



FULBRIGHT
UNIVERSITY
VIETNAM

FULBRIGHT SCHOOL OF
PUBLIC POLICY AND MANAGEMENT

DEVELOPMENT POLICY

SESSION

Education and Development

Session 7



- Discussion: What are missing elements in Vietnam's development?
- Human Capital & Economic Growth
- East Asian Education Examples
- Vietnam?





Education and Development

- Educational level differs dramatically between developed and developing countries → productive development strategy would be to raise the schooling level of the population?
- Uncertainties exist with this strategy: A number of countries have expanded schooling opportunities without seeing any *dramatic catch-up with developed countries in terms of economic well-being*.
- Not seem very effective and do not lead to the anticipated student outcomes. Is the education the driving force or merely one of several factors? Is quality the Key?



Human capital

- The main engine of growth
- Main source of differences in living standards among nations.
- Physical capital plays an essential but subsidiary role.
- Expansion of the definition: not only formal education but on the job.

Why isn't the whole world developed?



- Spread of economic growth depended on the diffusion of knowledge of new production techniques.
- Acquisition of knowledge closely associated with formal schooling.
- The expansion and establishment of formal schooling has depended in large part on political conditions and ideological influences.
- Since WWII, modern education systems have been established almost everywhere → spread of modern economic growth accelerated.



Growth and schooling

- The more schooling, the easier to master new technological knowledge.
- Significant increases in formal schooling → improvement in the incentive structure.
- More advanced nations educationally developed first.
- **Cause-effect**: effect of education on economic growth or vice-versa?

How Education linked to Economic growth



- It is well established that improvements in education are associated with long-term improvements in economic performance. Three broad theories about how education influences economic performance:
- **The basic human capital approach**: education improves the overall skills and abilities of the workforce, leading to greater productivity and improved ability to use existing technology, and thus contributing to economic growth.
- **The innovation approach**: education to improving the capacity of the economy to develop of new ideas and technologies.
- **The knowledge transfer approach**: education as a means of spreading the knowledge needed to apply new ideas and make use of new technologies (OECD).



Causal Effect?

- Important Question: whether there is a causal link between education and economic performance, and if so, in what direction?
 - 1) In general, education and economic performance are likely to be interlinked. Having a more educated workforce enables firms to take advantage of new economic opportunities, leading to improved performance.
 - 2) Also, economic growth can lead to greater national and personal wealth, which increases the resources available and opportunities for education.



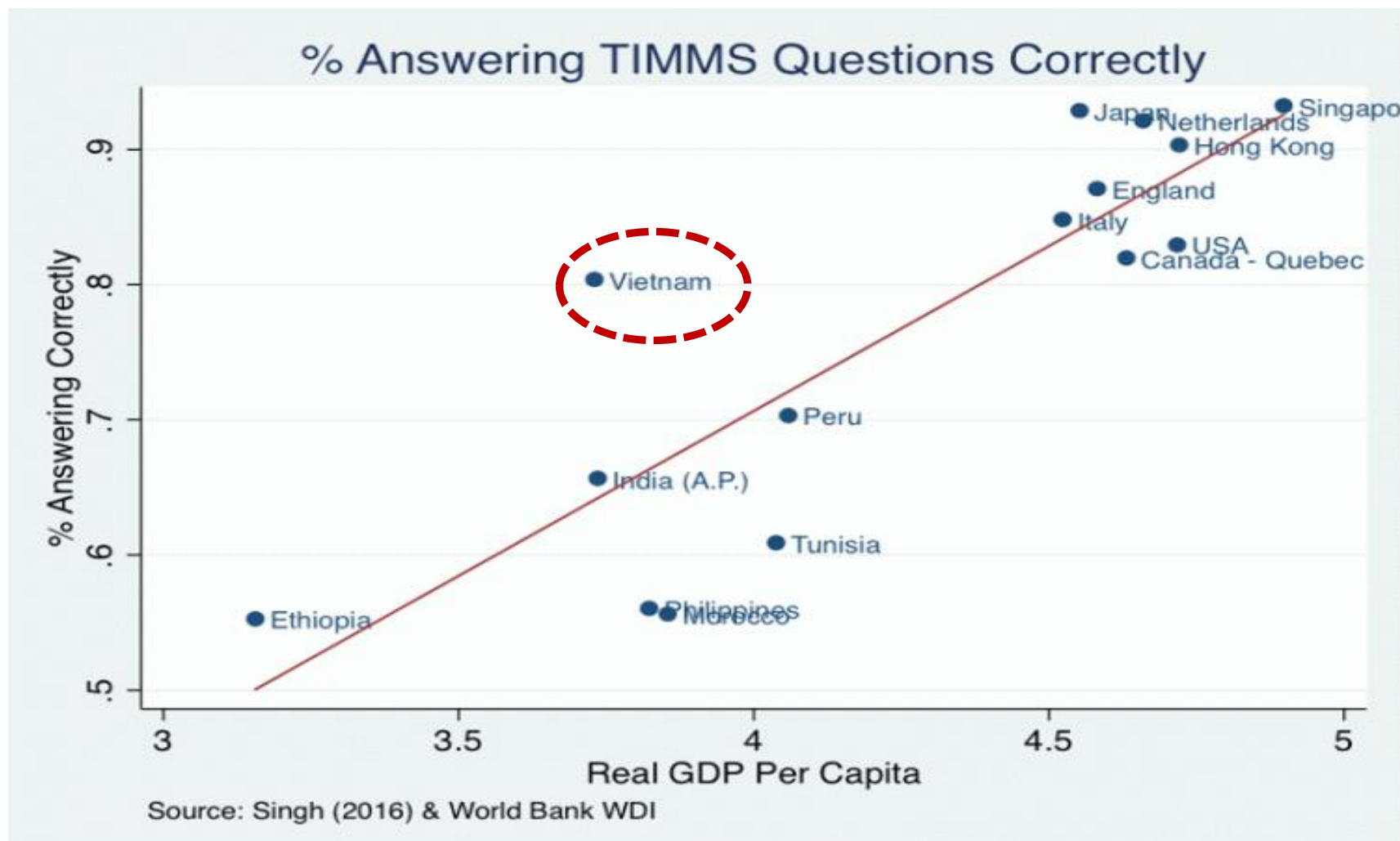


Economic Analysis

- On the whole, improvements in school-level education lead to improvements in economic performance, and more so than the other way around ($E \rightarrow G$)
- Schooling Year? (Human Development Index) or 'quality of education'?
- Analyses using international cognitive tests have shown that it is improvements in cognitive skills, rather than years of schooling, which have a strong influence on economic growth. ***The amount of schooling undertaken is not related to growth***, unless it also results in improved cognitive skills.



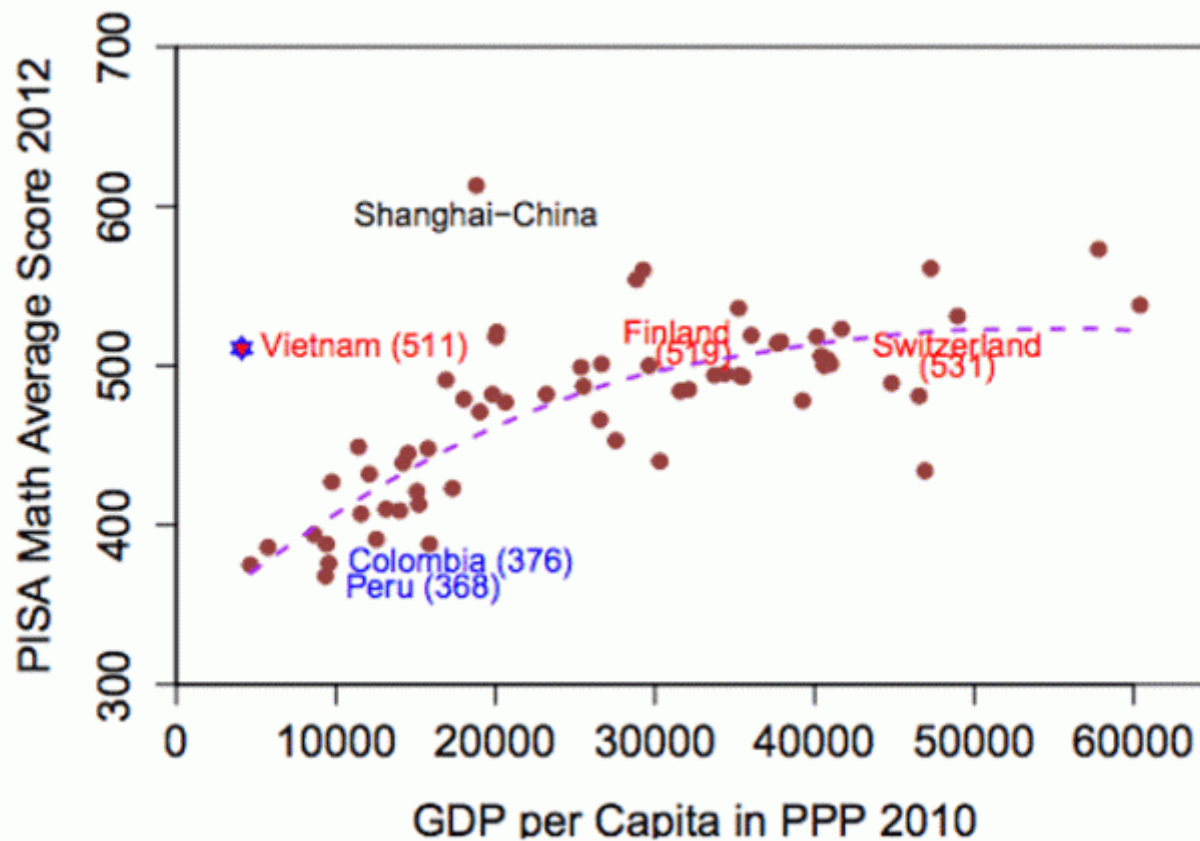
Vietnam's Score





Vietnam's PISA score

Figure 1: PISA 2012 results compared with GDP per capita



Source: OECD-PISA database



World Bank Researchers

- In general, Vietnamese students were more focused and took their schoolwork more seriously. They were less likely to be late for school, had fewer unexcused absences, and skipped fewer classes. They spend about three more hours per week studying outside of school than students in other developing countries. They're less anxious about math, and more confident about how they're going to use it in the future.
- Parents in Vietnam were more likely to be involved in their children's academic lives, and help out or fundraise at the school. Structurally, the education system is more centralized. Teachers are less autonomous — their performance is monitored more, and there's a higher emphasis on student achievement than in other developing nations.



Continued...

- Vietnam invest more: especially considering its lower GDP. It has a lower level of economic development than the other seven, the parents aren't as educated, and it has fewer schools in the cities and more in villages and small towns — all things that might not be particularly conducive to a good education system.
- Despite the economic disadvantages, the quality of school infrastructure is better in Vietnam, as are the schools' educational resources. And even though there are fewer computers, they're just as likely to be connected to the internet, which the researchers interpreted as evidence of Vietnam's increased investment in schools. There also seems to be more access to early education, as Vietnamese students were more likely than others to have attended preschool.



Mid-term Review and Challenges

- The report shows that Vietnam has made impressive gains in improving educational performance over a relatively short period of time. Vietnam's literacy rate and school attendance rate compare favorably to other countries in the region and in the same income group.
- However, the report also recognizes that the country still faces challenges in closing gaps in access and learning across population groups, and in improving the quality of teaching and learning to develop the skills needed for the labor market.
- To address those challenges, Vietnam should better prioritize public funding in the education sector, improve spending efficiency and improve school management and pedagogy. *"This reform agenda is critical to meet the public demand for a higher performing education system and build sustainable foundation for human development in middle-income Vietnam,"*

(World Bank and UNDP joint report)



Q&A



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