Funded by the European Union

PUBLIC EXPENDITURE ON EDUCATION, HEALTHCARE AND TRANSPORTATION IN SELECTED PROVINCES IN VIETNAM

SOME FINDINGS AND RECOMMENDATIONS

PUBLIC EXPENDITURE ON EDUCATION, HEALTHCARE AND TRANSPORTATION IN SELECTED PROVINCES IN VIETNAM

SOME FINDINGS AND RECOMMENDATIONS

Hanoi, October 2016

TABLE OF CONTENT

LIST OF TABLES

LIST OF FIGURES

ABBREVIATIONS

AAV	ActionAid International Vietnam
CIEM	Central Institute for Economic Management
EC	European Commission
ELBAG	Economic Literacy & Budget Accountability for Governance
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GNP	Gross National Product
LRP	Local Right Program
ODA	Official Development Assistance
WHO	World Health Organization

I. KEY MESSAGES

- The state budget plays an important role in financing public services (healthcare, education and transportation), especially in mountainous, rural and remote areas.
- State budget expenditure on healthcare, education and transportation took an upward trend, helping expand the coverage of such services.
- Health insurance covers a small proportion (55%) of the near-poor group, though they are entitled to up to 70% of health insurance value.
- 62.8% of respondents know about healthcare programs via officials at commune/district and village levels.
- Schools in mountainous, remote and difficult areas still need investment for improving equipment and physical facilities, particularly contemporary teaching facilities.
- Only 0.24 - 0.47% of respondents know about state budget funded programs which are intended to provide financial support in terms of transport fees and expenses, and transport vehicles, which are prioritized for mountainous, rural and remote areas.
- There remains high demand for budget expenditure on healthcare, education and transportation, especially in surveyed areas. In particular, the shortage of healthcare personnel (both in terms of quantity and capacity) also affects quality of healthcare services.

II. INTRODUCTION

1. Background

Vietnam has made remarkable achievements in terms of socio-economic development during the past 30 years of Doi Moi (Renovation). However, Vietnam has been facing many challenges. Among which, accessibility to high-quality public services (including education, healthcare and transportation) of most people is still modest. For many years, the state budget has been the main financial source for these public services, yet it is increasingly difficult to allocate sufficient resources given the tight fiscal space.

The policy brief is part of the four year joint project that ActionAid International Vietnam (AAV) and partners are implementing on “Civil Society Empowering Rural Communities” with financial support from the European Commission (EC). The project aims at strengthening and empowering civil society in fighting poverty and promoting the rule of law to reduce social and economic inequalities in Vietnam. By increasing the sustainable participation and influence of communities and civil society in policy decision making for social and economic development, the initiative will strengthen and increase the capacity of Vietnamese civil society in policy advocacy at both national and local level. 33 communities that are targeted in the two of the poorest districts in Vietnam representing 10,832 people (17 communities in Thong Nong district and 16 in Quan Ba district) are direct beneficiaries of the Project.

The project is aimed at ensuring that the role of social organizations in monitoring the policy implementation process and accountability at all levels is recognized in the development programs of Vietnam. Aiming at this objective and policy advocacy, AAV cooperated with the Central Institute for Economic Management (CIEM) and other partners to conduct the research on tracking budget expenditure on healthcare, education and transportation, with reference to the Social Protection Strategy for the period of 2011 2020. Findings of the research will contribute to identifying shortcomings of the strategy in relation to social protection needs of disadvantaged groups. This policy brief is based on evidence and data collected in selected provinces with high-concentration of ethnic minority to get a

reasonable expenditure ratio (relative to GDP), with consideration of geographic features.

The research on "Public Expenditure on healthcare, education and public transportation in selected provinces in Vietnam – Some findings and recommendations" provides an independent assessment of specific issues related to public investment in education, healthcare and transportation at both provincial and central levels. The research also includes recommendations on enhancing allocation and efficiency of budget allocation on education, healthcare and public transportation in Vietnam, thereby putting human development at the center of the socio-economic development process.

2. Objectives of the research

This research seeks to develop a baseline on state expenditure on public services with a focus on education, healthcare and public transportation services to create a foundation for monitoring and evaluating the impacts or changes made by AAV interventions towards such expenditure within its five years of implementing the Country Strategy Paper V 2012 - 2017.

As such, the research identified the following specific objectives:

- To collect and consolidate data and information on budget cycle in general and that of education, healthcare and transportation in particular; to evaluate the effectiveness, achievements and shortcomings of the current budget cycle.
- To propose recommendations on gender - responsive budget allocation for those public services (education, healthcare and transportation) within future interventions by AAV and the EC.

3. Approach, methodology and scope of research

The research team used a combination of approaches, namely: (1) to review of available policies, regulations and studies; and (2) Economic Literacy and Budget Accountability for Governance (ELBAG) approach; (3) encouraging discussion and information sharing with people in general and the poor in particular, on financing for public services, including education, healthcare and transportation.

Based on the above approaches, the following methodologies were used during the implementation of the research: (i) Literature review; (ii) Direct interviews/ focused group discussions (field survey); and (iii) Questionnaire survey.

Sample size of the questionnaire and field surveys:

- Questionnaires and field surveys were conducted in 5 more Local Right Programs (LRP) of AAV in addition to Ha Giang (LRP7A) and Cao Bang (LRP8), that are the direct beneficiaries of the EC project, bringing the total sample to 7. The additional LRPs are , Long Bien – Hanoi (LRP20), Binh Tan – Ho Chi Minh city (LRP21), Uong Bi – Quang Ninh (LRP101), Tra Vinh city (LRP102), Thong Nong –Quan Ba –and Krong No – Dak Nong (LRP12).
- At each LRP, the research team collected 60 household questionnaires, conducted 6 in - depth interviews and 2 group discussions.

III. PUBLIC EXPENDITURE ON HEALTHCARE, EDUCATION, AND PUBLIC TRANSPORTATION

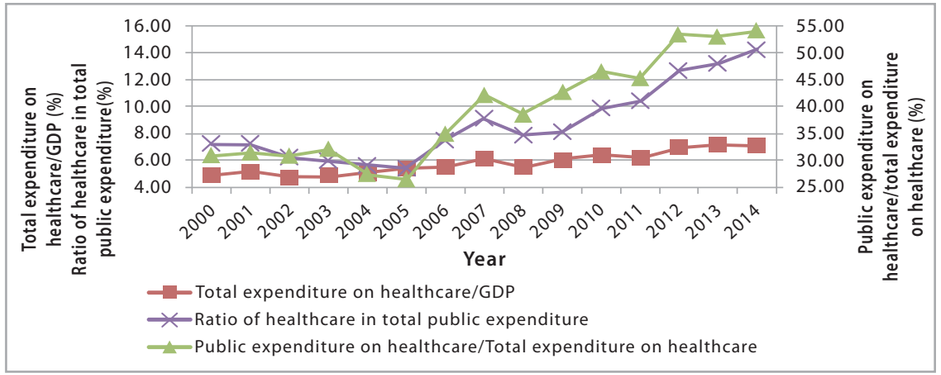
Legal regulations and policies on promoting the development of education, healthcare and public transportation in Vietnam have been adjusted to meet practical demand of development and the integration process. The mechanism to mobilize financial resource for education, healthcare and transportation has been gradually upgraded, aiming at encouraging resource mobilization from non-budget capital resources (social capital, ODA, foreign-invested capital, etc.). During this process, however, budget expenditure still plays the decisive role, notwithstanding shortcomings related to limitation of resources, efficiency and implementation.

1. Public expenditure on healthcare

1.1. Current situation

Healthcare services are mainly funded from the state budget and the social insurance fund. Since the private investment always focuses on profits, the Government has affirmed to increase budget expenditure on healthcare services to ensure equality and efficiency of access to healthcare.

Figure 1: Expenditure on healthcare, 2000-2014



Source: WHO (2016), Country Statistics – Vietnam.

The ratio of healthcare expenditure to GDP in Vietnam took an upward trend during the period under review. The public expenditure on healthcare to total expenditure on healthcare also increased from 31% in 2000 to 54.1% in 2014. Similarly, the proportion of healthcare service to total public expenditure also grew rapidly (attaining the average growth rate of 10.2% in the period of 2011 - 2015, stood at 14.2% in 2014 compared to only 7.2% in 2000). Consequently, Vietnam achieved the target of public expenditure on healthcare that was set out in the 5 year Health Plan for the period of 2011 - 2015. The ratio of healthcare expenditure to GDP of Vietnam is quite high relative to other countries.

Table 1: Comparison of total expenditure and budget expenditure on healthcare, 2000-2014

Country	Total expenditure on healthcare/ GDP (%)		Budget expenditure on healthcare/ total expenditure on healthcare (%)	
	2007	*2014*	*2007*	*2014*
ASEAN	3.6	4.3	33.5	40.7
Indonesia	*2.0*	*2.9*	*36.6*	*37.8*
Thailand	*3.8*	*6.5*	*60.7*	*86.0*
Philippines	*3.2*	*4.7*	*47.6*	*34.3*
Malaysia	*3.0*	*4.2*	*55.8*	*55.2*
Vietnam	*4.9*	*7.1*	*31.0*	*54.1*
Cambodia	*5.9*	*5.7*	*22.9*	*22.4*
Lao PDR	*3.4*	*1.9*	*33.14*	*50.5*
Singapore	*2.7*	*4.9*	*55.0*	*41.7*
Brunei Darussalam	*3.0*	*2.7*	*85.1*	*93.9*
Korea	4.2	7.4	49.0	54.1
China	4.6	5.6	38.3	55.8
EU	8.2	9.5	75.2	75.4

Source: WHO (2016), Country Statistics – Vietnam

According to Vietnam's 2015 Joint Annual Health Review, the state budget accounted for the largest share in public expenditure on healthcare services in Vietnam (despite contraction from 70% in 2010 to 63% in 2015), followed by social insurance (35%).

The ratio of public expenditure on healthcare services in total expenditure on healthcare stood at 55% in 2015. Of which, the major share of such recurrent expenditure has been allocated to the provincial level. The state budget provides partial or full financial support for disadvantaged groups to participate in social insurance[1], in which the number of beneficiaries and the level of support have increased over the years[2]. In 2015, budget expenditure to fully or partially finance social insurance for eligible entities (in line with the Law on Social Insurance) accounted for approximately 20% of total budget expenditure on healthcare.

The coverage ratio of health insurance attained 73.5% in 2015. Health insurance coverage is expanding at the decreasing pace. The most active participants in health insurance (with the coverage ratio of almost 100%) are those being fully or partially financed by the state budget, accounting for up to 70% of people under health insurance. Such active participants include such entities as administrative and non-productive personnel, retirements, the poor, minority, among others. Notably, only 55% of the near poor participate in health insurance, though they are entitled to up to 70% value of health insurance.

The proportion of preventive healthcare in total budget allocated by the Ministry of Health was about 16 - 17%, and even fell to 11.3% in 2012, which was below the target of 30%. Finance for the National Target Program on health dropped sharply in the last 2 years. The financial sources of National Target Program on health also changed significantly, with decreasing share of the state budget (from 92% to 53% in the period of 2011 - 2015).

Recently, investment in the network of health establishments at provincial level has been mainly financed by proceedings from government bonds. Such investment focused on building, improving and upgrading general hospitals at district or inter-district levels and regional polyclinics. Disbursement of allocated government bonds in the period of 2008 - 2014 amounted to VND 20,818 billion, and the remaining amount for 2016 is about VND 2,735 billion.

Budget expenditure on healthcare services was

1 Including the poor, minority, children under 6 years old and partial support for the nearly poor, students and members of agricultural and forestry households with average living standards.
2 According to the Law on Social Insurance.

allocated based on review of people's need for healthcare services and preventive healthcare. In the last 10 years, there has been an increasing demand for high-quality medical checks and treatment. Together with extending budget expenditure for healthcare, Vietnam relaxed entries for the private sector to provide healthcare services.

1.2. Difficulties and shortcomings

First, despite more public expenditure on health in the past years, such expenditure has limited room for further increase due to recent macroeconomic difficulties. The contribution of healthcare insurance in total expenditure on healthcare is relatively small (35% in 2015) compared with health insurance coverage (73.5%).

State budget allocation failed to assign sufficient priority for public healthcare, particularly healthcare for people in difficult and "nearly" difficult areas. Proposals by local citizens and healthcare establishments on increasing support for healthcare (in terms of finance, human resource, diversification of services) were slowly reflected in the structure of budget expenditure, due to: (i) enormous demand for budget expenditure in all sectors; and (ii) lack of adequate incorporation of feedbacks at various policy levels.

Second, capital disbursement to finance projects on improving infrastructure and healthcare facilities was either insufficient or delayed.

Third, expenditure is still modest relative to the operational needs of district healthcare establishments and communal healthcare centers. State development investment in healthcare has been mostly allocated to central and provincial establishments (accounting for up to 97%).

Fourth, budget expenditure on healthcare (including expenditure on health insurance) is uneven among provinces, thereby adversely affecting equality in healthcare. Statistics on budget expenditure on healthcare are not updated on a timely basis (due to decentralization of financial management, time lag of the state budget's final account, etc.).

Fifth, the allocation of recurrent expenditure at district and communal levels was based on input costs or norms of the state budget, instead of actual activities or demand for efficiency and quality improvement. This may potentially lead to obstacles to universal healthcare.

Sixth, expenditure on national target programs was reduced sharply, whilst compensating changes were not timely incorporated in overall agenda of public healthcare. Finance for national target programs mainly relies on external grants or concessional loans, while these resources will be scarcer as Vietnam has become a middle-income country.

Seventh, the community still lacks adequate access to information on and analysis of public finance, including data on health insurance. This in turn prevents the community from effectively and/or closely monitors budget expenditure at different levels.

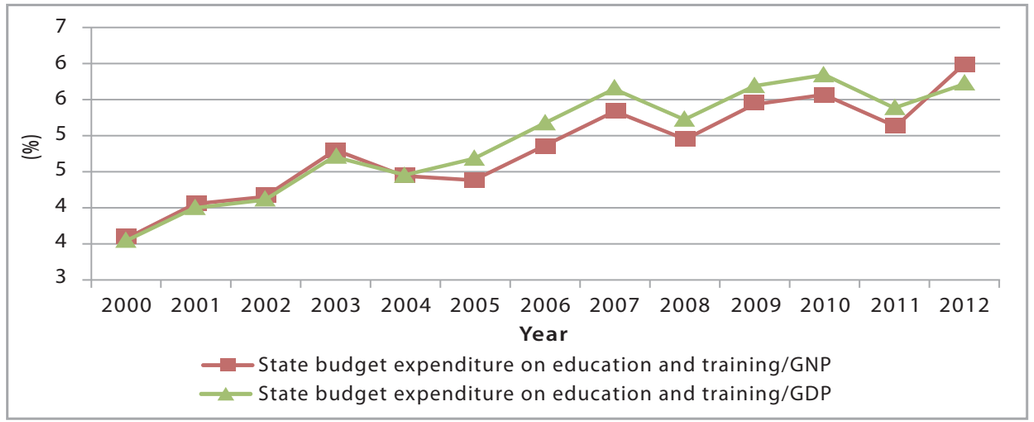
2. Public expenditure on education

2.1. Current situation

Investment in education and training in Vietnam is sourced from both state budget (including education bonds, loans and aids) and private sources (education fees, revenues from scientific and technological services, contribution of organizations and individuals). Investment from the state budget plays the leading role.

Budget expenditure on education and training in Vietnam increased continuously. The ratio of expenditure on education and training to GDP rose from 4.1% in 2001 to 5.7% in 2012. The proportion of education and training to total budget expenditure increased respectively from 15.5% to 21.4%. Budget expenditure on education and training of Vietnam is relatively high compared to other countries, including more advanced ones. However, due to small economic size, annual budget expenditure on education and training remains modest in absolute terms.

Figure 2: Ratio of budget expenditure on education and training, 2000-2012



Source: Ministry of Education and Training (2015).

Figure 3: Share of education and training in total public expenditure of Vietnam and other countries

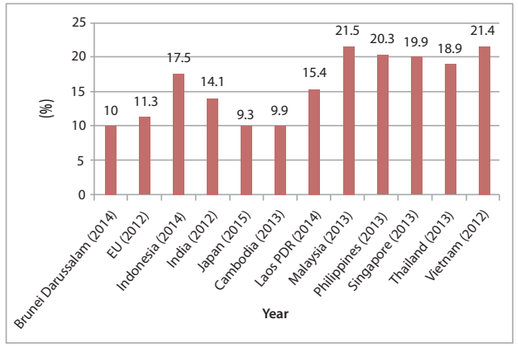
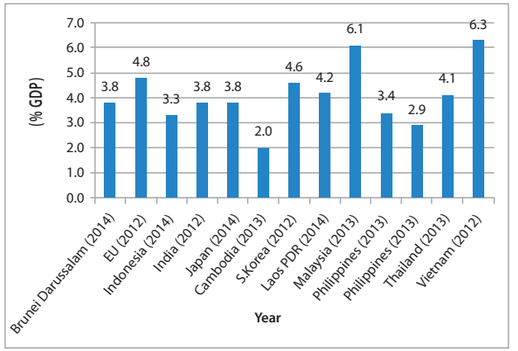


Figure 4: Public expenditure on education to GDP of Vietnam and other countries



Source: World bank Development Indicators (10/ 2016).

Recurrent expenditure accounts for the major share (more than 80% on average) of expenditure on education and training while the proportion of capital investment is modest. In 2015, total budget expenditure on education and training was VND 224.8 trillion (equivalent to about 20% of total budget expenditure, equal to the target set out in the Resolution of the National Assembly); of which, recurrent expenditure amounted to VND 184 trillion (contributed to about 82%).

Table 2: Structure of budget expenditure on education and training, 2005-2012 (%)

	2005	2006	2007	2008	2009	2010	2011	2012
Total expenditure	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Central	25.3	26.2	22.9	20.6	25.2	25.4	24.6	24.5
Provincial	74.7	73.8	77.1	79.4	74.8	74.6	75.4	75.5
Capital investment	**16.8**	**18.2**	**20.9**	**23.1**	**17.1**	**18.4**	**18.0**	**17.7**
Recurrent expenditure	**83.2**	**81.8**	**79.1**	**76.9**	**82.9**	**81.6**	**82.0**	**82.3**

Source: Ministry of Education and Training.

Management of budget expenditure on education and training is increasingly decentralized. Accordingly, about 75% of total expenditure on education and training is managed at the local levels, while central budget covered the remaining 25%. This is in line with the orientation on promoting decentralization of education and training, increasing autonomy to provincial government as well as education and training establishments.

The structure of budget expenditure on education and training is altered towards greater share for universalization of education, disadvantageous and ethnic minority regions. Pre-school and general education account for nearly 70% of total budget expenditure on education and training. Meanwhile, the shares of vocational training and college and university education in total budget expenditure on education and training are modest (about 9 - 10% and 11 - 12%, respectively).

Table 3: Structure of budget expenditure by educational levels, 2006-2014 (%)

	2006	2008	2009	2010	2011	2012	2013	2014
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Pre-school	7.5	7.5	7.9	7.9	8.2	8.2	8.2	8.2
Primary education	31.2	29.9	29.1	28.5	28.2	28.3	28.3	28.3
Lower secondary education	21.6	22.0	22.6	21.5	21.4	21.6	21.6	21.6
Upper secondary education	10.3	11.0	11.3	11.8	11.2	11.1	10.9	11.1
Total of pre-school and general education	**70.6**	**70.5**	**70.9**	**69.7**	**69.0**	**69.2**	**69.0**	**69.2**
Vocational	6.7	10.0	9.8	9.7	9.9	9.7	9.7	9.7
Professional secondary schools	2.6	3.3	3.2	3.4	3.6	3.5	3.5	3.5
Colleges, universities	8.9	12.0	11.7	11.7	12.0	12.4	12.4	12.4
Continuing education	1.2	1.2	1.5	1.8	1.7	1.6	1.8	1.6
Others	10.0	3.0	2.9	3.7	3.8	3.6	3.6	3.6

Source: Ministry of Education and Training.

2.2. Difficulties and shortcomings

First, budget expenditure remains modest in comparison to the demands of the sector. The allocation of budget expenditure on public education and training centers is not closely aligned to actual demand, structure and quality of education and training. Some investment projects are disbursed slowly and in small amount, which delays the completion and undermines quality and the demand of teaching and learning in invested locations. Besides, the budget allocation, expenditure on education remains inadequate across

areas, particularly for mountainous and distant areas, as well as training establishments.

Second, the mechanism of financial autonomy and self-responsibility remains inadequate. The Decree No. 43/2006/ND-CP dated 25 April 2016 provides for financial autonomy, but not the autonomy in determining education fees. Instead, educational establishments are subject to the low ceiling of educational fees, which hardly meet their recurrent expenditure. Thus, financial autonomy mechanism is considered to be less than meaningful.

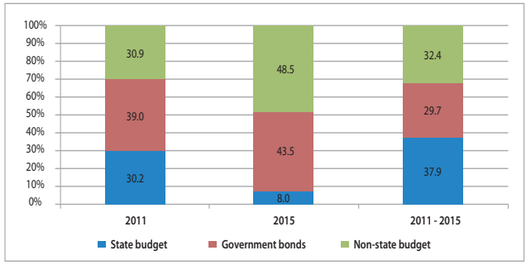
Third, the reporting system of the implementation and efficiency of budget expenditure by decentralized authorities (ministries, sectors, provinces) to the Ministry of Education and Training is far from effective. Thus, the Ministry of Education and Training has insufficient information to comprehensively assess the effectiveness of budget expenditure on education and training.

3. Public expenditure on public transportation

3.1. Current situation

In the period of 2011-2015, budget expenditure accounted for about 37.8% of total investment on transportation while the share of government bonds and non-budget source was 29.7% and 32.4%, respectively. Notably, the non-budget capital grew rapidly during the period under review (attaining the average growth rate of 47.8% per annum), and faster than government bonds (35.8% per annum).

Figure 5: Structure of expenditure on transportation by capital source, 2011-2015



Source: Calculation based on statistics of the Ministry of Transport (2016).

In the same period, more than VND 186 trillion was mobilized for rural transport infrastructure, which

was 3.7 times higher than in the period of 2001-2010. Budget investment accounted for the major share in total investment for rural transportation (71%) while the proportion of social capital and ODA was modest (about 6%). The local citizens also made meaningful contribution to the development of rural transportation infrastructure, accounting for 15% of total capital.[3]

Among the important issues is to ensure financial availability for the maintenance of transportation infrastructure. The study conducted by the Government of Vietnam and the World Bank estimated that the localities normally allocate about 4-5% of budget expenditure on maintenance, and the major share relied on financial and labor contribution by the local citizens. Summary by the Ministry of Transport also revealed that in the period of 2011-2015, about only 3% of total investment capital for rural transport infrastructure was allocated for maintenance.[4]

3.2. Difficulties and shortcomings

First, the limitation of the state budget makes the allocation of capital for public transportation lag behind practical demand.

Second, Vietnam lacks a clear methodology and/or criteria to identify budget expenditure across different areas. The capital investment plans often remain separated from the maintenance needs

Third, the allocation of budget expenditure on transportation development, especially for rural transportation at local levels, remains insufficient. In fact, the provinces that collect more budget revenues usually have more funds to finance transportation development. Conversely, those under difficulties and in the need of promoting rural transportation development often have limited collection of budget revenues, and could only afford modest capital support.[5]

Fourth, inadequacies of transportation infrastructure plans (including the separation of transportation plans from urban plans, overlaps, the lack of consistent control at central level over the management and supervision of implementing plans, etc.) undermined the overall effectiveness of transportation infrastructure development.

Fifth, investment for water transportation and railway transportation received hardly adequate policy attention.

3 Source: Ministry of Transport (2013).

4 Source: MOT (2015), Evaluation of 5-year implementing rural transport development and management in associated with the objectives, orientations and tasks of new rural development program for the period of 2016-2020.

5 Source: MOT. Accessed online at http://www.mt.gov.vn/vn/tin-tuc/37174/bo-gtvt-tong-ket-5-nam-(2010---2015)-cong-tac-xay-dung-quan-ly-giao-thong-nong-thon-.aspx

IV. FINDINGS FROM THE FIELD SURVEY

1. Some demographic features of LRPs and selected surveyed households

A total of 422 households in 7 LRPs were surveyed, of which 2/3 were male-headed. Kinh people accounted for more than half of the sample size (53.55%), following by Dao people (24.88%) and Khmer (12.32%). Regarding educational level, most of respondents completed lower secondary schools (accounting for 35.55%). Only 7.35% went to vocational training and colleges/universities in surveyed LRPs.

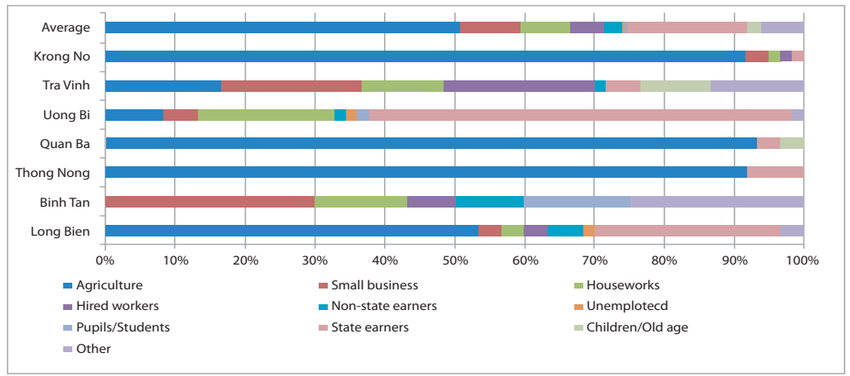
Table 4: Composition of total sample (%)

LRP	Quantity	Sex		Average age	
		Male	*Female*	*Male*	*Female*
Long Bien	60	46.67 %	53.33 %	59.11	56.19
Binh Tan	60	50.00%	50.00 %	52.43	53.17
Thong Nong	61	96.72%	3.28 %	40.22	38.00
Quan Ba	60	95.00 %	5.00 %	41.46	40.33
Uong Bi	61	50.82 %	49.18 %	58.74	60.63
Tra Vinh	60	51.67 %	48.33 %	54.47	55.97
Krong No	60	83.33 %	16.67 %	43.20	41.00
Total	**422**	**67.77 %**	**32.33 %**	**47.67**	**54.72**

Source: Full Report on Budget Investment in healthcare, education and public transportation in selected provinces – Some findings and recommendations (Full Report on Budget Investment).

Agricultural households (including cultivation and husbandry) accounted for significant share of the sample size (50.71%), particularly in Thong Nong, Quan Ba and Krong No. Small business households/ retailers were mostly seen in Binh Tan (30%), where some lager industrial parks of Ho Chi Minh City located. Working as employee was most popular in Tra Vinh, with a share of 21.67% of the total surveyed households and concentrated in the Khmer people's areas. The structure of jobs has certain implications for and reflects the income of surveyed households. The households with average monthly income per capita of less than VND 900,000 accounted for 40.52% of the survey sample, which are highly concentrated in Thong Nong and Quan Ba. In contrast, in the two urban LRPs (in Long Bien - Ha Noi and Binh Tan - Ho Chi Minh City), 71.67% of surveyed households had average monthly income per capita of more than VND 1.95 million.

Figure 6: Structure of main occupation of surveyed households



Source: Full Report on Budget Investment.

Similar to other studies, results from the survey show that (i) agriculture hardly provided enough income and ensure adequate livelihood for the people in disadvantageous areas; and (ii) material income gap between people living in the rural (and/or disadvantageous) areas and those in urban (town/big cities) areas prevailed.

2. Main findings of public expenditure on healthcare

Awareness and access to local healthcare centers

Most of people in the selected LRPs were aware of the existence of healthcare establishments in the localities, particularly in the disadvantageous areas such as Thong Nong (Cao Bang) and Quan Ba (Ha Giang). All the people (100%) who participated in the survey knew about healthcare services at the village level. Average distance from home to the healthcare establishments is estimated at 1.07 km. This distance was however considered short by people living in mountainous areas, the mentioned distance was short enough for the access of these people.

98.34% of total interviewed people knew about communal healthcare establishments; the share was in fact 100% in Quan Ba, Uong Bi and Krong No. The average distance to healthcare establishments was different among LRPs. Almost all the participants (99.04%) were aware that these communal healthcare establishments were owned and managed by the State.

Table 5: Awareness of communal healthcare establishments (%)

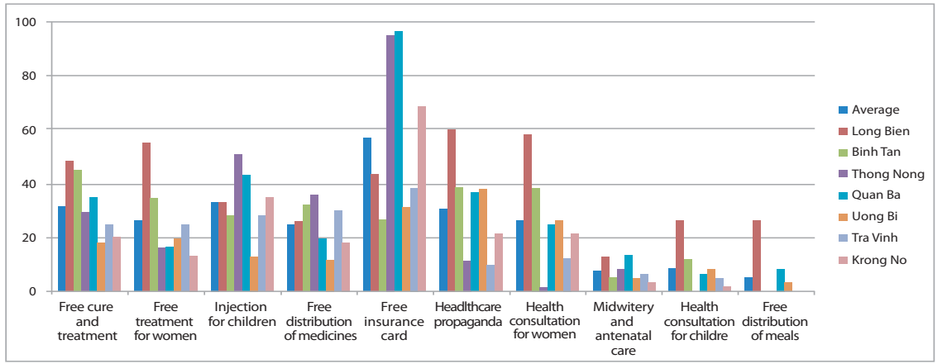
Communal healthcare establishment	Awareness of the existence			Distance to healthcare establishment	Ownership	
	Yes	*No*	*NA*		*State*	*Private*
Long Bien	96.67		3.33	0.91	100	
Binh Tan	98.33		1.67	2.3	98.31	1.69
Thong Nong	100			6.76	100	
Quan Ba	100			4.43	100	
Uong Bi	100			1.05	95.08	4.92
Tra Vinh	93.33	1.67	5	1.19	100	
Krong No	100			2.31	100	
Average	**98.34**	**0.24**	**1.42**	**2.73**	**99.04**	**0.96**

Source: Full Report on Budget Investment.

The implementation of healthcare schemes in the localities

The participants to the survey were clearly aware of the healthcare programs being conducted in their LRPs, especially injection for children and free health insurance. Among health programs in the 7 LRPs, free health insurance had the largest coverage (57.11%).

Figure 7: Local coverage of health programs (%)



Source: Full Report on Budget Investment.

Free medical check and treatment was one of the healthcare schemes which the majority of people perceived and benefited from. Many people highly appreciated the objectives of the scheme. In general, a household make use of the scheme once or twice per year. However, enhancing the efficiency of the scheme is a concern. According to various informants, free health examination and treatment took the form only, without being meaningful and/or relevant to the people's need. The medicines freely provided under the scheme were only basic. The quality of health examination and treatment services at the communal level was modest, which hardly met the predetermined objectives as well as the demand of people. Frequently cited reasons for such modest quality are the lack of high-technological services, outdated medical facilities at the communal healthcare establishments, and the shortage of doctors and nurses in terms of both number and skill.

Normally, free health insurance cards were provided to poor families, and the selection of beneficiaries was decided at the village level, and then certified by communal officials. The people interviewed raised concerns over the selection process which they believed was based on nepotism. "People who do not deserve to benefit from the facility are benefiting due to their connections to communal officials (either as relatives or friends whilst poor households are left out. A case in point is that of Mrs. Q, an 83 year lady who earns her living by collecting garbage to take care of herself and son who is a victim of a car accident", (Interview with Mrs. N., Ward 9, Tra Vinh).

Consultation on healthcare for women and children are frequently conducted in the surveyed LRPs, either on regular basis or integrated with other healthcare and population scheme. Free meals, despite inaccessibility to various groups, has been meaningful to the patients' families, especially for poor and difficult households. According to the majority of direct beneficiaries from this scheme, free meals were often provided by organizations and individuals in the form of charity in certain hospitals. Midwifery and antenatal care for women was relatively common in the selected LRPs. For households in mountainous and remote areas where transportation is not convenient and the people have no habit of visiting medical facilities this program was meaningful in enhancing reproductive health, periodic contraceptive management. Even in Thong Nong and Quan Ba, many interviewed women said that antenatal care at district-level healthcare establishments is time consuming and costly and they can now visit communal ones instead."

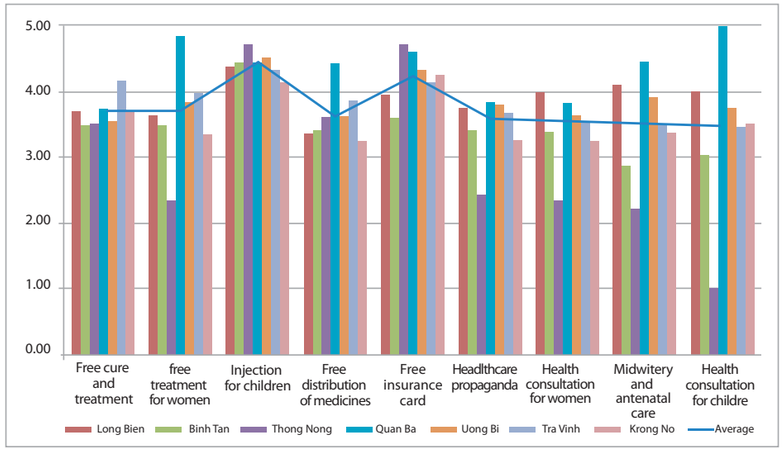
Channels for accessing healthcare schemes

The respondents mostly knew about healthcare schemes via officials at the village and commune levels (accounting for 62.8%), information dissemination at local meetings or meetings with electors (48.82%) or local broadcasting system (37.2%). The majority of people (89.1%) received advance notice about the healthcare schemes, programs and support. As an implication, the prior preparation of healthcare schemes, including information provision for beneficiaries, was given due attention.

Relevance of healthcare schemes

The respondents highly appreciated the relevance of healthcare schemes in the selected LRPs. Of which, the program on free injection for children and free health insurance cards for targeted groups were considered most important.

Figure 8: Scoring the relevance of healthcare schemes (1-lowest ranking and 5-highest ranking)



Source: Full Report on Budget Investment.

In general, budget-funded healthcare schemes/ healthcare activities were implemented widely and relatively even at the local level. These schemes targeted the disadvantaged and vulnerable groups, in compliance with policy targets set out by the state and were highly commended in terms of relevance. Nonetheless, actual implementation also revealed several problems, including (i) low level of support in healthcare schemes (34.12%);

(ii) poor quality of freely provided medicines, free medical check and treatment in selected areas; (iii) inadequate number and skills of doctors and nurses; and (iv) unequal treatment in the selection of beneficiaries.

3. Main findings of public expenditure on education

Awareness and access to local education establishments

Public kindergartens existed in all 7 LRPs. In general, depending on the population density and geographical location, there is one public kindergarten receiving children from 2 years of age and above in every district/commune. Not all communes had schools at all levels, including the primary, lower secondary and upper secondary schools. The average distance from home to educational establishments generally increases by educational level. Almost 100% of participating people recognized the educational establishments under State ownership. Other types of establishments such as community training centers, continuing training centers, boarding schools for ethnic students, vocational training centers, colleges/ universities, rarely existed in the surveyed LRPs. These establishments are usually located at the center of districts, town or at provincial level. Therefore, only few people either knew or had access to these training establishments.

Existing public schemes on education and training

The majority of villages, hamlets of mountainous and remote areas, and border areas had kindergarten and primary schools. Lower secondary schools were located in most communes. Upper secondary schools were located at district level. The system of ethnic boarding schools, ethnic day-boarding school and pre-universities primarily met the demand of human resource development for ethnic minorities in mountainous and ethnic areas. Improving school facilities at all educational levels received more policy attention. However, due to limited budget and inadequate capacity to mobilize private investment in difficult areas, such improvements of facilities are not universal. Some schools remained short of teaching materials, restrooms, etc.

Existing schemes on education and training included (i) exemption/reduction of school fees for students from poor families, policy-oriented family, students of ethnic minorities; (ii) reduction and/or support of tuition fees for students of disadvantaged families; (iii) support for ethnic minority students; (iv) distribution of school supplies; (v) monthly support for catering; and (vi) dormitory support for ethnic minority students at boarding school, colleges/universities.

Despite awareness of public schemes on education and training, they only attained limited coverage in all 7 LRPs. Thong Nong and Quan Ba had the widest coverage of exemption of school fees (45.9% and 50%, respectively). Distribution of school supplies and reduction of tuition fee followed in terms of coverage (Table 6), particularly in the three disadvantageous areas of Thong Nong, Quan Ba and Krong No. Only in Uong Bi did public schemes on educational and training programs have zero coverage. Group discussion in Uong Bi showed that: (i) respondents highly appreciated the good physical facilities for education and training; (ii) many schools in Uong Bi were certified to conform with national standards; and (iii) private contribution to education was welcomed and supported by families.

Table 6: Coverage of public schemes on education and training (%)

Support for education and training	Long Bien	Binh Tan	Thong Nong	Quan Ba	Uong Bi	Tra Vinh	Krong No	Average
Exemption of school fee	-	10.00	45.90	50.00	-	1.67	5.00	16.11
Reduction of tuition fee	1.67	11.67	21.31	23.33	-	6.67	11.67	10.90
Distribution of school supplies	-	10.00	16.39	21.67	-	10.00	21.67	11.37
Dormitory support	1.67	-	3.28	16.67	-	-	-	3.08
Monthly catering support	1.67	-	8.20	40.00	-	1.67	6.67	8.29
Support for ethnic student	-	3.33	11.48	16.67	-	5.00	1.67	5.45

Source: Full Report on Budget Investment.

Channels to access to education and training programs

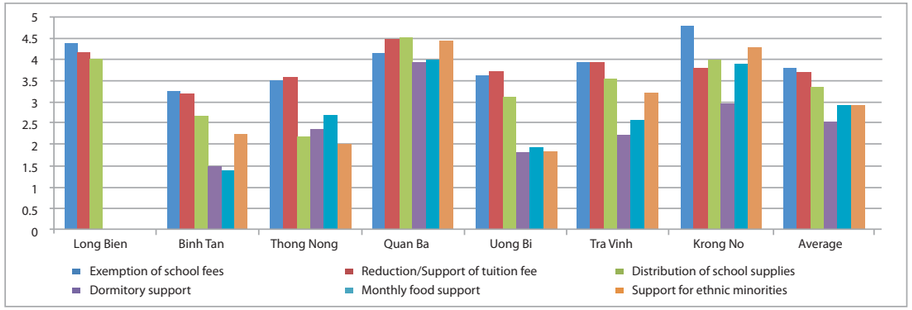
Similar to healthcare schemes, prioritized schemes on education and training were mostly communicated to the local people through notice from village and hamlet officials or communal/ward officials. In the mountainous areas of Thong Nong and Quan Ba, such communication and notice are the two key channels of information dissemination. In other LRPs, people can access information on educational and training support via local broadcasting system, self-search for information and from newspaper and internet.

However, information sharing has largely been unidirectional; specifically, people mostly "received" information from ward/communal officials. To a certain extent, the local people' opinions on their needs of specific and essential supports were not encouraged or not reported to higher levels in a timely and/or fuller manner. In other words, the public schemes just paid attention to what people "want", rather than what they "want most". Consequently, educational and training supports remained widely dispersed (albeit specifically targeting ethnic minorities).

Relevance of public schemes on education and training

The LRPs with wider coverage of public schemes on education and training -such as Quan Ba, Krong No and Thong Nong - had higher average scores for relevance of such schemes. The locally implemented programs, policies and supporting priorities were highly appreciated by the people. However, the schools in mountainous, disadvantageous and remote areas still need more investment to upgrade physical facilities, particularly essential teaching facilities such as studying tools, tables and chairs, standard toilets, etc.

Figure 9: Relevance of public schemes on education and training



Source: Full Report on Budget Investment.

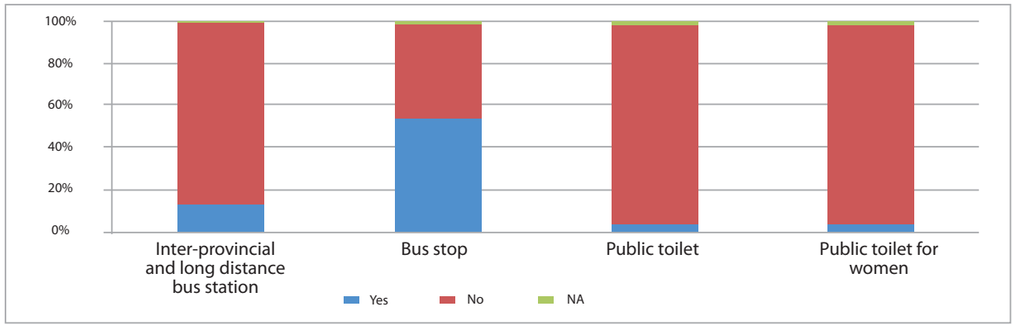
Note: Ranking was from 1 (lowest score) to 5 (highest score).

4. Main findings on public expenditure on transportation

Awareness and access to public transportation

The survey results show the limited awareness of local people on public transportation. Existing public transportation facilities such as inter-provincial bus station or long-distance bus station were only familiar to urban people, yet a large share of the respondents were unaware of such facilities (85.78% for inter-provincial and long-distance bus stations and 45.26% for bus stations, respectively, Figure 10). All respondents in Thong Nong, Quan Ba, and Krong No reported that there were no inter-provincial and long-distance bus stations and bus stations in their local areas. Various related infrastructure such as public toilets remained absent.

Figure 10: Awareness of public transportation



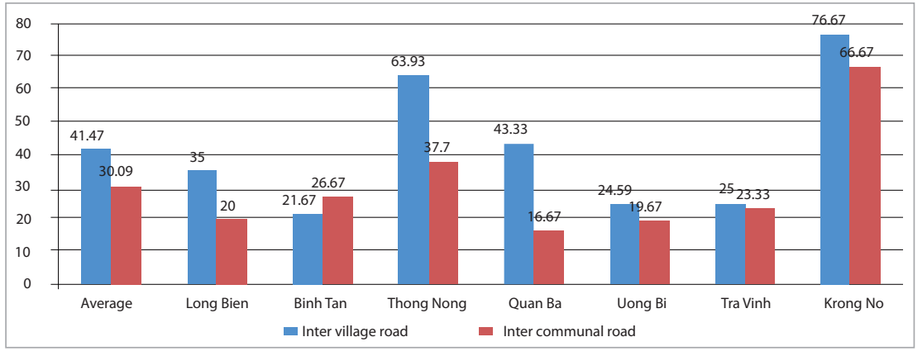
Source: Full Report on Budget Investment.

Coverage of public expenditure on transportation

The majority of respondents benefited from budget-funded construction of the inter-village and inter-commune roads. Group discussion with communal and district officials showed that in urban LRPs, the road system has been quite convenient and public expenditure on road construction gradually targeted at other basic infrastructure items. In contrast, significant need for basic infrastructure and inter-village, inter-commune roads prevailed in mountainous areas where transportation has been faced with difficulties and isolated during flooding season or erosion of land and stones. Nonetheless, the respondents claimed that the participation of local people in monitoring local transportation works, despite improvement, remained less than meaningful.

Budget-funded subsidies of transportation and provision of means of transportation for mountainous and remote areas were hardly perceived by the people; only small proportions of people knew about these schemes (0.47% and 0.24%, respectively).

Figure 11: Coverage of public expenditure on transportation



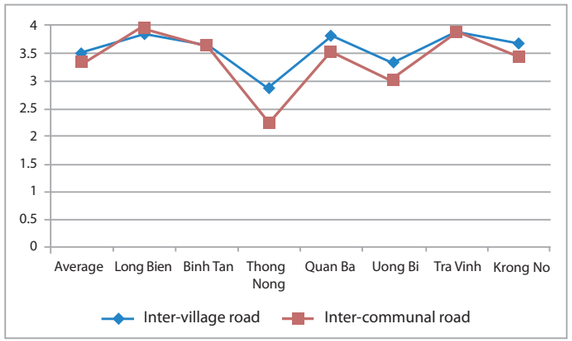
Source: Full Report on Budget Investment.

Relevance of public transportation scheme

As compared to the public schemes on healthcare and education-training, the ones on transportation were not highly appreciated in terms of relevance. In particular, disbursement of investment lagged behind schedule, resulting in the "overlapping" of basic construction in some areas.

"The road was much better than before. The state made more investment. However, planning is just planning; we-the people, have not participate thoroughly in the planning and supervising stage. There is a so-called group of supervision at the village level, but it was only superficial" (Interview with Mr. H., Dakro, Krong No).

Figure 12: Evaluation of local public transportation scheme



Source: Full Report on Budget Investment.

V. CONCLUSIONS AND RECOMMENDATIONS

1. Conclusion

After 30 years of Doi Moi (Renovation), Vietnam has undertaken many important measures and reforms to lay the foundation for economic development, whilst promoting human development. Instead of sole focus on economic development, Vietnam allocated material resources for social progress, particularly public services such as healthcare, education and transportation. The legal framework for these areas has been improved over time. The policy formulation process in general and the planning of state budget expenditure on healthcare, education and transportation in particular have been improved, with incorporation of comments and recommendations from public consultations with local communities, local officials as well as other stakeholders. Despite limited State budget, priority is still assigned to public expenditure on healthcare, education and transportation. The policy coverage has been continuously enhanced. The private sector has increasingly participated in providing healthcare, education and transportation services as well as infrastructure development of these services.

The field survey on budget investment for education, healthcare and transportation was conducted at 7 LRPs of AAV, including 4 urban areas (Long Bien, Binh Tan, Uong Bi and Tra Vinh) and 3 rural areas (Thong Nong, Quan Ba and Krong No). The respondents have been aware of and able to access healthcare, education and transportation services funded by the state budget in their localities. The people have been regularly informed of public schemes on healthcare, education and transport programs in their localities, even if they are not direct beneficiaries from these programs. Besides, the respondents to the interviews highly appreciated the relevance of public schemes on healthcare, education and transportation in the localities.

However, challenges exist in sustaining public expenditure on areas that directly affect human development, particularly in the context of economic slowdown, high budget deficit and public debts. Controlling budget expenditure and public investment is necessary; yet to a certain extent, the allocation of capital still lacks rational priority on healthcare, education and public transportation. Budget-funded schemes on education, healthcare and transportation are conducted at different levels and may be overlapping; nevertheless, reducing the number of management focal points and administrative costs of these schemes is no easy task. Another difficulty is to strike a balance between available state budget with the scope of support programs, so as to achieve wide coverage and simultaneously meet province-specific demand.

The survey results unearth some problems. Policy attention to quality of healthcare and education services remains inadequate. Support to infrastructure development fails to keep up with budget-funded provision of services. Methods of propagation are ineffective, especially regarding explanation of

objectives of public schemes and/or types of support for people. Besides, the dissemination of information on public schemes – particularly related to rural transportation development is insufficiently frequent, thereby failing to accommodate close supervision by the local community.

The research also reveals some limitations. *First,* assessment on public transportation is of small scale because the service is not available in many surveyed locations (except Long Bien and Binh Tan). *Second,* disaggregated data on recurrent expenditure and development investment by specific service as well as by province are hardly available. *Third,* regression-based quantitative assessment on the role of budget expenditure on healthcare, education and transportation to living standards and social welfare in surveyed areas is not viable.

2. Recommendations

2.1. General recommendations

- The state budget still plays an essential role, particularly in mountainous, remote and difficult areas; thus, it is necessary to maintain support from the state budget for healthcare, education and transportation in such areas. Even in the context of limited state budget, promoting information sharing on retaining and/or increasing state budget expenditure (especially public investment) on healthcare, education and transportation remains a critical task.
- Till 2020, the current shares of state budget expenditure on healthcare, education and public transportation should be retained. Budget expenditure on healthcare and education must not be reduced, even in the case of horizontal cut of State budget expenditure. The implementation process should focus on targeted beneficiaries, particularly the poor, ethnic minorities, girls, etc.
- Simultaneously, (time and financial) costs of administrative management should be minimized. Timing of support programs is another important issue; late support should be avoided.
- The implementation of budget expenditure on healthcare, education and public transportation should be improved in line with people's needs. Maintaining services coverage is necessary, yet actual effectiveness centers on the upgrading of service quality. Thus, it is important to promote the participation of all people right from the inception stage.

- The role of the people in monitoring the implementation of public services and budget expenditure should be strengthened. As a critical condition, the management authorities and services suppliers should share adequate information (on types, scale, objectives of support) with local community. Adequate responses and justifications should be provided to queries and concerns of local people about budget expenditure. Also, local people should be encouraged to present their views and/or make recommendations on a regular and meaningful basis.
- Promoting investment in physical facilities should be accompanied by human resource development (for instance capacity building for doctors, teachers, etc.).
- The State plays the decisive role in developing large-scale public investment projects (particularly on healthcare, education and public transportation). However, the contribution of non-state organizations, especially people's organizations, should be mobilized to supplement existing schemes on healthcare and education development in such disadvantaged areas.

2.2. Sectorial recommendations

Regarding healthcare:

- Regularly review quality of healthcare services in disadvantaged areas, in consultation with people and civil organizations in the localities, paying attention to enhancing accessibility and quality of such services that the people need to improve.
- Promote investment in physical facilities and medical equipment for communal healthcare establishments.
- Pay more attention to expenditure related to healthcare (for instance, free provision of meals for patients, travel allowance for doctors to conduct medical check/treatment in distant households, etc.).
- Increase human resource for communal healthcare establishments. In the case of shortage of doctors in ward/district healthcare establishments, specialized doctors from higher level establishments should be delegated.
- Review the implementation of the National Health Criteria. The recognition of district/ward healthcare establishments should be in line with allocation of resources for capital investment, maintenance, facilities and human resource at communal level.

Regarding education and training

- Regularly review quality of education in disadvantaged areas, taking into consideration opinions of local people and civil organizations in the localities, pay attention to the accessibility and quality of such services that the people need to improve.
- Assign higher priority on public investment in material facilities of schools at all levels in difficult, remote and mountainous areas, with special focus on primary schools.
- Further promote socialization of education, mobilize more non-state resources to improve studying and teaching material facilities.
- Promote private investment and introduce suitable incentives for investment on vocational training centers in areas with more socio-economic hardship.
- Examine and implement pilot model to improve employable skills of students at lower and upper secondary schools. The contribution and advantages of civil society organizations should be promoted during this process.

Regarding public transportation

- Regularly monitor quality of transportation connection in disadvantaged areas; discuss with local people to know the most critical needs.
- Demand of investment in inter-village, inter-commune road transportation in mountainous villages/hamlets/communes does exist. Given scarcer State budget resources for capital investment (at different levels) and limited resources of civil society organizations, investment by private sector should be promoted through appropriate incentives.
- Consider to put priority on transportation development that helps improve the accessibility to educational services (for instance, roads to schools for ethnic children, etc.).
- Joint cooperation between the State and the people in public transportation development remains meaningful. However, the implementation process should be carried out in a more equal manner, in which the role of local community should be respected.
- Communal monitoring over public transportation projects funded by the State budget should be improved. The model of “Citizens+” can be taken into consideration, in which people’s rights to monitor are exercised via an independent and competent organization.

A full report can be downloaded from:

http://www.actionaid.org/vietnam/publications

Research report by:

ActionAid Vietnam and Central Institute Economic Management (CIEM)

Policy Brief prepared by:

Nguyen Anh Duong

Comments contributed by:

Hoang Phuong Thao

actionaid

ACTIONAID VIETNAM
Representative Office
5th floor, 127 Lo Duc, Ha Noi, Viet Nam
Tel: +84 4 3943 9866
Email: mail.aav@actionaid.org
Website: www.acionaid.org/vi/vietnam