



Socialist Republic of Vietnam

Technical Assistance for Preparation of the
Higher Education Project No 2
[HEP2]

PHRD Grant No. TF 052679

PRE-FEASIBILITY REPORT

Ministry of Education and
Training (MOET), Vietnam

January 2006

HEP2 Project Preparation Unit

Forward

The purpose of this **PRE-FEASIBILITY REPORT** is to consider the key issues involved in

- Identifying the issues in the Vietnam Higher Education sub-Sector that have highest priority for continuing investment for reform and development
- Considering the ways the problems might be addressed in the proposed Higher Education Project No 2 (HEP2), through the detailing of recommended components of the proposed project; and
- To provide relevant Vietnam Government Authorities information to consider the design of the project, and to make in-principle decisions so that early negotiations can commence with the World Bank.

This Report contains:

- A short outline of the issues and priorities for further Reform and Development
- A summary of the proposals for the project, and
- A number of annexes that detail the proposed activities, the indicative cost estimates and proposals for the key implementation arrangements.

The MOET and the WB agreed that the structure of this report should follow the model for WB Project Appraisal Documents, with length confined to 10-12 pages of explanatory material, supplemented with a limited set of Annexes. This document conforms to the requirements of *Decree No, 17/2001/ND-CP* which specifies the minimum contents of the PFR.

Technical Papers

A series of specific Technical Papers (TPs) are being produced for the HEP2 Preparation Unit by specialists in key areas of policy. At the time of preparation of this PFR Technical Papers have been prepared covering detailed information and analysis of issues in

- the reform and development of teaching and learning
- the development of improved research capacity
- international best practice in the funding of research
- possible criteria for grants to HEIs under the proposed HEP2
- the Legislative and Regulatory Environment of Higher Education in Vietnam
- key issues regarding data collection, analysis and reporting for Higher Education Institutions in Vietnam
- an analysis of HE system data requirements for Internationally Comparative System Performance Indicators
- an analysis of Quality Assurance issues in Vietnam HE Sector; and
- an analysis of issues relating to intellectual property in HEIs in Vietnam

These are available in separate volumes for the information of PPU Members and other stakeholders and interested parties. Details of the Technical Papers available to date are at the end of this paper, in the References Section.

CONTENTS

A. Strategic Context and Rationale

1 Country and Sector Issues	1
2 Rationale for Donor Involvement	2
3 Higher level Objectives to which the project contributes	3

B Project Description

1 Lending Instrument	3
2 Project Development objectives and key indicators	4
3 Project Components	5
<i>Component 1</i> – Capacity Building for Policy Development for HERA	5
<i>Component 2</i> –HEIs Research and Teaching Development	6
<i>Component 3</i> – Project Management and Monitoring	7
4 Project Estimates	8
5 Lessons learned and reflected in the project design	9

C Implementation

1 Project Implementation and Operating Issues	9
2 Project Management	10
3 Monitoring and Evaluation	11
5 Sustainability	12
6 Critical risks and possible controversial aspects	12
7 Loan/Credit conditions and covenants	12

Annexes

1 – Summary of Project Design	
2 – Component 1 – Capacity Building for HE Policy	
3 – Component 2 –Capacity Building for HEIs	
4 – Component 2 – TRIGs; Window A, B & C	
5 – Component 3 – Project Management and Monitoring (incl Project Organization Chart)	
6 – Lesson from HEP1	
7 – Indicative Cost Estimates	
8 – Financial Management and Procurement (summary)	
9 – Roles of the Government and Loan Conditions	
10 – Socio-Economic analysis and Rate of Return (summary)	
11 – Risk Matrix	
12 – Key Evaluation Techniques for HEP2 and KPIs	

References and Documents prepared for HEP2 Project Preparation

Acronyms

ADB	Asian Development Bank
CB	Capacity Building
CIDA	Canadian International Development Agency
EFA	Education-For-All (the National Education Strategy)
FR	Feasibility Report
GOV	Government of Vietnam
HCMC	Ho Chi Minh City
HE	Higher Education
HED	Higher Education Department (of the MOET)
HEP1	Higher Education Project No 1 (1998-2006)
HEP2	Higher Education Project No 2 (proposed)
HEIs	Higher Education Institutions
HERA	Higher Education Reform Agenda
ICB	International Competitive Bidding (WB Procurement)
KPI	Key Performance Indicator
M&E	Monitoring and Evaluation
MOET	Ministry of Education and Training
MOF	Ministry of Finance
MOLISA	Ministry of Labor, Invalids and Social Assistance
MPI	Ministry of Planning and Investment
MOST	Ministry of Science and Technology
PCU	Project Coordination Unit (for HEP1)
PFR	Pre-Feasibility Report
PHRD	Project for Human Resource Development
PMB	Project Management Branch
PPU	Project Preparation Unit (for the proposed HEP2)
ODA	Official Development Assistance
QA	Quality Assurance
QCBS	Quality Cost Based Selection (WB procurement)
QIG	Quality Improvement Grant (provided under HEP1)
R&D	Research and Development
RI	Research Institutes
TOR	Terms of Reference
TP	Technical Paper
TRIG	Teaching and Research Innovation Grant (proposed for HEP2)
VND	Vietnamese Dong (currency)
WB	World Bank

Note on terminology: Higher Education is a sub-sector of the broader ‘Education’ Sector. Common usage in many papers appears to refer to it as the ‘Higher Education Sector’. Where it occurs in this document it refers to the technical sub-sector covering the provision of education services at post-secondary institutions, being universities and colleges. It excludes institutions providing Technical and Vocational Education and Training in Vietnam.

A Strategic Context and Rationale

1 Country and Sector Issues

Though Vietnam remains a poor country by international standards, it has made remarkable progress during the past two decades in terms of increasing the real value of its national production, containing its rate of population growth, increasing its level of export income, improving its national standard of living and reducing its rates of rural poverty. This progress has been accompanied by a firm commitment to the importance of education as a driving force in the processes of industrialisation and modernisation in the economy. Education is traditionally highly valued in Vietnamese culture. It is also regarded, however, as being of critical importance to Vietnam's success in the global economy.

Since the mid-1980s, and especially since 1993, there has been a sustained effort to build and reform the higher education system. Over the period from 1993 to 2003, higher education enrolments increased by over 600 per cent and there was a doubling in the number of higher education institutions. The character of the system also changed. A system with a large number of small, single-discipline colleges and institutes transformed into one in which there is far greater institutional diversity, and in which there is a dominant group of leading universities that are large, even by international standards, and that offer programs across a wide range of academic disciplines.

Other changes are equally noteworthy. While most higher education institutions, including all of the leading universities, remain publicly owned and funded, the growth of a 'non-public' sector has been striking. Approximately 11 per cent of all students now attend higher education institutions that, though communally owned in most cases, rely almost entirely on tuition fees for their income. It is planned that this proportion should increase to 40 per cent by 2010. A related change is that over three-quarters of all higher education students in Vietnam now pay tuition fees. Students attending public institutions have access to scholarships and a student loan scheme to assist them with costs. Students attending 'non-public' institutions are far more reliant on their families for financial support.

There remain many issues confronting the sector. Not surprisingly, a major issue relates to *funding for future growth*. The demand for places in higher education in Vietnam is increasing at a faster pace than their availability. At the same time, there is official endorsement of a policy of raising higher education participation rates from their current level of 8 per cent of the relevant age group to a level closer to 15 per cent – a widely-accepted threshold for transition from an 'elite' to a 'mass' higher education system. Financing this growth will inevitably require that more of the burden of cost will be transferred to students and their families. Achieving this transfer, while at the same time promoting equity of access and encouraging the development of high standards in teaching and research, will intensify as an issue for the sector.

Another major issue relates to *management and the level of progress towards a system of autonomous institutions*. A legacy of Vietnam's recent history is a high level of centralisation of public sector management. Ministries exert a formidable influence, therefore, on the management of the higher education system. They determine matters as varied and as detailed as curriculum frameworks, the awarding of degrees, senior staff appointments, budget decisions and the raising of income. Yet there is also official recognition of the need for increased institutional autonomy if higher education institutions are to diversify, innovate, compete and improve. The process of achieving an appropriate balance between institutional autonomy and public accountability is proceeding very slowly. As the system expands, there will be a need for far more institutional autonomy. There will also be a corresponding need for better governance and management processes within higher education institutions.

Finally, there is a major issue relating to *quality*. It is widely accepted that there is a pressing need to raise the quality of the inputs, processes and outcomes of the higher education sector. There is particular concern about the quality of teaching and curriculum across the system. Academics are generally not well recompensed for their services, and the technological and administrative infrastructure supporting them is generally regarded as being inadequate. There is an urgent need to increase the extent to which teaching is underpinned by research. There is also a need to develop curriculum frameworks that relate better to industry needs, and to implement programs of study that will develop generic academic competencies as well as basic disciplinary understanding. The need to create opportunities for gifted younger academic staff to achieve more rapid career advancement in the system is a further matter for attention. A critical consideration in this regard will be the availability of sufficient funds to support internationally-significant scientific research in niche areas of comparative advantage.

2 Rationale for Donor Involvement

There are several advantages to be gained by a project focusing on the development of improved capacity in university research and better quality in academic teaching and learning:

Investment in higher education and in developing research capacity in science and technology will return economic benefits far in excess of the cost of the investment. The private returns to educational investments are significant for both men and women. Research shows that both genders' wages increase, on average, by an estimated 10% to 20% with each additional year of education. These higher wages and the productivity associated with additional education yield benefits for the community, the wider society and the economy as well.

Higher education generates specialists, provides human resources for higher industrial and commercial development, and for teaching in the other sectors. It leads to improved technical capability that builds economic competitiveness in the globalized economy, and to the betterment of society through individuals understanding of the social and cultural systems of Vietnam. Improved capacity and quality in research offers opportunities for high-value added, knowledge intensive goods and services and private enterprises that have the managerial capacity to find, adapt, and adopt modern, up-to-date technology and sell sophisticated goods and services in global markets.

Implementing diverse interventions to address such a complicated and costly development area will constitute a technical, financial and institutional challenge for the country. Use of WB funds is critical to obtaining the necessary level of funds for the investments, and there are specific advantages in gaining access to technical expertise and experience available through the Bank.

Comparative Advantages of the Donor

The World Bank has established a primary role amongst ODA organizations in the support for the development of the Higher Education systems, and particularly in the review and analysis of sector governance, structures and financing that provides an enabling framework for modernization and quality improvement in HEIs. This includes in-depth experience across many higher education projects in the design and implementation of competitive funding, institutional autonomy and performance based financing to drive improved standards in research and teaching and improvements in the relevance of higher educational outcomes. The WB also has extensive experience in supporting capacity building for public sector management to help Vietnam to develop the knowledge and skills to ensure more effective and efficient implementation of the policy reforms. The WB is supporting the First Higher Education Project in Vietnam, and can also bring its experience working in a successful partnership with the government of Vietnam to build on the lessons learned from the HEP1 to facilitate the implementation of the proposed HEP2. The WB will add value by leveraging its international experience in both these strategic areas, to assist Vietnam to develop a higher education system that is accepted internationally as equivalent in the best international standards.

3 Higher Level Objectives to Which the Project Contributes

Knowledge and how it is used by people is the main contributor to development. An effective higher educator sector is a critical factor in providing the leadership and skills that will enable Vietnam to realize its future prospects for prosperity. Increasingly in the new globalized economy HEIs need to offer high quality research and teaching. Quality in this context includes that the HEIs should be capable of offering all students knowledge that is accurate *and* that is appropriate to their needs in the economy and labor market. Knowledge is assimilated, shared, and taught by skilled professionals who know how to learn from the quantum of existing knowledge and how to generate new knowledge. Research skills are the key to both learning of existing and the generation of new knowledge. The development of effective research capacity (in its widest meaning of the word) in Vietnam's universities is an essential strategy for national development.

The project seeks to realize these ambitions to contribute to the goals and priorities for national economic and social development. It fits into the key strategic directions for the development of education in Vietnam – the ‘National *Education for All* (EFA) Action Plan 2003-2015’; and the ‘*Higher Education Reform Agenda 2006-2020*’ (HERA 2020). It is consistent with strategies identified under the EFA, including: the need to develop higher labor force skills and complex technologies to support participation in the global economy; the importance of improving quality in education and modernizing pedagogic approaches; the need for profound changes to patterns of responsibility-authority-accountability across all levels of education sector management; a new approach to education financing, based on performance and greater autonomy at the institutional level; and the introduction of changes to the way in which the education system is managed.

The *HERA*, approved by the Government in July 2005, is a forward agenda for reform and development over the next 14 years, from 2006-2020. It articulates the long term aim for HE in Vietnam - to develop a modern system with an effective university network that is regionally and globally integrated. It aims for: developing an advanced HE, satisfying the need for producing a highly qualified labor force for raising people's knowledge; making a fundamental change to cope with shortcomings; changing the way of thinking; abolishing the old thought and habits, shifting HE from the public welfare non productive activity into service mechanism in line with the socialist oriented market economy; promoting the development of science and technology, improving the competitiveness of the economy; conserving and developing national quintessence, helping gain a fast and sustainable development of the country in an integrating world.

HERA has five broad objectives addressing different facets of progress required by the higher education system by 2020. These objectives, in paraphrased form, are:

- completion of the task of establishing of a national network of higher education institutions, offering a range of qualifications consistent with plans for the socio-economic development of Vietnam and its regions, and sustainable in terms of what can be afforded by the government
- full development of a higher education curriculum that supports research and provides students with career options, and that is effectively integrated, fully responsive to quality assurance processes, and delivered by higher education institutions that are properly accredited and that meet international standards
- continued rapid expansion of the higher education system through the attainment of a rate of higher education participation by 2020 that is three to four times higher than the current level (that is, it will be in the order of 30 to 40 per cent of the relevant age group) and that reflects an increase in the importance of the non-public higher education sector
- the achievement of a marked increase in the number of qualified higher education staff and managers, sufficient to ensure that the higher education student-to-teacher ratio is

below 20:1, and that, by 2020, there is an increase from 40 to at least 60 per cent of all academic staff who have a masters-level degree and at least 35 per cent have a doctoral degree

- the advancement of scientific and technological research and development activity within key higher education institutions, increasing from a current negligible level such that this activity generates "at least 15 per cent of the total higher education institution revenue by 2010 and 25% by 2020".

HERA also commits to a range of governance and administrative changes that will be necessary to implement these goals. HERA states that, by 2020:

- universities will have been granted autonomy of operation – conferring legal autonomy in their operations, giving them “the right to decide and be responsible for training, research, human resource management and budget planning”
- line-ministry control will have been abolished and replaced with a mechanism for having State ownership represented within public higher education institutions; and ensuring community-based monitoring and evaluation
- a new strategy and on the development of a quality assurance and accreditation control for higher education will have been implemented; and
- legislative and regulatory reforms that reflects and enables the above reforms will be developed – and that this includes the prospect of a new Higher Education Law being implemented.

In broad outline, the higher education system envisaged for 2020 is one that is three to four times larger than at present, better managed, more structurally integrated, more flexible in providing opportunities for course transfer, more self-reliant financially, more research oriented, more focused on the commercialisation of research and training opportunities, more attuned to international benchmarks of quality, and more open to international engagement. It will also be a system that continues to provide equity of access for all socio-economic, regional and ethnic groups in Vietnam, and it will most likely be a multi-tiered system, with designated 'key' universities that are research-intensive occupying the top tier.

The project is designed to advance this agenda in substantive ways and to support the government with Technical Assistance, Capacity Building and additional investment funding to make the necessary changes to policy and administration to achieve its goals for the development of higher education in Vietnam.

B Project Description

1 Lending Instrument

The Lending Instrument will be a Sectoral Investment Loan to be pooled with other source funds (from bilateral donors (if any) and with the government’s identified and agreed contribution. The funding will be available under standard WB conditions, using a special account controlled by the PMU. Universities awarded grants under Component 2 will maintain specific project bank accounts for the management of their funds.

The project funding is estimated to be approximately \$US120m. Funding will comprise and IDA/IBRD credit of \$US108m, with an estimated Government contribution of approximately \$US10.3m. The option for possible contributions from other donors has not been explored at this time.

2 Project Development Objectives and Key Indicators

The suggested priorities are directly related to the needs in the Vietnam Higher Education sub-sector as assessed by the HERA 2020 documents, together with the views of the PPU members and the international specialists who have prepared technical background papers on key areas of approaches to development of research and teaching, and education management. The goals are in three levels: long term outcome goals, against which some of the project impact may be measured; shorter term strategic goals that should guide the project activity choices; and immediate project objectives.

Impact – long term goals:

A Quality system: Vietnam is seeking to develop its HE sector to have an international reputation and status equal to other regional and developed country systems. A long-term benchmark or measures of success in attaining a ‘quality’ system will be acceptance by foreign institutions and HE systems of Vietnam’s institutions as having equivalent international standard reputation for research, teaching and learning programs, and the existence of partnership roles in cooperative projects in research and teaching with foreign institutions that have good international reputations, and the ability to attract foreign students to study in Vietnam. Establishing at least one research university that can eventually gain recognition in one of the various internationally accepted ‘world-class’ ranking lists (such as the Chinese *Shanghai Jiao Tong University*) may also be a useful future indicator.

A sound technological capacity to underpin industry and social goals: developing and using technology so that it enhances industrial and economic outputs that contribute to reducing poverty and improve Vietnam’s economic performance.

Shorter Term Sector Development goals:

Improving the quality of research, teaching and learning –developing a better stock of knowledge through more and better quality research activities; and through better integration of that knowledge into teaching and learning; which in turn is used more effectively for meeting the needs of industry for modernization and technological development.

Developing the resources and capacity for conducting research activities that are a better professional standard and are more relevant to the needs of Vietnam’s economic/industrial development – hence there will be an emphasis on developing better resources for science and technological research (in key industries first) and in developing better research capabilities in the professional community.

Developing modern systemic governance and education management – developing governance that promotes autonomous HEIs capable of providing the advanced HE services. This includes establishing government regulations, financing and management services that adequately support sector planning and continuous improvement.

Project Objectives:

The HEP2 aims to increase the relevance and raise the standards of higher education activities in research, teaching and learning. This will be achieved through capacity building to make a contribution to establishing and maintaining an effective structure for the HE sector, and policy and management framework at the system level, while building capacity, relevance and autonomy at the institutional level. In particular, the project will: (i) provide support for systemic structure, governance and management improvements; (ii) provide incentives for developing improved research capacity and for integrating university teaching and research in the areas of science and technology, social sciences and humanities; (iii) improve the technical and professional capacity within higher education institutions (HEIs); and (iv) promote national and international cooperation to enable selected HEIs to achieve wider recognition for standards of teaching and research.

3 Project Components

The project will operate over a five year period and provide up to \$US120 million in additional investment into the development of the Vietnam HE sector. It has three components which provide: funding for policy development programs that will build on HEP1 to continue the development of up-to-date policies, systems and programs at the system level with a view to establishing sound fundamentals in the higher education sector; and funding for a significant new investment program to channel funds to HEIs for the development and quality improvements in research, teaching and learning in HEIs, which is the centerpiece of the project; and support for project management and monitoring. Supporting the investment program are two Capacity Building programs – one for government agencies to support the further reform and development of sector structure and governance and new policy to underpin the implementation of the HERA and to transform system management from Government central control to new roles of setting national priorities and monitoring overall outcomes; the second is for HEIs to support the modernization of institutional management which promotes autonomous operation, integrates quality assurance and supports the development and management of the new investment program. The project also funds monitoring and evaluation activities that are integrated into project implementation to underpin and embed a process of continuous improvement in sector management. The capacity building and policy development activities are fully integrated within the components.

Component 1 – A Capacity Building Program for Policy Development for HERA

This CB program will be active over the full five years of the HEP2. It will assist MOET to develop new skills in HE policy and administration so that Vietnam can sustain the ongoing change and development of the HE system to meet the goal of achieving a level of international equivalence through HERA by 2020. The CB program will use action-learning studies as the main methodology to achieve this outcome. The capacity will be developed through using a number of selected priority areas for study. The areas selected are key areas of the HERA and will assist MOET and other relevant ministries to develop and carry out the full implementation of the selected policies by the end of 2011. This capacity will then enable MOET to continue by itself the effective implementation of other HERA strategies from 2012-2020. The CB program will use Action-Learning teams of MOET staff to undertake the policy development. They will be supported by experienced international specialists as team leaders assisted by national consultants. This will allow access to critically important international expertise that is necessary to align the HE governance to international standards, and will maximize skill transfer to MOET staff, who must develop the knowledge and skill to continue the ongoing change and development of the system beyond HEP2. There are three inter-related sub-components:

Component 1.1 – A program to support reforms to the *HE organization, Structure and governance* – this will be implemented by the MOET HED, which will lead action-learning teams to develop new policies that will focus on the decisive aspects of the organization and structure of the higher education system and its governance at central and devolved levels. It will assist the development of policy to transform the roles of Government and institutions, develop system approaches for a gradual integration of research into the HE sector, and foster institutional autonomy and associated accountability and quality assurance. It will develop a roadmap for transformation of the best HEIs into universities with reputations for quality that equate with regional and international standards. It will also include the critically important work to redevelop the HE system data collections to convert them into a more appropriate information system that serves the needs for continuing policy development and the ongoing performance monitoring system with the ability for international comparative analysis.

Component 1.2 – A program to support essential reforms in *sector funding* to better position Vietnam to be able to finance the future growth and sustain continuous quality improvements that will be necessary to meet HERA goals of system expansion and quality improvement to meet demand and national development goals. Policy reform will focus on rationalizing the public

funding of HEIs, expanding opportunities for cost-sharing through more appropriately structured student fees, encouragement of other sources and reforming student assistance to ensure equity of access by the poor and disadvantaged. The policy reforms will be undertaken by action-learning teams led by the MOET P&F Dept as part of the capacity building activities.

Component 1.3 – A program to build on the HEP1 reforms to further develop and enhance the *Quality Assurance* Framework for HE in Vietnam. It will focus on continuing the approach of accrediting all HEIs to underpin a minimum standard of quality in order to protect the basic right of students and meet the needs of the labor market; and establishing a new approach to QA to foster a ‘quality culture’ in all HEIs and to develop a staged plan to allow initially the key universities and other strong institutions to assume full control over their own academic standard setting and quality improvement and become self-accrediting institutions in a fully autonomous environment. This initiative will also be supported by assistance to establish a new independent Vietnam Universities Quality Agency (VUQA) that will be charged with the responsibility of further developing the Quality Assurance Framework and implementing the reforms. The policy development activities will be implemented by MOET’s Department of Testing and Accreditation (DTA), using action-learning groups assisted through the capacity building program.

Details of the project design and the Capacity Building / Policy Development Programs are at **Annex 1 and Annex 2** respectively.

Component 2 – HEIs Research and Teaching Development

This component has two sub-components, a Capacity Building Program for HEIs and the Teaching and Research Innovation Grants (TRIGS). The CB Program will support three programs of seminars and training workshops: the first will be implemented in the year 1 of the project to directly support the TRIGs, through a skill development program to assist HEIs to develop good quality TRIG proposals, and once approved, to then implement the research and teaching and learning projects effectively; the second will introduce new modern management of their Institutions; and the third will assist HEIs to develop and implement more effective integrated Accreditation and Institutional Quality Assurance plans. The second and third programs will be implemented from year 2 of the project.

The TRIGs will comprise the major investment of the project, with up to \$110m available to support a range of projects across HEIs that will fund new activities to improve research capacity, improve teaching and learning, make linkages between research and teaching and industry. The TRIGs will be allocated to HEIs mainly on a competitive basis, within three discrete ‘Windows’ in which HEIs will be classified so that similar strength institutions will compete. One Window will use special allocation processes for HEIs in disadvantaged regions. The investment grants will be based on funding activities that support their own strategies for improving their research capacity and the quality of their teaching and learning programs and which are based on their updated Institutional Strategic Plans. The funding will be distributed across the three Windows, such that 60% will go to the 14 Key universities in Window A to assist them to transform their focus towards becoming high-standard research oriented institutions; 35% will go to other strong universities in Window B to support them to develop higher quality teaching and learning programs supported by engagement in research or establishing better links to research; and 5% to 5 universities in Window C, which are located in disadvantaged regions, to assist them to develop stronger teaching and learning programs and to improve their ability to develop research that supports their region’s development.

Details of the HEI Capacity Building program and of the TRIGs program are set out in **Annexes 3 and 4** respectively.

Component 3 – Project Management and Monitoring

This component provides for the funds to support the management and monitoring of the HEP2 and for an independent project for the evaluation of HEP2. The Project Management is proposed to be more integrated into the MOET, in order to bring more appropriate approval authorities and to offer the opportunity for skills transfer to MOET in administration and project management that will become a basis for the future sustained education management for the sector. It is also designed to learn from the lessons from HEP1 which was hampered by long delays from extenuated approval lines and processes. Further information on project management proposals are below in Part C and in **Annex 5**.

The Project Evaluation will be undertaken through a separate sub-component which will be operated as a demonstration research project in its own right. It will model good practice in establishing KPIs, developing monitoring data collections systems for all other sub-components. The evaluation project will be a formal impact evaluation study to be conducted after the close of the project implementing activities in 2011. Further information is at **Annex 3 and Annex 12**.

International expertise to support Capacity Building: The CB programs in each of these three components will require support from international expertise. One of the objectives of HEP to is to internationalize the HE system, and the proposed reform activities require deep knowledge and experience of advanced HE systems and how they work in order to gain most benefits from knowledge and skill transfer. They also require skills in social sciences as applied to education policy. Vietnam Government Agencies (and MOET in particular) has many staff who have high qualifications and good personal skills, but very few have any exposure to the external systems that offer the benchmarks for the reforms for higher standards in Vietnam. In advanced HE systems benchmarking policy and programs with other like or more advanced countries' systems is also an important strategy for keeping informed on better approaches to similar challenges. MOET staff, however, have only limited opportunity to gain such knowledge. They do not have adequate access to published information and there appears to be limited capability in social research skills to analyze what limited information is accessed. Procurement of international expertise to provide leadership and technical assistance will be a critical success factor the HEP2. [Procurement recommendations are below in Part C].

Performance Indicators: The HEP2 proposed design includes provision for an independent professional evaluation sub-project. It is intended that the first task of TA contractor will be to review and refine the KPIs in consultation with the Government and the World Bank. The selection of KPIs for HEP2 requires careful thought and consultation as the project is multi-faceted, and it has added difficulty in that measurement of outcomes and impact from research activity is still an area of debate and developing techniques in the advanced systems. There is no consensus on best approaches for effective measurement of research impact on economic development or social value. In addition the work to be undertaken under Component 1.1.3 will *inter-alia* involve the determination by MOET and other stakeholders of an agreed set of *system indicators* that will be appropriate to monitor the health and quality of the system on an ongoing basis. Care needs to be taken that the *project's performance indicators* are not confused with or substituted for the *HE system performance indicators*.

While it is not intended to limit the future work of the evaluation contractor, a number of potential KPIs are indicated, to facilitate further discussion and agreement on at least the minimum KPIs acceptable to both the Executing Agencies and to the Donors for project negotiation and approval purposes.

KPIs should be addressed at four levels: (i) system performance; (ii) project performance; (iii) component performance; (iv) individual sub-component and activity levels. In addition the eventual agreed list may be grouped in a matrix to also be identified as (i) inputs; (ii) processes; (iii) outputs; and (iv) outcomes. The following 'short-list' of HEP2 *Project Performance Indicators* is recommended:

1. Valid data for measuring system performance is available in a timely manner, and in a form that allows valid comparisons across the system and internationally – as a measure for system management change
2. There is a full regulatory framework for autonomy, and at least the 14 key universities are fully autonomous self-accrediting institutions by 2012 - as a measure for system governance change
3. A new VUQA is established and operating to support the promotion of a quality culture in the self-accrediting universities, and has completed the central accreditation of at least half of the other HEIs by 2012 – as a measure of system management change and quality improvement increase.
4. There is evidence of new effective collaborative activities in research between teaching faculties and Research Institutes –both within HEIs and across HEIs and Research Institutes, and that such new collaborations have increased by a factor of 10 by end 2011 - as a measure of expansion and enhancement of research capacity in universities
5. Number of scientific publications both in Vietnam and in international journals, or ratio of publications to FTE teaching staff increases by a factor of 10 – as a measure of improvement in research capacity and improvement in quality to international standards
6. Percentage increase of teaching staff with PhD degrees across the system – as a (proxy) measure of increase in quality of teaching inputs
7. Percentage of academic staff that undertook training in teaching methodologies within the last three years of the project (2009-2011) - as a measure of increase of quality of teaching inputs.

A more detailed indicative ‘long-list’, including suggestions on the sets of system indicators, and subcomponent indicators is at **Annex 12**

4 Project Estimates

Estimates: The project is estimated to be in the order of **\$US120million** to be invested over a five year period (with some run-over into a sixth year to complete the planned evaluation surveys). This amount includes an estimated **\$108 million borrowings** and \$US10 million equivalent of Government budget provision. Some additional funds, not estimated, may also be contributed from HEIs from external sources to complement investment funds for TRIGs. A summary by component and sub-component, inclusive of the estimated government contribution#, is:

	(\$USm)
Component 1 – Capacity Building for Policy for HERA	2.5m
Component 2 –HEIs Research and Teaching Development	111.5m
Component 3 – Project Management and Monitoring	3.1m
Total	(rounded) 120.0m

Financing: The indicative financing source/distribution is likely to be in the order of:

Borrower (Government of Vietnam)#	10.4m
IDA/IBRD Loan (inc contingency)	108.1m
Other Donors (?)	
Total	(rounded) 120.0m

[these estimates of government contribution are subject to verification after further consultation with MOF. [Errors in the total due to rounding and contingency figures not shown]. Further details of the estimates are at **Annex 7**.

5 Lessons Learned and Reflected in the Project Design

HEP 1 was the first large ODA project in Higher Education in Vietnam and, as such, HEP 2 benefits from that experience. Under the policy review work in component 1 the most successful area of change was in the development and finalization of HERA. However further work to continue the transformation of the system structures and governance is needed, and resources are provided in HEP2 to continue policy development work to implement HERA. The work on HE system monitoring and data base development was problematic; the surveys did not meet adequate standards for validity and reliability, and were unable to be conducted in the systematic manner for policy and system monitoring. They will require fundamental review and redevelopment in HEP2. A financing paper was prepared but was not adequate to influence the workability of a HE system to support either the further growth of the system, or to provide adequate resourcing to support the immediate or long-term needs of the system to improve in quality or to integrate research into university focus or teaching. Financing policy will require further development in HEP2. Some considerable change in the Quality Assurance system was completed, particularly with the development of minimum standards for institutional accreditation and the self-assessment tool, but much more remains to be done to complete the transformation of the quality assurance system to meet international equivalence. HEP2 provides for further work to develop quality cultures and to support key universities to introduce international standard self-accreditation systems. The HEP1 implementation strategies relied heavily on the use of occasional seminars to transfer knowledge in areas such as policy development, strategic planning, and development of funding proposals but were not fully effective in capacity building. Additional resources and more disciplined approaches have been included in HEP2 to achieve greater learning and skill transfer.

A number of specific issues and problems have been identified with the HEP1 system of grants to universities (QIGs) and have been addressed in HEP2. They are:

- Grants were spread too widely and were too small to support significant institutional development. HEP2 allocates the greater share of funds to the 14 Key universities, and offers the option for some grants to be up to \$10 million in some of those universities.
- The structure of QIGs with a three tier system was complex and resource intensive and institutions of varying size, resources and capacity were all required to compete. HEP2 simplifies the process with one grant per successful university, and divides the funds into three groups (windows) with greater similarity across institutions.
- HEIs were not experienced in the preparation of proposals, and the quality of projects, especially in the first year, was less than desirable. HEP2 provides for more extensive training.
- Most HEIs found great difficulties in managing the complex WB procurement rules and these were compounded by complex Vietnam government approval and financial procedures, and the operating guidelines and financial management procedures were not clear. This caused lengthy delays in project implementation. HEP2 provides for greatly simplified administrative processes.
- HEI's were hampered in implementing QIGs by limits on their autonomy in decision making and institutional management. The WB restriction that funds could not be used to pay salaries of regular university staff caused difficulties in the implementation of grants. HEP2 offers some easing of restrictions by introducing prior approval for procurement. However WB guidelines continue to apply.
- The HEP1 project was managed through a project coordination unit that had no executive or decision making authority. HEP2 will have a full Project Management Unit with improved Delegations and approval processes. Under HEP1 senior officials worked in the PCU only on a part-time basis, and there was a high rate of staff turnover that led to loss of

skills and institutional memory. PCU operating funds were also too limited. HEP2 encourages the appointment to full-time positions, and will use more staff with technical qualifications recruited to full-time positions from the market, and has an increase in operating resources.

- While successful HEIs were generally satisfied with the approval processes, the unsuccessful ones were more critical as the assessment of proposals was not transparent. HEP2 provides for greater transparency of process and will use some international experts on panels to reduce potential for conflict of interest in grant assessment.

A more detailed analysis of the main lessons from HEP1 is at **Annex 6**.

C Implementation

1 Project Implementation and Operating Issues

The MOET shall be the Implementing Agency and will be responsible for the management of the project. An Inter-ministerial Advisory Committee may be established, but will not have any executive authority over procurement approvals or TRIGs approval and administration. Executive authority for funding approvals will rest with the Minister for Education, as the Executive head of the MOET. The Vice-Minister for Higher Education will be the National Project Director and all Departments of MOET involved in implementing the project components will report to the National Director regarding the project activities. Three MOET Departments – HED, P&F and DETA – will assume implementing responsibility for the components 1.1, 1.2 and 1.3 respectively, as they have functional responsibility for areas of policy. A PMU will be established to implement Components 2 & 3, and it will also have responsibility for all project financial administration, procurement and monitoring (including for Component 1).

Disbursement: The TRIGs will be administered by the PMU. Financial expenditure items and procurement will be included in TRIG proposals and given prior-approval as part of the formal TRIG approval process. HEIs will be expected to submit the total project estimates over the period of the project, with projections of annual disbursement levels required. (Details of the approval and anticipated expenditure projections will be set out in Annexes to the TRIG Grant Agreements). Actual annual allocations will be agreed each year between the HEI and PMU after submission of annual performance reports and plans for next year expenditure. Funds may be disbursed on a quarterly or half-yearly basis, upon satisfactory evidence of appropriate expenditure on the purposes of the project, and on meeting performance milestones. Details of performance milestones will be included in each TRIG proposal and will be incorporated into TRIG Grant Agreements. Performance milestones will need to conform to broad systemic indicators (to be finalized) and on Institution based indicators that must be related to the outcomes in the Institution's strategic plan. Both sets of indicators must demonstrate relevance to the goals of HEP2. Similar disciplines will also apply to the government agencies (mainly MOET) that will also receive funding support from the loan for their activities for the project. HEIs will establish specific Project Bank Accounts to hold the TRIG funds, and will comply with all financial reporting requirements. HEIs will be responsible for managing procurement under the TRIG Grant Agreements. They will use the WB procurement guidelines and the procurement details will also receive prior-approval in the TRIG approval process. Details of the principles to apply for financial management and procurement are at **Annex 8**, and full details will be included in the Project Operational Manual.

Procurement for Capacity Building Programs: The procurement for all the Capacity Building will be managed through QCBS procurement for three Technical Assistance Contracts. Funds for TA contracts established under QCBS or NCB will be paid direct to contractors from the PMU. Such contracts will include performance based milestones which will trigger payments. Procurement for Capacity Building activities will be as follows:

Component 1 – The MOET CB program under Component 1 can be implemented using **one Technical Assistance Contract**, through QCBS, to engage one international firm or other relevant organization, which must act in association with a qualified Vietnamese organization, to provide the necessary international and national policy experts to support the ministry action-learning teams. The Action-Learning activities will be managed by the one TA contractor, using one coordinating team leader and a number of subject specialists as appropriate to lead the action-learning teams.

Component 2 - The HEIs CB program can be implemented using **one Technical Assistance Contract**, through QCBS, to engage one international firm or other relevant organization, which must act in association with a qualified Vietnamese organization, to provide the necessary international specialists to act as Team Leaders supported by national consultants in HE management to develop and deliver the three programs of seminars and workshops.

Component 3 - Procurement for the evaluation Project will be by QCBS **using one Technical Assistance Contract** for one TA contractor, working in association with a local organization, to provide an Evaluation Team leader and M&E specialists to support the design of the M&E plan and data instruments. The contractor’s local associates shall provide appropriately qualified national consultants to conduct data collection activities and support the implementing teams to actively engage in the evaluation process. The M&E contractor should work closely with a social science institution in Vietnam and operate the evaluation plan as a demonstration project for the conduct of rigorous social science research work.

2 Project Management

The project must have a strong management structure and adequate resources. In particular it will need to be clearly seen to be strongly supported in the highest levels of the Government, and provided with effective and influential leadership. The project will be the most significant special investment injection into the Higher Education system ever made in Vietnam, HEP1 notwithstanding. The dual focus on improving research capacity in science and technology, and in improving the quality of teaching and learning both involve conceptually complex issues, and elaborate linkages across academia, sectors, industry and community need to be managed. The management challenges for HEP2 will be substantially more elaborate and difficult than was experienced in HEP1.

The resourcing level for HEP1 appears to have been not fully adequate to meet the needs. While some key procedural decisions and the complexity of the QIG filtering processes explain in part the major delays and serious under-expenditure, it is equally clear that under resourcing also had a considerable impact. To learn from these experiences, and to guarantee that the HEP2 project implementation will be effective and sustainable, it is proposed that a more robust and larger project management structure be established for HEP2. (Details are at **Annex 5**, and information on lessons from HEP1 is at **Annex 6**.)

Finally, the HEP2 is introducing a major change to the focus of HE policy and processes, from one that manages for inputs and is process oriented to one that must manage for outcomes. This means that the MOET cannot continue doing simply more of the same, but must incorporate new dimensions, inputs and processes not currently offered or supported. Research development and quality improvement are not finite activities, but rather are a continuous process, and they have ramifications for every level and aspect of the higher education system. Consequently, assistance will be needed to both develop and transform services and their delivery. The HEP2 Project creates the opportunity for government to review current operational systems and procedures. Component 3 must be appropriately structured and resourced to ensure the coordination of the technical expertise, support and perspective to accomplish this. To this end it is suggested that the management of the project should be brought into the MOET, not kept outside the ministry in a physically and structurally separate unit as is the HEP1 PCU.

Details of the proposals and more information on the rationale for the approach are in **Annex 5**. Additional information on the responsibilities of the government in relation to the PMU is at **Annex 9**.

3 Project Monitoring and Evaluation

The *Project* will finance the development and implementation of a structured Monitoring and Evaluation Plan (M&E Plan) for HEP2. The M&E plan will be implemented as an integral part of the project continuously over the whole period from commencement. The PMU will be responsible for the on-going monitoring activities, and an independent international contractor will be engaged to conduct the project evaluation. The PMU will engage a Deputy Director M&E who will develop the monitoring plan in consultation with the Evaluation contractor (to ensure consistency of data collections for both purposes). Early procurement action will ensure the early deployment of the M&E experts to develop the baseline data and design the monitoring approaches and collections. The M&E activities will provide the evidence to demonstrate outcomes and gives project managers information they can use to continuously improve results.

The development and management of rigorous evaluation is a highly specialized activity. In particular it is especially difficult in the complex field of *research* effectiveness and impact measurement. These evaluation activities are quite demanding in terms of skills needed to conduct them; they require strong technical skills in social science research design, management, analysis and reporting. Capacity to undertake such studies and activities in Vietnam is limited or non-existent. The development and implementation of the evaluation Plan will in and of itself be an opportunity for Capacity Building in Vietnam's Research Institutes of the specialized research techniques involved, and would qualify as a discrete sub-project to develop the research capacity of Vietnamese HEIs in this important field.

Additional information of the key evaluation objectives and techniques recommended – participative Evaluation and Impact Evaluation – and on possible KPIs to be considered are at **Annex 12**

4 Sustainability

All donor agencies are under increasing pressure to demonstrate the effectiveness of aid and development funding. The following features of the proposed design for HEP2 are intended to ensure that the design of the development interventions are clearly oriented to guaranteeing the long term sustainability of the outcomes:

- The focus on capacity building for policy development and education management. (Component1)
- The focus on the development of research capacity for university pedagogy and for excellence in research training, and to build in the development of a dissemination system to spread the learning from the TRIG recipients across the HEIs of the sector.
- The focus on Capacity Building for HEIs in modern institutional development, including intensive training for developing more robust and effective institutional strategic planning and linking them to continuous review of priorities and QA systems.
- The provision for the evaluation of the project to both include an independent monitoring and impact evaluation, and the approach that this activity in itself should be conducted as a demonstration research project to build capacity in Vietnam for continuous rigorous social science research for education management purposes.

5 Critical Risks and Possible Controversial Aspects

The most critical risks relate to absorptive capacity of MOET and other government agencies to sustain deployment of sufficient staff on a continuous basis to maximize learning; the capacity of the Government Agencies and HEIs to manage the strict administrative procedures and financial

management that is required; and the capacity of HEIs to effectively implement the more complex nature of projects that will involve sophisticated human resource development and partnering for research. While absorptive capacity is an issue, it is essential for Government Agencies to address the issue of stability of staffing and adequacy of resourcing if the government is to gain the skills in policy and education management necessary to successfully implement the HERA fully by 2020. Mitigation measures include providing additional resources to the PMU to adequately administer the HEP2 (significantly above what was available for HEP1), providing a minimum criteria that international TA support be utilized fully to support the capacity-building activities, and the provision of a separate, independent evaluation project to support the implementation . A detailed risk Matrix is at **Annex 11**.

6 Loan/Credit Conditions and Covenants

A Project Operational Manual for the Implementation of the Project, acceptable to the Bank, must be completed prior to project effectiveness. Covenants will be established to ensure that effective management structures and systems are established, and that adequate resources are deployed before project effectiveness. Payment in tranches will be dependent on the government meeting obligations to sustain the level of resourcing and attention to the project implementation challenges. A detailed list of conditions and covenants is set out in **Annex 9**.

Annexes

- 1 – Summary of Project Design
- 2 – Component 1 – Capacity Building for HE Policy
- 3 – Component 2 –Capacity Building for HEIs
- 4 – Component 2 – TRIGs; Window A, B & C
- 5 – Component 3 – Project Management and Monitoring (incl Project Organization Chart)
- 6 – Lesson from HEP1
- 7 – Indicative Cost Estimates
- 8 – Financial Management and Procurement (summary)
- 9 – Roles of the Government and Loan Conditions
- 10 – Socio-Economic Analysis and Rate of Return (summary)
- 11 – Risk Matrix
- 12 – Key Evaluation Techniques for HEP2 and KPIs

Annex 1 – Summary of Project Design

Component 1: Capacity Building for Policy Development for HERA

1.1 - HE Organization, Structure and Governance:

- 1.1.1- Governance and Structure at Central and institutional Level
- 1.1.2 - Policy Development (4 specific areas)
 - (i) Credit Based Delivery System
 - (ii) Research in the HE Sector (at both system and institutional Level)
 - (iii) Policy and legal Framework for private Investment in HE Sector
 - (iv) Criteria for World-class University; and Roadmap for developing one in Vietnam
- 1.1.3 - Monitoring and Analysis for Policy Development

1.2 - Sector Funding

- 1.2.1 - Public funding for HE Development and Quality
- 1.2.2 - Cost Recovery and Sharing, and Private Contributions

1.3 - Quality Assurance

- 1.3.1- Quality Culture and Accreditation
 - 1.3.2 Entrance Selection System
-

Component 2: HEIs Research and Teaching Development

2.1 - Capacity Building for HEIs

- 2.1.1 - Development of TRIG Proposals; & TRIG Project Management
- 2.1.2 - Leadership and Management
- 2.1.3 - HEI Quality Assurance Plans

2.2 - Teaching and Research Grants (TRIGs)

- Window A** - TRIGs
 - Window B** - TRIGs
 - Window C** - TRIGs
-

Component 3: Project Management and Monitoring

- 3.1 -Project Management and Monitoring
 - 3.2 -Project Evaluation
-

Annex 2 –Component 1 –

1 - Capacity Building for Policy Development for HERA

This component will offer a fully integrated Capacity Building and Policy Development Program for Government Staff in various Ministries involved in aspects of the HE sector management. Its will aim to develop new skills in HE policy and administration to standards that are closer to modern advanced HE systems, so that Vietnam can sustain the ongoing change and development of the HE system to meet the goal of achieving international equivalence through HERA by 2020.

Component 1 is divided into three key areas for dealing with strategically important aspects of the systemic structure and settings for the Vietnam HE sector. New policy development and new skills in policy development are required most urgently in the following three areas:

- 1 – HE Organization, Structure and Governance
- 2 – Sector Funding
- 3 - Quality Assurance

Component 1.1, to be implemented by MOET’s Higher Education Department (HED), will focus on the many – but decisive – aspects of the organization and structure of the higher education system and its governance at central and devolved levels. This will also include the development of key new policy and legislation relating to areas of governance that will transform the roles of Government and institutions, develop system approaches for a gradual integration of research into the HE sector, foster institutional autonomy and associated accountability and quality assurance; and develop a roadmap for transformation of the best HEIs into universities with reputations for quality that equate with regional and international standards. It will also include the critically important work to redevelopment of the HE system data collections to convert them into a more appropriate information system that serves the needs for continuing policy development and the ongoing performance monitoring system with the ability for international comparative analysis.

Component 1.2, to be implemented by MOET’s Planning and Finance Department (P&FD) concerns the development of policy and practice for rationalizing the public funding of HEIs on a transparent basis, and to provide for both growth and financing of continuous quality enhancement, as well as by individual investments coming through the channels of student fees (with consideration of financing policies to support students from disadvantaged backgrounds, such as scholarships, fee waivers or other forms of study assistance).

Component 1.3 will focus on two dimensions of quality in higher education and research and will be implemented by the MOET’s Department of Testing and Accreditation (DTA). The first is the promotion of a quality culture in each institution as well as the public responsibility to ensure that each higher education institution, whether public or non-public, satisfies a minimum standard of quality in order to protect the basic right of students and meet the needs of the labor market. The second is the efficiency of the system underpinned by a more appropriate student entry selection system

Issues in HE Organization, Structure and Governance

The realization of HERA and the structural organization of the HE system imply a major change in the way the higher education system is governed and managed. This sub-component

will conduct a review of the aspects of the organization of the Higher education system and its governance at State and at institutional levels, with a particular emphasis on preparing a Structure and Governance Policy Paper and Strategic Plan for implementing a transformation of the system in to one featuring a devolved system with relatively light central regulation and institutional autonomy, integrated research and teaching capacity within HEIs, and a roadmap for phased development of key HEIs into higher standard Institutes capable of international recognition, and others which can be capable of equivalent standards in the ASEAN region (by 2020). The strategy for implementing the transformation will include the options for development and enactment of a new Higher Education Act to enable the reforms.

The critical words are “Structural organization” and “Governance” of the HE system. The final plan may include a tiered system, with only a limited number of HEIs undertaking research and awarding post-graduate qualifications while others focus on vocationally oriented undergraduate teaching, albeit based in access to research generated knowledge from other universities in Vietnam and the world; or it may seek to establish a more uniform system where a wider range of institutions provide a full academic range of qualifications. There are advantages and disadvantages in both approaches, and there are models for both in the advanced international systems. It is noted that developments over recent years, and particularly the designation of 14 Key Universities in Vietnam, (Decision 1269/CP-KG 6September 2002) was effectively a first step in establishing a differentiated or tiered system. Vietnam needs to undertake a comprehensive review of the situation and of its needs, resources and capabilities and come to a clear decision on whether to confirm this tiered structure, or redirect it. The paper should then define clearly the different types of institutions needed in the desired system and their missions.

Whether the organizational structure of the HE system finally selected is a tiered or uniform one, the key feature of advanced HE systems is that universities integrate the conduct of innovative research and teaching through autonomous academic programs that are accredited by the university to respond to its own institutional profile and standards. This autonomy to set the profile, standards and academic programs is a critical factor in allowing the university scope to be responsive to new and fast changing social, economic and scientific environments; and that responsiveness is in turn the critical factor in the ability to develop and sustain world class reputations for excellence. In particular, only autonomous institutions will have the drive to progress and seize opportunities. This is particularly true for research universities which have to rapidly take into account new knowledge developed elsewhere in the world and integrate it into their teaching and research. Any system that forces them to teach according to a preset program, and that requires governmental authorization to change the curriculum, and does not offer them funds on a competitive basis for launching new research in accordance with new world knowledge and emerging social and economic needs, will be at a disadvantage on the international scene. Therefore, these institutions should enjoy very broad academic and administrative autonomy that will encourage them to change by themselves and take the necessary steps to improve. However, the more institutions are autonomous, the more they have to be accountable to the Government, other sponsors, students, the business community and society at large. The reforms need to change the governance to actively promote autonomy in academic program development and in institutional management. This operational autonomy for HEIs should not be linked to the existence or non-existence of state funding subsidies. All the advanced systems have a reasonably substantial government financial investment in the HE

sector, and especially in research, while actively supporting institutional autonomy for public universities. The governance reforms need to establish a balance between regulation for underpinning standards through accountability and Quality Assurance mechanisms, and provide for adequate levels of both public and private or community contributions to financing within HEIs and across the sector.

The adaptation to a new environment with more autonomous institutions signifies a change of paradigm both at the ministry and institutional levels. This concerns both the proportion of administrative staff working at ministry and institutional levels and the nature of the relationship. In particular, the ministry should concentrate on setting up the strategy, introducing the right incentives and monitoring the development of the sector. It should participate in the evaluation of institutions through representation on an independent national accreditation committee. On the other hand, the research and, to a lesser extent, non-research institutions, within the framework set by the ministry, should be free to choose their students, staff, teaching programs and curricula, research topics, organization and decision making.

Regarding the political responsibility for the system, the most desirable solution would be that the whole higher education system, including research, sits under one ministry, and that the responsible Ministry should develop capacity to consolidate the planning and policy for the whole sector within one unit or Department with staff who have developed expertise in the system from functional experience. While that level of restructuring may not be possible immediately, due to historical/political reasons, the structural organization of the system should take into account all teaching and research institutions, whatever ministry may be in charge. Moving towards a more integrated ownership and financing model is a desirable goal for the long term – but there can be a shorter term objective within HEP2 to develop strategies for the HEIs and the RIs to individually reach across the ministry divide and to establish mutually cooperative approaches to integrate the work of universities and research institutes. There are mutual benefits, as universities will gain access to better knowledge for research for tier teaching programs, and RIs will gain better trained graduates for their research programs. Funding to be available under the TRIGs should be used to facilitate such cooperative strategies in universities, but those efforts must also be facilitated by policy and regulatory changes at the system level to remove barriers to such cooperation.

The policies for the sector's organisational structure and governance will be critical to succeeding in this goal, and the project will provide assistance to develop the integrated reform strategy necessary to make these transformations, and Capacity Building to ensure that the MOET authorities have the skills to both support this redevelopment but to also sustain the effort for ongoing policy develop for continues improvement in the system beyond the life of the project and to complete the achievements of HERA 2020 objectives. The Capacity Building and the Policy Development will go hand-in-hand, in an integrated CB program which will prepare selected policy outcomes and support the implementation of many of them. In particular HEP2 will support a learning process leading to a change of paradigm regarding the relationship between the ministry and institutions. It will support the activities of a committee (and subcommittees) composed of representatives from the ministry, as well as from HEIs, which will define the new roles of the ministry and the different institutions and draft the internal rules at both national and institutional levels and identify the requirements for new HE legislation that will enable the reforms. Technical assistance will be provided for the Capacity Building to assist this undertaking.

Development of an International world class university in Vietnam

Whether the structure of the system is tiered or uniform there remains scope for some HEIs to aspire to develop into centres of excellence either as an integrated institution or in selected fields. The government of Vietnam seeks to establish at least one world-class university over the period to 2020, and to facilitate its 14 key universities to lift their standards to international equivalence.

The main characteristics of the most successful institutions, which is clearly reflected in the Chinese *Shanghai Jiao Tong University* world ranking of research institutions, and in other similar ranking approaches used in the UK, the US and in Australia, could inspire the future development of the Vietnamese HE system as a whole, and could offer a base for the development of a set of definitions, standards and characteristics of a world-class university. Once such characteristics and standards are agreed it will be important to use them to prepare a roadmap of the steps and investment costs required over a time to develop either a new institution, or to convert one or more of the existing national institutions into world-class standard. In such a context one or two institutions could gain great international visibility over 10-15 years whether or not they formally gain world-class status through one of these ranking methods. This will depend on the funds put at their disposal (competitive funding, particularly generous for research), higher student fees, their capacity to recruit top scientists, (preferably Vietnamese who have been trained and actively employed abroad, but also some non Vietnamese) to launch new research programs in fields adapted to the Vietnamese environment and needs, and for their ability to recruit the best students, in particular students at the MA and PhD levels.

The HEP2 will support the development of a paper and roadmap to serve two key purposes; (i) to offer the Government of Vietnam adequate information on the directions and costs necessary to decide whether to invest as required to produce one world class university or to focus on the higher development of a limited number; and (ii) to serve as a guide for the standards that all HEIs in Vietnam can use in their planning for institutional development for quality improvement and management in an autonomous environment.

Development of other key policies for Implementing HERA

To complement the above review work on structure and governance, MOET has selected some specific areas for review. These include policy development on (i) establishing a credit based delivery system for academic programs; (ii) conduct a review of the research in universities may be developed and refined and to develop long term strategies for the integration of universities and research institutes; (iii) redevelopment of the policy and legal framework to facilitate private investment in the HE sector, to speed up the expansion by fostering private sector funding and management of HEIs; and (iv) as mentioned above, developing the criteria and roadmap for the development of at least one world-class university in Vietnam.

Details of the specific activities for structure and governance and other policy development are set out below in the structured format adopted for this PFR.

[Further information on HE sector is available in the papers prepared for the PPU by the Higher Education Expert (see TP No 2.8, 2.9 & 2.10 - in references section).

Monitoring and Analysis for System Performance and Policy Development

In order to monitor the development of the higher education system, as well as its efficiency, over time, it is necessary to have a good statistical basis for measuring the main developments and performance of the system. This is a long-term task that requires good planning, rigour and perseverance.

Data collections were developed for implementation in HEP1. These included an institutional monitoring collection and a graduate tracer survey. System data from these surveys is complemented by the MOET P&F management information system used to record institutions, enrollments and funding payments. Considerable difficulties have been experienced by MOET in implementing the surveys on the intended annual basis, and the results have not been available in an appropriate way to support any system monitoring or policy development. The capacity to manage the implementation of the surveys and the processing and analysis of the data appears to be severely limited. Over 6 years of HEP1 only two HEI monitoring surveys and three student tracer surveys appear to have been conducted. There have been lengthy delays in the processing and presentation of results, limiting their value. Such a limited and untimely approach does not meet the needs of a rapidly changing system, and if not addressed will be a continuing barrier to future improvements and development.

The PPU HE Survey Expert prepared an analysis of the quality, usefulness and effectiveness of the approaches and mechanisms currently used for collection, analysis and reporting of information on the HE system in Vietnam. The findings indicated that the foundations of the various data collections are unsound and cannot offer a valid basis for system performance monitoring or policy development. While the staff are dedicated and work hard on the system the expert found that the technical foundations of the collections are inadequate and do not meet statistical standards for validity or reliability. The expert identified that definitions for data were inadequate, and not able to offer consistency with international standards to support system performance comparisons, that trend data cannot be reliably obtained, that the potential for statistical error is high and that basic calculations such as Full-Time Equivalent staff and students cannot be calculated accurately from the data. It was also established that the student survey is inadequate to answer the more important questions about the quality of the system, and there are questions about the appropriateness of the surveying techniques used.

Other important problems are also embedded in the system. MOET does not have internal capacity to conduct the surveys, and the several collections were outsourced, but used different firms who in turn used different interpretation and analysis approaches, rendering the data invalid for trend data purposes. The conduct of the HEP1 surveys reveal a severe lack of technical statistical expertise to support such collections, and a far too limited capacity either in MOET or in the supplier firms to interpret and analyse the information for monitoring and policy purposes. The conclusions, and recommendations of the expert are that the system needs to be redesigned and redeveloped, commencing with a complete review of the concepts for the system design and data definitions, and followed by a systematic redesign of the collections, approaches and systems for data processing and reporting, and underpinned by a substantive training program to build the skills in MOET and other institutions for better interpreting and analysis skills.

A task strongly related to the collection of data on the HE sector is the development of research and analytical capacity, both for deeper analysis of trends in the Vietnamese HE sector and for comparative analysis at the international level, in order to understand the developments and

better inform on-going policy formulation. To do this effectively Vietnam needs a capacity for the design and conduct of a regular systemic research program that will supplement the basic data collections with periodic or one-off special research to understand and address specific issues and problems. The capability to know what and how to develop and manage such a sector research program is a companion skill to the management of data collections, and similarly is a critical factor in building the capacity for policy formulation that is critical to sustaining the systemic self-renewal that is so important to maintaining the quality of the system. This work relies directly on knowledge and skills in social sciences as applied to education policy. The development of better capacities in the MOET, *and* in relevant HEIs and Research Institutes, would be an activity that is clearly in direct sympathy with the objectives for the HEP2 to enhance the research capacity in the HE system.

It is therefore recommended that the HEP2 funds contribute to the construction and further development of an integrated system database by providing Capacity Building, using international and local expertise, to a local working group composed of ministry and HEI representatives to undertake the review and redevelopment of a new HE Monitoring and Policy Information System (HEMPIS) [*NB this is proposed as more than a standard MIS which is usually focused on data for administration purposes only*]. The experts will also propose a set of key performance indicators for the measurement of system performance over time and to ensure that it is able to make the all-important international comparisons. To secure the sustainability of the new HEMPIS support will also be given to the training of the staff who are to be involved in developing the statistical database and collecting the data; for the pilot testing of the system, and to establish it in one professional unit with adequate capacity to sustain the system permanently. As they are best placed to collect most of the data, all HEIs and Research Institutes will be fully integrated into the national effort. As much as possible, the internet should be used to support data collection; therefore, technical assistance will be needed also for that. Finally, funds will be given to support purchase of essential computer equipment, library requirements and to offset recurrent cost at both central and institutional levels during the establishment and piloting stage.

In addition the centre to undertake these functions for the HEMPIS may also be the most appropriate place to also establish the capacity for a “higher education policy research centre,” which can become the leading body to support the Government in its needs for HE policy analysis and advice. In most advanced system this function for maintaining the HE data system and for undertaking the analysis for policy purposes is managed wholly within government, in the Ministry of Education (or equivalent agency). Some HEIs in these systems also develop schools for the research and study of HE policy, to provide independent analysis.

There are questions as to whether it may be possible to development this capacity in MOET at this time. Considering the high level of technical requirements in research and analytical methodologies that will be involved in establishing both the foundation data system, and the capacity for analysis for policy purposes, it will require the import of considerable new expert staff and the deployment of existing staff on a full-time basis for quite some time to develop such technical expertise within the Ministry. Such an exercise may not be able to be adequately funded from the Loan funds, due to the restrictions on the use of loan funds for staff salaries, and also on the inclusion of staff salaries in the Government counterpart funding. (This restriction was also a major factor that drove the outsourcing of the HEP1 surveys). It is suggested that an option may be to develop this data collection and policy research capacity in

a faculty of social sciences within a research university or in another appropriate Institute (probably in Hanoi, considering the necessary links with ministries). These locations are more likely to already have better base expertise and the costs will not be so high to implement the necessary training (though some will still be necessary). Also, as it will be outsourced the impact of the restriction on the use of loan funds will be reduced. Therefore the project will initially fund technical assistance to conduct a scoping study on the most appropriate location for the professional unit that should be tasked with the ongoing functional responsibility to develop and to maintain the new HEMPIS and the HE policy research capacity. The project will provide technical assistance to draft the terms of reference, functional statements and organisational structure of such a centre

Details of the specific activities for the redevelopment of the monitoring system and data to support policy development are set out below in the structured format adopted for this PFR.

[Further information on the issues in the current Vietnam HE data collections, and the need for a fundamental redesign of the system, is available in the three review papers prepared for the PPU by the Higher Education Survey Expert (see TP 2.4, 2.5 & 2.6. -in references section below). Those reports should become the first point of reference for the Project implementing teams once established

Issues in Sector Financing

Component 1.2 concerns two aspects of sector financing: (i) the funding of the strategic plan for the continuing development of the HE system, which has to be secured by the State budget; and (ii) the prospects for generating funding through user fees and other investments coming through the channels of cost sharing, and the role of the state in supporting equity of access for the poor and other disadvantaged in a fee based cost-sharing system.

1.2.1 - Public funding for development and quality

The way the public sector funds its HE institutions plays an important role in determining their efficiency and their quality standards. Current funding focuses primarily on funding current levels of student load and the expansion of the system through the establishment of an average of 3-4 new HEIs each year. As best the PPU advisers could determine, funding to support quality improvements in either research or teaching in universities is limited, and had been provided mainly through ODA (HEP1 since 1998). Clear information about the funding basis and system has been difficult for the PPU to obtain. After the injection of investment for quality improvements cumulatively from HEP1 and HEP2 the Government should expect that universities will have lifted the base of operations and costs to sustain the quality improvements and new funding approaches and formulas will need to be in place to ensure that the gains from the project can be sustained, and built upon through a continuous improvement process. In line with the objective to encourage research and a competitive environment between HE institutions, great care should be devoted to setting criteria which should be based as far as possible on the throughput and output of each institution and take into account their teaching and learning missions as well as their research. Moreover, the formula should take into account the level of students' fees raised in each institution. Task-groups (with representatives from MOF where necessary) should be set up to identify a set of objective criteria which should serve to allocate the available state funds to the HE institutions. The review should draw on international examples (including the UK, Australia and some regional approaches). The project will finance technical assistance from international and local experts to provide capacity

building through action-learning to review and revise the HE public financing system. The review will take account of material developed in HEP1 on system financing, but must revise it to ensure it is capable of funding growth and quality improvements, that it is soundly based in international experience of formulas that are valid in underpinning a range of operating situations, and which encompasses the needs in the system for expansion in professional academic staff (higher ratio of staff with professorial status and PhDs) and for meeting the urgent needs for some reasonable increases in remuneration and conditions for academic staff, which is needed to support and to sustain the quality improvements for research and teaching.

1.2.2 - Cost recovery and sharing, and private contributions

The long term financial plan shows that Government will not have all the necessary resources to fund the development of the sector alone. Therefore, it is necessary to count on substantial private contributions. HERA envisages a significant contribution from student fees and an increase in investment in the sector by both non-public (community) and private sector sources.

Students will continue having to pay substantial contributions (student' fees) to pay for part of the cost of higher education. This sharing of costs is justified as higher education is a good individual investment, in addition to being a good collective investment. The fee-based system however offers some challenges for the system. Fee structures and levels need to be appropriate, to ensure that they do not introduce distortions that impact adversely on demand and enrollment patterns. For example it has been indicated that the current fees favors enrollment in humanities, and inhibits enrolment in science and technical courses, because they do not reflect actual costs. Level of public subsidy embedded in the fee can be used to foster enrollment in disciplines of national importance. Also such subsidies also need to be used to ensure that fees do not provide a barrier to access for the poor and other disadvantaged groups. Forms of subsidy, such as fee remissions or waivers, or scholarships also need to be examined for the most effective and efficient approaches. It is therefore vital, both for equity and social justice and as a sound public investment, for Vietnam to develop an effective student assistance system (for both tuition costs and living expenses while studying full-time) so that able students are not prevented from studying in an HEI because of their social background. The project will finance technical assistance from international and local experts to provide capacity building through action-learning to review and revise the cost-sharing system and to establish a more effective student assistance scheme to support equity of access for the poor and disadvantaged.

Issues in Further development of a Quality Assurance system for HE in Vietnam

Component 1.3 will be focused on several aspects of quality in higher education and research. 1.3.1 will focus on the structures, and approaches to continue the good work commenced in HEP1 of ensuring that each higher education institution, whether public or non-public, satisfies a minimum standard of quality in order to protect the basic right of students and meet the needs of the labour market. It is a positive development that the concept of quality assurance has been accepted and the Department of Testing and Accreditation (DTA) has been created and is already involved in a process of accrediting institutions on the basis of their self-evaluation reports and visits of peers. Another good point is the financial support and expertise offered by the Netherlands. The basic strategy is correct, that is creating quality units within institutions, requiring self-assessment reports on the part of institutions and inviting external experts to visit the institutions.

However, there is a concern that the chosen philosophy of quality assurance is not yet fully established. This is particularly the case with the effort to set standards. It is important to make a distinction according to the type of institution and the degree of its autonomy. The evaluation, and then accreditation, of institutions based on the fulfillment of a set of national standards, may be quite appropriate and is probably a standard practice for vocational and other, less autonomous types of institutions. It is, however, questionable for institutions designated as candidates to become research oriented internationally comparable universities, because these institutions should be working towards setting these standard for themselves. Since this may not be the case at this stage of their development, the standards that should prevail are those common on the international scene, eg., publications in refereed journals, the nature and quality of the research conducted, the proportion of students studying at the MA and PhD levels, and the proportion of total funding going to research. In a differentiated higher education system, these institutions should be autonomous in setting up their teaching and research goals and programs (in the framework of the higher national goals). Instead of being evaluated and accredited according to pre-set standards, they should be encouraged to develop internally a rigorous quality culture.

Moreover, it is important that the system of quality assurance becomes increasingly “supportive” (formative), as “summative” evaluation systems encourage institutions to hide their weaknesses.

In addition to that, the ministry could envisage in the future a benchmarking exercise for selected disciplines which compares standards in Vietnam with similar institutions in Asia, Northern America and/or Europe (but not, perhaps, at least initially, with the world’s best and best-known research institutions as these may be currently out of reach).

These concepts are an integral part of the whole set of changes required to governance to devolve responsibility for programs, teaching standards, and accreditation to autonomous universities. However, the current policy warrants continuation of the accreditation program established under HEP1, as it represents a first step in the development of a QA system, a step that in other international systems is usually associated with an establishment stage of a university. It is desirable to complete this process, to ensure the embedding of minimum standards for all universities.

It is recommended, therefore, that a new QA concept and policy framework should be developed, along with an implementation plan, that will allow for an evolution of the system in clear phases so that the strong universities that aspire to convert to regional or international standard can gradually assume full control of their academic programs standard setting and their quality improvement. This phased program should identify the key universities (to include the 14 designated Key universities and perhaps some other strong single discipline institutions) to participate, and agree the program of activities and timeframe to establish their full self-accreditation and QA systems. This might be called a ‘self-accreditation’, or ‘autonomy program’, and it must also be integrated with the other activities for reform of structures and governance. The QA implementing plan should also simultaneously continue the existing MOET directed accreditation program until it is extended to all other HEIs in the sector and all are formally accredited.

In establishing such a new QA framework and plan it will be important to also address the need for different structures to oversee the QA system. Experience from all advanced international

systems indicates that a dedicated QA Authority that is external to the ministry works best. Such an authority should be established and partly supported by government, and should have Government representative on its management board, but should operate independently in its authority to foster and monitor QA practices. It should also have representation of other stakeholders, HEIs and business and experts in professions where core standards need to be set or regulated by the state (medical, pharmacy, architecture, engineering etc). Functions currently carried out within MOET, in the Department of Testing and Accreditation should be transferred to the external body. This model is in line with the governance systems which seek to change the role of government to setting policy and light regulations, and leaving technical and professional operations and service delivery to external bodies which can work more flexibly.

The project will fund technical assistance to assist the establishment of such an independent body, which might provisionally be called the Vietnam Universities Quality Agency (VUQA). Funds could be used to support the establish the terms of reference, functions, and organisational structure and operating procedures of such an independent QA promotion and audit authority, capacity building training for its establishment staff and auditors, and some offset for operating costs for three years to develop and test its auditing instruments (which may be built on the existing self-evaluation tool).

In addition, the project will also contribute to the expansion of the in-institution quality centres (over and above those already created or in the process of creation, some with support of the Netherlands Government), to see the establishment on one in at least each of the 14 key universities, and in a few selected “Window B” institutions. Assistance will include a contribution to establishment costs, and technical assistance to broaden the terms of reference of all these centres so that they conduct an internal evaluation of the most relevant academic and administrative sub-units of institutions (faculties, departments, administrative offices), with the purpose of progressively to develop within institutions a real quality culture covering teaching and research. Expenditure will include international and national consultants to support CB training and development of the policy framework, and 50% of the initial investment costs of the QA Centres.

1.3.2: Entrance selection system

This is concerned with the question of efficiency of the system, which concerns education providers, students and employers. In a higher education system that is in a state of flux and suffering from a serious lack of resources, it is important for the efficiency of the system that students be filtered and selected according to their acquired knowledge, aptitudes, skills and motivations. The time and money spent in this phase will be recouped later on as dropout and repetition rates fall. The MOET has already established a policy to change the current national entrance exams, and to develop a new national system of examination and aptitude tests serving both as the final upper secondary leaving examination and as the basis for selection into higher education. A number of other countries have successfully operated such an integrated system for many years. In a differentiated higher education system that that has different levels of institutions and qualifications standards it is important to select students according to their intellectual aptitude, pre-acquired knowledge, skills and motivations. An integrated national school leaving exam can establish a ranking and a profile produced for each student which is a

valid indicator of aptitude which can be successfully used by HEIs to select those who appear to be best able to benefit from different types of higher education.

The Project will support some of the preliminary research work to design these exams and tests, by financing international consultants who can bring expertise and provide technical assistance for conception and planning the process and by partially offsetting the operating cost of the committee and subcommittees composed of representatives of MOET, upper secondary schools and different types of higher education institutions.

Approach for Implementation of Component 1

The primary methodology to be used in implementing component 1 will be a Capacity Building approach using ***action-learning studies*** to achieve the outcomes. The CB program will establish small Action-Learning teams of Government staff from relevant ministries who will be supported by experienced international specialists as team leaders with support from national consultants. These action-learning teams, or workgroups, will assume responsibility, under the leadership of each sub-component Director (to be appointed by each Implementing Department – see detail in annex 5), for undertaking the review work and producing the specified policy papers as outputs from the work. The workgroups (or reconstituted ones if appropriate) will then go on to oversight the implementation of the new policy where possible. The outcome of each action-learning workgroup will be both the new policy papers, the implementation of the policy change, and the development of new skills in policy and implementation in the key MOET staff. The key purpose of adopting the action-learning methodology is to ensure the sustainability of the policy changes by providing a more effective approach to leaning and skill development in MOET staff. The long tem outcome intended from the use of the action-learning is to develop an independent capacity in MOET so that it no longer needs to rely so heavily on international and national consultants in the key government function of policy development and program implementation.

Action learning Process

The methodology for action learning combines the ability to present subject knowledge to learners in reasonably traditional ways, through lecture and seminar formats, but adds proactive workshop discussion and examination of specific issues in the application of the knowledge to real life situations, and allows for various forms of practice or experiment with change; and through the combination, to promote new learning and new attitudes and behaviors and practice. We do not assume that once the information (knowledge and skills) is handed over that the trainee or participant will automatically change their practice. Real learning takes place when the new knowledge is authenticated. The action learning philosophy assumes that through this learning we change our beliefs, perceptions, attitudes and behaviors, and hence our practice.

To obtain the full benefit from action learning, educators need to create space for reflection and encourage the open questioning of how and why. Therefore action learning techniques can take more time and patience than traditional lecture delivery, and additional resources for creating assignments and practice opportunities need to be available.

To attempt to create the optimum environment for action learning the teams of participants from the Ministries need to be able to devote short periods of concentrated time to the learning environment, interspersed with undertaking the activities under study. We recognize the high workload demands on Ministry staff and the action-learning processes will be designed to fit in with these constraints as reasonably as possible. The program will therefore be developed to use intensive periods of 2-3 weeks of seminar study during which participants will attend for half-days only. This will allow them to continue to attend to most normal duties.

A series of seminar periods will be scheduled to be spread over the project years. These may be two or three times per year for each study group. Ministry Study teams will work with the study facilitators and national consultants to develop a policy development and implementation plan that will then become a key feature of their duties to implement HERA. They will undertake these activities in between each study period, and their progress will be mentored and supported by the national consultants in between the study periods.

Details of the recommended areas for Capacity building Study and development of new policies, and support for continuing activities to commence the implementation process are set out below in a structured format. This format is designed to give the same coverage and level of information on each of the recommended activities. It is descriptive of the actions – the rationale for the change and development area is given above.

Component 1.1 – HE Organization, Structure and Governance

<i>Component 1.1.1</i>	<i>Governance and Structure at Central and institutional level</i>	
Purpose	To change the policy paradigm for the structures and organization of the HE and the research systems, and to change relationships between Government and Institutions, to support the final development of a core of autonomous, integrated high quality research and teaching universities capable of standards of international equivalence, and a range of other strong teaching universities that meet business and labour market needs more effectively.	
Objectives	(i) To create a clearer structure of the HE sector with improved definition of the mission and organization of research/teaching institutions, and other HEIs with more technical and vocational missions, by reviewing and establishing changes in policy on the role of government in ownership and management of institutions, the creation of autonomy for HEIs (on a phased program if appropriate) and options for cooperation or formal integration of universities and RIs; (ii) to approve and implement the changes so as to have autonomous operation of at least some of the key universities by close of project in 2011 (with exact numbers to be agreed, in consultation with the HEIs during the project).	
Key Features	Action –learning groups will review and develop new policy on the structure and organization of the HE sector and establish a roadmap for developing and implementing new legal framework to create academic and operational autonomy in HEIs.	
Implementing Unit	<i>MOET HED</i> : others possibly involved – S&T; P&F; Legal; Int’l Relations; Accreditation & Testing	
Inputs/Activities:	Technical assistance throughout the project 5 years to develop, through Action-Learning Groups, the policy reviews and papers and a roadmap for changes that will make institutional autonomy effective (for at least the key universities). The Plan should cover activities to review, develop and implement a set of policies to cover (i) new HE structure policy, and missions for different types of HEIs; (ii) new policy of the structure of the Vietnam Qualifications Framework to facilitate the new structure for HEIs; (iii) a new policy for the integration of universities and research institutes, and a roadmap of the legal / ownership changes necessary to allow mergers where appropriate; (iv) Development of new policy on the features of autonomous universities and a paper on the legal and relationship changes necessary to allow the development of fully autonomous universities; (v) a long-term strategic and implementation plan to develop the structures and create the new autonomous universities, in stages commencing with the key universities; and (vi) development of a new Higher Education Act to enable the above reforms. The activities in 1.1.1 will be integrated with relevant activities below in 1.1.2, and where appropriate they will be conducted together.	
Eligible Expenses	International and national consultants; training costs; consultation costs	
Outputs	Analytic work/ Policy Measures	Policy papers on HE structures, Qualifications Framework, mission statements for research/teaching universities and other types of HEIs, and autonomous universities; and new HE legislation to enable the reforms
	Systems Dev	A new structure of Vietnam HE sector
	Capacity Building	Trained staff in MOET with improved skills in policy analysis and development
	Implementation	A new group of fully autonomous research / teaching universities by end 2011 (number to be decided during implementation)

Procurement	<i>International experts</i> required - Tender under QCBS for one TA contractor to lead Component 1 CB program with an integrated implementation plan.			
Outcomes	A new structure for Vietnam HE and a core group of renewed research/teaching universities operating with full autonomy by end 2011			
KPIs and performance milestones	(i) new HE legislation; (ii) effective establishment of an agreed number of newly autonomous research/teaching HEIs system by end 2011; (iii) positive impact assessment at 2012; (iii) positive Performance Review assessments at 2012.			
Resources/Time	IC – 6PM	NC – 12PM	MOET St PM – 60	End – end 2011
Estimated Cost	Foreign Currency (Int Cons in TA Contract; foreign STs)			\$180,381
	Local Currency (Nat Cons in TA contract; Govt contribution, staff participation)			\$21,810
	TOTAL			\$202,191

Component 1.1.2 – Policy Development (4 specific Areas)

<i>Component 1.1.2</i>	<i>Policy Development (four specified areas)</i>	
Purpose	To complement the structure reforms in 1.1.1 above by reviewing and developing new policy in four complementary areas	
Objectives	To achieve change in the HE system through policy change in the key areas of: (i) establishing a more flexible learning environment through the development and implementation of a new credit based delivery system for academic programs within Degree Qualifications; (ii) to conduct research on the features of the HE and the Research in Vietnam at the central and institutional level; (iii) to develop policy and legal frameworks to speed up private investment in Vietnam HE sector; and (iv) develop criteria for the establishment of a world-class university, and a roadmap for how to establish at least one such university in Vietnam.	
Key Features	Action –learning groups will review and develop new policies; the groups will follow-through to oversight the implementation of the new policies over 5 years till the end of the project in 2011.	
Implementing Unit	MOET HED: others possibly involved – S&T; Student Affairs; P&F; Legal; Int'l Relations; Accreditation & Testing	
Inputs/Activities:	Technical assistance for international and national consultants to support four separate Action-Learning Groups that will each review, develop a set of policies and implementing plans for: (i) approaches to new curriculum credits and how they can be used by HEIs to improve the learning outcomes and flexibility of programs for students; (ii) conduct research on the current university and research systems and identify barriers and options for changing structures, ownership and legal arrangements to foster improved integration within HEIs and the creation of new high-quality research/teaching universities of international standard; (iii) development of policy and identification of legal framework changes needed to facilitate new private sector investment in HEIs; (iv) development of a statement of criteria and features of a world-class university, and a roadmap that identifies what policy change and administration and financing steps are needed to for the establishment on at least one such university in Vietnam. Activities (ii) and (iv) are directly complementary of activities in 1.1.1 and will be closely integrated with them.	
Eligible Expenses	International and national consultants; training costs; consultation costs	
Outputs	Analytic work/ Policy Measures	4 policy papers on: (i) program credit system; (ii) issues in integrating research into the HE sector ; (iii) policy and legal framework changes for increasing private sector investment in HE; (iv) Criteria and roadmap for a world-class university in Vietnam
	Systems Dev	Credit system for academic programs in HEIs
	Capacity Building	Trained staff in MOET with improved skills in policy analysis and development
	Implementation	(i) Credit system in academic programs; (ii) new legal framework for private investment in Vietnam
Procurement	<i>International experts</i> required - Tender under QCBS for one TA contractor to lead Component 1 CB program with an integrated implementation plan	
Outcomes	Fully implemented reformed credit based delivery system; new understanding and policies on integrating research sector with the university sector in HE; decisions on how best to invest in creating international standard universities in Vietnam; and evidence of new private investment in the HE sector or active steps for such investment by end 2011.	

KPIs and performance milestones	(i) Ministerial approval of the new policies and implementation plans over period 2007-2011; (ii) use by HEIs of new credit system; (iii) evidence on new moves for private investment in HEIs in Vietnam; (iv) positive impact assessment at 2012; (iv) positive Performance Review assessments at 2012.			
Resources/Time	IC –176PM	NC 42PM	MOET St PM – 84	End – end 2011
Estimated Cost	Foreign Currency (Int Cns in TA Contract)			\$460,835
	Local Currency (Nat cons in TA contract; Govt contribution, staff participation)			\$71,352
	TOTAL			\$532,187

1.1.3 – Monitoring and Analysis for Policy Development

Component 1.1.3	Monitoring and Analysis for Policy Development
Purpose	To establish a viable permanent HE statistical collection and policy research program to provide regular foundational data and ad-hoc supplementary commissioned social science research on the operation of the system that can support system monitoring and continuous policy review and development for quality improvements
Objectives	To develop a new integrated HE Monitoring and Policy Information system (HEMPIS) that is tailored to fit the unique environment of the HE sector, provides appropriate, valid and reliable information to support HE sector policy development and facilitates international comparisons for system performance monitoring purposes. This will be achieved through the review and redevelopment of the existing collections, the development of some new collections, the development of new capacity for the commissioning and conduct of additional research as required, and capacity building to improve capabilities in data collection management, processing, interpretation, analysis and reporting. This capacity needs to be established in one dedicated professional unit, preferably in MOET or possibly outsourced to an appropriate institution. Capacity Building activities will support the review, redevelopment reestablishment and training work and assist the embedding of the new system, fully tested, and producing its first new set of national HE data, by project end. The aim will be that 2011 will become the foundation year for the ongoing collections and trend data, and the first year for formal application of the internationally comparative system performance assessment.
Key Features	The activities will feature an initial review of the collections to define concepts and KPIs, and to determine the best location for the responsibility for the new system; The CB work will then revise the concepts, definitions and standards, develop the collection and processing methodology, test the collections (twice) and implement all necessary training for staff and others with direct responsibilities. The renewed HEMPIS will feature annual collections on the size and operation of all HEIs, educational outcomes, employment outcomes and other areas (to be defined); these will take account of existing collections but will not build on them as the foundations are unsound and require fundamental redesign and redefinition. It will also feature CB for options for specially commissioned research on particular features of the system that do not require annual collection.
Implementing Unit	<i>MOET HED</i> : Others may include – P&F; S&T; DTA, Edu Strategies & Programs; Infomatics, Legal, Education Statistics Bureau
Eligible Expenses	International and national consultants; training; study tours; data collection and processing activities; interpretation, analysis and reporting activities.
Inputs	Technical Assistance to: (i) Conduct concept review of current HE data collections; (ii) analyze requirements for KPIs and other data needs into the future; (iii) revise existing collections and develop new collections and develop an integrated monitoring system; (iv) establish revised methods and processes for regular implementation and processing of collections; (v) establish processes for ad-hoc commissioned research to supplement basic annual data; (vi) support the conduct of two annual pilot tests of the new system in 2009 & 2010; (vii) support the implementation in 2011 of the first formal collection to establish the future trend baseline; (viii) support preparation of regular and final reports on the development and implementation of the new system; and develop and provide all training necessary to support the CB activities.

Outputs	Analytic Work & Policy papers	(i) Report on concepts for new HE systemic data needs; (ii) Feasibility Report on appropriate location/responsibility for developing and maintaining the new collection; (iii) analysis reports on 2 annual pilot tests of the new system;		
	Systems Development	(iv) New data collection instruments developed; (v) New Vietnam HEMPIS developed tested and operating		
	Capacity Building	(vi) Staff trained in system concepts and design, and in use of new data collection instruments; (vii) Staff trained in ongoing management of statistical collections and analysis and presentation of results		
	Implementation	(viii) New agreed organizational arrangements in place for ongoing management of new HEMPIS; (ix) new HEMPIS formally commenced with 2011 base year collection completed.		
Procurement Method	<i>International expertise</i> required - Tender under QCBS for one TA contractor to lead Component 1 CB program with an integrated implementation plan			
Outcomes	New HEMPIS providing more appropriate and reliable data for policy and monitoring, with first year trend analysis with international comparators on system performance KPIs; Capacity in MOET (or other institution as may be determined) for fully competent management of an integrated, robust, relevant and reliable HE national data system.			
KPIs and performance milestones	(i) Revised concepts and definitions for the HEMPIS; (ii) New data collection designed and instruments developed; (iii) New Capacity for supplementary commissioned research developed; (iv) 2 pilot tests of the new HEMPIS and its processes completed and analysed; (v) foundation collection of HEMPIS completed in 2011; (vi) sustained organizational unit staffed with statistical professionals at end 2011; (vii) Accurate measurements of system performance on agreed KPIs, by 2011; (viii) positive Performance Review at 2012.			
Resources/Time	IC – 16 PM	NC – 60PM	Gov St PM– 260	End – end 2011
Estimated Cost	Foreign Currency (Int cons in TA contract; Study tours)			\$580,000
	Local Currency (Nat cons in TA contract; local training; Government contribution, staff participation)			\$108,820
	TOTAL			\$788,820

1.2 – Sector Financing

Component 1.2.1	Public Funding for HE Development and Quality			
Purpose	To reform the HEI financing system to ensure appropriate levels of funding to secure and sustain the quality improvements achieved in HEP2 and the continuing development of the system beyond the project.			
Objectives	To establish a renovated financial system for the HE sector with policies that will develop and support the HE system to continue quality improvements in research and teaching and which facilitates institutional autonomy and is responsive to the needs of the economic and social development of Vietnam			
Key Features	Action-Learning groups will be established in P&F Dept to review and renovate policy issues relating to how the HE system is financed and develop an integrated financial system. The new policies will then be implemented over the project using the same or other Action-Learning groups.			
Implementing Unit	MOET P&F Dept: others possibly involved – HED, Legal; S&T; Student Affairs; and Ministry of Finance			
Inputs/Activities:	The action-Learning Groups should review and develop new policy papers to cover at least this range of issues: (i) develop new funding formula for bulk operating costs that takes account of teaching and research missions and needs for continuous quality improvements (ii) reforming policy on the relative size of the HE sector and on student capacity of individual institutions; (iii) establishing regulations to provide for new ways of paying basic operating funds that underpins autonomous operating; (iv) reforming regulations to support independent institutional management of budgets; (v) establishing reporting and financial monitoring systems for maintaining integrity of institutional financial management; (vi); and (vii) developing an implementation plan for the suite of financing changes over 3 years.			
Eligible Expenditure	Technical Assistance from International Consultants, and National consultants			
Outputs	Analytic Work & Policy papers	(i) a financing Policy Renovation strategic plan for implementation over five years; (ii) new policy on the funding formula for operating grants; (iii) new policy reducing the restrictions on use of operating grants in HEIs to facilitate more effective autonomy (policy development to be completed by end 2008)		
	Systems Development	(iv) new financial administration procedures to facilitate institutional autonomy (completed by end 2008)		
	Capacity Building	(v) Trained staff in MOET with improved skills in financial policy analysis and development (by end 2011)		
	Implementation	(vi) Implementation plan to make the policy changes effective over 3 years, (completed by end 2010)		
Procurement	<i>International experts</i> required - Tender under QCBS for one TA contractor to lead the Component 1 CB program with an integrated implementation plan			
Outcomes	A HE system with sustainable financing of selected fully autonomous HEIs capable of conducting quality research and teaching which is responsive to the economic and social development needs of Vietnam			
KPIs and performance milestones	(i) Selected HEIs operating in fully autonomous environment by 2011; (ii) HE sector public finance increased to x% GDP by 2012; (iii) HE financing total resources increased to x% GDP by 2011.			
Resources/Time	IC – 12PM	NC – 50PM	Gov St PM – 180	End – end 2011
Estimated Cost	Foreign Currency (Int Cons in TA Contract)			\$301,242
	Local Currency (Nat Cons in TA Contract; Govt contribution, staff participation)			\$87,420
	TOTAL			\$388,662

Component 1.2.2	Cost Recovery and Sharing, and Private Contributions			
Purpose	To reform the HEI financing system to ensure appropriate policy settings for cost-sharing, with particular reference to developing more efficient cost signals, and developing a more effective student assistance scheme to support the poor and disadvantaged gain access to higher education.			
Objectives	To establish a new policy on cost –sharing, student fees and student assistance that is more efficient and reduces cost distortions in demand and supply of courses and enrollments, and which improves equity of access for the poor and disadvantaged			
Key Features	Action-Learning groups will be established in P&F Dept to review and renovate a series of key policy issues relating to how the HE system is financed and develop an efficient cost-sharing system. The review activities will then be implemented over 3 years using the same or other Action-Learning groups.			
Implementing Unit	MOET P&F Dept: others possibly involved – HED, Legal; S&T; Student Affairs; and Ministry of Finance			
Inputs/Activities:	The action-Learning Groups should review and develop new policy papers to cover at least this range of issues: (i) reforming policy and regulations on revenue raising for tuition at universities, including policy on levels of user (student) fees; (ii) establishing commensurate new policies for government subsidies for the poorest and most disadvantaged; and (iii) developing and implementation plan for the changes over 3 years.			
Eligible Expenditure	Technical Assistance from International Consultants, and National consultants			
Outputs/	Analytic Work & Policy papers	(i) a Cost-sharing renovation strategic plan for implementation over three years; (ii) new policy on the cost-sharing and levels of student fees that removes price distortions and adequately underpins institutional financing; (iii) new policy on student assistance scheme for the poor and disadvantaged to ensure equity of access to university for those who are qualified for selection (policy development to be completed by end 2008)		
	Systems Development	(iv) new financial administration procedures for payment of the student assistance and reimbursement of HEIs for fee waivers etc (completed by end 2008)		
	Capacity Building	(v) Trained staff in MOET with improved skills in financial policy analysis and development (by end 2011)		
	Implementation	(vi) Implementation plan to make the policy changes effective over 3 years, (completed by end 2010)		
Procurement	<i>International experts</i> required - Tender under QCBS for one TA contractor to lead the Component 1 CB program with an integrated implementation plan			
Outcomes	An efficient and equitable cost-sharing regime that supports HEIs financing needs to sustain delivery of quality teaching and research programs and which facilitates equitable participation in the HE sector by all social and economic groups.			
KPIs and performance milestones	(i) participation by the poor and disadvantaged increased by a factor of X% by 2012 (ii) HE financing total resources increased to x% GDP by 2012.			
Resources/Time	IC – 4PM	NC – 30PM	Gov St PM – 120	End – end 2011
Estimated Cost	Foreign Currency (Int Cons in TA Contract)			\$80,762
	Local Currency (Nat Cons in TA contract; Govt contribution, staff participation)			\$52,620
	TOTAL			\$133,382

Component 1.3 – Quality Assurance

Component 1.3.1	Quality Culture and Accreditation	
Purpose	To build on and continue HEP1 <i>Quality Assurance</i> activities, which developed frameworks for Institutional Quality Improvement Plans and new university accreditation standards and processes - to extend the framework to cover new approaches to promoting a quality culture in autonomous self-accrediting universities; and to establish an integrated Quality assurance Framework to be promoted and monitored by a new independent Vietnam Universities Quality Agency (VUQA).	
Objectives	To establish a new comprehensive and integrated HE Quality Assurance Framework that promotes a quality culture and self-accreditation in higher research/teaching institutions and maintains minimum standards and basic accreditation in all other HEIs	
Key Features	Technical Assistance to work with Action-Learning groups to review the current QA concepts and approaches and extend the policy and processes into a comprehensive and integrated framework, establishes new QA centres in selected key universities, and establishes the new VUQA which will then manage the full implementation of new policies and systems over three years.	
Implementing Unit	MOET Department of Testing and Accreditation: Others possibly involved – HED; Student Affairs; S&T; Legal	
Inputs	Action-Learning Groups should revise and develop a QA development Plan for implementation over 3 years. The Plan should cover activities to review, develop and implement policies and procedures to cover at least: (i) new concepts for QA approach to promote the development of self-accreditation and quality culture in selected key universities; (ii) establishment of new QA centres in key universities and broaden TOR for such centres to foster internal QA culture (number to be determined later); (iii) establishment and operation of a new VUQA to promote and manage the QA system.	
Eligible Expenditure	Technical Assistance from International Consultants, and National consultants; training; subsidy of establishment costs of QA centres, and establishment costs for new VUQA	
Outputs	Analytic Work & Policy papers	(i) new policy papers detailing concepts and approaches for new comprehensive QA system that promotes quality culture and self-accreditation in selected key universities; (ii) new TOR mission and functions for a new VUQA; (all policies to be completed by end 2008)
	Systems Development	(iii) new VUQA established and staff transferred from MOET; (iv) operating procedures for the VUQA including external audits and promotional activities of quality culture developed (completed by end 2009)
	Capacity Building	(v) Trained staff in MOET with improved skills in HE quality Assurance systems (by end 2011)
	Implementation	New VUQA established and implementing its mission (by 2011)
Procurement	<i>International experts</i> required - Tender under QCBS for one TA contractor to lead the Component 1 CB program with an integrated implementation plan	
Outcomes	A fully implemented HE QA system (by 2011) that is comparable to international systems and which reliably monitors and facilitates international standards in inputs and educational outcomes from Vietnam HEIs	
KPIs and performance benchmarks	(i) new QA Framework by 2008; (ii) new VUQA established and operating by end 2009; (iii) externally validated implementation of the new QA system in all key universities by 2011; (iv) Impact assessment of QA improvement in key universities by 2012.	

Resources/Time	IC – 8PM	NC – 24PM	Govt St PM – 120	End – end 2011
Estimated Cost	Foreign Currency (Int cons TA Contract)			\$220,960
	Local Currency (Nat cons in TA contract; Govt contribution, staff participation)			\$45,600
	TOTAL			\$266,560

Component 1.3.2	Entrance Selection System			
Purpose	To support the development and implementation of a new entrance selection system that integrates the Upper Secondary Examination and the university entrance tests.			
Objectives	To achieve improved quality in education outcomes in HE by improving the minimum academic capability of students; and to achieve cost efficiencies			
Key Features	Action-learning groups will review and develop new testing methods, improved and more efficient processing systems, and approaches to student enrollment policy			
Implementing Unit	<i>MOET Department of Testing and Accreditation</i> : Others to be involved - Education Strategies; HED; S&T; Student Affairs; P&F; Legal; Int'L Relations; Informatics			
Inputs/Activities:	Action-Learning Groups should develop a plan for implementation over 5 years. The Plan should cover activities to review, develop and implement a set of policies and implementing instruments to cover at least: (i) approaches to new testing arrangements with cooperation between MOET/HEIs; (ii) development of standards and new testing banks for all fields; (iii) development of a common basic skill/aptitude test; (iv) processes for testing implementation, including devolved responsibility to provinces (DOETs) & HEIs.			
Eligible Expenditure	Technical Assistance from International Consultants, and National consultants; partial offsetting operating costs for development and testing of new system			
Outputs	Analytic Work & Policy papers	(i) new policy detailing concepts, approach and methodology for the integration of school leaving and university entrance examination systems (completed by end 2008)		
	Systems Development	(ii) new testing items/banks ; (iii) new testing procedures, including use of multiple choice and computer based tests where applicable; (iv) new instruments pilot tested (completed by end 2009)		
	Capacity Building	(iv) Trained staff in MOET with improved skills in testing for more efficient and effective entrance selection (by end 2011)		
	Implementation	(v) implementation plans completed and first new integrated entrance examination conducted in mid-2011.		
Procurement	<i>International experts</i> required - Tender under QCBS for one TA contractor to lead Component 1 CB program with an integrated implementation plan			
Outcomes	Fully implemented new entrance selection system that contributes to the transition of the HE system meeting to international standards and improves efficiency of the system			
KPIs and performance milestones	(i) development of new testing system and instruments on time; (ii) pilot tests completed by end 2009; (iii) new system implemented for entrance selection in yr 2011; Improved pass rate by a factor of 5% by 2015			
Resources/Time	IC – 6PM	NC – 30PM	Gov St PM – 240	End – end 2011
Estimated Cost	Foreign Currency (Int Cons in TA Contract)			\$121,524
	Local Currency (Nat Cons in TA contract; Govt contribution, staff participation; operating subsidies)			\$60,240
	TOTAL			\$181,764

Annex 3 - Component 2 - Capacity Building for HEIs

This sub-Component 2.1 is designed to strengthen HEIs in three key areas: (i) to develop quality institutional strategic plans and proposals for TRIGS; (ii) to strengthen institutional management in HEIs; and (iii) to strengthen the development and implementation of new quality assurance concepts and practices in HEIs.

The sub-component will offer training and capacity building to all eligible HEIs, through three distinct training programs:

- *Training Program 1* will be implemented in the first year and will focus on assisting HEIs to develop sound Institutional Strategic Plans, how to conceptualize development activities to improve teaching, learning and the integration of research and teaching, and will give guidance on how to prepare quality proposals for TRIGs and project management skills to improve implementation effectiveness. This program will be in three series:
 - the first will be open to all HEIs, to prepare for the TRIG application process. It will include preparing templates for Strategic Plans and training in their development
 - the second will be to develop templates for TRIG proposal forms and TRIG Implementation Agreements and will train eligible HEIs in the detail of how to prepare them satisfactorily; and
 - the third will be available only to those HEIs that have been awarded a TRIG, and will include all aspects of project implementation, including the requirements for conforming with the WB and MOET financial management procedures, and with the WB procurement procedures.
- *Training Programs 2 and 3* will commence in the second year and continue over the remainder of the project, and will focus on skills vital for effective institutional management, as HEIs become increasingly autonomous under the policy reforms supported by Component 1.
 - Training Program 2 will offer training workshops and seminars covering the development of new institutional structures, governance and management of academic and corporate functions, how to integrate of all these to build strong high standard universities
 - Training Program 3 will cover the development of new quality assurance culture, approaches, systems and practices designed to ensure the development and maintenance of high standard teaching and research programs, and will ensure consistency with system policies on quality assurance being reformed under Component 1.

Programs 2 and 3 will be implemented in parallel (not sequentially) from year 2, and will be open to all HEIs on a voluntary basis, including those not formally deemed eligible for TRIGs, if they choose to participate.

These three activities are linked and an *integrated institutional development and training program* should be developed and implemented by one specialist TA contractor. Procurement should be by QCBS to one international contractor working in association with a local organization. The structure of the Sub-component is:

- 2.1.1 – Development of TRIG Proposals; and TRIG Project Management
- 2.1.2 – Leadership and Management
- 2.1.3 – HEI quality Assurance Plans

Further details of each element of Sub-Component 2.1 are below.

Component 2.1.1	Development of TRIG Proposals, and TRIG Project Management			
Purpose	To assist HEIs to develop quality strategic plans and proposals for TRIGs, and to provide training in project management			
Objectives	To ensure high quality TRIG proposals and effective project implementation by providing training tailored directly to the needs of universities wishing to develop and implement TRIG proposals			
Key Features	A 'three-series' program of training seminars and proposal development workshops to support all eligible universities to develop and implement quality proposals: (i) <i>Series 1</i> - a set of intensive training workshops for eligible universities to assist them to develop quality Strategic Plans; (ii) <i>Series 2</i> - A set of intensive training workshops to assist eligible HEIs to prepare quality TRIG proposals and Implementation Agreements (iii) <i>Series 3</i> - a set of workshops for approved TRIG recipients to assist them to establish and train the intended project implementation team in effective project management skills and compliance with financial and procurement requirements .			
Implement Unit	Project Management Unit			
Inputs/Activities:	(i) Development and implementation of training workshops (series 1) for all HEIs to attend. The <i>series 1</i> training will consist of information seminars followed by intensive action-learning training workshops to assist each team to review and refine the institutional development strategic plan; (ii) <i>series 2</i> workshops will assist eligible HEIs to develop the associated TRIG proposal to give effect to the strategic plan (in part or in whole); and (iii) to provide Series 3 training for university research personnel in project implementation skills to ensure the effective implementing of TRIGs received.			
Outputs	Training	(i) A delivery plan, timetables, and seminar content materials for Series 1; (ii) A delivery plan, timetables, and seminar content materials for Series 2 & 3;		
	Reports on CB	(iii) delivery progress reports; (iv) satisfactory completion reports.		
Procurement	<i>International expertise required</i> – Procurement by QCBS to one TA contractor for Component 2.1.			
Project Outcomes	Quality TRIG proposals that address HEP2 project objectives; and TRIGs implemented effectively to achieve individual project outcomes within budget and on time.			
KPIs	(i) timely development and delivery of each series seminars; (ii) positive performance assessment reviews by end 2007.			
Resources/Time	IC – 24PM	NC – 36PM	HEI Staff - 1000	End – end 2008
Estimated Cost	Foreign Currency (Int Cons)			\$549,000
	Local Currency (Nat Cons, Govt/HEI Staff contribution)			\$160,000
	TOTAL			\$709,000

Component 2.1.2		Leadership and Management		
Purpose	To provide Capacity Building and Institutional Development services to HEIs to teach Institutional management models and practice for autonomous institutions			
Objectives	To establish effective autonomous universities through improving the understanding and skills of HEI chancellery staff and academic teams in managing in a full autonomy environment			
Key Features	To include a training program for institutional management modernization: (i) a program of rolling training seminar/workshops (total 2-3 days) which will deliver key lectures supplemented by intensive training workshops in various aspects of institutional management, to be available to institutes to send management learning teams. A series of seminars will be planned, to commence in year 2 of the project and will be delivered twice annually over four years in Hanoi, HCMC and selected regional centres.			
Implementing Unit	The Project Management Unit			
Inputs/Activities:	Technical Assistance to (i) develop and deliver an integrated seminar/workshop program that will teach knowledge and develop skills in understanding autonomous institution structures, management approaches and practices, modern management systems, including understanding and using in-house strategic planning and monitoring and information systems for more efficient management; and developing new competencies in institutional budgeting and financial management; and an in-house dissemination program to ensure knowledge available to a wider group of HEI staff..			
Eligible Expenditure	Consultant services, training (including seminars, workshops and study tours)			
Outputs	Training Programs	(i) an institutional management Seminar/workshop plan by the end of 2007 for delivery over 3 years (the second –fifth years) of project; (ii) seminar/ workshop syllabus and content teaching materials		
	Reports on capacity building	(iii) implementation reports, and content/materials adaptation as appropriate; (iv) In-house dissemination plans and implementation monitoring reports; (vi) satisfactory activity completion reports for the seminar program and dissemination activities.		
Procurement	<i>International expertise required</i> – Procurement by QCBS to one TA contractor for Component 2.1			
Project Outcomes	Universities understanding new management paradigm; and have revised strategic plans to detail a roadmap for specific changes to transforming the HEI management to make specific changes to managing the Institution effectively in a new autonomous environment to deliver international standard research and teaching services and tertiary education outcomes. All 14 Key Universities and at least 30% of others (50 HEIs) have successfully implemented changed Institutional structures and management practices by end 2011			
KPIs	(i) completion of the seminar plans and products by end 2007; (ii) satisfactory delivery of 8 series over 4 years by end 2011; (iii) positive performance assessment reviews by 2011; (vi) 50 HEIs have introduced structural/management practice changes by end 2011; (vii) positive impact assessment reports by 2012.			
Resource/timeline	IC – 12PM	NC – 36PM	HEI staff - 500	end 2011
Estimated cost	Foreign Currency (Int Cons, & foreign training)			\$301,500
	Local Currency (Nat Cons, Govt contribution/Staff participation)			\$82,000
	TOTAL			\$383,500

Component 2.1.3		HEI Quality Assurance Plans		
Purpose	To provide Capacity Building and Institutional Development services to HEIs to support the Government policy on Institutional Accreditation, and facilitate the development and implementation of a quality culture for improvement beyond minimum standards, and Institutional Quality Improvement Plans			
Objectives	To establish understanding in HEIs on the roles and responsibilities for developing and managing for quality and accountability in an autonomous environment, and to develop skills in effective quality culture, assurance and accountability practices			
Key Features	To include a two stream program for Quality Assurance: (i) a program of rolling training seminar/workshops (total 2-3 days) which will deliver key lectures supplemented by intensive training workshops in all aspects of institutional QA development and management, to be available to all HEIs to send management learning teams. A series of seminars will be delivered twice annually over four years in Hanoi, HCMC and selected regional centres; and (ii) the implementation in up to 50 universities of new model Quality Culture and Assurance plans that are also integrated into the systemic QA framework (to be developed under Comp 1).			
Implementing Unit	Project Management Unit			
Inputs/Activities:	Technical Assistance to (i) develop and deliver an integrated seminar/workshop program that will teach knowledge and develop skills in development and implementation of HEI Quality culture and QA Plans, commencing in year 2 and delivered twice annually over 4 years; and (ii) establish full implementation of new QA plans in 50 HEIs; plus implementation of a structured dissemination plan to other HEIs using a cluster mode – to reach all HEIs in Windows B & C.			
Eligible Expenditure	Consultant services, training (including seminars, workshops); and funds for implementing up to 20 new self-assessments and audits (beyond those done under HEP1)			
Outputs	Training Programs	(i) an institutional QA Seminar/workshop plan by the end 2007 for delivery over 3 years (the second –fifth years) of project (ii) seminar/workshop syllabus and content teaching materials;		
	Systems Development	(iii) development and implementation of 50 demonstration projects of new quality culture and QA plans implemented		
	Reports on capacity building	(iv) implementation reports on 8 sets of delivery and content/materials adaptation as appropriate; (v) Demonstration dissemination plans and implementation monitoring reports; (vi) satisfactory activity completion reports for the seminar program and the demonstration projects.		
Procurement	<i>International expertise required</i> – Procurement by QCBS to one TA contractor for Component 2.1			
Project Outcomes	Universities understanding new quality culture paradigm; and have developed new QA and Quality Improvement plans to detail a roadmap for specific changes to transforming the HEI quality culture and to implement it in a new autonomous environment. 50 HEIs have successfully implemented changed Quality culture and Assurance practices by end 2011.			
KPIs	(i) completion of the seminar plans and products by end 2007; (ii) satisfactory delivery of 8 series over 4 years; (iii) establishment of 50 demonstration QA projects by end 2008; (iv) satisfactory implementation of 50 demonstration and dissemination programs by end 2011; (v) positive assessment reports by 2012.			
Resource/timeline	IC – 12PM	NC – 36PM	HEI Staff – 500	End – end 2011
Estimated cost	Foreign Currency (Int Cons, & some training)			\$301500
	Local Currency (Nat cons, Govt contribution)			\$82,000
	Total			\$383,500

Annex 4 – Component 2 - HEIs Research and Teaching Development

2.2 – TRIGS, Window A, B & C

[This Annex in is two parts: **Part A** details the purpose and processes for awarding TRIGs to HEIs; **Part B** lists the HEIs eligible or potentially eligible to submit proposals for TRIGs]

PART A – Purposes and Processes for TRIGs

To implement this sub-component it is recommended there will be *three windows* for TRIGS. An overview of the program is set out here, followed by a detailed specification box for each window.

The model is based on the following key assumptions:

- The TRIG program should be relatively simple and uncomplicated with a clear and tight focus, thus enabling the details to be readily understood across the higher education sector, and facilitating evaluation of achievements and impact.
- A major emphasis should be on enhancing teaching and learning in HEIs, and strengthening the scientific and technological base relevant to Vietnam’s economic and social development.
- The model should place special emphasis on linking research with teaching and learning, with research findings and methodologies contributing to enhanced course content, introducing new and innovative teaching and learning methods, and use of more effective assessment approaches in undergraduate and postgraduate programs.
- The majority of funds should be allocated on a competitive basis, since evidence demonstrates that positive incentives help promote change. In particular, competitive grants stimulate enhanced quality and help institutions establish priorities, focus on areas of strength, and provide essential expertise necessary to access donor or other external funds, thus enhancing the financial autonomy of HEIs. Special provisions for allocation of grants to disadvantaged regions should be considered to recognise the limited circumstances and capacity of HEIs in the identified regions.
- Particular fields of specialisation should be strategically targeted for development, with particular efforts made to expand the numbers of specialist scientists and engineers, encourage postgraduate training in targeted areas, and attract visiting scientists, especially from the region.
- Capacity building in teaching and research should aim to develop the abilities, knowledge and skills of individuals and organisations towards meeting Vietnam’s needs and the Government’s objectives, and should place special emphasis on international collaboration and networking, and accessing the latest international technologies and research outputs.
- Collaborative arrangements with foreign countries and universities should aim to include partnerships, fellowships and awards, twinning arrangements, scholar sharing, network building, study tours, and staff exchanges.

- The TRIG program design should give particular attention to proposed project outcomes and how these outcomes will be assessed. Evaluation approaches should be specified from the outset of the program.
- TRIGs should support the Government's Higher Education Reform Agenda 2006-2020.

Objectives of TRIGs

The aim of the TRIG program is to meet labour market needs and development goals of Vietnam more effectively by improving the quality and relevance of higher education training programs in MOET managed HEIs, increasing opportunities for original research, improving linkages and integration between teaching and research, and encouraging collaboration with industry, and with national and international researchers and to. Specific Objectives are:

- To enhance research capacity and research quality, build stronger links between University research and industry, and integrate research and teaching in the areas of curriculum content, delivery modes and student assessment; and
- To enhance the quality and effectiveness of teaching and learning within HEIs, change the behaviour and attitudes of teachers through implementing modern methods of teaching and learning pedagogy, and promote curriculum reform to meet economic and social needs, and the demands of the knowledge-information economy.

Programs to be supported by TRIGs will be for the following purposes:

- To enhance university teaching and learning capacity, and to link research to teaching and learning, and provide incentives to use research findings and methodologies to improve the content, modes of instruction and delivery, and assessment methods in undergraduate and postgraduate courses.
- To enhance competence and skills of academics in research and teaching, support external accreditation and international recognition, and build institutional systems to support teaching, learning and research.
- To develop strong linkages between HEIs, research institutions, and the productive sector, and social and community organizations in Vietnam; and
- To support the internationalization of research and teaching in HEIs in the form of twinning, collaborative research, and sponsorship to achieve international recognition in teaching and research standards, and quality through international cooperation programs.

General Activities that can be supported

- Grants will be used for improvement of teaching and research infrastructure (without establishing new research institutes or undertaking major civil works), faculty training and staff development, support for research projects, and support for international cooperation in teaching and research, as well as national cooperation with other HEIs and RIs, and with knowledge users such as industry.
- A major emphasis will be given to human resources and professional development of HEI academic staff.

- While all disciplines may receive support for research activities from the program, a high priority will be given to science and technology, especially the Government's four key priority areas.

Eligible Expenses under TRIGs: Grant funds will be able to be used to finance Consultant services, training (including seminars, workshops, study tours etc), goods (including computing, library and laboratory equipment), and non-salary payments to university staff for undertaking additional tasks (eg. scientific research, professional development, curriculum revision, preparation of teaching materials). Ineligible expenses will include Civil works, and salary payments to university staff for core tasks.

Funding Windows - Eligibility for Applicants

Three windows will be employed to distribute grants to different groups of institutions. Competition will only be with other universities in the particular group. All eligible institutions in each category will be allowed to submit a single proposal and for each window.

The categories of HEIs in each window are recommended to be:

Window A: the MOET designated 14 key Public Universities of Vietnam

Window B: other public and non-public multi-disciplinary universities **AND** single disciplinary institutions that teach at university level that also meet criteria demonstrating capability to undertake the development activities (the criteria are set out below in the details for Window B); and

Window C: Universities located in designated disadvantaged regions

A Table showing details of HEIs to be in each window are at Annex 4-Part B.

Funding Allocations for Windows

Four potential options for how the TRIGs should be distributed proportionately across these Windows have been considered.

Window	A	B	C
(1)	70%	20%	10%
(2)	40%	40%	20%
(3)	50%	40%	10%
(4)	60%	35%	5%

Option 4 is preferred because it offers the best opportunity to concentrate sufficient investment to make a visible impact in the development of new capacity and quality in research, teaching and learning activities in the designated key universities, while also allowing scope for other universities teaching at advanced level to improve their programs and quality for the benefit of a wider range of students and wider-reaching economic development. Some universities in Window B do teach at levels equivalent or higher than some of the key universities and offer programs in fields that are critical to economic development, especially to industry and rural development. It is important that they also have access to opportunities for quality improvement.

This distribution also offers the best environment to advance the development of at least several of the Key Universities to move closer to reaching international recognition. Achieving

international status is largely based on research strength and research outputs, and Vietnam's MOET supported HEIs need to invest in developing greater and better research capacity, and to better integrating their research into teaching programs. Most have separate research institutes within the university structures but they operate separately from the teaching faculties. Special attention is needed to integrate these two primary purposes of universities.

In addition much of Vietnam's research is conducted in separate Research Institutes (under control of MOST or other discipline based Ministries). Universities receiving TRIGs will be encouraged to develop associations with such RIs in disciplines of interest to the university. Such associations may, at the least, be to establish links that can see research knowledge from the RIs brought into teaching at the universities, and at best to foster cooperative research activities to form 'teams of research excellence' in a field, and to facilitate better training of post-graduate students across both RIs and universities. Such associations formed with funding from TRIGs must be lead by the universities, with the funds channeled through the universities. RIs would be expected to make a financial contribution at least equivalent to the university's counterpart financing.

In order to provide sufficient funds to achieve these purposes it is recommended that Vietnam consider borrowing \$100 million for the TRIGs, and that the Government supplement that funding with up to and additional 10% of Government contribution.

Adoption of other options will allow for a more equitable spread of funds to allow a greater number of HEIs to gain some benefits, but will risk the investment being insufficient to make reasonable differences. To ensure some support to the greater number of HEIs in the sector the project includes additional support (beyond the TRIGs) for a Capacity Building for ALL HEIs (eligible under the three windows) to develop institutional management and quality assurances skills and techniques. These are detailed above in Component 2.1 (Annex 3).

Details of the three windows are below, followed by the selection process for TRIGs.

Window A - TRIGs

Component 2.2	Window A – 14 Key Universities of Vietnam (list below)	
Purpose	To provide grant funds to selected KEY universities to assist them to develop research capacity and to improve teaching and learning as a contribution to moving towards achieving international standards of excellence	
Objectives	(i) To develop improved quality programs in physical science and technology, social sciences and humanities; and (ii) to develop programs to improve teaching and learning practices, with an emphasis on integrating research capabilities into teaching programs. Window A programs are to be based on a comprehensive Teaching and Research Plan to be articulated in proposals and which is consistent with each University' updated Strategic Plan. Programs for teaching and research development should improve the quality and relevance of research and research outputs, as well as teaching and learning, through innovations designed to change teacher behavior and attitudes and encourage adoption of modern methods of teaching and learning pedagogy and curriculum reform (using foreign programs and materials where appropriate). A major emphasis should be on integration of research and teaching, especially with regard to curriculum content, delivery modes, classroom activities, and student assessment, without creating any new research institutes. Grants should lead to the enhanced competence and skills of academics in research and teaching, support external accreditation and international recognition, and build institutional systems to support teaching, learning and research.	
Key Features	A program of investment by competitive grants, using a single approval round in which each institution may submit only one proposal. All 14 key universities will be granted a TRIG, but the level of the funds awarded to each will be linked to the appropriateness of the Strategic Plan and the TRIG proposal to meet the needs for the development of the whole institution towards improvements in research capacity and quality teaching. It is estimated that the maximum grant will be \$US10 million, and that the average grant may be around \$US4.0-4.5million. Grants will be made early in the second year of HEP2 and will have approximately 3.5 years for implementation before the close of the project. Details of the TRIG development and approval process are set out below.	
Implementing Units	PMU and Recipient Universities	
Inputs/Activities:	(i) proposal development for Strategic Plans and detailed TRIG submissions; (ii) assessment activities to review Strategic Plans and then to assess and recommend TRIG awards (see details below); (iii) approval processes and establishment of TRIG Implementation agreements (between MOET and each university; and (iv) implementation processes by HEIs for TRIGs.	
Outputs	(i) Strategic Plans and TRIG proposals and assessment reports; (ii) TRIG Implementation Plans and Agreements; (iii) TRIG implementation progress reports twice a year; (iv) TRIG completion reports	
Procurement	Procurement within each TRIG to be implemented by the University. Procurement shall use WB guidelines. (An outline of Procurement principles is at Annex 8)	
Project Outcomes	Establishment and maintenance of new international standards in research practice and in teaching and learning through a variety of optional approaches.	
KPIs	See Annex 12. Others to be developed as part of the HEP2 Impact Evaluation Plan.	
Resources/timeline	HEIs estimated to input up to 10% of grant value in staff resources	
Estimated cost	Foreign Currency	\$60 million
	Local currency	\$6 million
	TOTAL	\$66 million

Component 2.2	Window B– Other Strong Universities of Vietnam <i>(eligibility criteria and list of potentially eligible universities below)</i>	
Purpose	To provide grant funds to eligible universities to assist them to develop teaching and research to regional standards of excellence	
Objectives	<p>(i) To develop improved quality programs in science, technology and teaching and learning; and (ii) to develop improved curriculum and university teaching practice and research training skills in HEIs.</p> <p>It is expected that all Window B projects will include elements of implementing innovative research-based teaching and curriculum reform, although the mix of activities will vary between institutions. Innovations should be designed to change teacher behavior and attitudes and encourage adoption of modern methods of teaching and learning pedagogy and curriculum reform (using foreign programs and materials where appropriate). A major emphasis should be on integration of research information and teaching, (including using links to research universities if not conducting new research within the institution). Reforms should focus on curriculum content, delivery modes, classroom activities, and student assessment. Grants should lead to the enhanced competence and skills of academics in research and teaching, support external accreditation and international recognition, and build institutional systems to support teaching, learning and research techniques and applications.</p>	
Key Features	A program of investment by competitive grants, using a single approval round in which each institution may submit only one proposal. The TRIG proposal should seek to meet the needs for improvements in research capacity and quality teaching of either a faculty /Department or a field of study. It is estimated that approximately 40-50 universities will be qualified as eligible and that the maximum grant will be \$2.0 million and the average grant may be around \$1.0-1.5million. Grants will be made early in the second year of HEP2 and will have approximately 3.5 years for implementation before the close of the project. Details of the criteria to be used to assess eligibility in Window B, and of the TRIG development and approval process are set out below.	
Implementing Units	PMU and recipient HEIs	
Inputs/Activities:	(i) proposal development for Strategic Plans and detailed TRIG submissions; (ii) assessment activities to review Strategic Plans and then to assess and recommend TRIG awards (see details below); (iii) approval processes and establishment of TRIG Implementation agreements (between MOET and each university; and (iv) implementation processes by HEIs for TRIGs.	
Outputs/Deliverables	(i) Strategic Plans and TRIG proposals and assessment reports; (ii) TRIG Implementation Plans and Agreements; (iii) TRIG implementation progress reports twice a year; (iv) TRIG completion reports	
Procurement	Procurement within each TRIG to be implemented by the University. Procurement shall use WB guidelines. (An outline of Procurement principles is at Annex 8)	
Project Outcomes	(i) enhance research and teaching skills amongst teaching staff of various HEIs; and (ii) improved curriculum for research and teaching quality in HEIs receiving grants and dissemination of outcomes to other HEIs	
KPIs	See Annex 12. Others to be developed as part of the HEP2 Impact Evaluation Plan.	
Resources/timeline	HEIs estimated to input up to 10% of grant value in staff resources	
Estimated cost	Foreign Currency	\$35million
	Local currency	\$3.5 million
	TOTAL	\$38.5 million

Component 2.2	Window C - Universities in Disadvantaged Regions (details in list below)	
Purpose	To provide grants to universities in regions classified by the Government as disadvantaged to assist them to improve the quality of teaching and learning activities relevant to improving the standard of living in their region.	
Objectives	(i) to develop improved curriculum and university teaching practice in universities in disadvantaged regions. Programs for teaching development should improve the quality and relevance of teaching and learning, through innovations designed to change teacher behavior and attitudes and encourage adoption of modern methods of teaching and learning pedagogy and curriculum reform (using foreign programs and materials where appropriate). A major emphasis should be on curriculum renovation, delivery modes, classroom activities, and student assessment. Grants should lead to the enhanced competence and skills of academics in teaching, and build institutional systems to support improved teaching and learning.	
Key Features	A program of investment by allocated grants, using a single approval round in which each institution may submit only one proposal. The TRIG proposal should seek to meet the needs for improvements in quality teaching and learning practices, designed to meet the special needs of the local region. All five universities in the window will receive a grant estimated to be a standard level of \$1 million each. Grants will be made early in the second year of HEP2 and will have approximately 3.5 years for implementation before the close of the project. Details of the TRIG development and approval process are set out below.	
Implementing Units	PMU and recipient HEIs	
Inputs/Activities:	(i) proposal development for Strategic Plans and detailed TRIG submissions; (ii) assessment activities to review Strategic Plans and then to assess and recommend TRIG awards (see details below); (iii) approval processes and establishment of TRIG Implementation agreements (between MOET and each university; and (iv) implementation processes by HEIs for TRIGs.	
Outputs/Deliverables	(i) Strategic Plans and TRIG proposals and assessment reports; (ii) TRIG Implementation Plans and Agreements; (iii) TRIG implementation progress reports twice a year; (iv) TRIG completion reports	
Procurement	Procurement within each TRIG to be implemented by the University. Procurement shall use WB guidelines. (An outline of Procurement principles is at Annex 8)	
Project Outcomes	(i) enhanced teaching skills; and (ii) improved curriculum for teaching quality to meet specific needs of students in disadvantaged regions	
KPIs	See Annex 12. Others to be developed as part of the HEP2 Impact Evaluation Plan.	
Resources/timeline	HEIs estimated to input up to 10% of grant value in staff resources	
Estimated cost	Foreign Currency	\$5 million
	Local currency	\$0.5 million
	TOTAL	\$5.5million

Development and Selection Process for TRIGs

The development and submission process for TRIGs will be integrated with the Capacity Building program detailed above under component 2.1.1 (Annex 3). That part of the Capacity Building is dedicated specifically to assisting HEIs to prepare quality Strategic Plans and TRIG proposals, in order to maximize the effectiveness of the investment program and ensure the desired impacts.

Across the process HEIs will need to develop three key documents relating to TRIGs:

- an updated Strategic Plan for the continuing development of the institution and the improvement of quality through improvements in research, teaching and learning
- a TRIG proposal (for those assessed as eligible); and
- a TRIG Implementation Agreement, incorporating a financial management and procurement plan (for those approved to receive a TRIG).

Pre-qualifying requirements: For **all windows**, in order to be eligible to apply for grants institutions must submit to MOET an up-to-date strategic plan, and must demonstrate in applications that the proposed activities have a high priority and integral place in their strategic plan. For Windows A & C the universities listed (below Part B) are automatically eligible to submit proposals for TRIGs, but their Strategic Plan must first be assessed as adequately articulating the goals for institutional development for improving the quality of research, teaching and learning. For Window B the *potentially eligible* universities (listed below Part B) will be assessed for actual eligibility based on ability to demonstrate that they meet the eligibility criteria.

[Data available at preparation are not adequate or reliable enough to make eligibility assessments at this time for Window B that would be transparent and fair. Therefore detailed information and data to demonstrate eligibility must be provided within the context of their Strategic Plan, when submitted in accordance with the procedures below].

Development and Submission Process: this will be a process that integrates Capacity Building in strategic planning and proposal development with the preparation of the proposals for TRIGs. It will include these steps:

- (i) There will be an initial series of training workshops in ‘*Strategic Planning for HEIs*’ (*Series 1*) provided under 2.1.1 for **all interested HEIs** in each ‘window’ to attend.
- (ii) HEIs will submit updated Strategic Plans within two months of receiving the Series 1 training. Submission dates will be determined by the PMU at the time and advised to all HEIs
- (iii) The PMU/MOET will assess all Strategic Plans. Feedback will be offered to HEIs on the adequacy of the Strategic plans to met the needs for institutional development to gradually improve quality in research, teaching and learning to move closer to international standards (for Window A) and Regional Standards (for Windows B&C). Window B HEIs will also be assessed for eligibility to submit TRIG proposals and will be advised if eligible or not. Advice on appropriateness of Strategic Plans and on actual eligibility for Window B will be made within two months of submission of Strategic plans.

(iv) All HEIs eligible across Windows A, B and C will then send an institution based team to a structured training program which shall be mandatory before the TRIG proposals are developed (*Series 2 training*). The Series 2 training will consist of workshops to assist each team to develop the TRIG proposal to give effect to the strategic plan (in part or in whole). Templates for TRIG Proposals and for the TRIG Implementation Agreement will be developed and the HEIs will be taught how to complete them. Attendance at the series 2 seminars and workshops shall be mandatory before university teams can submit a TRIG proposal. These TRIG preparation training workshops will be delivered over about two months.

(v) TRIG proposals will be submitted on a date to be determined by the PMU and advised to all eligible universities.

[Details of the training focus and the templates will be in the Project Operational Manual]

TRIG Assessment and Approval Process

Assessment Panels: Two TRIG Assessment Panels (PANELS) will be established. PANEL A will deal with proposals from Window A; PANEL B/C will deal with proposals from Windows B and C. An outline diagram is shown at **Annex 5**.

Each panel will consist of a core of HE policy experts and key academics and scientists in Vietnam and PANEL A will include some international expertise. The panels will be comprised of ‘core members’ as follows:

- **PANEL A:** nine experts – *three* HE policy experts to be nominated by MOET; *four* leading academics from Vietnamese 14 key universities; and *two* international experts with expertise in grant proposal assessment (drawn from leading universities in the OECD or in the region).
- **Windows B and C:** seven experts – *three* HE policy experts to be nominated by MOET; *four* leading academics from Vietnamese 14 key universities; (no foreign experts).

A *panel-pool* will also be created consisting of acknowledged national and international disciplinary specialists, and these will be called upon as necessary to review proposals in their specific discipline and advise the PANEL on issues of discipline standards in the TRIG proposals. Procedures will be in place to avoid conflicts of interest, and in no case will a panel member or a pool discipline expert assess a proposal from their own university or a proposal that they have been involved in developing. Every effort will be made to ensure fairness and transparency, and to maintain the integrity of the process.

Applications will be received, registered and the PANEL core members will meet to determine which panel-pool specialists should be selected for discipline assessment for each proposal. Proposals will then be referred to relevant scientific experts in the panel-pool, including overseas experts. The final selection process may include interviews with key scientific and administrative personnel in universities, and university site visits. Selection will be on the basis of demonstrated scientific merit and capacity in the particular field, and likely national economic and social benefits for Vietnam, using the selection criteria below. The final selection will be made by the Minister of Education on the recommendations of the PANELS

with detailed reports being provided on each application. Written feedback will be provided to applicants.

Assessment Criteria

Selection will be based on the criteria of:

- Degree of consistency with the Strategic Plans
- Academic/Scientific quality and significance (taking account of Vietnam's priorities for development in key fields)
- likely impact (in terms of the objectives of TRIGs and the performance criteria), with a strong emphasis on innovations that will fundamentally change systems and behaviors
- value for money; and
- feasibility.

The MOET and Assessment Panels will develop objective measures for these criteria. Training will be provided to the PANELs is assessment and management of the processes. HEIs will also receive training (during the *Series 2* workshops above) to ensure understanding of the guiding principles and criteria for TRIGs.

[Details of the Assessment Criteria and how to interpret and apply them will be in the Operational Manual]

Rounds: For simplicity and cost-effectiveness, there will be only one round of submissions/assessment. The aim will be to allocate the TRIGS towards the middle of Yr 2 (after HEIs have refined strategic plans and undertaken training (under 2.1.1)) with projects being implemented over a 3.5 year period.

Approval Process:

After assessment by the PANELs, the following steps will be followed for approval and processing to document and establish the TRIG Implementation Agreements:

(i) PANELS will rank the TRIGs into an order for recommendation – For each Window the recommendations will include –

- *Window A* - recommending the amount and agreed purpose/extent of the TRIGs to go to each of the 14 Key universities
- *Window B* – recommending the order of merit of proposals, the total to be awarded each proposal that meets minimum merit, and those that do not meet assessment criteria
- *Window C* – recommending on the agreed purpose and proposing any comments to improve proposals (if necessary).

These assessments and recommendations will be completed within two months of the date of submission.

(ii) PANEL recommendations will be sent to the Vice-Minister for Higher Education (who will be designated as the National Director of the HEP2) for his review and provisional endorsement. The Vice-Minister may seek additional information from the PANELs if

required. Vice-Ministerial endorsement will aim to be completed within two weeks of recommendations being received.

(ii) The PMU will send TRIG provisional endorsement notices to the HEIs, and will formally request the HEIs to prepare and submit the details required for the TRIG Implementation Agreements, with particular regard to the financial management and the procurement processes. Details of requirements for these will have been included in the Series 2 training workshops, but only the successful HEIs will be required to complete the details. The PMU will advise a deadline for submission of the financial and procurement details to the Planning and Finance Department.

(iii) Upon Receipt of the Implementation Agreements, the PMU will prepare the documentation for the formal Approvals and the detailed papers for the TRIG Implementation Agreements that will be signed between MOET and the HEIs. These Agreements will include full details of the grant purposes, use of the grant funds and the counterpart funds, and will have specific annexes detailing the financial management requirements and procedures, and the TRIG procurement plan and processes, and accountability and reporting requirements.

(iv) TRIG Approval papers and a summary of the TRIG Implementation Agreements will be sent to the Minister for Education, for approval. The summary will include details of the level of the expenditure and procurement involved under the grant. Approval is expected to be completed within two weeks. [In the event of the absence of the Minister for Education, the Vice-Minister, Planning and Finance has delegation to sign approvals]

(v) The PMU will send Approval Notifications to HEIs. These letters will also advise on the arrangements for the negotiations of the TRIG Implementation Agreements, to be negotiated by each HEI with the PMU, (with comments from the Planning and Finance Department). The Director PMU will have the delegation to sign the full Implementation agreements. Once these agreements are signed, the HEIs will thereafter have full authority to manage the grants without further recourse to the MOET, MOF or MPI, provided the accountability reports demonstrates that the financial management and procurement agreements are being adhered to.

Implementation Process:

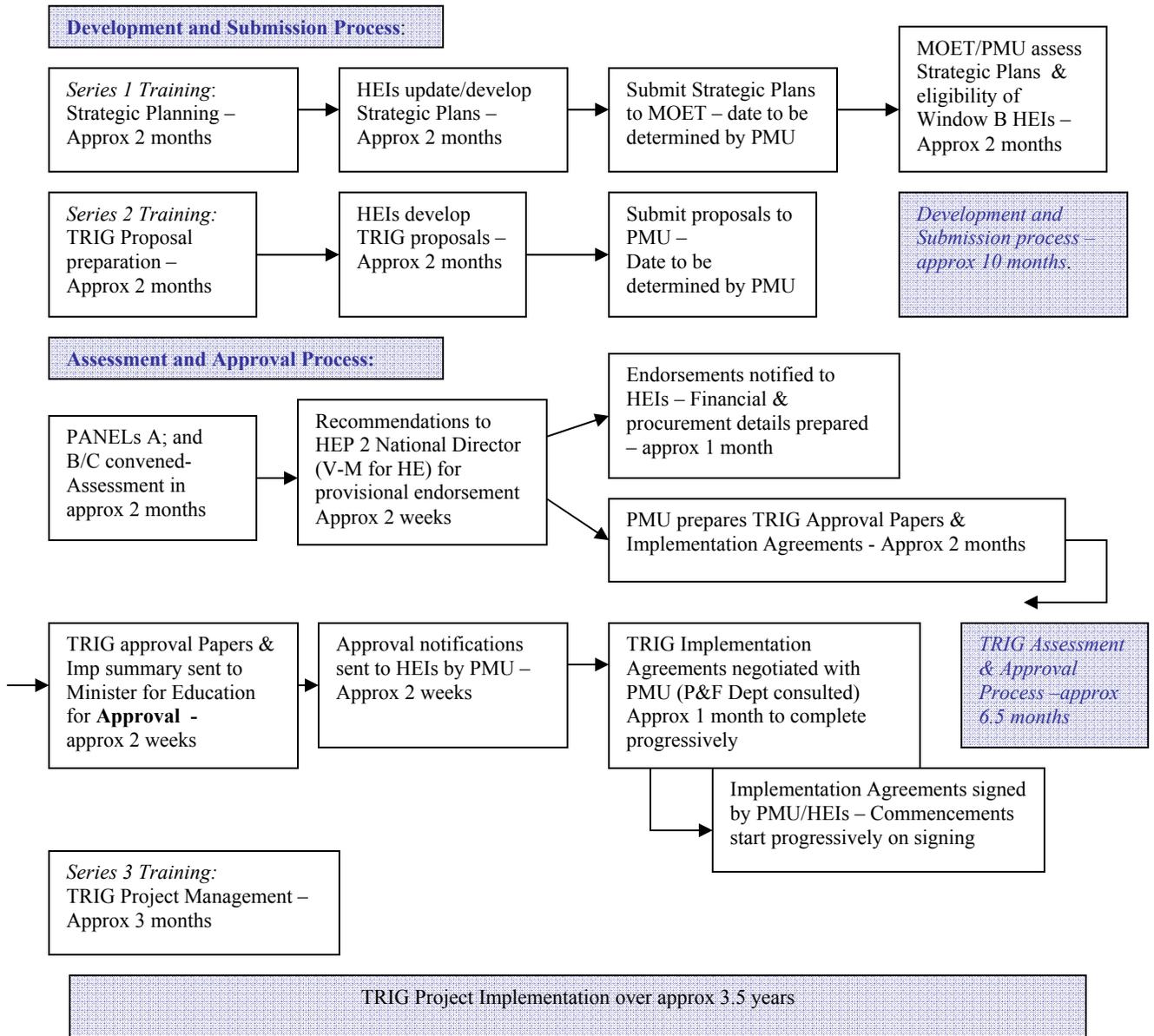
Successful applicants will be given up 3-4 years to implement their projects. Payments will be in tranches, with requirements to meet ‘milestones’ in order to receive further payments. The levels and frequency of tranches may vary according to the needs of each TRIG, and will be specified in the Implementation Agreements.

In addition successful HEIs will have access to the *Series 3* training (under 2.1.1) for university personnel in project implementation skills to ensure the effective implementing of TRIGs received.

An outline of the development, submission and approval process is in the diagram below (next page)

This Approvals process is aligned with the Financial Management and Procurement Guidelines, which are outlined in Annex 8, and which will be set out in more detail in the Project Operational Manual

Diagram: TRIGs Development, Submission and Approval Process



Annex 4-PART B - HEI Eligibility for TRIG Windows A, B and C

Window A – The Vietnam designated Key Universities

STT No.	WINDOW A Tên trường Name	Địa điểm Location	Hiện trạng Status
			2004-2005
1	ĐH Quốc Gia HN/ <i>The Hanoi City National Uni</i>	HN	Public
2	ĐH Quốc Gia thành phố HCM <i>The Ho Chi Minh City National University</i>	HCM	Public
3	ĐH Thái Nguyên <i>Thai Nguyen University</i>	Thai Nguyen	Public
4	ĐH Huế/ <i>Hue University</i>	Hue	Public
5	Đại Học Đà Nẵng/ <i>Da Nang University</i>	Da Nang	Public
6	Trường ĐH Sư phạm Hà Nội <i>The Hanoi University of Education</i>	HN	Public
7	Trường ĐH Sư phạm Tp. HCM <i>The Ho Chi Minh City University of Education</i>	HCM	Public
8	Trường ĐH Bách Khoa Hà Nội <i>The Hanoi University of Technology</i>	HN	Public
9	Trường ĐH Nông nghiệp I Hà Nội <i>The University of Agriculture No 1</i>	HN	Public
10	Trường ĐH Kinh tế quốc dân Hà nội <i>The National Economics University</i>	HN	Public
11	Trường ĐH Y Hà Nội/ <i>The Hanoi University of Medicine</i>	HN	Public
12	Trường ĐH Kinh tế tp.HCM <i>The Ho Chi Minh City University of Economics</i>	HCM	Public
13	Trường ĐH Y tp. HCM <i>The Ho Chi Minh City University of Medicine and Pharmacy</i>	HCM	Public
14	Trường ĐH Cần Thơ <i>Can Tho University</i>	Can Tho	Public
Tổng số/ Total - 14			

Note: 14 Key HEIs" decided by the Government at **Decision No.1269/CP-KG** dated September 06,2004 on continuing to improve the network of universities, colleges.

Window B – Other Multi-disciplinary & Specialized Universities – Total 78 potentially eligible HEIs

HEIs listed below are potentially eligible to apply for TRIGs. To be deemed finally eligible they must first demonstrate a reasonable capacity to conduct credible research activities and demonstrate a quality of student load that has capacity to benefit from greater research based teaching/learning. Data currently available is not sufficient to offer a definitive list of eligible HEIs, and HEI circumstances may change between December 2005 (date of preparation) and the time for submission of TRIG proposals. The submission date for TRIG proposals will be determined by the PMU after effectiveness of the Project.

Therefore to be determined as finally eligible, each Window B potential HEIs that wishes to participate in the project must submit a statement within its updated Strategic Plan to demonstrate its basic capability to undertake and benefit from the funding. Linking eligibility to strategic plans and institutional commitments to quality assurance will help reinforce other objectives of HEP 2. The PMU will manage the submission process as detailed above (in Annex 4-Part A) and advise the HEIs that succeed in demonstrating eligibility.

Eligibility Criteria: eligibility will be determined by the extent to which institutional strategic plans demonstrate:

- (i) Strong commitments to quality assurance and quality improvement, especially with regard to teaching, curriculum and assessment
- (ii) Capacity to undertake basic or applied research activities, relevant to the social and economic needs of Vietnam; and
- (iii) Ability to implement innovative research-based teaching and learning projects, and undertake curriculum and assessment reform.

Strategic plans will be expected to include detail for at least the three previous years on:

- (i) Number and proportion of FTE academic staff holding higher degrees from Vietnam or overseas universities
- (ii) External research income, and the number of externally funded research projects undertaken and completed
- (iii) Staff research publications, published in Vietnam or overseas
- (iv) Median of individual undergraduate student entrance scores for each HEI course, with information on the numbers of students admitted in each course
- (v) Course completion rates, and success of graduates in gaining employment; and
- (vi) Recent innovations and achievements to improve the quality of teaching through changes in curriculum, teaching methods and student assessment.

Notes: Decisions on eligibility should not include judgments about the proposed use of TRIGs. Minimum numerical requirements should not be used in eligibility criteria unless statistical data are available to suggest likely outcomes.

The list of potentially eligible HEIs in Window B is below (next pages)

STT No	WINDOW B – Potentially Eligible HIEs Tên trường Name	Địa điểm Location	Hiện trạng Status
			2004-2005
No	Trường Đại Học/ University		
1	Trường ĐH CĐ/ <i>Trade Union Uni</i>	HN	Public
2	Trường ĐH Dược/ <i>Hanoi Uni of Pharmacy</i>	HN	Public
3	Trường ĐH GTVT <i>Transportation & Communications Uni</i>	HN	Public
4	Trường ĐH Hàng Hải/ <i>Maritime Uni</i>	Hải Phòng	Public
5	Học viện CNBC Viễn Thông <i>Post & Telecom- Technology Institute</i>	HN	Public
6	Học viện HCQG/ <i>Nat'l Academy of Administration</i>	HN	Public
7	Học viện Kỹ thuật Mật Mã/ <i>Cipher Technics Institute</i>	HN	Public
8	Học viện Ngân Hàng/ <i>Banking Academy</i>	HN	Public
9	Học viện QHQT/ <i>Int'l Relations Institute</i>	HN	Public
10	Học viện TC/ <i>Finance Academy</i>	HN	Public
11	Trường ĐH Kiến trúc/ <i>Hanoi Architecture Uni</i>	HN	Public
12	Trường ĐH Lâm Nghiệp/ <i>Forestry Uni</i>	HN	Public
13	Trường ĐH Luật/ <i>Law Uni</i>	HN	Public
14	Trường ĐH Mỏ Địa chất/ <i>Mining & Geology Uni</i>	HN	Public
15	Trường ĐH Mỹ thuật Công nghiệp/ <i>Industrial Fine Arts</i>	HN	Public
16	Trường ĐH Mỹ thuật/ <i>Fine Arts Uni</i>	HN	Public
17	Trường ĐH NNỮ/ <i>Hanoi Foreign Studies Uni</i>	HN	Public
18	Trường ĐH Ngoại thương/ <i>Foreign Trade Uni</i>	HN	Public
19	Nhạc viện HN/ <i>Hanoi Conservatory</i>	HN	Public
20	Trường ĐH Răng Hàm Mặt/ <i>Odonto-Stomatology Uni</i>	HN	Public
21	Trường ĐH SKĐA/ <i>Drama-Cinematography Uni</i>	HN	Public
22	Trường ĐH Sư phạm 2/ <i>Hanoi Education Uni 2</i>	HN	Public
23	Trường ĐH HP/ <i>Hai Phong Education Uni</i>	Hai Phong	Public
24	Trường ĐH SP Kỹ thuật Hưng Yên <i>HY Technical Teacher Training Uni</i>	Hung Yen	Public
25	Trường ĐH TDTT 1/ <i>Physical Edu & Sports Uni 1</i>	Bắc Ninh	Public
26	Trường ĐH Thủy lợi/ <i>Water Resources Uni</i>	HN	Public
27	Trường ĐH Thương mại/ <i>Commercial Uni</i>	HN	Public
28	Trường ĐH Văn hoá HN/ <i>Cultural Uni</i>	HN	Public
29	Trường ĐH XD/ <i>Civil Engineering Uni</i>	HN	Public

30	Trường ĐH Y Hải Phòng/ <i>Hai Phong Medicine Uni</i>	Hai Phong	Public
31	Trường ĐH Y tế Công cộng/ <i>Hanoi Public Health School</i>	HN	Public
32	Trường ĐH Y Thái Bình/ <i>Thai Binh Medicine Uni</i>	Thai Binh	Public
33	Trường ĐH Điều dưỡng Nam Định <i>NamDinh Medicine Uni</i>	Nam Dinh	Public
34	Trường ĐH LĐ-XH/ <i>Social Labour Uni</i>	HN	Public
35	Trường ĐH SP TDTT Hà Tây/ <i>Ha Tay Sport Pedagogic</i>	Ha Tay	Public
36	ĐH Quy Nhơn/ <i>Quy Nhon Uni</i>	Quy Nhon	Public
37	ĐH Thủy sản / <i>Fisheris Uni</i>	Nha Trang	Public
38	ĐH Đà Lạt/ <i>Da lat uni</i>	Da Lat	Public
39	ĐH GTVT TP HCM <i>HCMC Transportation & Communications Uni</i>	HCM	Public
40	ĐH Kiến Trúc TP HCM/ <i>HCMC Architecture Uni</i>	HCM	Public
41	ĐH Luật TP HCM/ <i>HCMC Law Uni</i>	HCM	Public
42	ĐH Mỹ thuật TP HCM/ <i>HCMC Fine Arts Uni</i>	HCM	Public
43	Nhạc viện TP HCM/ <i>HCMC Conservatory</i>	HCM	Public
44	ĐH Nông Lâm TP HCM/ <i>HCMC Agriculture & Forestry</i>	HCM	Public
45	ĐH Sư phạm Kỹ thuật TP HCM <i>HCMC Technical Teacher Training Uni</i>	HCM	Public
46	ĐH TDTT 2/ <i>Physical Edu & Sports Uni 2</i>		Public
47	ĐH Y Dược Cần Thơ/ <i>Can Tho Medicine & Pharmacy</i>	Can Tho	Public
48	Trường ĐH Công nghiệp TP HCM/ <i>HCMC Industry Uni</i>	HCM	Public
49	Trường ĐH Ngân hàng TP HCM/ <i>HCMC Banking Uni</i>	HCM	Public
50	Trường ĐH Vinh/ <i>Vinh University</i>	Nghe An	Public
51	ĐH Bán Công TĐT/Ton Duc Thang <i>Semi Public Uni</i>	HCM	S-Pub
52	Trường ĐH Bán Công Marketing/ <i>Semi Public Markt Uni</i>	HCM	S-Pub
53	Trường Cán bộ Quản lý Giáo dục - Đào tạo II <i>Educational Managers Training Colleg. No2</i>	HCM	Public
54	Phân viện Báo chí và Tuyên truyền <i>Institute of Journalism and Propaganda</i>	HN	Public
55	Trường Cán bộ Quản lý Giáo dục - Đào tạo I <i>Educational Managers Training Colleg. No1</i>	HN	Public
56	Trung tâm Đào tạo và Bồi dưỡng Cán bộ Y tế TP HCM <i>HCMC Center for Medical Manager Training</i>	HCM	Public

57	Trường ĐH Hồng Đức/ <i>Hong Duc Uni</i>	Thanh Hoa	Public
58	Viện ĐH Mở HN/ <i>Hanoi Open Uni</i>	HN	Public
59	ĐH Mở Bán Công TP HCM/ <i>HCMC SP Open Uni</i>	HCM	S-Pub
60	Tr.ĐH Dân lập Hải Phòng/ <i>Hai Phong PF Uni</i>	Hai Phong	P-F
61	Tr.ĐH Duy Tân/ <i>Duy Tan PF Uni</i>	HCM	P-F
62	Tr.ĐH Dân Lập Bình Dương/ <i>Binh Duong PF Uni</i>	HCM	P-F
63	Tr.ĐH Dân Lập Cửu Long/ <i>Cuu Long PF Uni</i>	HCM	P-F
64	Tr.ĐH Dân Lập Hồng Bàng/ <i>Hong Bang PF Uni</i>	HCM	P-F
65	Tr.ĐH Dân Lập Hùng Vương/ <i>Hung Vuong PF Uni</i>	HCM	P-F
66	Tr.ĐH Dân Lập Kỹ thuật CN TP HCM/ <i>HCMC Ind'l Techn PF Uni</i>	HCM	P-F
67	Tr.ĐH Dân lập Lạc Hồng/ <i>Lac Hong PF Uni</i>	HCM	P-F
68	Tr.ĐH Dân Lập NN&TĐ Tin học Tp HCM/ <i>HCMC Foreign Stud & Info PF Uni</i>	HCM	P-F
69	Tr.ĐH Dân Lập Văn hiến/ <i>Van Hien PF Uni</i>	HCM	P-F
70	Tr.ĐH Dân Lập Văn Lang/ <i>Van Lang PF Uni</i>	HCM	P-F
71	Tr.ĐH Dân Lập Cghệ SG/ <i>Sai Gon Technology PF Uni</i>	HCM	P-F
72	Tr. ĐH Dân lập Đông Đô / <i>Dong Do PF Uni</i>	HN	P-F
73	Tr.ĐH Dân lập Phương Đông/ <i>Phuong Dong PF Uni</i>	HN	P-F
74	Tr. ĐH Dân lập QT&KD/ <i>Business Admin PF Uni</i>	HN	P-F
75	Tr. ĐH Dân lập Thăng Long/ <i>Thang Long PF Uni</i>	HN	P-F
76	Tr.ĐH Dân lập Yersin Đà Lạt/ <i>Yersin Đà Lạt PF University</i>	Lâm Đồng	P-F
77	Tr. ĐH Dân Lập Lương Thế Vinh/ <i>Luong The Vinh PF Uni</i>	Nam Định	P-F
78	Tr.ĐH Dân Lập Phú Xuân/ <i>Phu Xuan PF University</i>	Thừa- Thiên Huế	P-F
Toàn bộ/ Total - 78			

NA Not Available

Note: All HIEs in Vietnam that are subject to the National Education law, and that are not in either Window A & C are included for potential eligibility in Window B. This includes Public, Semi-Public and People-Founded Universities. The private-enterprise university owned by the RMIT is ineligible as it is not governed by the Education Law, but rather operates under the Foreign Investment Law.

People-Founded Institutions (P-F) use facilities owned by the State, but are operated by *non-profit community or industry based* organizations (eg Trade Union) with operating costs financed with student fees.

Semi-Public Institutions (S-Pub) also use facilities owned by the State, but are operated by *public authorities* at the central, provincial, district or commune level, with operating costs financed with student fees.

(Source: Vietnam Education Financing Sector Study/ October 1996)

--- --- --- --- --- ---

Window C – Universities in Disadvantaged Regions

STT No.	Tên trường Name	Địa điểm Location	Hiện trạng Status
			2004-2005
TT/No	Trường ĐH/ University		
1	Trường ĐH Tây Bắc/ <i>Tay Bac uni</i>	Son La	Public
2	Trường ĐH Tây Nguyên/ <i>Tay Nguyen uni</i>	Đaklak	Public
3	Trường CĐ Sư Phạm Đồng Tháp <i>Dong Thap Education Uni</i>	Đông Thap	Public
4	Trường ĐH An Giang/ <i>An Giang Uni</i>	An Giang	Public
5	Trường ĐH Hùng Vương/ <i>HungVuong uni</i>	Phu Tho	Public
TT/No	Trường Cao đẳng/ Junior Colleges		
	Toàn bộ/ Total - 5		

** **List of Disadvantaged Provinces** is based on the Government **Decree No135/1998/ QĐ-TTg** dated July31, 1998 on Approving Social Economic Development Programs for the most disadvantage communes in mountainous and remote areas (see next page). The MOET Higher Education Department has also directed (#) that the “Three Wests” areas be included for special development attention - North West (Tay Bac), South West (Tay Nam) and Central Highland (Tay Nguyen), plus Than Hoa Province. In total 22 of the 30 disadvantaged provinces are covered.
Letter from the Director of the HED, Mme Ha, on Sept 24, 2005

Annex 5 – Component 3 – Project Management and Monitoring

This component has two sub-components:

3.1 – Project Management and Monitoring; and

3.2 – Project Evaluation.

It is proposed that the Project Management should be used as an opportunity for MOET to obtain skill transfer benefits by bringing the management activities into the Ministry and working closely with the usual operational management of the sector. It will be essential to the long term sustainability of the outcomes from the project that the MOET gain the maximum benefit from skill transfer and opportunity for high level management experience from ‘learning on-the-job through the project management activities. The opportunities for this will be greatly improved if the PMU were to be physically located with the MOET.

An additional factor is also critically important. The HEP1 experienced lengthy delays in obtaining key approval and processing decisions, which contributed significantly to the under-expenditure. In part this can be attributed to the fact that the HEP1 has been managed through a ‘coordination’ unit which has no executive or managerial authority. That management model and structure is contrary to all the accepted wisdom of best-practice management approaches. To avoid similar problems the HEP2 management must be a full ‘management’ unit, with rights to exercise executive authority and make decisions. New management processes and authorities for delegation to ensure smooth implementation need to be developed. An outline of agreed processes are in Annex 8 – Financial Management and Procurement; [details will be further developed and incorporated into the Project Operational Manual].

Implementation Responsibilities for Component 1 Capacity Building and Sector Policy Reform

Another lesson from HEP1 was that the line managers in MOET responsible for aspects of Higher Education Sector management were not very closely involved in the key reform and development activities for the sector as they did not have implementing responsibility. Significant policy reforms were to be developed and implemented during HEP1 but the limited level of responsibility for the project inhibited consistent activity and affected the quality of the outcomes. In HEP2 it is proposed to learn from these lessons and to establish formal implementing responsibility for the Capacity Building and policy reforms in the three key Departments in MOET that have line management responsibility for the key areas. These are

- the *Higher Education Department* – to be responsible for the implementation of the Capacity Building and Policy Reforms in HE Organization, Structure and Governance (Component 1.1)
- the *Planning and Finance Department* - to be responsible for implementing the Capacity Building and Policy Reforms in Sector funding (Component 1.2); and
- the *Education Testing and Accreditation Department* – to be responsible for the Capacity building, and Policy reform, and further development of the Quality Assurance system for HE.

In undertaking their implementing responsibilities each of the Departments will report to the Vice-Minister for Higher Education (who is also the National Director of the project). Each Department will appoint a senior Department Staff member as a full-time Director of the reform activities and will ensure that appropriate numbers of Department staff are made available to

participate consistently in the Capacity Building Task Groups for the whole period of the project implementation.

The procurement of the TA contractor will be the responsibility of the PMU, in consultation with the MOET Departments. The PMU will manage the TA contract disbursements. The MOET implementing Departments will assume full responsibility for organizing and managing the inputs, ensuring the staff deployment and participation, timely conduct of the activities, and the production of policy papers and policy implementation plans, and the management of the implementation activities, and will be accountable to the Vice-Minister for HE for the outcomes. An international contractor will be procured to support each Department in implementing the sub-components, and the consultants will be available from early in the project, on a regular basis (approximately twice each year) to offer guidance and mentoring support, information on international systems and practices for comparison and direct assistance in the policy reform and implementation processes.

Implementation of Component 2 – HEIs Research and Teaching Development

The PMU will assume the implementing responsibility for the management of the Capacity Building for HEIs (Component 2.1) and for the TRIGs (component 2.2). The PMU will be responsible for managing the procurement for the Capacity Building and over sighting the implementation by the TA contractor for Component 2.1, and for the organization and management of the approval and disbursement process of the TRIGs. Details of the key staffing and authorities of the PMU for financial management and procurement are set out in the *Annex 8*.

To undertake this responsibility the PMU will have leadership from MOET senior staff appointed to the key management positions, and may recruit the professional staff required for administrative functions from the labour market into open positions to be filled on merit. These staffing positions will be funded from the project and the counterpart funds (which must comprise at least 10% of the costs of operating the PMU).

This proposed structure and resource plan for the PMU is set out in the suggested *Organization Chart* below. The resourcing includes provision for the engagement on individual contracts of *three international experts and four National Consultants* to assist the PMU. They are to support the work in managing the TRIG development and approval processes. They should be personnel who have good experience in the management of research grant approval disbursement processes in countries with an advanced research capacity, and who also have technical expertise in science, technology, teaching and learning and in the training of research techniques. It is envisaged that these international experts would be engaged for approximately half of the project duration, to assist with establishing the TRIG processes and management systems, and to support the approvals and establishment stages of the TRIGs in HEIs. Their role will be complementary to that of the TA contractors to be engaged to support the Capacity Building for HEIs and will be more focused on supporting the administrative system for the TRIGs.

Monitoring and Evaluation of the Project

The PMU will have responsibility for implementing the Monitoring and Evaluation functions (Component 3). The Director PMU (Manager, TRIGs), and the Deputy Director M&E will be responsible for the monitoring and evaluation activities. These will include two separate sets of activities, which will be coordinated by the Deputy Director M&E:

- The ongoing monitoring of all component activities throughout the implementation period to be carried out directly by the PMU; and
- The procurement for, and oversight of, the TA contract for the conduct of the independent Impact Evaluation.

The Deputy Director M&E shall be responsible for the development of the Monitoring plan and for ensuring the data collections to sustain the ongoing monitoring. In this work he shall coordinate with the TA contractor developing the data plan for the Impact Evaluation, and with the Staff and consultants implementing the Component 1.1 as they review and revise the Sector Monitoring and Analysis (Component 1.1.3). Effective coordination across these three functions is essential to ensure consistency of data collections and to avoid duplication and overlap of activities. In addition the Deputy Director M&E will ensure coordination across all HEIs in their monitoring of the implementation of TRIGs. The Deputy Director M&E will contribute monitoring reports to the PMU coordinated quarterly reporting.

The Impact Evaluation will be conducted separately and independently by the International TA contractors, who will also be required to ensure they cooperate in the coordination of activities for data collection.

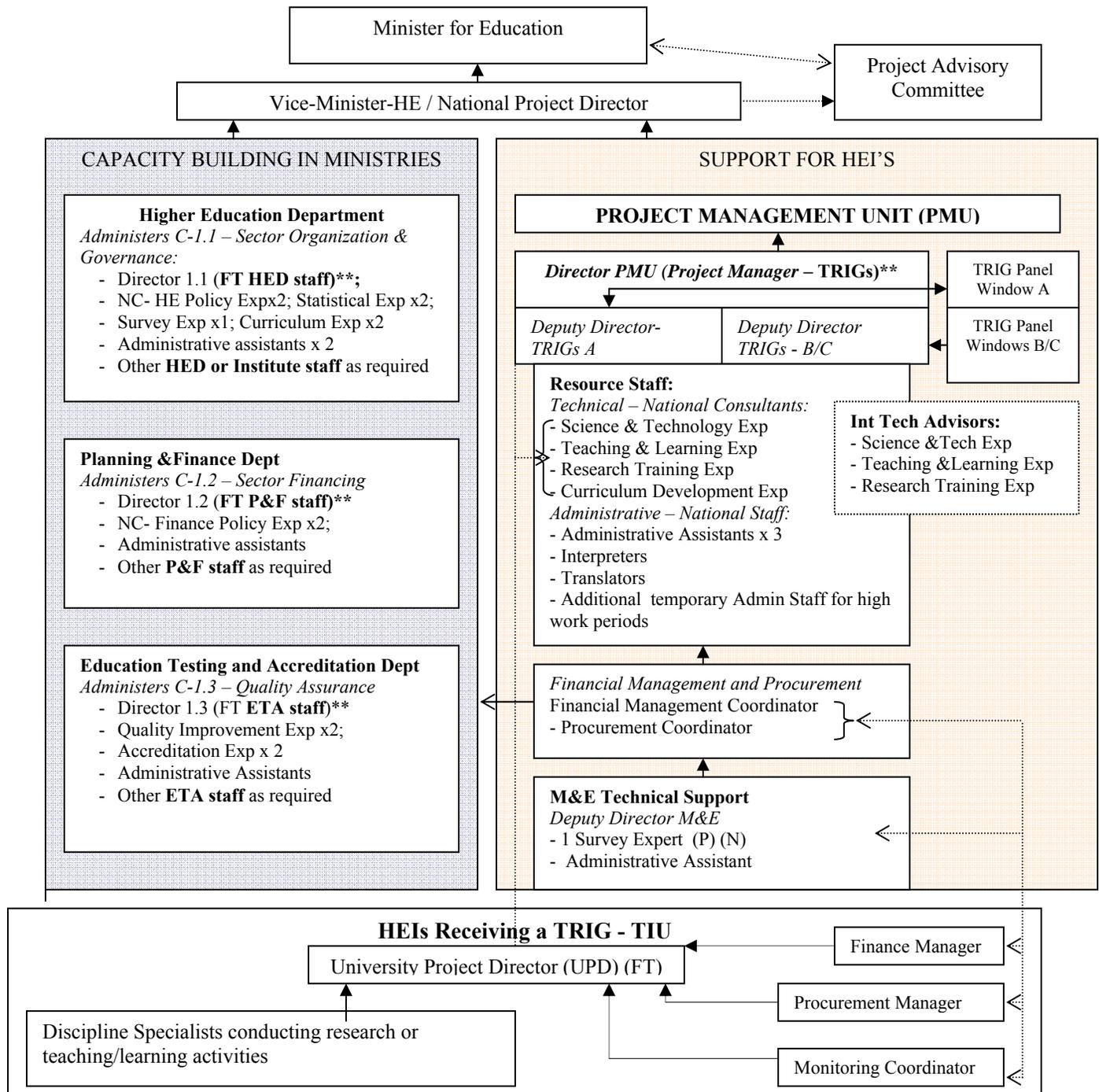
*Specifications for the two sub-components for Project Management and Monitoring (Component 3.1) and Project Evaluation (Component 3.2) are below, pages 4 & 5 of this annex)
Other details of Project Evaluation are also in Annex 12.*

Component 3.1	Project Management and Monitoring		
Purpose	To establish and operate the HEP2 Project Management Unit (PMU) in MOET		
Objectives	To manage the project inputs and procurement effectively and efficiently to ensure the achievement of the HEP2 objectives; to ensure the full expenditure of project funds within 6 years; and to provide regular financial and progress monitoring reports to the Government and the WB		
Key Features	A project management unit located in MOET, with a senior executive management structure and decision making authority to adequately support the implementation of project activities and the sustainability of results after the completion of the project. There will be a dual implementation management approach, with functions to be divided between the PMU dedicated to managing Component 2; and three Depts. of MOET which will each assume implementation responsibility for Component 1 activities that are within their formal areas of operational responsibility. The PMU will also be responsible for all procurement and for financial processing for all grants and contracts, including those within Component 1.		
Implementing Units	Project Management Unit; and the HE ,P&F and ET&A Depts of MOET		
Inputs/Activities:	Management personnel, procurement activity, grant processing for approval and disbursement, financial management, monitoring activities and report preparation		
Outputs/Deliverables	A fully disbursed project implemented within the timeframe and with full integrity of process		
Implementation/Procurement	PMU – dedicated staff of MOET (including personnel seconded from HEIs and specialist staff recruited for the purpose). QCBS for Individual Contracts for specialist advisory positions, NCB for national consultants, and local shopping for PMU nominated staff positions		
Outcomes	Achievement of outcomes from each project component; skill transfer and institutional development in MOET in effective project management		
Intended Impact	(Medium term): More effective and efficient management MOET for development and management of system policy and governance, and for supporting the HEIs in the Vietnamese HE system		
KPIs	(i) appointment of appropriate managers and staff; (ii) establishment of suitable management authority delegations; (iii) maintenance of reasonably proportionate expenditure schedule for grant disbursements throughout, and full expenditure at project closing; (iv) providing regular monitoring reports and meeting independent audit best-practices and WB supervision mission satisfactory ratings.		
Resource/timeline	IC – 36 PM	NC – 1,242 PM	Govt St PM–360 end – end 2012
Estimated cost	Foreign Currency (TA contracts - individuals)		\$721,920
	Local Currency (NC+Govt contribution/Staff participation)		\$1,977,800
	TOTAL		\$2,699,720

Component 3.2	Project Evaluation			
Purpose	To develop and Implement a structured Outcomes and Impact Evaluation Plan for HEP2			
Objectives	To design and conduct independent evaluation and report to the government on the effectiveness of the outcomes and the assessed impact of the project interventions, as measured against the project goals and objectives; The evaluation will be an action research project in its own right to support improved learning in MOET on the techniques for project evaluation. The methodology will use a baseline survey and other evidence gathering approaches as may be appropriate			
Key Features	To be conducted as a demonstration research project to develop Vietnamese capacity in M&E, especially in the application of social science research techniques to the assessment of project effectiveness.			
Inputs/Activities:	(i) Refine the project KPIs; Design activity monitoring systems, and evaluation data collections; (ii) design impact evaluation baseline survey and other evidence systems; (iii) organize and implement surveys; (iv) prepare final impact report within 6 months of closure, with recommendations on further follow up surveys to be conducted by MOET after 2 years and 5 years after project closure.			
Outputs/Deliverables	(i) Monitoring and evaluation surveys and other data collections; (ii) final impact assessment report			
Procurement	<i>International Expertise required</i> – Tender by QCBS for firm or HEI with relevant experience in M&E, and strength in social sciences. The international contractor must work with a Vietnamese local associate firm or organization.			
Outcomes	Improved knowledge of effective development approaches and processes for building and sustaining quality research and teaching in Vietnamese HEIs			
Intended Impact	(Long term): HEIs making measurable contributions to science and technological advancements applied to industry and commerce which in turn make measurable contributions to Vietnam becoming a developed economy			
KPIs	(i) Evaluation Plan and KPIs developed in time for baseline survey to be conducted; (ii) Impact evaluation study completed to professional standards; (iii) Vietnamese participants demonstrate learning techniques of modern program evaluation using rigorous social science methodology			
Resource/timeline	IC – 16PM	NC – 60PM	Govt St PM–40	end – end 2012
Estimated cost	Foreign Currency (TA contract)			\$420,000
	Local Currency (Govt contribution/Staff participation)			\$2,540
	TOTAL			\$422,540

Discussion of the M&E proposals is at PART C, and a summary of the key Evaluation techniques and core KPIs recommended is at **Annex 12**.

Chart 1 - Project Management Organization Chart



Notes: ** - Posts staffed by HED Counterpart Staff.; N=National Personnel; I=International Personnel. Counterpart Staff positions will be appointed by MOET and paid from Counterpart funds. All other positions to be recruited on merit through open selection. MOET Staff may apply. Where MOET Staff are appointed, they must be given temporary leave without pay from MOET line budget for the duration and receive position pay from project funds.

Annex 6 – Lessons from HEP1

General Comment: The key lessons for the design of HEP2 emerge from the MOET experience with the implementation of HEP1. HEP1 experienced significant difficulty in satisfactory completion of the systemic policy reform. While a number of papers have been prepared over 6 years the planned changes to the system governance, structures or policies to support change to an autonomous system have not been implemented. Technical Assistance was confined to a limited level of seminars for knowledge dissemination. While policy change work was undertaken the outputs are limited to aspirations for the system, and do not adequately explore the causal factors that impact on system performance. The limited outcomes can be attributed to inadequate support for capacity building to carry the change forward. This was due to lack of access to exposure to the approaches in advanced international systems and a lack of capacity in system analysis. There is also a clear difficulty in management of the processes to establish an adequate data system for the sector. Remedies in HEP 2 will include provision of additional resources for more intensive capacity building that seeks to develop new education management skills, to change management behavior, and to support both the review *and* implementation of reforms.

Lessons learned regarding the provision of university grants cover a wider range of issues that can be summarized briefly as a need for greater access by the HEIs to better training in planning and proposal development, clearer guidelines on eligibility of both HEIs and proposals, and a need for a more transparent and simpler process for awarding the grants to HEIs. Significant delays in decision making also caused implementation problems and under expenditure and this suggests that more appropriate management processes and resourcing are required. These have been taken into account in the design of the Component 1 Capacity Building program and in the proposals for the structure and operation of the HEP2 project management.

Lessons from HEP1 Component 1: Sector Policy Reform

The policy settings and regulations that govern the HE sub-sector are a fundamental element of success for modernization, and particularly for the promotion of innovation, creativity and excellence in the rapidly changing technology and knowledge based economy. HE governance is a highly contested area of policy in every country and getting the settings right will be the most critical factor for the long term achievement of the development goals of Vietnam regarding this sector. The investment of significant funding into universities is also critical but it can be rendered less effective, even wasted, if the central policy for the system is inappropriate or is not applied effectively. The Government of Vietnam has recognized the importance of policy change and the commitment for it is incorporated in the EFA Strategies and in the HERA.

In recognition of the importance of appropriate policy settings HEP1 provided funding and resources to support the review and redevelopment of key policy areas and system level development. These included:

- the preparation of a new higher education policy framework
- a review of the higher education financing mechanisms
- legal drafting associated with the development of new HEI charters and regulations

- drafting quality assurance standards and guidance documents for university self-evaluation and accreditation; and
- the implementation of performance monitoring surveys in HEIs to support system policy development and HEI strategic planning.

All of these are important aspects of system development. While some important gains were made, there was slow progress and patchy success in the implementation and completion of these activities.

[A detailed review of the progress was included in the DRAFT PFR - August 2005. the following few paragraphs are a summary of the main issues where lessons are drawn for the design of HEP2].

The most successful areas of change were in the development and finalization of the HERA 2020 which received final Government endorsement in November 2005, and in the establishment of a new set of standards and an implementing process for university accreditation. The HERA provides a well articulated set of strategic directions and goals for the future development of the HE system. This is a significant beginning but now much more must be done to build on the beginnings and bring the full benefits of these initiatives to realization. The development of the accreditation standards and a process for self-evaluation are also most important beginnings – and now new work is needed beyond the important accreditation process to also focus on the development of a culture of continuous institutional quality improvement above minimum standards.

The work on development of HE system monitoring and data bases was less successful. While surveys were conducted they did not meet adequate standards for validity and reliability, and were unable to be conducted in the systematic manner that is necessary to provide useful information for policy and system monitoring. A detailed analysis of the HE data system has been prepared for the HEP2 PPU which indicates significant further work is necessary to redesign and redevelop the system to ensure it meets minimum standards of data and is adequate to support the ongoing development of policy. (References are at the end of this PFR and the papers are available from the PPU).

A financing paper was prepared but is not adequate in its scope or analysis of the various factors that influence the workability of a HE system to support either the further growth of the system, or to provide adequate resourcing to underpin the immediate or long-term needs of the system to improve in quality or to integrate research into university focus or teaching. A significant new review and development of HE financing policy is required to ensure that the gains in quality that will be possible through the injection of further ODA assistance can be sustained into the future, and that the system can expand to meet the goals articulated in the HERA.

The slow progress in using HEP1 opportunities to effect necessary changes is an indicator of the complexity and practical difficulties of the significant changes required, and suggests that there continues to be a need for further support to be included in HEP2 to extend the assistance and expertise that can be available to support the government to take the reviews further and to operationalize the process for change.

Taking the next step to actually make the changes a reality is also a complex set of activities that will need to be clearly planned and systematically implemented. They will need to be based on the enhancement of the MOET capacity for formulating policy and of its managerial capacity for policy implementation.

For these reasons the proposals in HEP2 provide for support and ***activities that extend beyond simply revising policy for systemic development.*** They provide for a concentrated focus on the development of capacity for improved systemic research and planning, and for the development of policy. These activities will ***build on and extend the work already done in HEP1*** working groups, but will differ in that they will use a structured program of action learning to both refine and further develop the policies in key subject areas, and guide the implementation of policies over the life of the program. The aim will be to have new policies designed to support HEIs become international standard in the quality of their research and teaching and learning fully implemented and effective by the end of the proposed term of the project.

These are complex and intellectually challenging areas of work. The people who need to be engaged in such work must have appropriate competence, which includes *two fundamental areas*: the ***knowledge*** of how to understand analyze and commission appropriate social science research to underpin policy, and how to then translate the information into effective policy; and the ***skills*** to subsequently implement such new policy.

The HEP1 implementation strategies relied heavily on the use of occasional seminars to transfer knowledge about new areas such as strategic planning, and development of funding proposals. Seminars are a useful tool for information dissemination and they have value for generating the exchange of different views. BUT they are *ineffective as a means to develop skills*. The achievement of the objectives of the future HEP2, and the sustainability of the progress into the future after the end of the Project will be dependent on the HE personnel in the MOET and in the Universities acquiring the *skills to implement change*.

Therefore the proposals for HEP2 recommend a process that goes beyond the running of seminars to also consolidate the new knowledge through the use of *action learning strategies*. These must be sustained over time to be effective. This will also mean that the investment cost will be higher than was utilized in HEP1.

The additional investment will be in both funding and in time of MOET staff. In particular the success of the proposed Capacity Building in policy development and implementation will depend heavily on access to and effective use of international expertise. One of the key aims of the HEP2 is to internationalize the Vietnam HE system, to bring universities and the system's structure and governance closer to matching international standards. To be successful in this it is necessary for Vietnam to experience much more exposure to international experts and ideas and to be able to examine them and take lessons from them for adaptation to fit the needs of Vietnam. For this reason the HEP2 proposes significant engagement with international expertise in HE structures and governance to support the implementation of the proposals under component 1 for Capacity Building and further policy reform.

Lessons from HEP1 for Component 2 – Support to HEIs

[A detailed record and analysis of strengths and weakness of the QIGs and the system for administering them, together with recommendations which drew on the lessons learned for the design of TRIGs was

included in the DRAFT PFR, August 2005, and is also in the technical papers TP 1.4, 1.5 and 1.7 (see reference section). A summary is below]

In general there is agreement that the QIG program should be regarded as an imaginative and creatively designed program of competitive grants that has contributed significantly to enhancing the research, teaching and management capacity of Vietnam higher education. Major gains have been made in strengthening infrastructure in terms of computer networks and IT equipment, building up library collections and introducing computerised library management systems, and providing sophisticated modern scientific laboratory equipment to enhance teaching and research. The investment of over US\$83 million available under HEP1 has been a substantial addition to funding normally available to the sector. Government support to the sector has focussed on expanding capacity through expansion of numbers of institutions, but it has not generally had a focus on funding services development and quality improvement in existing institutions.

In addition the QIG program usefully sent clear signals to institutional management about the value of strategic planning and the importance of using survey and other data to update and adjust plans, and to monitor institutional performance. This reinforcement of the importance of strategic planning is particularly important as the sector moves to increased institutional autonomy and financial independence. On the other hand, strategic planning capabilities need to be further developed. In a number of cases, there appears to be some degree of confusion between setting objectives and specifying particular strategies to achieve these. In some cases, there appears to be failure to establish priorities between different desired ends, to link strategic planning closely and effectively with budgeting, and specify in plans the likely sources of income support to meet particular objectives.

However the funding has only been able to touch a very limited area of the range of needs in Vietnam universities, and has been concentrated on improving facilities and equipment. These are critically important for modernising teaching aids, and for improving the learning base for students. For example, libraries, laboratories and classrooms have been modernised with new computer equipment and other technical instrumentation. University administrations have been upgraded with new computing equipment that is essential for connectivity to the world through internet and for improving the efficiency and effectiveness of administrative support systems. A second phase of quality improvement is now required to capitalise on these gains. The second phase needs to concentrate more on the development of human resources, through developing the capacity for research, and improving the quality of teaching and learning.

Some of the difficulties experienced or weaknesses identified in HEP1 that can offer lessons for HEP2 include:

- *The distribution of grants were spread too widely and cumulatively were too small to support significant institutional development.* Too few HEIs obtained grants of sufficient size to be most effective in having the impact across the system that was desired. Some greater concentration will allow for more impact in at least some universities, giving them a better opportunity to bring standards closer to international comparability. At the same time, too heavy a concentration should be avoided, so that the variations in quality that already exists between institutions is not exacerbated. If the quality gap is allowed to widen further the students in the weaker institutions will be disproportionately disadvantaged, and this is most likely to disadvantage the poorest areas and students

more. A stratification of grants across existing institutions levels is suggested for TRIGS to overcome this problem.

- *The structure of QIGs with a three tier system* with small amounts for level 1 building to larger amounts was too resource intensive to develop and was overly complex and forced inefficient administrative procedures for approval and disbursement. A simpler approach to the grants is warranted, and an option for one larger grant so that institutions have more scope to implement them consistently over 3-4 years should promote more effective sub-projects.
- *Institutions of varying size, resources and capacity were all required to compete.* This disadvantaged smaller universities and those in economically disadvantaged regions. A new approach that levels the playing field so that institutions with similar characteristics can compete only against each other is indicated for TRIGS.
- *The institutions were not experienced in the preparation of proposals,* and the quality of projects, especially in the first year, was less than desirable. While some training was available it was neither sufficient nor effective in developing new skills in the preparation of complex funding proposals. More training and more focused training is indicated for TRIGs, particularly since proposals for research activities and human resource development are inherently more complex than proposals for equipment purchases, which made up the bulk of QIG grants.
- *Most HEIs found great difficulties in managing the complex WB procurement rules, especially when these were further complicated by complex approval and financial procedures in the Vietnam Government administrative methods.* More training in WB procurement will be necessary for TRIGs and improvements need to be developed to make the administrative systems more efficient and speedier. In particular there is a need for delegations supported by better prepared operating guidelines and more effective accountability systems for TRIG approvals and implementation arrangements.
- *The tiered structure combined with the complex approval and financial procedures caused lengthy delays in project implementation.* By the formal end of the project, in mid-2005, the bulk of the QIG funding had only just been allocated and expenditure was less than half. This meant that an extension of time was necessary, making the 6 year project a 7.5 year one, with disbursement of approximately half of the funds concentrated into the last 18 months of the 7.5 year project. A more efficient process for approvals and disbursement will be important for the effectiveness of TRIGs in HEP2.
- *In the early stages of HEP1 the operating guidelines and financial management procedures were not clear.* They were improved as staff became more experienced, but some institutions found discrepancies as various stakeholder parties and agencies did not speak with one voice. HEIs perceptions were that there was often contradictory advice from WB and MOET and ideas were not expressed clearly enough. This can be addressed with the benefit of experience with HEP1 by the more thorough preparation of a comprehensive operational manual, and action by MOET and the WB to develop more efficient processes in advance.
- *Universities were hampered in implementing QIGs by limits on their autonomy in professional decision making and institutional management.* All documents had to be

signed by MOET and universities had to seek pre-approval from MOET for the direction and content of their proposals before submission, an intermediary step that caused delays. While some vetting may be helpful to rule out proposals that may not comply with regulations, more efficient processes can be devised to reduce delays.

- *The WB restriction that funds could not be used to pay salaries of regular university staff caused difficulties in the implementation of grants.* This meant that most personnel connected with developing and drafting proposals, in grant applications and in project implementation worked on a part-time basis. A particular difficulty was experienced on project components on curriculum reform where outside local consultants had to be employed, often with inferior qualifications and expertise to regular teaching staff. In situations where professional development or capacity building of institutional (or Departmental) staff is involved, restrictions such as these hamper the effective implementation of sub-projects and create risks for the achievement of the project's objectives.

Lessons from HEP1 for the Project Management.

The HEP1 project was managed through a project coordination unit that had no executive or decision making authority. That management model and structure is contrary to all the accepted wisdom of best-practice management approaches. To avoid similar problems the HEP2 management must be a full 'management' unit, with rights to take key decisions. New management processes and authorities for delegation to ensure smooth implementation also need to be developed. The PCU was also somewhat under-resourced, which contributed to lengthy delays in processes. Better organizational structures and resourcing, and more appropriate administrative processes are the key lessons to be learned. In addition other observations can be instructive:

- *Many senior officials who participated in work of the PCU did so only on a part-time basis, and there was an overly high rate of staff turnover, that led to loss of skills and institutional memory.* This arises from a number of factors, some of which are difficult to solve on an individual basis. Relatively low pay for full-time Government positions and loss of access to potential for additional income supplements is a disincentive for talented bureaucrats or university staff to accept PCU management positions. WB restrictions on funds not being used for costs of Ministry line staff in these positions, and of the costs even being counted in counterpart contributions, has a similar inhibiting effects, as mentioned above for HEI staff. Being able to deploy the best talent available for these important managerial positions is a critical success factor for more effective project management.
- *The PCU operating funds were too limited.* Travel and other local expenses for members of PPU had to be covered by the universities concerned. Under-resourcing of project administrative is counterproductive to the achievement of outcomes.

Other issues relating to the assessment of proposals by the PAU also should be taken into account for HEP2.

- *While successful HEIs were generally satisfied with the approval processes, the unsuccessful ones were more critical.* Better communications will be needed to ensure adequate understanding of the processes and outcomes. The managers of the process

should be responsible for such communication as they have better information and understanding of the complexities involved in the making of finer judgments and distinctions about the competitiveness of projects.

- *Assessment of proposals was not seen to be always fair and transparent.* PAU members were not seen to be objective in their judgments by some proponents. Their assessments were seen to be too biased by personal views and institutional affiliation. Use of international specialists on the assessment panels, at least for the most complex proposals, is seen as a way to provide additional expertise with knowledge of international standards, and to offer perspectives with no potential for institutional bias.

Annex 7 – Indicative Cost Estimates

Table 1 –

Component 1: Capacity Building for Policy Development for HERA		\$2,493,566
1.1 - HE Organization, Structure and Governance:	\$1,523,198	
1.1.1- Governance and Structure at Central and institutional Level		202,191
1.1.2 - Policy Development (4 specific areas)		
(i) Credit Based Delivery System		199,676
(ii) Research in the HE Sector (at both system and institutional Level)		99,676
(iii) Policy and legal Framework for private Investment in HE Sector		99,676
(iv) Criteria for World-class University; and Roadmap for developing one in Vietnam		133,158
1.1.3 - Monitoring and Analysis for Policy Development		788,820
1.2 - Sector Funding	\$522,044	
1.2.1 - Public funding for HE Development and Quality		388,662
1.2.2 - Cost Recovery and Sharing, and Private Contributions		133,382
1.3 - Quality Assurance	\$448,324	
1.3.1- Quality Culture and Accreditation		266,560
1.3.2 Entrance Selection System		181,764
Component 2: HEIs Research and Teaching Development		\$111,476,000
2.1 - Capacity Building for HEIs	\$1,476,000	
2.1.1 - Development of TRIG Proposals; & TRIG Project Management		709,000
2.1.2 - Leadership and Management		383,500
2.1.3 - HEI Quality Assurance Plans		383,500
2.2 - Teaching and Research Grants (TRIGs)	\$110,000,000	
Window A - TRIGs		66,000,000
Window B - TRIGs		38,500,000
Window C - TRIGs		5,500,000
Component 3: Project Management and Monitoring		\$3,122,260
3.1 -Project Management and Monitoring		2,699,720
3.2 -Project Evaluation		422,540
Project total		\$120,000,000
[includes contingency]		

Table 2 - Project Funding Totals

Component	% of project	Gov Vn \$US eqv	Loan \$US	Total \$US
1: Capacity Building for Policy Development for HERA	2%	75,862	2,317,704	2,493,566
2: HEIs Research and Teaching Development	95.5%	10,300,000	101,476,000	111,476,000
3: Project Management and Monitoring	2.5%	7,340	3,136,840	3,122,260
TOTAL	100	10,383,202	106,930,544	120,000,000#

#Total – rounded, includes contingency

Table 3 - Financing plan

Source	Local	Foreign	Total
Borrower/Recipient	\$10,383,202		\$10,383,202
WB (IBRD/IDA)	\$3,811,000	\$104,271,544	\$108,082,544
Others			

Annex 8 – Financial Management and Procurement (Summary)

*The following is a summarized outline of the **principles** that will apply for financial management and procurement. Details of the procedures for implementing financial and procurement activities will be set out in the Project Operational Manual.*

General Principles:

Authorities:

MOET is to be the Implementing agency with full executive authority to implement and manage the project. MOET seeks the approval on the Prime Minister to grant in-principle approval for the design and commitments of the proposed HEP2 based on the PFR, and for the delegation to negotiate implementing agreements with the WB on behalf of the Government.

Under the Prime Minister’s Delegation the Minister for Education seeks authorities to:

- Approve expenditure in line with the negotiated agreements and in conformity with Government of Vietnam and/or World Bank financial management and procurement rules and guidelines
- Approve contracts for the provision of International Technical Assistance services, procurement of goods and equipment by international competitive bidding or by national shopping, and for the engagement of national consultants to support the implementation of the project
- Approve TRIGs to qualified universities and approve the associated TRIG Implementation Agreements (summary version)
- *Delegate his authorities* for the approval of expenditure, approval of TRIG Implementation Agreements, signature of final technical assistance contracts, and for the approval of national consultants to the Vice-Minister for Higher Education (as HEP2 national Director), and as his alternate, the Vice-Minister for Planning and Finance, MOET
- *Delegate to the National Director the authority to make further delegations* for the purposes of the most efficient administration
- *Delegate to universities*, under TRIG Implementation Agreements, the authorities for approval of expenditure and procurement that complies with purposes detailed in the TRIG Implementation Agreements.

Financial Management rules and procedures:

Financial management procedures will comply with the Government of Vietnam (Decree No). and the WB requirements. Wherever possible Government of Vietnam procedures will be used, but where a conflict or incompatibility occurs between the Government of Vietnam and the WB procedures, the WB rules will have precedence and be followed. The WB and the relevant representatives of the Government of Vietnam may elect to establish a joint agreement that harmonizes the financial management procedures. In the event of such a harmonization agreement the rules and procedures of the said agreement will prevail.

Under TRIG approvals, the universities will be deemed to be the ‘grant owners’ and will have authority to approve expenditure and undertake procurement that is in accordance with the prior approval of the TRIG Implementation Plan without further approval or oversight by MOET or MOF. The universities will report quarterly to the PMU for the use of the funds and the expenditure.

The MOET Departments implementing sub-components of Component 1 will report quarterly to the PMU on progress in capacity building activities and on the deployment and costs of counterpart staff working on the capacity building activities. The TA contractors providing technical assistance for capacity building will report quarterly to the PMU on activities and expenditure under the contracts.

The PMU will prepare a coordinated annual implementation plan that will estimate disbursement and expenditure. The plan will be reviewed each quarter by the PMU and the National Director and adjusted as appropriate, and reports will be made to the ME quarterly. Copies of the annual plan and the quarterly adjustments will be forwarded to MOF and MPI for information.

Procurement:

The WB rules and Procedures, (Version May 2004) will apply to all procurement, by the PMU on behalf of MOET, and by the universities administering TRIGS.

Establishment of the PMU

The Minister for Education shall establish the PMU and the associated Project Implementing arrangements as outlined in Annex 5.

Appointments:

The Minister for Education shall appoint

- the Vice-Minister for Higher Education as the National Director of HEP2
- The Director of the PMU
- The Director of Capacity Building for Component 1.1 (from the HED, MOET)
- The Director for Capacity Building for Component 1.2 (from Planning and Finance Department, MOET)
- The Director of Capacity Building for Component 1.3 (from Education Testing and Accreditation Department, MOET)

All other appointments of MOET counterpart staff or national consultants shall be approved by the National Director for HEP2.

All Director’s and Deputy Directors so appointed to HEP2 implementing positions shall report to the Vice-Minister for Higher Education in respect of their duties for implementing HEP2.

Roles and authorities of the PMU

The PMU will have primary carriage of administration, financial management and procurement for the implementation of all three components of the HEP2. It will have direct responsibility for all administration for the approval, disbursement and accountability for the Components 2 and 3 and will assist the three MOET departments that have implementing responsibility for Component 1. In particular the PMU will:

- Employ such staff as are appropriate to support the implementation of the Project within the limits of the cost estimates agreed for Project Management
- Undertake all procurement actions for all three components
- Assume all financial management responsibilities and accountabilities and undertake all project ongoing monitoring activities
- Maintain all project implementation records (including copies of records established by the MOET implementing Departments for component 1)
- Assume responsibility for the coordination of project reporting to the Minister for Education, the WB and to MPI and the Office of Government as may be required under agreements. This includes quarterly financial reports and other project implementation and monitoring reports as may be agreed.
- If necessary, establish with MPI and MOF a Financial Management and Approvals Protocol for both TRIGs and TA Contracts that allows for expedited processing of recommended funding designed to facilitate the most efficient project implementation.

Approval Processes for Procurement and Financial Management:

Approval processes for the TRIGs will be as set out in the diagram in Annex 4. This includes:

- The PMU, in association with related MOET Departments, will assess strategic plans and determine eligibility of Window B universities to apply for TRIGs
- The PMU will provide processing services via a secretariat for the TRIG Assessment Units to undertake the formal assessment of TRIG proposals. TRIG Assessment Units will make recommendations on grants, and the PMU will process the recommendations and forward them to the Vice-Minister for HE (acting as the National Director) for provisional endorsement
- Provisional endorsements will be notified by the PMU to successful universities, who shall proceed to prepare full details for TRIG Implementation Agreements, including a Financial Management and a Procurement plan
- The PMU will prepare the formal TRIG Approval papers. The PMU will receive the TRIG Implementation Plans (incorporating the Financial and Procurement Plans) from universities – the PMU will review the contents for compliance with the endorsed TRIG proposal, and will consult the P&F Dept for comments on the appropriateness of the Financial Management and Procurement Plans.
- TRIG Approval papers will then be forwarded by the PMU to the Minister for Education for final approval. These will include a summary of the TRIG Implementation Plan which advises the limits of expenditure and procurement for the TRIG. The Minister will sign the formal approval document, and an Implementation summary with expenditure limits.
- On approval the PMU will notify the successful universities. Successful universities will then negotiate the detailed TRIG Implementation Plans (within the approval limits agreed by the Minister). The Director of the PMU will have the delegation (from the national Director) to sign the final TRIG Implementation Agreements.

Approval processes for procurement for TA contracts and other procurement by QCBS, ICB, NCB for national consultants and local shopping shall be as follows (summary):

- Procurement will be in accordance with WB guidelines in respect to levels of expenditure, except that where the PFR specifies the use of international selection by QCBS for technical assistance purposes, the PFR specification will take precedence without regard to the levels of potential contracts.
- The PMU will undertake all this procurement for TA contracts and other specific purchases for project operating purposes (except for procurement under TRIGs, which will be the responsibility of the approved university).
- The PMU will prepare all procurement documentation and will establish Tender Assessment Panels (TAPs). These will have representatives from relevant MOET Implementing Departments, and where appropriate for TA contracts, the PMU may invite third-party representatives from universities or other national agencies to sit as TAP members. TAPs will have a minimum of three and a maximum of five panel members. The Director of the PMU will chair all TAPs.
- TAPs will make recommendations for the award of contracts. The PMU will forward recommendations to the National Director for provisional endorsement of contracts.
- On provisional endorsement the PMU will prepare formal contract award papers, and forward them to the ME for formal approval. This formal approval shall include a summary of the details of the services to be approved and the limits on expenditure, and a delegation instrument to be signed by the ME authorizing the National Director to sign final contracts after negotiation.
- On approval of contract awards by the ME the PMU will negotiate detailed contracts and forward the final contracts for signature by the National Director.

The PMU will thereafter supervise the implementation of the contracts by contractors.

Funds Management and Bank Accounts

The PMU will establish and maintain at least three bank accounts:

- (1) *Project Account for receiving WB funds*: An Account in USD shall be opened with a Bank to be agreed with the SBV to receive Project funds transferred from the WB under the MOU signed between the Government of Vietnam and the WB.
- (2) *Current Account*: the PMU can open 1 current account in VND. This account is to be used for deposits of amounts received during procurement for guarantees, deposits or returns of funds.
- (3) *Account for Government counterpart funds*: This shall be a VND account to hold the funds paid from the State Budget for counterpart funds to cover Government contributions as agreed under the MOU.

Operating of these accounts shall be managed by the PMU under requirements of the relevant Government of Vietnam regulations and decrees. The PMU will be responsible for processing all payments for disbursement using procedures approved in advance by the P&F Department. The payments must be approved and transfers be authorized by at least two persons, an approval

officer and an authorizing officer. The positions to be delegated to exercise these authorities will be agreed between the PMU and the P&F Department and will then be appointed by the National Director. The PMU accounts must be annually audited by an independent auditing firm which will be selected via competitive bidding using national shopping.

Financial Management and Procurement by universities approved to implement TRIGs

Each university will establish a TRIG Implementation Unit (TIU). These units will include as a minimum a University Project Director (UPD), a financial manager, a procurement manager and a monitoring and evaluation coordinator as part of the management team. Other professional and technical staff will be appointed by the university according to the needs of the project. The TIU staff will liaise with the PMU and cooperate in the on-going management of the TRIG sub-project.

The TIU shall establish a separate bank account in USD to hold all Donor funds from the Project paid from the PMU, and a second special account in VND to hold counterpart funds contributed by the university and/or other possible contributors or sources as detailed in the TRIG implementation Agreement. The financial management procedures to be used by the university will follow Government of Vietnam Decree No and will be detailed in the TRIG Implementation Agreement. Procurement under the TRIG will be in accordance with the WB guidelines (Version May 2004) and will also be detailed in the TRIG implementation Agreement.

The TIUs will maintain all project implementation and financial records, and will make quarterly reports on implementation progress and expenditure to the PMU. Quarterly reports will be in a standard format (using a database or excel spreadsheets) to be designed by the PMU and agreed by the WB.

[Further details for financial management and procurement will be set out in the project Operational Manual].

Annex 9 –Roles of the Government and Loan Conditions

The Government of Vietnam will be responsible for the effective implementation of the project. The MPI will be the Executing Agency, and the MOET will be the Implementing Agency.

Budget Contributions

The Government will be responsible for providing its agreed contribution to the total project estimates from the National Budget, which shall be drawn primarily from the line budgets of the MOET, and from the operating budgets of HEIs that receive grants that involve an institutional contribution. The Government provision may be in-kind or through the supplementary payments to staff who undertake work on the project that is additional to their normal duties. This may include participation in the Project Management Unit and in the Capacity Building action-learning groups, and through the provision of agreed facilities, office accommodation and other operating consumables and items as agreed. Any in-kind contribution shall be identified and quantified through conversion into notional cash values, which will be integrated into the project financial accountability reporting system, and recorded in monetary values each quarterly report.

Advisory Committee

As the Implementing Agency MOET will have full authority in executive decision making for the Project. To support MOET, the Government will establish a high-level Advisory Committee, which shall be both multi-disciplinary and Inter-Ministerial to advise on the implementation of the project and to represent the views and interests of the various ministries and other groups which are stakeholders. The Advisory Committee should not have an executive role. The Steering committee shall be chaired by the Executing Authority (MPI) and shall include membership from MOET, MOST, MoF, MARD and individuals drawn from key Industries, and respected academics. The individuals should be independent nominees, selected for their personal attainments in science and technological disciplines, and for personal knowledge and experience in key commercial exporting and industrial production in Vietnam. They should be independent members appointed by the Minister for Education, and will not be representatives of their employing organizations (including if their employers are government agencies). The Advisory Committee shall not exceed ten members.

Responsibilities of the Government

Responsibilities of the Government in relation to the Project management will include:

- Establishing and maintaining the Project Management Unit based on an agreed structure and staffing and provide the office accommodation, facilities, utilities, equipment and consumables.
- Appointing a full-time Director PMU and three full-time Deputy Directors, and maintain the staffing of the positions for the duration of the project.
- Recruiting national personnel to ‘open’ positions based on a merit selection process including open competitive advertising and merit selection criteria to be established and agreed with the Bank. These open positions may be filled by internal MOET staff or external applicants.
- Undertaking the procurement and appoint the agreed key international advisers to support the initial 12 months of project establishment and the refinement of management, procurement and financial systems; and the proposed international specialist in

development and management of research grants. The cost of these positions shall be drawn 100% from the donor contributions.

- Establishing and maintaining the TRIG Assessment Panels; this will include appointment (by the National Director) of the members, including the international expert members in the key disciplinary areas, and the provision of a secretariat to the Assessment Panels
- Manage the procurement for the independent organization to undertake the design and conduct of the Impact Evaluation plan (as a research project). The costs of the Impact Evaluation activities and the services of the TA contractor shall be met from the loan funds.

Loan Conditions and Covenants

Conditions of Effectiveness: An Operational Procedures Manual for the Implementation of the Project, acceptable to the Bank, must be completed prior to project effectiveness.

Covenants: Other critical success factors for good practice in project management must also be agreed and established before the first tranche of payments are paid. These are:

- The establishment of the Project Management Unit based on an agreed structure and staffing and with adequate accommodation and equipment
- Appointment of the full-time Director and Deputy Directors of the PMU
- The development of a recruitment plan for PMU staffing, including the procurement for agreed international advisers to support the initial period of project establishment; and the international specialist in development and management of research grants
- The establishment of a Financial Management and Approvals Protocol for both TRIGs and TA Contracts that allows for expedited processing of recommended funding and which does not unduly hold up project implementation.
- The establishment of the TRIG Assessment Panels, and the appointment of the independent members, including the international expert members in the key disciplinary areas
- The commencement of the separate procurement for the independent TA Contractor to support the design and conduct of the M&E plan (as a research project).

The maintenance of continuous good management practice must be demonstrated at each WB Implementation Supervision Mission to trigger the subsequent tranche payments. This will include:

- Implementation of the project in accordance with the Operational Procedures Manual
- Allocation of funds for TRIGs in accordance with the selection and assessment criteria and the guidelines governing grants, and the maintenance of a timely approvals process
- Allocation of the funds for Capacity Building in accordance with the WB QCBS procurement guidelines, or the special conditions as agreed, engagement and continuing use of the international TA expertise and maintenance of the timetable for implementation of the component activities.

- Adherence to the implementation of the Monitoring Plan and the Impact Evaluation Plan
- Adherence of the WB financial management requirements and maintenance of a satisfactory financial reporting regime
- Meeting of the KPIs in the performance agreements for the results-based disbursement approach; and
- Continuous provision of appropriate numbers of qualified MOET counterpart staff to participate fully in the action–learning working groups which are an integral part of the skill transfer strategy of the part of the Capacity Building activities.

Annex 10: Economic Analysis, Financial Analysis and Social Assessment

Economic Analysis. The economic (cost-benefit) analysis of the project is meant to assist GOV, the Bank and other stakeholders to decide whether or not the funds invested under the project are justifiable in the light of the opportunity cost of capital, as reflected in alternative uses of the same funds (e.g., a different education project or investments in a different sector of the economy). As with any cost-benefit analysis, this assessment involves, first, a costing of the project, which includes both the up-front investment costs (the purchase of equipment, training, and civil works, if any) and the additional recurrent costs that flow from these investments (for example, the additional maintenance costs associated with the new equipment and civil works, any higher salaries associated with the training under the project of GOV staff, and the interest repayments on the borrowed funds). Second, and usually more difficult, is to *identify* and, to the extent possible, *quantify in monetary terms* the social benefits that flow from the project. Because some of the costs and nearly all of the benefits occur, not at the time of the decision to proceed (or not proceed) with the project, but in the future (even 20-30 years in the future), a discount rate is applied to all future monetary flows.¹

The analysis prepared by the PPU's economic team identified three main categories of (potential) benefits expected from HEP-2 and, in the end, tried to quantify two of the three. The first is the *increase in future salaries* (as a proxy for the increase in social productivity) of university graduates who will benefit from the improved quality of university training brought about by the project.² To quantify this benefit, the economic team assumed that graduates from Tier 1 (that is, Window A) universities who will benefit from the project will receive an additional 1.5 months of salary per year as a result of the project. Similarly, it was assumed that Window B beneficiaries would receive an additional one month's salary per year, and Window C beneficiaries just one-half month's salary per year.

The second benefit category quantified in the analysis was the *returns to research and development (R&D)* brought about by the project. The team looked at a recent (World Bank) comparative study, covering a number of developed and developing countries, that suggests that returns to investments in R&D are high in general and higher in poorer countries than in richer countries. The average rate of return to R&D investments in OECD countries was found to be 20%-40%, whereas the average rate in a group of much poorer countries, which included Vietnam, was found to be 100%. The PPU team assumed (quite conservatively) that the returns to R&D research conducted in Vietnamese universities would be lower than the national average, because the research done in universities would tend to be less applied than the research done in

¹ This is because VND 1 million received or paid out *one* year from today is worth less today than VND 1 million received or paid out immediately, VND 1 million *two* year's from today is worth even less, and so on.

² The analysis assumes that the number of such beneficiaries will be a number smaller than all future graduates from these universities because: (1) not all of the academic programs in the beneficiary universities will receive funding under TRIGs and, therefore, benefit from the project (the team assumed that just 20% of students will study in faculties/departments benefiting from TRIGs), (2) not all graduates from these faculties/department will then participate in the labor force and find employment (the team used the average employment rate of university graduates to discount the number), and (3) the impact of the project on graduates is assumed to last only over the period of the project and not to continue beyond the close of the project – a quite conservative assumption, since it is possible that the improved teaching and learning brought about by the project will continue after the last of the investments is in place (even if the impact diminishes gradually over time, in the absence of similar investments in the future).

Vietnam's commercial sectors, and perhaps because the average quality of the research would tend to be less good. The team assumed that the average rate of return to R&D investments in Window A universities would be 75%, and that this rate would decline to 55% in Window B HEIs and 35% in Window C HEIs.

A third benefit category, while it is discussed in the economic analysis of HEP-2 done by the PPU team, has not been quantified. This benefit category refers to *savings in the cost of university training* that may result from the improvements in quality which, in turn, should result in better flow-through efficiency (lower student repetition and dropout rates). The decision not to quantify this category of benefits³ reflects some uncertainty as to whether the project would actually lead to lower unit costs in higher education, *or just the reverse*. It could be argued that the increased rigor of studying in a higher quality education system will cause more students to drop out and will, in fact, actually *increase* the average number of student-years required to produce one additional graduate. Given the uncertainty about the direction of this effect (i.e., whether it will subtract from or add to the cost of delivering higher education), it was decided to mention it as a *possible benefit of the project* but not to try to quantify it. The text of the economic analysis also includes mention of other possible benefits stemming from the project (e.g., improved health and basic education outcomes brought about by better graduates in these areas, yet not captured in graduate earnings; and possible “spill-over” effects on the quality of training and research – from the faculties, departments and universities receiving TRIGs, to *other* faculties, department and universities). However, as with cost savings, there was no attempt to quantify these benefits.

Taking into account all of the quantified (or “priced”) benefits and costs of the project, the team then applied a 10% discount rate⁴ to compute the project's *net present value* (NPV), i.e., the sum of the discounted value of project benefits less the sum of the discounted value of project costs. The figure that emerged from this analysis was USD 223 million, which suggests that HEP-2 is a very good investment for the country.

An alternative way of arriving at the same investment decision is to compute the project's internal economic rate of return (IERR). The IERR is based simply on the measured economic benefits and measured economic costs of the project, without reference to the opportunity cost of capital. In this case, the team came up with an IERR of 32%. The decision, then, on whether or not to undertake the project requires a comparison of the internal economic rate of return with the external opportunity cost of capital – the market interest rate (or discount rate) which, in this case, we took to be 10%. Having an IERR that is higher than the discount rate is equivalent to having an NPR that is greater than zero.

A good economic analysis, however, goes beyond the reporting of a single NPV or a single IERR. That number always depends on the assumptions used to measure the economic costs and (in particular) the economic benefits of the project. In this case, the PPU team decided to look at four alternative “scenarios” (or sets of assumptions) and to compare these with the “base case”

³ Cost savings have been quantified in the economic justification of other education projects financed by the Bank, including HEP1, but wherever cost savings have been included in the economic analysis, the impact on the “bottom line” (the rate of return) has usually been quite small relative to the impact of the increased earnings of graduates.

⁴ The discount rate is a measure of the opportunity cost of capital. It is possible to use a higher or lower rate in discounting future benefits and costs, but 10% is a very standard rate used in evaluating projects in countries at the level of development of Vietnam.

scenario. The results of the sensitivity analysis are presented in the following table. While more conservative assumptions lead obviously to lower NPV and IERR estimates, the analysis lends confidence to the decision to proceed with HEP-2. The assessed high value of the project is found to be robust. None of the five scenarios results in an IERR lower than 18%.

Scenario	Variation on base case	IERR
Base case	None	32%
Alternative 1	Returns to R&D research reduced by half A: 75% → 38% B: 55% → 28% C: 35% → 18%	25%
Alternative 2	Zero returns to R&D research	18%
Alternative 3	Increase in graduate earnings reduced A: 1.5 months → 1 month B: 1 month → 0.5 month C: 0.5 month → 0.25 month	27%
Alternative 4	Variations in Alternative 1 and 3 combined <ul style="list-style-type: none"> • Returns to R&D research reduced by half • Increase in graduate earnings reduced 	20%

The Bank and PPU researchers worked together during this mission to introduce some small adjustments in the base case and alternative scenarios. The final analysis is reflected in the table, above. Depending on the feedback received from GOV (especially, MOET, MOST, MPI, MOF and SBV), and pending possible changes in the proportions of project funds that will be allocated to different components and sub-components (which changes should not be difficult to incorporate into the analysis), this section is considered ready for the PAD and the PFR.

Financial Analysis. The financial analysis is intended to answer the question of whether financing from all sources (GOV; the Bank and other donors; and education institutions from their own revenues, including tuition fees and other “user charges”) will be adequate to cover the full costs of the project – both the *investment costs* (i.e., the costs of the project *per se*) plus any *additional recurrent costs* implied by the project (both during the period of project implementation and then after the project closes).

Ideally, however, the financial analysis of a (higher) education project will go beyond this *first question* (which is really just a question of whether the investments put in place under the project can be afforded and then be sustained – a somewhat narrow question given that the project is embedded within an entire system of education) and will look at the broader issue of medium- to long-term affordability of the (higher) education sector as a whole. To answer the *second, much broader question* requires looking not just at the fiscal (i.e., government) and institutional costs of

the sector, but at the *full costs* of education, and at the extent to which all of the private costs⁵ pose a major burden for some students, and act as an absolute barrier for other students, who end up dropping out of education even though they could benefit (and society could benefit) from their continuing to the next level. In this broader context, the financial analysis of the education sector goes beyond the questions of *affordability and sustainability* of the educational delivery system and becomes also a question of *social equity*.

The analysis suggests that the financial costs of HEP-2 are easily affordable, especially given the likelihood that cheap IDA funds will be made available from the Bank. While this level of analysis is all that is required to meet the requirements of the PFR and the WB future documentation, it is useful to extend the analysis to pursue aspects of the broader question. Some of this work, on GOV's *pricing policy for higher education*, will be conducted as project preparation continues and then also under Component 1 of the project itself. This initiative will complement the efforts currently underway to raise tuition fees in public HEIs (and relax the regulations governing fees in non-public HEIs) as a way of financing further quality improvements and quantitative expansion of the higher education sector.

It seems reasonable to ask private individuals to shoulder a larger share of the full costs of higher education, given that access to places at this level is still quite limited in Vietnam, and given that ethnic minority individuals, those from poor families, and those living in remote rural areas of the country are clearly underrepresented in study programs at this level. To say, however, that university students can, *on average*, afford to pay a higher proportion of the full costs of higher education is not to say that the private costs of higher education are not already so high as to bar some students from participating at this level (as stated above). The GOV's work on higher education financing policy will look at the possibility of *raising the average private costs of university education* while, at the same time, *providing poor students who qualify for university entrance with subsidies sufficiently generous to ensure their attendance*. The idea of combining higher average tuition fees with tuition waivers and tuition reductions for poor students (which amounts to a policy of *differential pricing*) is a sensitive matter and not without political opposition, but it is an idea that Vietnam should now consider as a way of addressing both quality and equity issues in higher education, since doing so will help to ensure Vietnam's successful competition in the global economy in the future.

There is now a considerable body of international evidence on the effects of tuition fees and student financial aid (including fee waivers, scholarships, grants, student loans and other forms of subsidy) on access to higher education (available from the WB). This body of literature is recommended to be carefully considered during the development work to be done on sector financing under Component 1.2.

Social Assessment. The objective of the social assessment is "to assist the project's responsiveness to social development concerns, enhance inclusion and build ownership of positive reforms across the higher education sector in Vietnam." A key findings of the assessment is the extent to which social mobility exists in Vietnam. Analysis reveals that it is possible for someone from a poor background and with few connections to get ahead and "make a significant contribution to society." This positive finding, while true to an extent, should not be

⁵ The private costs of education include, not just the *direct costs* (e.g., tuition fees and other user charges, or the incidental costs related to participation in education, such as a student's transportation between home and school), but also the opportunity costs of a student's time (as measured by foregone earnings).

overstated. The latest Vietnam Household Living Standards Survey (VHLSS) shows that the likelihood of an individual from Vietnam's bottom income quintile achieving access to higher education in Vietnam is still very much lower than it is for individuals from higher income groups. Nevertheless, as the overall percentage of the national age group attending university education has increased, so has the attendance of poor individuals. The challenges for Vietnam will be:

- to increase access and improve quality at lower levels of the education system so that more poor children complete upper secondary education, which is, of course, a prerequisite for attending university education, and
- while raising the overall share of higher education costs covered by private contributions (tuition fees) as opposed to GOV budget, putting in place, at the same time, differential pricing (by the use of needs-based scholarships) to ensure that qualified candidates from poor families will not be barred from entering university courses because they cannot meet the private costs.

The social assessment also looks specifically at differences in access to higher education across Vietnam's ethnic groups and by gender. It finds that those from ethnic minority groups are significantly less likely to gain university access, whereas the differences between men and women, while still statistically observable, are fairly small and are declining. Women in universities in Windows A and B now make up 43%-44% of total enrollments (more in some fields and less in others). Women make up a majority (54%) of students in HEIs in Window C, but this is explained by the fact that this group of HEIs includes several provincial colleges, many of which focus on teacher training, and women outnumber men as basic education teachers in Vietnam.

The design of HEP-2 includes the segmentation of HEIs into the three "windows," A, B and C. The concentration of project institutional grant funds (TRIGs) going to Window A HEIs (the allocation to the 14 Key Universities is 65%) will tend to reinforce existing social stratification, since the "best" university students (i.e., those scoring highest on the university entrance examinations), who inevitably come from families in the upper income brackets, will continue to attend these top-tier HEIs in disproportionate numbers. On the other hand, the creation of "windows" (a concept that did not exist in HEP1) allows for separate competition within each of the three groups, which means that HEIs in Window C, which would have had little chance of receiving grants in a fully open competition, will also have access to some funding through TRIGs (which, in the case of Window C HEIs, can be expected to focus on the quality of training and not on innovative research).

Analysis of the distribution of HEP-2's benefit impact shows that the rough per-student allocation of TRIG funds would be approximately \$128 for Window A, \$95 for window B and \$200 in Windows C. This result is calculated on the basis of the recommended distribution of funds across Windows A, B and C in the ratio of 60:35:5; and that all of the Window A universities will receive some development funding averaging around \$4-5 million; that approximately 20-25 window B universities are expected to eventually receive TRIGs averaging \$US1.0-1.5 million across the window; and that Window C universities would include only five universities in the designated disadvantaged provinces, receiving an average of \$1 million each.

Annex 11 – Risk Matrix

[Rating: H = High; M = Medium; L = Low]

Risk	R	Mitigation Measures
Risk of misuse of funding due to weak financial management capacity in HEIs and opportunities for inappropriate allocations.	H	The Government is committed to a rigorous auditing process. The WB will offer enhanced training in financial management and will co-sponsor regular reviews of the system.
Education Management Capacity Building in central agencies may not be fully effective due to low absorptive capacity and high rates of staff turn-over	H	Conditions of Loan will mandate regular monitoring of adequate staff deployment and priority of staff time dedicated to HEP2 CB participation. The active use of international expertise will offer additional support to keep the focus on activities. Government resources will be supplemented by use of national consultants.
Education Management Capacity Building in central agencies and HEIs may not be fully effective due to Government of Vietnam decisions to reduce or render inactive the proposal for necessary technical assistance from international expertise, due to reluctance to use loan funds for foreign personnel and the unavailability of supplementary grant funds from other donors	H	The WB will monitor compliance with the agreed funding levels and take-up of international support. International expertise is deemed necessary to give MOET necessary exposure to the international systems and standards that the project aims to develop in Vietnam.
HEI Management Capacity Building may not be fully absorbed due to staff shortfalls and absorptive capacity and to resistance of staff to new management environment.	H	Conditions of TRIG contracts will mandate regular monitoring of adequate staff deployment and priority of staff time dedicated to HEP2 CB participation. HEIs will be able to include staff time in the quantum of their contribution to TRIGs, providing an incentive to maintain the commitment. HEI resources will be able to be supplemented by use of national consultants where appropriate.
HEIs capacity to develop quality proposals with adequate estimates and outcome based milestones may be limited	M	Training in proposal development will be provided via seminars and intensive practical workshops that will provide templates and support the detailed work in proposal development. Attendance at training workshops will be mandatory before proposals can be submitted.
The selection of TRIGs may be inadequately performed, with failures of transparency, due process and adherence to selection criteria	M	The PANELS will have detailed criteria and assessment procedures and protocols to avoid individual conflicts of interests. International experts on PANELS will add objectivity based on no links to institutions and add depth of expertise to the technical assessments. Regular monitoring will highlight problems in time to take remedial action.

<p>The HE sector governance and policy reforms may not be supportive of the full introduction of an autonomous operating environment for HEIs, due to resistance to the concepts and administration changes.</p>	<p>H</p>	<p>The CB program for Government Agencies will give the highest priority to supporting effective transformation of the sector governance and policy. International expertise will add exposure to greater knowledge and understanding about the benefits to the system to be gained from the reforms.</p>
<p>HEI autonomy may lead to a decline in quality due to a lack of effective management capacity, weaknesses in leadership and lack of incentives to implement Quality Assurance changes.</p>	<p>M</p>	<p>The establishment of a more effective systemic policy on QA will support improvements in quality, and the CB for HEIs includes a separate focus (component 2.1.3) on support to implement the QA systems effectively. Regular monitoring will highlight problems in progress in time to take remedial action.</p>
<p>Improved systemic student learning outcomes may not be achieved due to limitations on curriculum and delivery systems reforms.</p>	<p>M</p>	<p>Priority will be given in TRIGs to support reform of curriculum systems and the revitalization of academic pedagogy to improve learning environments. The establishment of such special programs will include mandatory proposals for effective ways to disseminate new knowledge to the sector.</p>
<p>System research capacity may not be improved due to lack of focus on training for research skills and lack of incentives in HEIs for improved research activity and research-linked teaching content.</p>	<p>M</p>	<p>TRIG selection criteria will include a system of scoring to support weighting for proposals that offer effective research capacity building approaches.</p>

Annex 12– Monitoring and Evaluation and Key Performance Indicators

The Project monitoring will be undertaken by the PMU. A monitoring and Evaluation manager will be appointed. The M&E manager will work closely with all other PMU managers and all TA contractors to develop a monitoring plan and then to oversight its implementation. The contractor for the Impact Evaluation will assist the M&E manager to develop the monitoring plan, in order to ensure that there is consistency in the agreed monitoring information to be collected on a regular basis during the project. The monitoring data will be made available to the impact evaluation team, as necessary.

The Impact Evaluation sub-Project will be managed by an independent organization, which will be tasked to work closely with the PMU and MOET to both develop the Evaluation Plan and to implement it. The process should also include a significant element of Capacity Building, using a similar action-learning process as set out above for other components, to ensure that identified staff of a selected HEI (university faculty or Research Institute), and the staff of MOET and the PMU, obtain the benefits of skill-transfer in the techniques of program evaluation.

To achieve these objectives for the Evaluation Plan and the associated Capacity Building, the development and oversight of the Evaluation plan should be *contracted under QCBS to an international organization*, either a firm or HEI with expertise in program evaluation, and the organization should be required in the TOR to form an association with a Vietnamese firm, or with an appropriate Institute with capability in Social Sciences, to undertake the research work involved, under guidance from the managing contractor.

To undertake the evaluation the procurement of the organization to manage M&E must be completed before the commencement of the project activities under Components 1 & 2, in order to establish agreement on the Key Performance Indicators, the Outcome Indicators, the causal link chain, and to develop necessary baseline data collections for an effective impact evaluation study.

Impact evaluations measure the change in outcomes that can be attributed to a project. They use regular monitoring data designed to measure key performance areas as information for assessments on progress and results. This data is supplemented by information from special collections designed to compare results from an intervention with what happens in similar situations where the intervention is not available, or other information gathered on specific aspects of a program. It is essential therefore that the monitoring data systems and the special impact evaluation data collections are coordinated and integrated to ensure both consistency, validity and to maximise efficiency of processes in the project.

Impact evaluations, by their nature are more complex in design and techniques, and can be more costly than other forms of evaluation. However they are useful in verifying the causal links between input and outcome, and the offer better information to support the sustainability of the outcomes by the country over the years after the completion of the funding project.

Key Performance Indicators

The issue of selecting appropriate KPIs is a difficult one for HEP2 because it is a multi-faceted design. The intention is to seek meaningful ways to measure both the achievement of outcomes, **and** to measure the longer term impact of outcomes. This means it will be necessary

to develop a reasonably complex evaluation plan, and to ensure that the data required for outcomes and impact evaluation are integrated and collected with data integrity. Measurement of outcomes and impact from research activity is still an area of developing techniques in advanced economies and it will be particularly difficult in Vietnam in the context of an inadequate basic data system to support baseline data. These matters require a particular expertise, and hence the design includes that an expert organisation be contracted to undertake the exercise (as outlined above).

Without pre-empting the refinements that such a TA contractor might make, at this stage of the Project preparation, this PFR offers some initial thoughts on a range of KPIs that might be considered. They are offered for debate, and in order to allow further investigation to ascertain what data is required to inform them and whether it is available in the Vietnam HE sector. It is expected that much of it will need to be developed as part of the work under component 1.1.3 and the evaluation contractor will be required to work closely with the TA contractors implementing the Component 1 Capacity Building. The contractors undertaking component 1.1.3 will refine the *system performance indicators*, and the evaluation contractor will refine the *Project performance indicators*. In practice it is expected they would work together to refine both set of indicators.

KPIs need to be considered at several levels:

System performance – this will seek to measure the extent of change and improvement in the system and to understand to what extent they were caused by the HEP2 interventions. Establishing and using system Performance Indicators is in itself a basic output of the interventions (under component 1.1.3), as they become the basis for planning for ongoing systemic development and continuous improvement.

Project Performance – this will seek to measure the achievement of the objectives of the project activities as a whole, and may include recording satisfactory completion and outputs.

Component Performance (or sub-program performance) – documenting and measuring the achievement of outputs and outcomes at the level of the *Capacity Building programs* for the Government to measure change in education management (Component 1), change in HEI management (component 2), and change in *research, teaching and learning practice* achieved through the TRIGs as a whole (Component 2).

Individual sub-component and activity performance – documenting and recording the achievement of outputs and outcomes at each level of activity, on an ongoing basis.

KPIs may also be grouped as measurements against inputs, processes, outputs and outcomes. At this stage they are not so grouped, in favour of first identifying the most appropriate indicators against the above headings. The final list may be so grouped within the above grouping.

The following is an initial ‘long-list’ of potential KPIs at each level:

System Performance:

Key KPIs - that the basic data system be designed to collect, on an annual basis data to cover the following six categories. These six categories are common to international HE systems, and are recommended to ensure the possibility of international comparisons [Refer to Technical Paper (TP 2.4) in the References Section (below)]:

- *academic effectiveness indicators* (particularly retention rates after first year and course completion rates)
- *access indicators* (particularly the percentage of school leavers accessing university, and the percentage of targeted groups such as women and the disadvantaged gaining university entrance)
- *cost efficiency indicators* (including workloads, student-staff ratios, and cost per student)
- *research output indicators* (such as number of publications, number and value of grants and consultancies, and number of successful doctoral students)
- *student/graduate satisfaction indicators* (with the quality of the programs, the quality of the teaching, the level of resources, and so on); and
- *employment outcomes indicators* (the number and percentage of graduates in full-time and part-time work, or in further study).

Project Performance

- the new HEMPIS provides annual reporting (after 2011) against the system KPIs so that information is not more than one year old on a continuous basis
- Key KPIs are available in a form that allows valid comparisons across the system and internationally
- There is a governance framework for autonomy, and autonomous practice in at least the key universities by 2011;
- A new VUQA is established , and a new system QA framework is in place and operating by 2011
- There is evidence of effective collaborative activities in research between teaching faculties and Research Institutes –both within HEIs and across HEIs - this may include actual mergers or other forms of collaboration to improve teaching and learning. No of such collaborations to increase by at least 10.
- Evidence of effective research collaboration between Vietnamese universities and international partners in any scientific research projects. No of such collaborations to increase by at least 2. Evidence that collaborations have had an element of technology transfer and improved Vietnamese capability in scientific research.
- No of staff l publications in professional journals has increased by a factor of 10
- No of Vietnamese patented inventions from HEI personnel rises by a factor of 5
- Private investment in HE (other than fee income) has increased by a factor of 10 by 2012

Research and Postgraduate indicators

- Number of scientific publications both in Vietnam and in international journals, or ratio of publications to FTE teaching staff
- External research income, or ratio of external research income to government research income
- Number of external research contracts, or ratio of external research grants to FTE
- Total funds allocated by HEIs to support research projects
- Number of staff involved in collaborative projects with research institutes or industry
- Number of international collaboration projects
- Numbers of PhD degree completions
- Graduate destinations of PhD graduates, or percentage of PhD graduates in relevant profession employment six months after graduation.

Teaching Improvement Indicators

- Percentage of teaching staff with PhD degrees
- Percentage of academic staff that undertook training in teaching methodologies (perhaps set minimum periods to count)
- Percentage of staff whose teaching performance was formally assessed and reported on
- Total funds allocated as incentives to encourage research-led teaching
- Percentage of teaching hours delivered through credit based study programs
- Percentage of study programs substantially revised in the previous year
- Percentages of students who complete their courses in minimum times, or average number of years to complete undergraduate degrees.
- Percentages of previous years graduates obtaining employment (or enrolling in postgraduate course) within six months of course completion.

Sub-Component and Activity performance:

NB: the details of each activity as set out above in Annexes 1, 2 and 4, includes suggested monitoring milestones and KPIs for each activity.

References - and Documents in the Project File

(I) – Technical Papers (TP) prepared specifically for HEP2 PPU (Unpublished)

Volume I – Developing Research Capacity and Enhancing Teaching and Learning

TP No 1.1 – Harman, Kay, *Building Research Capacity and Strengthening Research and Development in Developing Countries*, 22 June 2005

TP No 1.2 - Harman, Kay, *Strengthening the Links between Teaching, Learning and Research in Higher Education*, 22 June 2005.

TP No 1.3 – Harman, Grant, *University Research Roles and Knowledge-Led Economies*, 27 June 2005.

TP No 1.4 – Harman, Kay, *Summary Feedback on HEP1 QIGs and HEP2 TRIGs: From Interviews carried out in Hanoi, Ho Chi Minh City, Da Nang and Hue, 24 May-2 June 2005*, 22 June 2005

TP No 1.5 – Harman, Grant, *Quality Improvement Grants (QIGs) under HEP*, 27 June 2005.

TP No 1.6 – Harman, Grant, *Teaching and Research Innovation Grants (TRIGs): Options and Possibilities*, 27 June 2005

TP No 1.7 – Harman, Grant, and Kay Harman, *Suggested Model for Teaching and Research Innovation Grants (TRIGs)*, 28 June 2005

TP No 1.8 – Harman, Grant, *Links between Training, Research and Industry; and Strategies/Expenditure Items to Achieve Enhanced Research Capacity and Improved Quality in Teaching and Learning*, 23 August 2005

Volume II – Reforms for Higher Education Sector Policy and Governance

TP No 2.1 – Lam Quang Thiep, *An Overview of Higher Education in Vietnam: Current Situation and Issues*, July 2005

TP No 2.2 - Le Thi Bich Ngoc, *Financing for Training/Research in Universities in Vietnam*, (Draft) July 2005

TP No 2.3 - Le Thi Bich Ngoc, *Overview on Financing the Higher Education Sector in Vietnam*, (Draft) July 2005

TP No 2.4 – Smith, Larry, *A Review and Analysis of Performance Indicators for Higher Education*, 3 October 2005

TP No 2.5 – Smith, Larry, *"Key issues regarding data collection, analysis and reporting for Higher Education Institutions in Vietnam"*, November 2005

TP No 2.6 – Smith, Larry, *"Recommendations for improving the data collection, analysis and reporting processes for Higher Education in Vietnam"*, December 2005

TP No 2.7 – Rorris, Adam, *Vietnam Higher Education Project No 2 Socio-Economic Analysis*, 6 October 2005

TP No 2.8 – Hayden, Martin, *The Legislative and Regulatory Environment of Higher Education in Vietnam*, 30 October 2005

TP No 2.9 – Hayden, Martin, *The Legislative and Regulatory Environment of Higher Education in Selected Transition Economies*, December 2005

TP No 2.10 – Hayden, Martin, *Harmonizing the Regulatory Framework of Higher Education Institutions in Vietnam and Overcoming Current Organisational and Institutional Barriers to their Academic and Economic Development*, January 2006

TP No 2.11 – Spoo, Robert, *Protection and Exploitation of Intellectual Property Rights within Vietnamese Higher Education Institutions*, 22 December, 2005

TP No 2.12 – Spoo, Robert, *Legislation and Practices affecting the ownership and exploitation of intellectual property in the Higher Education Systems of the Republic of Korea and the United States*, 22 December, 2005

TP No 2.13 – Spoo, Robert, *Best Practices for Protecting and Exploiting Intellectual Property in Scientific Disciplines*, 22 December, 2005

TP No 2.14 – Brett, Kevin, *Investing in Quality Assurance in Higher Education for a Knowledge Economy*, 5 January, 2006

NB: these Part (I) Technical Papers contain bibliographies that include reference materials which may be additional to materials listed below.

(II) Official Documents of the Government of Vietnam

Socialist Republic of Vietnam, *National Education-For-all Action Plan, 2003-2015*, Hanoi June 2003

Socialist Republic of Vietnam, *Higher Education Law*, passed by the General Assembly, June 2005

Ministry of Education and Training:

--1/-- *Higher Education Reform in Vietnam, Detailed Project Draft*, Hanoi, April 2005 – Volume 1; and Volume 2, **Annex - Higher Education Renovation in Vietnam Project**, (2006-2010 period), April 2005 – [these papers detail the **Higher Education Reform Agenda (HERA 2020)**]

--2/-- *Funding Policy Framework for Higher Education*, a report of the Working Group (established under HEP1) to review "Funding Formula and Pricing Policy for HE", date unknown.

--3/-- *Charter of Higher Education Institutions -Promulgated together with Decision No./2001/QD-TTg of,2001 of the Prime Minister)*

--4/-- *Regulation for the Implementation of the Quality Improvement Grants (QIGs)*, Higher Education Project No 1.

--5/-- *Autonomy and Accountability in Higher Education Institutions*, Draft Report of the Working Group (established under HEP1) on University Charters and Regulations, MOET, date unknown

--6/-- *Decentralization in Management for Universities in Vietnam*, Draft Report of the Working Group (established under HEP1) on University Charters and Regulations, MOET, date unknown

--7/-- *Vietnam Education and Training Directory*, (Third Edition), prepared by the International Cooperation Department of MOET, 2004

--8/-- ‘Conference Conclusions: “*Renovation in Higher Education in Vietnam – Integration and challenge*”’, Speech delivered by the Minister of MOET, Mr Nguyen Minh Hien, 2005.

--9/--Statement about the Draft on the Renovation in Vietnam’s Higher Education (2006-2020), Hanoi, 22 July 2005, Doc No 6300/TTr-BGD&ST

(III) World Bank and other ODA Agency Publications and Unpublished Papers

(# denotes unpublished papers)

The World Bank:

--1/..Aide Memoire of the Supervision Mission for HEP1 & HEP2 Preparation, April-May 2005.

--2/..Aide Memoire of the Pre-Appraisal Mission for HEP2, November 2005

--2/..004 Annual Report on Operations Evaluation, Washington DC, 2005

-- 3/..OED and Impact Evaluation – A Discussion Note

--4/..*Constructing Knowledge Societies: New Challenges for Tertiary Education*, Washington DC, 2002.

Other ODA Agencies:

Lamoureux, Marvin, and Ngo Thanh Can, *Vietnam Education Sector: Management Capacity Building and Institutional Development – A Review of Current Documentation*, prepared for the Canadian International Development Association (CIDA), Gatineau, Canada, February 2005

(IV) Published References and Other Papers

(# denotes unpublished papers obtained by the Preparation Team)

Pham Lan Huong & Gerald W Fry, “Universities in Vietnam”, in Altbach, Philip G, and T Umokoshi (eds), *Asian Universities: Historical Perspectives and Contemporary Challenges*, John Hopkins University Press, Baltimore, 2004, pages 301-331

Department of Education, Science and Training, Australia, *Evaluation of the Cooperative Research Centres Programme*, July 2003 (prepared as commissioned research by Howard Partners Pty Ltd).

Department of Education, Science and Training, Australia, *Research Quality Framework: Assessing the Quality and Impact of Research in Australia,- Issues Paper*, March 2005, (released for public consultation by the Expert Advisory Group for an RQF).