



UNIVERSITY OF
OXFORD

Young Lives 
An International Study of Childhood Poverty

**Delivering Education to Avoid
the Middle-Income Trap:
The challenges for Vietnam in
the new decade**

Nguyen Thang
Vietnam Academy of Social Sciences /
Country Director, Young Lives Vietnam

Young Lives Seminar
Ministry of Foreign Affairs, The Hague,
26 September 2011

OVERVIEW

- The context: Vietnam in the new decade
- Education and skills in Vietnam's development
- Evidence and policy making in Vietnam

THE CONTEXT: VIETNAM IN THE NEW DECADE

- External context
 - Vietnam joined WTO in 2007
 - Global economic crisis 2008-2009
 - External financing vs. internal strength in post global crisis period
- Domestic context
 - Vietnam graduated from least developed country status to become a lower middle income country in 2009
 - 10-year Social-Economic Development Strategy 2011-20 (SEDS) and 5 year Socio-Economic Development Plan 2011-2015 (SEDP)
 - Ambitious objectives of becoming a modern industrialised economy by 2020 and avoiding the middle income trap thereafter
 - Announced shift from resource-based towards efficiency-based growth model, with 3 breakthrough areas:
 - (i) institutional reforms; (ii) human capital build-up; and (iii) infrastructure development and with greater emphasis on stability and sustainability versus speed of economic growth

AVOIDING THE MIDDLE-INCOME TRAPS

- Avoiding the race to the bottom:
 - How to enable the country to shift from low-value and resource-based exports and rapidly move up the value chain?
 - How to enable the work force to engage in high productivity, higher-income activities
- Avoiding the low-income and inequality traps

SHORTAGES OF EDUCATED WORKERS - A BRAKE ON VIETNAM'S GROWTH

Country	Years	Change in returns to education over time	
		Upper secondary and above/lower secondary and below	Tertiary/upper secondary and below
China	1999-2005	75.3%	34.1%
Indonesia	1994-2007	-1.9%	-4.7%
Philippines	1988-2006	18.5%	5.0%
Thailand	1990-2004	15.4%	17.2%
Vietnam	1992-2006	-10% to +41%	273.2%

Source: di Gropello and Sakellariou (2010)

WHAT SKILLS DOES VIETNAM'S MANUFACTURING NEED?

Evidence from the 2007 Labour Force Survey

- Lower-secondary education is now a minimum requirement for skilled work in the manufacturing sector
- Vocational training enhances workers' ability to be employed in manufacturing
- Higher-value manufacturing typically requires upper secondary school

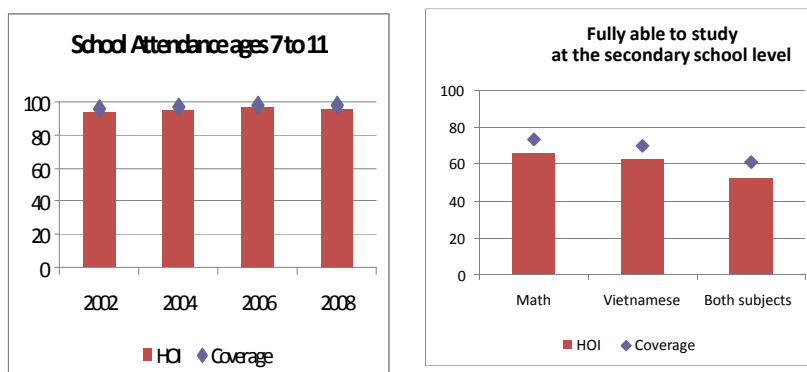
WHO IS BEING LEFT BEHIND BY VIETNAM'S EDUCATION SYSTEM?

Evidence from Young Lives

- Small but significant group of children who are failing to graduate from lower secondary school, and are therefore very unlikely to gain wage employment in the manufacturing or government sectors
- Low education trap: this group tends to be the children of poorly educated parents
- Educational assistance and other development programmes are not contributing to them staying in school

Inequality in Educational Opportunities: 'Quantity' vs. 'Quality'

Evidence from household surveys (VHLSS) and Grade 5 Assessments (CAF 2011)



EVIDENCE AND POLICY MAKING IN VIETNAM

- Evidence becomes increasingly important in Vietnam as the issues the country is facing have become increasingly complex
- Evidence on differences in the quality of education is used intensively in policy debates
- However, the ‘evidence vs. vested interest’ conflict remains a big challenge, particularly when it concerns setting priorities

FINDING OUT MORE...

www.younglives.org.uk

- methodology and research papers
- datasets (ESDS International)
- publications
- child profiles and photos
- e-newsletter

