that are allocated in different ways. The most important component is the regular expenditure, which the district is responsible for. The expenditure for training, administration and material resources/facilities is also the district's responsibility and accounts for only a small part of the total district expenditure for education.

Key decision-makers: Through the above analysis, it is possible to see that MOET's regulations (norms) determine the biggest portion of the district total TEB. This ensures the integrity of the national strategy for educational development. The province has the right to make adjustments within certain limits in order to take into account provincial specific conditions but still keeps it in line with the central budget. At the provincial level, the Department of Finance and Department of Education and Training are the most important bodies (technically) to directly determine the budget for education and training for districts, through the system of norms per capita. Certainly, this must be understood in the following context that, directions for the educational development and the general budget structure of the province are already decided by the provincial Party's Committee and People's Council. Other related agencies like the Department of Planning and Investment, the Tax Office, Personnel Department also play an important role, though more indirectly.

The expenditure norms for education, though stipulated on per capita basis, in reality are calculated according to the number of teachers and staff. The number of staff obviously must comply with certain norms specified by related agencies.

II.2.2. Analysis of the Budget for Primary Education in Vinh Tuong

General Description of Budget Data for Provincial Education

The research concentrates on the analysis of financial sources for CWD primary education in a district. As mentioned in the section on general budget in this report, Vietnam is in the process of transition to a market economy and the structure of financial sources for education has also been undergoing significant change. One of these changes is that the financial source for education from the community accounts for an increasing proportion at all levels of education. Although the State budget for education will always play a leading role, not only because it constitutes the largest share of the total financial source for education but also because it finances the most important expenditure namely, salaries for staff including teachers. At the same time it plays a catalytic role for all financial contributions from other non-governmental sources.

Despite its importance, research studies on budgets seem to be very scarce. Limited ability to access data can be one of the causes of this. The process of budget transparency has just begun since 1997 when LSB was legislated and came into effect. Because the most important changes have only occurred at the central level in the last two years (See the World Bank, 1999), the process of financial transparency is still ongoing. 1999 was the first year Vietnam officially published and distributed the final account of the 1997 budget and the budget draft for 2000, widely to the public. However, the data were very general. Accessibility to more detailed data even at the central level is still very limited, even in the area of education, which is hardly related to national security. At local levels, the provincial, district and communal governments are carrying out step-by-step implementation of this transparency policy; therefore access to necessary budget data is still very restricted. Moreover, statistic data is generally of low quality. This section will analyse budget data for primary education in Vinh Tuong in order to provide a basis for consideration of financial sources for CWD and possibilities for improvement in this expenditure.

Budget and Financial Sources for the Whole Province: The budgetary process analysed above shows that the allocation of the total provincial budget is a very important factor in determining the budget at district level. Health and education and training are two sectors that have their budgets balanced at the province level. Table 2.8 summarises basic statistics on the Vinh Tuong education and training budget.

Table 2.8 Vinh Phuc TEB (billion VND)

	1997	1998 (estimated)	1999 (estimated)
Total budget expenditure	284.4	346.5	310.3
Education and training	77.4	105.3	97.0
Regular expenditure	70.5	Not available	89.0
Primary education	31.2	Not available	38.1
Provincial gross product (current price)	2175.6	2847	Not available

Source: Vinh Phuc Department of Education and Training, General Department of Statistics (1999), UNDP.

Data in the table are obtained from different sources. The quality of the data is not assured. Possible inconsistencies originate from the complexity of the statistical system and the definitions of expenditure (See above analysis). By comparing the provincial data with that of Department of Statistics (for previous years), one can see differences, which should not exist *in principle*.

The following comments can be made:

1. The provincial budget for education and training in two recent years has accounted for about 30% of the provincial total budget and reached nearly 100 billion VND. This rate is higher than the nationwide average of 26% (according to UNDP, 2000) and much higher than rich cities such as Hanoi, Ho Chi Minh City or Vung Tau (respectively 22%, 20%, 19%). This indicates that in education policies, the possibility of poor provinces to intervene is very limited. The high rate of local budget expenditure for education does not necessarily reflect a strong commitment to education by Vinh Tuong. It may in fact, reflect an obligation on their part to fulfill the central government's commitments on minimum expenditure levels for education. Particularly, if the ratio of budget for education/GDP is considered, the above statement is more obvious. According to the UNDP report (2000), provinces with an average HDI index have a ratio of education budget/GDP of 3.4%, which is double that of provinces with higher HDI index. Vinh Tuong's budget for education and training accounts for 3.7% of the province's GDP compared with 0.8% for Vung Tau, 1.1% for Ho Chi Minh City and 2.1% for Hanoi.

2. Most of the budget (over 90%) is expenditure for salaries, subsidies and social insurance (hard expenditure). So the adjustment of the structure of budget expenditure for education is very difficult and of course relates to many complex issues such as administrative reform and level of economic development in general. These issues are intended to ensure that investment sources for education have a high rate of return.

3. The average budget for education per capita was approximately 96 500 VND in 1998 and 90 000 VND in 1999 and is tending to decrease (referring to the comments in the report by Vinh Phuc's Department of Education and Training). Reduced numbers of primary school pupils and the rigid system of staff recruitment have caused this decrease in budget. However, it is necessary to recognise that *budget deficits* are cumulative and supplements for budget deficits are always retrospective. In reality, this means that the balance between education budget and demand is never achieved within the school year but over a longer period of time.

Vinh Tuong's Budget for Primary Education

Table 2.9 summarises data on the total budget and budget for education and training in Vinh Tuong. These are figures from the official account provided by Vinh Tuong People's Committee for the district People's Council's approval.

Table 2.9 Vinh Tuongs Budget for Education and Training (million VND)

	1997	1998	1999
1. Authorised expenditure for education	8038	9721.2	9994.4
1.1 Primary Education	4458	5033.1	5380.6
1.2 Division of Education (DivOE)	180	N/A	275.3
2. District total budget expenditure (balanced by district)	8301.5	12029	11955
2.1 Expenditure for training	158	112	114,7
2.2 Expenditure for administration	2141	3009	2989
2.3 Expenditure for DivOE	N/A	N/A	100

Source: Vinh Tuong People's Committee

Table 2.9 shows the complication of various items of expenditure for education and training in the district. This complication is not only shown in the different budget sources (provincial and district) but also in different agencies using and managing those budget sources. For example, the DivOE controls a budget allocation for both province and district while it also directly authorises funds for schools from this allocation. And as the case study in part 2.3 shows, the separation of these expenditure sources is very difficult.

The figures in table 2.9 indicate that in 1999, the regular expenditure portion in the budget for education and training in Vinh Tuong was about 10 209 million VND of which the expenditure for training was only 114.7 million VND. The most important item was the expenditure for primary schools i.e. regular expenditure for primary education. This item accounted for nearly 54% of the total budget expenditure for education in 1999. The analysis of primary education expenditure shows that over 90% was spent on salaries (See Table 2.10).

The average regular expenditure per primary student in Vinh Tuong is 248 000 VND, which comes close to the average norm of 242 000 VND according to the MOF's guidelines for provinces on the delta. If calculated per teacher, each teacher would receive 7 764 000 VND/year, of which expenditure for salaries is 7 101 000 VND/year.

In Table 2.10, the figures in columns 3 to 6 are expenditure for salaries according to the concepts used in this paper, i.e. the "hard expenditure" (91.5% of the total regular expenditure). In the table, there is no separate item for CWD or directly relating to CWD. This will be referred to later in the case study of primary schools. The relevant authorities have in fact become concern and solutions are being sought.

Table 2.10 Expenditure Structure for Primary Education in Vinh Tuong in 1999 (million VND)

	Total	Salary	Contract salary	Subsidy	Insurance	Purchases, Other repairs of material facilities	Other expenditure
Total education budget	9994.2	5412.8	234.4	2574.7	763.8	339.5	668.3
Primary	5380.6	2987.2	114.7	1398.6	421.2	206.5	252.4

Note: Number of primary teachers - 693; Number of primary students - 21723; Number of schools - 33.

Source: Vinh Tuong People's Committee

Ever since 1991, the Law on Universalised Primary Education, article 11 states: "Children of war martyrs, war invalids, CWD, homeless orphans and children in especially difficult circumstances are to be helped and given necessary assistance by the State and society in order to complete primary education".

However, the budgetary process in practice as analysed above indicates that the TEB will not take CWD into account if they do not attend schools. Moreover, the severity of disability, which is not easily

determined, can in fact affect education expenditure considerably. However, the authorities and schools need to find ways to deal with this reality and support CWD. Detailed analysis of the real significance of this issue will be discussed in part 2.3.2 of this report.

Table 2.10 also shows that the expenditure for material resources/facilities is not significant. In reality, the community finances most of the constructions and repairs of material facilities in schools. The district budget contributes about 25% of the expenditure for new school constructions. This expenditure item is possibly drawn from two sources. One is the budget expenditure authorised by the province (that is in column 7, Table 2.10) and the other is the district budget (item “basic construction investment”). The expenditure for new constructions as described in the annual budget balance of account is only shown for some schools, not as an average figure for all schools. For example, in 1998, Vinh Tuong district disbursed only 142 million VND for 3 communes to build schools (Ngu Lien, Chan Hung and small town Vinh Tuong) of which 92 million VND came from *authorised expenditure* and 50 million VND from expenditure for *capital construction investment* in the district budget. This is a rational approach considering the tightness of the budget and the minimum acceptable amount of money allowed for each repair of schools and classes. This can be called the “alternating characteristics” of large expenditure. The budget for repairs comes entirely from the commune and students’ fees (See part 2.3.2 below).

Table 2.10 shows an item called “Other expenditure” of 252.4 million VND - nearly 5% of the total budget for primary education. Based on reports by DivOE and DivOF, this item appears to consist of purchases of newspapers, books, stationery and some equipment (193 million VND). The remainder is spent on other emergency tasks.

The above analysis allows us to draw a conclusion that there is little scope for changing the expenditure structure of TEB because almost all of the financial sources for the budget in Vinh Tuong are at minimum levels. In the report of balance of account at the end of the school year, Vinh Tuong DivOE stated that the regular expenditure did not correspond with the increase in number of students and teachers. This is evident in the budget adjustment. In the last three years, although the number of primary students decreased gradually from 24 400 in 1996 to 21 700 in 1999, the regular budget expenditure for primary level increased from 4.5 billion VND (1997) to 5.4 billion VND (1999). In other words, the discrepancies between budgets and budget tasks are only regulated with a definite degree of lag. The correlation between the norms per capita, per student, and per teacher in general is not maintained over time. Although there is not enough information, this, in combination with the above analysis of the budgetary process, allows us to confirm the relative rigidity of the budget system, which is described as the “incremental part” in the first section of the report. Any breakthroughs or changes in policy will take quite a long time (due to the degree of lag) to result in corresponding budget changes.

The district DivOE, with 10 staff, controls a budget amount of 375.3 million VND, equivalent to the average budget of more than two primary schools. If tuition fees in secondary level are also taken into account (133 million VND in 1999) the DivOE controls a relatively big portion of education budget, about 500 million VND/year. In relation to the total budget for education however, this is not a large amount and it is to be spent on definite tasks. There is a need to find financial solutions to ensure the sustainability of the district’s inclusive education programme.

Budget and Inclusive Education for CWD

Of the total number of 983 CWD in Vinh Tuong 735 children are now of primary or lower secondary school age (from 6-14 years old). 70% of the CWD (518) attend schools. Generally, the rate of CWD going to school has increased sharply in recent years, from 42% in 1996 - 97 school year to 70% in the last two years. Table 2.11 shows data provided by Vinh Tuong’s DivOE.

On the average, there are about two CWD in each inclusive class. Surveys in the three schools show that the number of CWD is evenly spread throughout classes mainly to reduce the burden for some teachers. At present there is no clear salary supplement policy for teachers of CWD.

Table 2.11 Summary of Data on CWD going to School in Vinh Tuong

School years	Total number of CWD (6-14 years)	Number going to class	Number of IE classes	Classifying according to disability				
				Motion	Speech	Sight	Mental disorder	Multi-disability
96-97	1120	466	282	51	141	82	144	9
97-98	1010	598	331	73	163	104	166	31
98-99	770	535	320	59	126	71	211	30
99-00	735	518	304	73	129	89	164	23

Source: Vinh Tuong educational division

Vinh Tuong is the leading district in educational achievement for CWD in the whole province. Vinh Tuong began to mobilise CWD and open classes for inclusive education from the school year 1991-1992, with financial support and technical aid from the Institute for Educational Science, MOET and the non-governmental organisation Rädga Barnen, Sweden. Despite strong support from the provincial Department of Education in the early years, the programme has met with many difficulties mainly in raising the awareness of parents, teachers and managerial staff. Many families did not want their children to go to school and study in inclusive classes partly because of psychological obstacles or partly due to economic hardships.

In the early periods Vinh Tuong focused on overcoming two main difficulties:

i) training teachers in teaching methods of inclusive education and ii) raising awareness of the students' parents on inclusive education for CWD. Concrete activities consisted of organising training classes for teachers of inclusive classes (the total number of teachers participating in these classes were 867), and organising information and discussion meetings to raise awareness of inclusive education and functional rehabilitation for students' parents and commune staff (the total number of people participating in these activities were 130). The DivOE has been the main coordinating agency of these activities. Our surveys show that the expenditure for these activities was insignificant and was not included in the schools' annual budget estimates of expenditure on target programmes. In order that these activities be sustained there would need to be changes in the budget for education. Changes however, should be based on the following factors:

- i) The district has relatively good information on CWD in the school-going age. These data allow the classification of CWD according to the degree of severity of disability and special requirements to assist CWD in their study. The data however only show children with blindness, paralysis or "mental disorder". According to our preliminary estimate, Vinh Tuong has about 100 children having to study in special classes and about 200 (25% of the remaining children) are in need of special support (from both teachers and parents) in order to participate in inclusive classes.
- ii) The relevant authorities say that it is necessary to adopt long-term measures in order to maintain the achievements of inclusive education.
- iii) The number of CWD needing special support is not high.
- iv) The main legal framework such as: Education Law, The Law on Universalised Primary Education and the Law on Protection and Care of Children already exist.

At present, children and CWD in particular, also benefit from budget sources at diverse levels and agencies such as, the Committee for Protection and Care of Children (at province, district and commune levels); non-regular programmes from provinces and central agencies; health offices; the Youth Union; the Fatherland Front etc. In addition to these financial sources there is also a contribution from the communities and domestic as well as overseas private organisations. For Vinh Tuong these funds amount to around 200 million VND (i.e. district CPCC 36 million, commune's fund for children protection 50 million, fund supporting children suspected of being affected by Agent Orange 40 million, fund from the province and central level 25 to 45 million, fund for studying incentive in the commune 40 million and expenditure sources from others such as the health sector, Youth Union etc.). The monitoring and coordinating of these resources is a big challenge for the managers. The agency that is most suitable for this task is possibly the DivOE. However, with such a tight budget, identifying the right people for the work is an important task. The commune authority will have to be the agency that directly allocates these financial resources according to the general frameworks approved by the province authority. It is even more important to consider that supports from the community and non-governmental organisations will only be long-term once the State budget expenditure is rational and equitable.

II.3 CWD and Expenses for their Inclusive Education (Case studies in three Primary Schools)

This section will focus on the analysis of three concrete cases of budget utilisation at grassroots level, and collate information for a general evaluation of expenditure for IE of CWD

The main research topics are in three areas: (i) close examination of the budget allocated to primary schools; (ii) the role of institutions and individuals in deciding expenditure of schools; and (iii) overall evaluation of expenditure on CWD.

In Vinh Tuong district, the study team focused on general conditions of education and facilities (school premises, teaching conditions of teachers and learning conditions of pupils) and budget situation. The latter includes; expenditure amount, structure, allocation procedures, mechanisms and use of budget by three primary schools (Binh Duong I, Binh Duong II and Nguyen Viet Xuan, hereafter referred to as school I, II and III respectively).

The three schools are located in two different communes. Owing to the high number of pupils and classes, schools I and II have lately been separated from Binh Duong school in Binh Duong commune. Nguyen Viet Xuan School is in Ngu Kien commune. These schools were selected for this survey at the suggestion of the district People's Committee. The decision for choosing them was based on the fact these communes have higher number of CWD compared to other communes in the district. In addition, the length of time that inclusive education has been operating in these schools is sufficient for us to collect information and experience to carry out this research and prepare a lessons learnt report.

II.3.1 Overview on Inclusive Education in Binh Duong and Ngu Kien Communes

Binh Duong is a large commune in Vinh Tuong district situated in the northern delta. The commune is characterised by its high population density with a population of 12 000 whose main livelihood is rice farming.

The number of school-aged children is 40 CWD in addition to 1220 others. In the past, very few people paid attention to the education of CWD. Families with CWD felt sorry for their unfortunate children and had no faith in the schools. Neither did they believe in improving the quality of life for these children.

Compared with Binh Duong, Ngu Kien is much smaller, its population is slightly more than 7 000 but it is better in terms of economic development. The income share of households from non-farming activities is bigger (61 % of their total incomes). This may explain why more investment is put into the development of Nguyen Viet Xuan School.

Ngu Kien Primary School was separated from the lower secondary school in the 1989-1990 school year. After ten-year of successful operation, it was honoured with the name of the heroic martyr Nguyen Viet Xuan in the school year 1999-2000 and was certified as having attained national standards. The first year after the separation, it was recognized as the most excellent district school and for nine years running the best provincial school. The school has recognised the value of comprehensive education by adopting inclusive education programme for children with disabilities. Here they can receive as much attention as other children and appropriate assistance.

In 1991-1992, the district and province started a pilot model called "inclusive education"; i.e. bringing CWD to schools together with other children in three communes, including Binh Duong and Ngu Kien communes. The Division of Education of Vinh Tuong was to supervise the implementation of this initiative. The initial obstacles to the project included lack of funding, experience and teaching methods as well as a low level of awareness about CWD in education, among the community and public servants.

The school leaders paid much attention to the organisation, responsibilities, commitment and concern for the children, 'consider CWD as your own children' as said by a principal of a primary school.

There are many reasons causing disabilities in children such as mothers' illness or diseases, consequences of their parents' involvement in war (e.g. Agent Orange), malnutrition and lack of vaccination. However, the position of local officials is that CWD are also human beings so they must be treated equally, have rights to study and to contribute to society.

During 1990-91, at the start of the universalised primary education programme, Ngu Kien School conducted a basic survey to classify children by age and education level. At the same time, it created and managed personal data files for CWD from 0 to 16 years old. To achieve the target of universalised primary education (UPE), the school began to encourage CWD to go to school in order to set examples for other children of the same age, and at the same time to maintain the rate of children attending compulsory primary school level. This indicates an important change in people's perception of the main function of schools that is; to educate all children not just "normal ones". Education is regarded as a source of welfare, which everyone has the right to receive.

The Implementation Process of Inclusive Education

One of the valuable experiences in this process has been the setting up of "three-way" meetings whereby teachers, commune officials and parents of CWD come together to exchange experiences in bringing up and educating CWD.

Teachers have been trained in methodology of teaching CWD based on the principle of community inclusion. They have also attended courses to learn more about CWD. Training has been carried out by specialists from Hanoi at the Swedish Hospital for Children, the Institute of Educational Science, etc. Courses lasted from one week to two months. During and after the courses school staff becomes more aware of the urgency and necessity of educating children with disabilities.

These activities have helped bring officials and teachers together to concur on a common policy and perception on education for CWD, which is not different from education for other children without disabilities. i.e. without any discrimination against CWD. Teachers and commune officials have gone to households to investigate the number of CWD and understand their family situation. They have encouraged parents to bring children with disabilities to schools. Some communes and schools start this work at the beginning of January every year. This work requires teachers and staff to be patient and committed as it often takes time to persuade families to send their children to school.

The awareness building about the children's rights, is done via the mass media like loud speakers, campaign posters, banners and direct talks.

Parents of CWD are also invited to attend training courses to improve their skills in educating CWD. Some schools set up two-year pre-inclusion courses for CWD to help them familiarise themselves with the new learning environments. The schools also cooperate with health stations to examine and treat CWD. This is a very valuable experience, as families need to work in close cooperation with schools in supporting CWD to attend schools.

During the first school days, CWD are given candies and gifts to entice and encourage them to stay (financed by the school budget). Schools also encourage classes to form "help-a-friend" groups among pupils. Children living in the neighbourhood of CWD together help them to get to school. The schools thus employ various methods to create a school community with a friendly and mutual support atmosphere.

After a period of this inclusive education project, the school has achieved concrete results. Some CWD have almost recovered and can read and write. Some have completed primary school level and gone on to higher education. Some have been able to find a job, have got married and live a normal happy family life. Children with more serious disabilities like the deaf and dumb are to attend classes together with their families to learn the 640 signs so that they can communicate at home and with others in daily life. This is a directive issued from education authorities at higher levels to the schools.

The following summarises the four important lessons learned from this process:

1. It is necessary to set up a steering committee to devise an action plan.
2. Campaigns should be carried out at various stages.
3. There should be moral support and encouragement like visits to homes and gift giving, provision of text-books, notebooks, pens, etc.
4. It is necessary to help improve teachers' skills and responsibilities in the task of teaching CWD.

II.3.2 Budget and other Financial Sources for Inclusive Education

This section examines financial sources for education of CWD (from budget and outside budget). The most important indirect expenses are financing teaching and learning. These expenses can be in two forms: regular expenditure and expenses for construction of physical facilities (new construction and repairing, purchasing of equipment, durable goods). The greater portion of this expenditure is from the budget on education allocated by the province and assigned to the district as shown in II.2.

Direct expenses comprise of expenditure on CWD like rewards, bonuses, giving gifts like notebooks, and other financial support. These also include fee exemption for CWD, exemption from contribution to funds for the construction of premises, and the learning incentive fund. These funds are outside the budget and contributed to by pupils and commune grants.

Overview on Teachers and CWD

The distribution of school staff including teachers is summarised in table 2.12, based on reports from various schools.

Table 2.12. The Teaching Staff of Three Schools, 1999-2000

Staff	Total	Binh Duong I		Binh Duong II		Nguyen Viet Xuan	
		Male	Female	Male	Female	Male	Female
Managers	7	2	0	2	0	2	1
Teachers	74	1	19	2	22	5	25
Support Staff	5	0	2	0	1	1	1
Total	86	3	21	4	23	8	27

Source: Field survey

Female staff account for 82.6 percent of the total while men only 17.4 percent; 86 percent are teachers and 14 percent non-teaching staff. However, in reality, the number of teaching teachers may be different.

Table 2.13 Numbers of Teachers and Students by Class in three Schools

Class	Number of teachers				Total number of pupils				CWD pupils			
	I	II	III	Total	I	II	III	Total	I	II	III	Total
1	3	6	6	15	108	151	170	429	6	8	4	18
2	3	4	5	12	103	115	144	362	3	5	15	23
3	3	4	6	13	104	148	176	428	6	5	11	22
4	3	5	6	14	116	165	171	452	2	2	16	20
5	3	5	7	15	114	178	180	472	0	7	10	17
Total	15	24	30	69	545	757	841	2143	17	27	56	100

Source: Field survey 2000

For example, of 20 teachers of Binh Duong I, only 15 are actually teaching (Table 2.13.)

Table 2.13 shows the ratio of CWD, 4.7%, at three primary schools. The ratio in each class level is roughly 4 to 5%. Namely, 4.2% in grade 1; 6.4% in grade 2; 5.1% in grade 3; 4.4% in grade 4; and 3.6% in grade 5. School III (Nguyen Viet Xuan) has two to three times the number of CWD than the other two schools because it is the only school in the commune.

On the average, every teacher teaches 31 pupils. In Binh Duong I, the number is 36.3, Binh Duong II 31.5 and in Nguyen Viet Xuan 28. Although there are differences caused by historical and geographical factors, these numbers indicate that all schools are trying to follow the norm on the number of pupils per class per teacher set by the Ministry of Education and Training (MOET). Consequently, the major portion of the budget and salaries are decided by the total number of teaching and non-teaching staff in the schools and at the same time the norms set by the number of pupils is ensured.

Budget expenditure:

Budget in this section must be understood to be *regular* expenditure on primary education. Expenditure on material facilities as described in II.2 consists of expenses on new constructions managed and approved by the district on a case-by-case basis and therefore they are not included in the annual budget draft of the schools.

In the budgetary process, the district now has a policy to allow schools to develop their own annual budget draft. However, due to many reasons and the main one is the lack of accounting staff, the district DivOF usually prepares the budget drafts for the schools based on the number of school staff and pupils. The DivOF summarises schools' estimations and submits them to the provincial level. The province level then prepares the overall budget for education of the province. This budget estimation is balanced against all income sources at the provincial level. The province authorises all expenditures to the districts via financial offices in schools. Annually, at the request of the financial office, the district People's Committee makes decisions in written form to assign expenditure to every school through its account, which is opened in the State Treasury with the principal of the school as account holder.

Interviews with primary school principals revealed that although they are the holders of accounts, their intervention is very limited because the main budget expenditure items are clearly defined (such as salaries, subsidies and social insurance) and supervised and inspected by the State Treasury as well as district financial division (DivOF). According to the principals, the district DivOF does all budget estimations for a school year. The school is given a budget to spend without knowing how and on what basis the budget was estimated. "For instance, we are given this amount for this particular year to spend. In the case of shortage of fund we request more and in the case of surplus funding we have to report on this. Based on national standards we are only entitled to a certain number of teachers but if someone is away on business or ill or some female teachers have babies we have to ask for additional funds at the end of the year. The budget is only an estimation". (Principal of Binh Duong I).

This illustrates the reality that although the province and district have allowed schools to do their own budget drafts as an experiment, the schools staff had poor understanding of the procedures, the norms and accounting skills to make this possible. Moreover, the present system of expenditure requirements and staff recruitment does not allow schools to make adjustments.

Interviews with DivOF's staff indicate that its technical assistance to schools staff in developing their budget drafts is very important at the present stage. Some schools cannot make their closing fiscal report to correspond with the estimated items because the estimation was so poorly done in the first place.

Table 2.14 summarizes expenditure figures for the three schools. As mentioned before, school budgets are worked out, supervised and approved at district level (at the request of DivOF). One of the questions that can be raised here is if the province authorises expenditure to the district then why does it not authorise budget directly to the schools? Two main reasons: Firstly, not all expenses are authorised by and come from the province level. The financial support from the district should also be included in the budget draft of the schools. Secondly, schools are supervised administratively and technically by the district therefore the management would be more efficient if the district also took the responsibility of assigning budgets to them.

Due to some changes in the expenditure management, some items in table 2.14 have been left empty (without budget allocation), especially items 15 and 18, which are items for expenses on material facilities.

Items 1 to 9 are “hard” expenditure (salaries and wages) and account for 95% of the total expenditure. The ‘other expenses’ (1 to 2%), are determined by the principals to spend on unplanned items like meetings, receiving visitors, etc. Expenses on fixed assets are not included in the annual budget draft as mentioned above.

Table 2.14. Budget Expenditure of 2000 in Three Schools (mln VND)

Items	Binh Duong I	Binh Duong II	Nguyen Viet Xuan
1 Salaries	84.204	108.420	127.332
2 Wages	2.712	9.624	6.240
3 Additional allowances	33.576	44.340	53.688
4 Position allowances	432	696	948
5 Local allowances	33.144	43.644	52.740
6 Occupation allowances	-	-	-
7 Over-time allowances	-	-	-
8 Bonus	-	-	-
9 Other payments	11.849	15.276	17.939
10 Public services	-	-	-
11 Office equipment	-	-	-
12 Communication	1.884	1.884	1.884
13 Conferences	720	900	1.050
14 Per diem for field trips	240	240	240
15 Recurrent repair	-	-	-
16 Professional expenses	1.170	1.590	1.770
17 Other expenses	2.400	2.400	2.640
18 Fixed asset purchasing	-	-	-
Total	138.755	184.674	212.803

Source: Field survey

The province determines the largest expenditure portion - salaries and wages - and authorises it to the district’s account opened at the State Treasury. The district (DivOF) determines the smaller expenditure portion (communication and other expenses). The figures in the table do not indicate any items relating to expenses on CWD.

In fact, because district authorities manage schools’ expenditure budgets it is difficult to do a thorough analysis of the various financial sources for expenditure items. Additional finance given by the district is small as shown in table 2.14. Therefore, there is no possibility of making any adjustment to the expenditure structure.

The average State budget allocated to the education of a pupil (including CWD) of these three schools is 239 000 VND a year (2000), which can be seen as satisfying the nationally set target by the MOF of 242 000 VND a year. Specifically, budget allocated for Binh Duong I is 247 000 a pupil (including CWD), Binh Duong II 236 000 and Nguyen Viet Xuan - 237 000 VND.

The differences are insignificant and show that fund allocation depends mainly on the number of pupils although the estimation was made mainly based on the number of teachers. This is relevant to the analysis of the budgetary process at provincial and district levels as mentioned before about the role of national norms and the small possibility of making adjustments at different levels.

To conclude, several remarks can be made: The main budget items of primary schools comprise of current expenditure, of which salaries account for 95 percent. Expenses on teachers are certainly seen as indirect expenses for pupils and CWD. However, this does not take into account additional workload for teachers caused by children with disabilities. This is also relevant to the budgetary process that is directly based on the number of staff and teachers as mentioned above. The provincial personnel division decides

the number of teachers based on the number of pupils and targets set by the MOET. In the long run, salary structure should take into account additional work done by teachers for CWD.

Off-budget expenditure:

Off-budget sources (i.e. not reflected in annual budget draft prepared by the district and province as shown in table 2.1.3) come from two sources: (i) contribution by pupils' fees (to fund building of facilities and learning support) and (ii) from commune budget. (Other sources like contribution by parents' association; grants from local and foreign organisations are small in these schools. The characteristics of these two sources are very different although in reality, *it is difficult to make any distinction between them.*

The contribution by pupils is managed rigidly (both the amount and the use) by the People's Councils of the districts and communes. For instance, the district People's Council determines the fees to be collected for the construction of facilities from 20 000 to 40 000 VND per pupil per year. Within this limit, the commune authority makes a decision on the amount (30 000 VND for two of the surveyed communes). These funds are used totally for the construction of material facilities for the schools. Similar procedures are employed for learning support funds (10 000 VND per pupil per year). Table 2.15 illustrates these items and other details relating to the use of the funds.

The amount that the commune draws from the budget for expenditure is not subject to any restriction but determined on a case-by-case basis and on an understanding between the schools and commune authorities. The details will be covered later on.

These sources of finance can be grouped into regular expenditure and material facilities expenditure according to their uses. The greater and most important portion is material facilities.

Material facilities mainly consist of expenses like repairing, purchasing new desks, benches or learning equipment but not *new constructions*. These funds are made up of contributions from the pupils and the commune budget.

Table 2.15. Expenditure on Material Facilities of Schools (mln VND)

Details of expenditure 98/99 and 99/00	Money	Proposed by	Approved by	Sources	Mode of payment
<i>Binh Duong I</i>			Commune	Pupils	
Desks, chairs, repairing physical conditions, equipment	31	School	Chairman	Commune	Commune
<i>Binh Duong II</i>	32.4		district, commune	Commune budget, pupils	
Textbooks	4				by invoice
Desks	8				in-kind
Repairing classes	18.5				Check
Desks, chairs	1.5				Check
Repairing offices	0.4				Cash
<i>Nguyen Viet Xuan</i>	679				
Construction of school (two storeys)	600	Commune school	district	district, commune, province	Cash
Office moving	15	school	district	district	Cash
Equipment	30	schools	district, province	Province	in-kind
Pupil Desks	19	school	commune	pupils, commune	in-kind
Electric fans, power	15	commune, school	parent association	pupils	in-kind

Source: Schools' reports and interviews

Table 2.15 shows that, with the exception of funds for the new construction of Nguyen Viet Xuan school, every school spent about 30-40 million VND/year on material facilities translating into 40-50 000 VND/pupil/year. For this districts' and communes' People's Councils recommend that schools collect 30

000 VND from every pupil a year. So there is a deficit of 15 000 VND per pupil or 10-20 million VND a year to be covered by the commune budget, which is equal to 5 percent of the annual commune's budget as estimated by the data from the interviews. This rate is relatively high compared to other social and economic expenditure that the commune is responsible for. According to the Law on Budget, communes in practice are not responsible for financing primary schools' *regular expenditure* (see item 1, Appendix 1.3.) but only for the construction of material facilities (item 2, Appendix 1.3). One of the reasons for this is, with complicated and difficult-to-control expenditures, the process would be more effective if these are assigned to grassroots levels i.e. commune levels. This is relevant to the suggestions by the study team that will be covered later on in the section "Additional expenses for teachers and CWD". These expenses include purchasing and repairing classroom furniture. Schools prepare expenditure estimations, submit them to the People's Councils of the communes to be approved by the chairmen, who will then request the construction teams to buy materials or send people to do the repairs. The role of the schools is to determine if the results are satisfactory. Thus schools do not receive money directly to do this work.

The construction of Nguyen Viet Xuan School (in Ngu Kien) required more complicated estimations. Normally, as commune provides the greater portion of funds (80 percent), the commune authorities must approve the estimation first. Based on this estimation the commune decides how much additional finance to ask for from the district's construction funds and from the provincial authorised education budget. The district's financial support is limited to 100 million VND regardless of budget source. In case of incurred costs the commune is responsible to cover these. The expenditure for new construction will be spread over several years (normally two years). Nguyen Viet Xuan School receives financial support from the province and district because the policy for building the school was sound and Ngu Kien commune was given priority.

Regular expenditure: Most of the other regular expenses (except for salaries) of the primary schools like receiving visitors, bonuses, support to pupils, allowances for unplanned field trips, etc. are covered by the commune budget and contributions from pupils. In reality however, it is difficult to separate these expenditure from the commune budget and contributions from pupils.

Every year a primary school asks for the support from the commune of more than 10 million VND for the purchase and repair of classroom furniture as well as for study incentives for pupils such as prizes and grants. The school formulates a proposal with clearly stated reasons, usage, amount and the principal meets the chairman of the commune to explain the case and asks for approval. Then, he or she brings the approved proposal to the school's accountant to get money or contact the division in-charge to implement the decision by the commune chairman. In many cases, even after the approval there is no cash available in the commune, schools have to borrow the amount elsewhere to spend in advance and get reimbursement later. As usual, only about 70-80 percent of the proposed amount is reimbursed because the commune budget is limited and it has other social expenditures to meet.

It takes the principal much time to complete this procedure to receive funding even though this is the responsibility of the school and the community. Due to lack of decisions on the duties of the commune and some special characteristics of the present budget management system, it requires not only time and energy but also the development of a personal relationship between the leaders of the communes and schools. The better this relationship is the more financial support the school receives from the commune. The school leadership thus pays much attention to this relationship. Normally, schools prepare their budget drafts at the end of August, before the start of a new school year and after surveying the physical conditions of the school. Then the plans are forwarded to the People's Committees for approval. The chairman will base his decision on the needs and available funds. In some school years, for instance 1999-2000, the commune spent 4 million VND on textbooks for the school. As expenditure items are numerous, schools ask for finance assistance several times with the requested amounts ranging from several thousand VND to one million VND.

Expenditure on rewards to pupils for excellent achievements, and support to CWD are estimated and sent to the commune's People's Committee for approval. The fund for learning support collected from parents by the school is used for this purpose. The vice-chairman of the People's Committee and several other managerial members belong to the Learning Support Association. 30 000 VND a year is collected from every pupil (as decided by the People's Committee). A big school of more than 800 pupils collects 25 million VND a year. Certainly, the fund contributed to by parents is not enough, in which case the commune has to mobilise other funding sources. For example, Binh Duong is a purely agricultural commune. Its agricultural tax (50%) and other fees totalled 400 million VND. Expenditure on salaries consumes 200 million and the rest of 200 million is spent on fixed assets of the school. The expenditure on rewards for excellent pupils at commune and district level is 50 000 VND per student and 100 000 at provincial level. Expenditure on rewards for good pupils (a hundred pupils every year) is decided by the commune at 2000 VND a pupil for the cost of preparing certificates and buying gifts like notebooks, pens. Expenditure on rewards for good teachers is also covered by the commune budget. In the school year 1999-2000, the primary school of Binh Duong commune granted 1.3 million rewards for both pupils and teachers. In general, expenditure is based on the number of pupils, except for special cases.

Schools do not directly ask for money from the district (i.e. from the People's Committee or the Division of Education) because budget allocation comes from a top down system. These agencies can support schools as gifts from higher levels (such as a support of 4 million VND to pre-school to buy toys for children) depending on the degree of difficulties it faces and the number of its pupils and teachers. The district in fact cannot provide any funds outside what has been approved in its annual budget.

For details of expenditure for CWD, the next section concentrates on two important items: additional expenses for teachers of CWD and for CWD themselves.

Additional Expenses for Teachers of CWD

For the purpose of this research, additional expenses can be classified into two types: i) occasional payments, and ii) regular payments.

Occasional payments comprise of expenses on training teachers and payment to teachers for their work in the preparatory courses for CWD. For example, in 1996-1997, Nguyen Viet Xuan School paid an additional 60 000 VND per month to each teacher who taught CWD at the preparatory course (pre-integration course), which lasted 8 months. At present, these courses are no longer provided as there is not a need for them. In addition, teachers who are directly involved in teaching CWD, take a four-day training course once a year and receive a total allowance of 40 000 VND. These expenses are often covered by the province or district (perhaps from grants by the international organizations like Rädä Barnen) and are occasional in the sense that in the long run they may not continue every year.

Regular payments are more important for maintaining the inclusive education programme as they are direct expenditure in the form of additional payments to teachers of CWD. This kind of expense should be subject to priority consideration because given the specified tasks of the State budget, they should be included in the school budget, especially in the context of universalised primary education and children's right to education and development.

In general, although it might be different from school to school, the amount of these additional payments is small. For example, all the teachers of CWD in Nguyen Viet Xuan School received about one million VND a year as additional payment by the commune. Our interviews show that there were 3 to 4 CWD in every class and ten teachers were involved. Each teacher then received 100 000 VND a year or nearly 10000 VND per month.

Some schools allocate additional payments to teachers of CWD from their budget (item 17 - other expenses - in table 2.14). Although there are no detailed data, this is insignificant as the total of this expenditure was merely 2.4 million VND for 1999-2000. It was even smaller (1.2 million) the year before.

Certainly, there are some technical problems relating to expenditure on teachers of CWD. One of the causes is that these children have different kinds of disabilities, and different degrees of severity that make the additional volume of work different among teachers. Through interviews, it was identified that there were two main disabilities that call for specific teaching skills and additional work. They are paralysis and epilepsy, which account for about 20% of CWD. In the present difficult economic conditions the distinction of CWD as such is necessary so that funds for teachers allowances can be used for the right purposes. In reality, schools have already done this because it is not difficult for the principals and commune leaders to do so. However, in regards to the official legal framework and higher policy making levels, this distinction is not easy and may incur unnecessary costs. This is obviously a common problem concerning two political issues: centralisation and decentralisation of power for which there is not yet a solution.

From this study, a feasible solution may be that the district, namely the CPCC, can compile a list of CWD and classify them in consultation with the principals. Based on this, funds for teachers and CWD can be included in the annual budget drafts through a special fund that can call for contributions from the community and charity organisations.

Because of the significance of this expenditure, we would try to estimate the budget burden if the district included it in the budget draft. The basis for calculations (in order to be legitimate) is the present norms set by MOET. Appendix 1.4 shows the difference in the expense for CWD and normal children at primary schools as much as 610 000 VND/pupil/year or about 60 000 to 70 000 VND/pupil/month (1 school year equals 9 months). It is clear that for the number of 200 severely disabled CWD in Vinh Tuong district the additional payment for each pupil is 50 000 VND per month. According to this estimation, the additional budget to be allocated to the district would be 10 million VND a month, or 90 million VND a year, or 1% of the total budget of the district. This figure is high and the district budget certainly cannot afford it. However, it could be reduced if the following factors were considered: i) the number of CWD who really need additional expenses; ii) the number of teachers per severely disabled children may be more than one; and iii) this additional budget will be spent only on additional payment to teachers who teach severely disabled children.

Interviews with principals show that in the present situation teachers consider 50000 VND a month to be adequate as additional payment for teaching severely disabled children. If each teacher takes care of two CWD, the total additional payment will be $50\,000 \times 9 \text{ months} \times 100 \text{ teachers} = 45 \text{ million VND}$ a year. At present, the commune already pays 50% of this amount; the district therefore needs to supplement its budget with an additional 20-25 million a year.

Technically, the inclusion of additional payment for teachers of CWD is feasible if we consider the possibility of adjusting funding sources (such as the Division of Education, Committee of Care of Children, etc.). Putting it into place certainly would create many other requirements, which are beyond the scope of this study.

Direct Expenditure on CWD

As mentioned earlier the Government has not decided on an official budget allotment for pupils with disabilities. However, in reality, CWD are getting some encouraging financial support from different sources from the central down to commune levels though they are of an *ad hoc* nature.

The annual largest expenditure on CWD consists of two main items:

- i) reduction or exemption from contributions such as funds for fixed assets and funds for study incentive;
- and ii) support in the form of textbooks, notebooks and other learning tools.

The reduction and exemption totals 50 000 to 60 000 VND a year for every severely disabled children and 25000 to 30 000 VND for not so severely disabled children and varies from locality to

locality as each has its own policy on contribution. Usually, 100% exemption is applied to severely disabled children or families in especially difficult situation, and 50% reduction to other CWD.

The biggest contributions are found in Binh Duong: 35 000 VND for fixed assets, 10 000 VND for learning incentive funds and 14 000 for electricity, drinking water and sanitation.

Box 2.16. Annual Average Expenditure by the Commune on Nguyen Viet Xuan School

500 000 VND on social activities
2 000 000 VND on reduction and exemption of learning incentive funds and construction of school
1 000 000 VND on training teachers of CWD
2 000 000 VND on summer camp for CWD
1 000 000 VND on repairing classroom furniture
5 000 000 VND on new furniture.

Source: Field survey

Learning materials like textbooks of Math, Vietnamese language, exercise books, pens, bags etc. are provided at the start of the school year or start of each semester. This subsidy amounts to 20 000 to 30 000 VND for severely disabled pupils and 10 000 to 15000 for less severely disabled pupils. There are differences between communes in spending on these items to schools.

An analysis of the situation and of the awareness of the support to CWD shows that the schools have applied differentiated support according to different degrees of disabilities and to the situation of their families. The schools estimate this expense annually and then submit it to the commune. The financial support to CWD comes mainly from the commune's public welfare funds but the schools do not know where it comes from.

In the context of the present limited budget it is reasonable to say that the direct expense for CWD is the main responsibility of the families and non-budget sources, while the (minimum) additional expense for teachers of CWD should be seen as the main responsibility of the Government or funds from the State budget.

II.3.3 Overall Assessment of the Inclusive Education Model

Although there have not been large sample surveys in this study, from the survey on three primary schools and interviews with local leaders we have arrived at a conclusion that the inclusive education model has achieved some positive results despite insignificant financial support from the Government.

One of the fundamental points in the evaluation of this model as the survey results show is the replicability of the model. Replicability is determined by the common factors affecting the success of the model. These determinants can be grouped into three: 1) Institutional factors such as common policies of the Government and legal framework, 2) perception such as commitment of local leaders and teachers, acceptance of the community and 3) financial factors such as financial sources- budget and non-budget.

The survey does not indicate any complication in replicating the first two factors. As for the third, which is the main focus of this study, the following question arises: does funding of inclusive education receive any priority? That is, can the main expenses be maintained and repeated in other localities? As seen above, the two main important components of the funding to be considered are additional payments to teachers and direct support to CWD. In our opinion, in the present economic conditions, the Government should concentrate on funding and maintaining the first type of expenditure. The second component (direct support to CWD) has specific characteristics and depends on the socio-economic conditions of different localities as well as on the perception of the society; the support to CWD (and children in especially difficult circumstances) by the State is not significant.

For rural communities of medium income like Vinh Tuong, we have not been able to make judgments on the replicability of these expenses including expenses for rehabilitations and special equipment for

CWD. However, it is commonly felt by the research group that such replicability is possible. This could be based on two general factors: i) the Party and Government of Vietnam have a consistent policy and long-term priority to the development of agriculture and rural areas, and, therefore there is a good possibility that the socio-economic situation in rural areas is improving; and ii) local authorities and communities have positive perceptions and attitudes towards CWD, which facilitates the task of finding financial resources to support CWD.

The following is an outline of some of the difficulties and favourable conditions in the task of setting up an inclusive education model, (which confirm the above conclusions by the study team).

Difficulties

Firstly, many people do not clearly understand the inclusive education model. The parents of CWD feel inferior and have no confidence that their children can learn as well as other children. The parents of “normal” children on the other hand are hesitant to let their children study together with CWD as according to them, CWD may not be clean and cry easily, etc.

Secondly, some teachers are initially hesitant; as they do not know how to treat CWD when they cry, wet themselves, or are too timid to do anything, etc. Some of them have attended training courses but these courses were so simple and short that they have not been confident with the skills they have acquired. There has been a lack of equipment, tools, and materials for teaching CWD.

The management teams of the schools have been unsure about the programme, because it was new. They lack experiences in community and inclusive education for CWD. However, these difficulties have been overcome with a lot of support from the local authorities at different levels. Within the present legal framework this kind of difficulties can easily be overcome.

The main concern is the issue of insufficient finance. Besides salaries (about 350000 VND a month) school staff and teachers do not have any other income sources. Most additional payments to them have come from the commune. The school budget does not pay teachers extra although there are CWD in their classes, which require special teaching methods.

The schools can and have appealed to local organisations to encourage CWD to come to school by giving them textbooks, pens, pencils, notebooks, etc. at the beginning of the school year. Bringing children with disabilities to school is regarded by the school as an achievement. It can be said that educational staff have a thorough appreciation of the humanitarian implications of inclusive education for CWD.

Favourable Conditions

The most encouraging aspects of the programme have been the moral and material support by the local authorities. At the start of the school year the commune authority encourages CWD to go schools by giving them textbooks, notebooks, pens, etc. worth 15 000 VND each. Families in especially difficult circumstances are given 20 kg of rice each to encourage them to send their CWD to schools. The Division of Education and CPCC also support CWD by giving everyone of them 5 to 10 notebooks. Most CWD are born and grow up in families living in very difficult circumstances.

Teachers are trained to equip them with skills to work with CWD. So far, 100 percent of teachers have attended training courses.

The schools have organised various extra curricular activities for CWD.

The local authorities have established a Committee for inclusive education of CWD with the commune’s vice-chairman as its head and representatives of the Division of Education and CPCC as members. The committee’s tasks are to disseminate information, mobilise organizations and families to pay more attention to CWD, with the ultimate aim to comply with the Law of Universalised Primary Education. Up to now, communes and schools have mobilised almost all, except a few very severely disabled children, to go to school.

It can be stated that the inclusive education model has achieved the stated objectives of education for CWD. CWD are more enthusiastic and self-confident than before. Parents used to have to sit in class with them, and wait for them in the class during the first 1-2 weeks. Now CWD can stay alone at school to study and get help from their classmates. They feel less inferior and normal in learning, playing, and joining different activities together with other children in class. Some CWD participate in collective activities like music productions and summer camps. Although their academic results are not high they are zealous about studying. 20 disabled pupils have completed primary school education and continued on to lower secondary school. The school puts emphasis on helping them in gaining knowledge and preparing them for inclusion in the community.

In short, although many issues remain to be improved and changed, inclusive education for CWD can be sustainable in the long term. Factors necessary for this sustainability as discussed above include the local authorities taking a more active role in allocating budgets and playing a key role in the task of appealing for funds from the community.

III. SUMMARY OF MAIN RESEARCH FINDINGS:

1) The report analysed in detail the budgetary process for training and education at district level and budget implementation at school level. This analysis is based on and should be understood in a more general context of the State budgetary process as well as the national budget for primary education in particular. Although, there are many tasks related to budget drafting at local level, the main part of the budget is defined by central regulations through a system of norms and many agencies (such as Personnel Department, Department of Planning and Investment, etc.) Detailed analysis of budget and budgetary process explains **the distribution of TEB at local levels (especially at district level)**. In addition, the identification of relations between real activities and budget formulation allows us to specify influences from other agencies on final budget expenditure in education, especially the role of personnel and finance departments, and even decisions on teaching programmes of MOET or DOET in the provinces. This is significant for advocacy and practical recommendations in the future. **The concept “education budget” in the practice of district budgetary process includes a very small part of the whole State financial resources for education and training (from commune, province or central governments)**. This clearly creates some difficulties in the search for a common rational strategy of budget expenditure for education at district level. This can be regarded as a shortcoming in budget coordination. A deeper analysis can be carried out in the future if it is feasible.

2) The State budgetary process, even at district level, is a very complicated one - technically and politically. One of the most important characteristics of the budgetary process, which is determined by this complexity, is the incremental nature of the annual budget. This describes the basic part of the current budget, which is based on the previous budget and calculated mostly according to the *existing activities*. If existing activities do not conform to new policy measures, the scale and structure of the budget would not support these new policy measures either. In theory, this rigidity (or inflexibility) should decrease at lower budget levels, as the degree of complexity and deviation in budget drafts will be lower at lower levels. However, in the case of TEB, **district and commune play a minor role in budget allocation, and therefore, their ability to adapt to new education priorities and challenges is limited**. Case study analysis of the education budget and financial resources for CWD at district level in this report clearly supports this statement.

3) **Budget expenditure for children were spent by many agencies and a clear identification and classification of this expenditure is extremely complicated**. In the case of one district, the district CPCC could play an important role in collecting information on expenditure, however due to lack of resources, they do not carry out this activity. At the same time, all problem-oriented studies such as this require a more general picture of all resources. Even in regards to some substantial and transparent expenses, a single item can be found to draw on various budget sources and vice versa. Moreover, expenditure for the same object (like primary schools) from the same source (province budget) might be subject to control from two different intermediary authorised agencies (Division of Education and Division of Finance). While there maybe some practical reasons for this practice (such as improving efficiency in management and implementation of education policies), such practice should be overcome in the future. The above analysis does not mention the political aspects of the implementation and control of the budgetary process, which exist in every country.

4) TEB at district level includes several components, for which the drafting and implementation have different characteristics. Implementation of budget at district level varies for different districts. This makes it difficult to evaluate expenditure structures and to coordinate financial resources for education of children and CWD. Case studies show that although the necessary budget expenditure to maintain inclusive

education for CWD may not be high, institutional constraints as well as difficulties in coordination prevent the use of practical measures to solve any problems.

5) One of the important shortcomings in policy implementation (in this case, it is the policy of Inclusive Education for CWD) is budget financial resources which are inadequate and unrelated to the real workload. Many achievements have been made thanks to the voluntary efforts of teachers and staff at the grassroots level. Such efforts, if not supported by policy measures, especially by an appropriate budget, may be not sustainable in the long run. This raises the issue of sustainability of policy measures especially in poor areas. The problem is more pronounced when rich provinces have much lower ratio of Education and Training Budget to GDP compared to the poorer ones. This means a major part of local budget expenditure on education is the result of national policies. It does not necessarily reflect the local regular policy priorities. In other words, once target programmes end, local government's ability to maintain their achievements on *their own resources* is questionable.

6) In the current situation, the above-mentioned sustainability requires appropriate financing, at least for the additional workload of teachers working with CWD. This is especially true at primary school level, where tuition fees are not collected. It requires the community to be active and aware of the problems. It cannot be solely the responsibility of the government, because in current economic conditions, to convince CWD to go to school cannot be an ongoing local priority. However, the sources of budget expenditure play an important role, since they have not only economic significance, but also convey a message about the State's strong commitment to education policies for children, as well as its support for all initiatives and measures consistent with these policies. These can be the most important factors in attracting financial support from the community and other sponsors. It is possible at district level to finance about 0.3% of the total district budget to support Inclusive Education (or through a fund for CWD) and it is very essential to do so. Moreover, as mentioned above, this small expenditure plays an important role in maintaining this fund for CWD under current conditions.

7) Finally, the above conclusions are intended as suggestions for further thoughts on future research studies and advocacy, since the framework of this study is far from being general and comprehensive. Meanwhile in Vietnam's political environment, any policy initiative, even at commune or district level, can easily become a national one. These initiatives however, cannot have a good rational foundation without a comprehensive analysis of the general development aspects of society.

IV. RECOMENDATIONS

Methodological Issues

Related to this study, three issues need to be mentioned: i) feasibility, ii) reliability, and iii) generality of the study.

For Vietnam (and for many other developing countries), feasibility is regulated by accessibility to information. Legal regulations on financial transparency (including budget transparency) are being developed and certainly will create more favourable conditions for researchers and policy-makers. However, a reliable and mutual-benefit relationship between researchers and government officials is possibly the most vital factor for not only budget studies but also for all political and policy studies. Without the cooperation of officials in central and local government agencies, studies of this type are not possible. The more politically sensitive the object of study is, the closer and tighter relationship (and cooperation) needs to be. Although the concept “political sensitiveness” is very loose, it is a reality, which must be taken into account and cannot be underestimated by researchers.

Reliability of the study is also related to feasibility. Normally, the degree of reliability of a study is considered from the viewpoint of statistical science and information processing (i.e. technical aspects) e.g. issues of data qualities, consistency of data, statistical methodology and statistical inference etc. However, in many cases reliability of data and information is also affected by many other institutional and legal factors, as defined in a socio-political environment, to which researchers as well as research subjects belong. In this report we do not examine this problem, but difficulties experienced by some research studies on social and political issues in many developing countries (including Vietnam) confirm this. One lesson is clear from this study: that analysis and interpretation of data and information should be seen in a wider institutional context. This is not new, but especially true to research studies in politics and budgets.

Generality and comparability with similar studies are important for policy advocacy. Although this is not a big issue for this study, it should be mentioned nevertheless. Besides usual issues like sampling, choosing a subject of study and theoretical frameworks, practical limitations and regulations should be considered. In the course of the study, the choice of geographical areas was very limited due not only to consideration of feasibility but also to local government’s regulations. Therefore, a preliminary review of possible choices as well as the choice of research questions should be carefully considered to overcome practical limitations and difficulties

Issues related to TEB and IE for CWD

Recommendations related to the training and education budget (TEB) and IE for CWD in the studied areas can be classified into two categories: i) recommendations on process, and ii) recommendations on content.

One of the research findings is the degree of distribution in the management tasks for TEB is high. At the same time, district and commune governments play a minor and passive role. In the current situations, it is impossible to have a separate budget item for CWD, however districts can propose to set up and manage a fund for CWD (this should be considered not only as a financial resource but also as a forum for CWD and their parents, and other organizations interested in children’s rights). This fund should be included in the budget draft process although only a part of the fund would come from the budget.

Regarding the content of the budget, the recommendation is local-specific since the expenditure level depends on the local economic development conditions as well as the number of expenditure items. A preliminary estimation based on official data shows that district budget can allocate a relatively small part, about 0.3% of its total budget (or 30 million VND in the case of Vinh Tuong), for the *essential expenditure* to maintain IE for CWD. As with the whole of the education sector, this budget expenditure may not be larger than that from non-governmental sources (i.e. from the community and charity organisations) but has an important significance for the mobilisation of funds from other sources.

Moreover, it acts as a foundation for the existence and operation of a fund for CWD until the State has more financial resources

Future studies

With the recommendations in this section it is assumed that future studies can benefit from information and knowledge accumulated through this study.

Clearly, the study can be extended *horizontally*, i.e. to include other districts, especially, districts in those cities with much higher level of social and economic development like Hanoi or Ho Chi Minh City. Research studies in these areas are necessary in order to obtain data for comparison with rural areas. In addition, the differences in TEB/GDP ratios among provinces indicate that many issues will remain unclear if the studies focus exclusively on rural areas. Moreover, urban population accounts for just 20% of total population, but judging from the rural development trends, rural population will face the same problems as urban population experiences today when it reaches similar level of socio-economic development. It is therefore necessary and useful to extend the study to urban areas.

The study can also be extended *vertically*. Budget analysis shows the special position of provincial governments on health and education expenditure, reflected mostly in a relatively high degree of independence and ability to have their own policy orientation to suit local specific conditions. While similar studies at central level face many difficulties, studies at provincial level are more feasible and also have significance in regard to policy.

The third direction of extension of the study is related to a general field of study on the topic “Macroeconomics and children’s rights”. These are issues related to Vietnam’s economic integration into the regional and global economy. Specifically, the liberalisation of foreign trade (under AFTA and WTO) will definitely affect budget revenues, and thereby affect structures and contents of budget expenditure. Some research studies on this type of impact are ongoing. A study of the chain effect of import/export taxes on State budget expenditure for children in Vietnam at *this stage* would certainly have practical significance.

APPENDICES

1.Vietnam

Appendix 1.1 Main Indicators for Vietnam:

Indicators	1995	1996	1997	1998	1999
Population (mln)	71.5	72.7	73.9	75.1	76.3
GDP (thousand bln VND)					
current price	229	272	314	361	400
fixed price (1994)	196	214	231	245	256
GDP by branches: (%)	100	100	100	100	100
Agriculture and forestry:	27.18	27.76	25.77	25.75	25.43
Industry and construction:	28.76	29.73	32.08	32.59	34.49
Services:	44.06	42.51	42.15	41.66	40.08
Total budget expenditure (thousand bln VND)	63	70	78	90	94
External debt: (bln USD)	n/a	8.3	9.6	12.5	13.5
Inflation (CPI) (%)	16.8	4.5	3.6	9.2	0.1
Foreign trade (bln USD)					
Export	5.4	7.3	9.1	9.4	11.5
Import	8.2	11.1	11.6	11.5	11.6
Children (<15)/population (%)	n/a	n/a	n/a	32	n/a
Population in rural areas (%)	78.58	78.59	78.13	78.17	78
Life expectancy (year):	n/a	n/a	64,7	n/a	67
Male			n/a		65
Female			n/a		70
Infant Mortality Rate (‰):		45.1	32	37	37
Male	67.0*				
Female	56.0*				
Primary School enrolment rate (%):	87**	n/a	n/a	91.5	93
Male	86.3			92.1	93
Female	87.1			90.7	92
HDI rank	121**				110
GINI coefficient	0.33**	n/a	n/a	0.35	n/a
Unemployment (%)	3.7*	n/a	n/a	n/a	2.2
Urban	2.6				1.4
Rural	7.7				5.4
Poverty (< 2.1Kcal/day) (%)	24.9**	n/a	n/a	15.0	12.5
Exchange rate (VND/1USD)	11100	11500	12938	13980	14000

* 1994, ** 1993

Source: GSO, WB, UNDP, CIEM

Article 30 - Annual State budget draft shall be based on:

- Tasks of socio-economic development, and national defense, security Specific tasks of Ministries, branches, local governments; Budget management devolution; percentage (%) of revenue shares and budget transfer from higher to lower government level as regulated;
- Statute on revenue collection; expenditure norms, regime, criteria;
- Directive of the Prime Minister on socio-economic planning and budget draft for the following year; Circular letter of MOF on budget drafting and guidance documents of other ministries
- Control numbers of budget draft, informed by authorised agencies;
- Situation of previous year budget implementation;

Appendix 1.3 Decision 51 of the Government, 1998.

“Article 22. The spending tasks of the commune or township budget include:

1. Regular spending on:

- a) Social work and activities in the fields of culture, information, and sport under commune or township management;
 - b) Financial support for extracurricular education, nursery and kindergartens under commune or township management;
 - c) Health care activities in the commune or township;
 - d) Management, repair or maintenance of architectural projects, public properties, welfare projects and roads under commune or township management;
 - e) Activities of the agencies of State in the commune and township;
 - f) Activities of the agencies of the Vietnam Communist Party, Vietnam Fatherland Front, Ho Chi Minh Communist Youth League, Vietnam Veteran Association, Vietnam Women’s Union, Vietnam Peasant Union in the commune and township;
 - g) Militia, self-defense, national security:
 - Training of militiamen;
 - Military registry, recruitment;
 - Propaganda, mass mobilisation in protection of social order, security, and safety;
 - Activities in keeping security and order at grassroots level.
 - h) Other expenditure as regulated by laws.
2. Expenditure on development investment:
Investment in construction of socio-economic infrastructure project as assigned by province”

Appendix 1.4 Current Expenditure Norms for Education

(1000d/pupil/year)

Education level	Average	Urban areas	Deltas	Midland - central seacoast areas	Low mountainous remote areas	High mountainous areas
1. Pre-school						
+ Nursery	490	390	429	507	585	780
+ Kindergarten	411	290	319	377	435	580
2. Primary	290	220	242	286	330	440
3. Lower Secondary	390	320	352	416	480	640
4. Upper Secondary	450	380	418	494	570	760
5. School for gifted students	800	710	781	923	1065	1420
6. Center for general education	80	120	132	156	180	240
7. Center for continual training	85	180	198	234	270	360
8. School for CWD	800	800	800	800	800	800
9. Ethnic general education schools						
+ District (primary and lower secondary)	2200	2200	2200	2200	2200	2200
+ Province (upper secondary)	2700	2700	2700	2700	2700	2700
+ Central (preparatory for university)	3000	3000	3000	3000	3000	3000
10. Anti-illiteracy school	70	60	66	78	90	120

Source: MOET, MOF.

2.Vinh Phuc

Appendix 2.1 Number of Schools and Classes in Vinhphuc, 1997-2000.

	6/1997		6/1998		6/1999	
	Total	Non-public	Total	Non-public	Total	Non-public
Pre-school:						
Nurseries	61	46	48	29	38	30
Pupils	13450	11765	14619	11385	12303	10965
Kindergartens	154	139	157	140	158	144
Pupils	39400	36418	40105	36829	38275	35770
Primary:						
Schools	157	0	164	0	172	0
Pupils	153666	0	150751	160	142017	30
Lower Secondary:						
Schools	133	0	142	0	146	0
Pupils	85986	4484	92962	2105	97164	1458
Upper Secondary:						
Schools	23	5	24	6	24	6
Pupils	20748	8570	26470	11146	32275	12006

Source : DOET Vinh phuc

Appendix 2.2 Data on Children in Vinh phuc, 12-1999

	Total	Male
0- 1 year	18560	9126
1-3 years	45847	21967
3-5 years	54670	27076
5- 6 years	23117	10576
6-10 years	136696	67867
10-15 years	115628	55991
15- 16 years	32514	15108
Total	427032	207711
CWD	8185	4075

Source : CPCC Vinh phuc

3.Vinh Tuong:

Appendix 3.1 CWD and CDC in Vinh Tuong, 12-1999.

	Total
Children with Disabilities, including	983
harelips	70
Eyes	201
Movement	233
Hearing-speaking	173
Underdeveloped	178
Affected by chemicals	34
Children under especially difficult circumstances	2104
Including:	
Working	74
Street children	6
Orphans	682
Law-breaking	2
In special families (invalid, war martyr...)	1340

Source: CPCC Vinh Tuong

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