



# Report and Recommendation of the President to the Board of Directors

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Project Number: 42275  
October 2012

Proposed Loan  
Socialist Republic of Viet Nam: Second Upper  
Secondary Education Development Project

Asian Development Bank

## CURRENCY EQUIVALENTS

(as of 3 October 2012)

Currency unit	–	dong (D)
D1.00	=	\$0.000047904
\$1.00	=	D20,875

## ABBREVIATIONS

ADB	–	Asian Development Bank
CEC	–	continuing education center
CPMU	–	central project management unit
DOET	–	department of education and training (provincial)
GER	–	gross enrollment rate
INSETT	–	in-service teacher training
M&E	–	monitoring and evaluation
MOET	–	Ministry of Education and Training
NIEM	–	National Institute for Educational Management
OST	–	overseas staff training
PAM	–	project administration manual
PPMU	–	provincial project management unit
TTU	–	teacher training university
USE	–	upper secondary education
USS	–	upper secondary school

## NOTES

- (i) The fiscal year (FY) of Viet Nam and its agencies ends on 31 May. FY before a calendar year denotes the year in which the fiscal year ends, e.g., FY2012 ends on 31 May 2012.
- (ii) The school year (SY) in Viet Nam officially starts in September and ends on 31 May. "SY" before a calendar year denotes the year in which the school year ends, e.g., SY2012 ends on 31 May 2012.
- (iii) In this report "\$" refers to US dollars.

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## PROJECT AT A GLANCE

<b>1. Project Name:</b> Second Upper Secondary Education Development Project		<b>2. Project Number:</b> 42275-013	
<b>3. Country:</b> Socialist Republic of Viet Nam		<b>4. Department/Division:</b> Southeast Asia Department/Human and Social Development Division	
<b>5. Sector Classification:</b>			
<b>Sectors</b>		<b>Primary</b>	<b>Subsectors</b>
Education		√	Upper secondary education
<b>6. Thematic Classification:</b>			
<b>Themes</b>		<b>Primary</b>	<b>Subthemes</b>
Economic growth			Widening access to markets and economic opportunities
Social development		√	Human development
Gender equity			Gender equity in human capabilities
Capacity development			Institutional development
Private sector development			Public private partnership
<b>6a. Climate Change Impact</b> No Climate Change Indicator available.		<b>6b. Gender Mainstreaming</b>	
		Gender equity theme (GEN)	√
		Effective gender mainstreaming (EGM)	
		Some gender benefits (SGB)	
		No gender elements (NGE)	
<b>7. Targeting Classification:</b>		<b>8. Location Impact:</b>	
<b>General Intervention</b>	<b>Targeted Intervention</b>		
	<b>Geographic dimensions of inclusive growth</b>	<b>Millennium development goals</b>	<b>Income poverty at household level</b>
√			
<b>9. Project Risk Categorization:</b> Low			
<b>10. Safeguards Categorization:</b>			
Environment		C	
Involuntary resettlement		C	
Indigenous peoples		B	
<b>11. ADB Financing:</b>			
<b>Sovereign/ Nonsovereign</b>	<b>Modality</b>	<b>Source</b>	<b>Amount (\$ Million)</b>
Sovereign	Project loan	Asian Development Fund	90.0
Total			90.0
<b>12. Cofinancing:</b> No Cofinancing available.			
<b>13. Counterpart Financing:</b>			
<b>Source</b>		<b>Amount (\$ Million)</b>	
Government		15.0	
Total		15.0	
<b>14. Aid Effectiveness:</b>			
Parallel project implementation unit		No	
Program-based approach		No	

## I. THE PROPOSAL

1. I submit for your approval the following report and recommendation on a proposed loan to the Socialist Republic of Viet Nam for the Second Upper Secondary Education Development Project.<sup>1</sup>

2. The project is a continuation of the first Upper Secondary Education Development Project,<sup>2</sup> which was successfully completed in 2011. The project will help the Government of Viet Nam promote its ongoing reform initiative for upper secondary education (USE) through upgrading of teaching and learning to international standards, improving student access and retention, and strengthening school management for USE. The project will be national in scope, with investments to improve access targeted to selected disadvantaged provinces.

## II. THE PROJECT

### A. Rationale

3. **Country context.** Viet Nam has achieved high economic growth since the mid-1990s and according to the World Bank's World Development Indicators, Viet Nam has been ranked as a lower-middle-income country since 2010. Gross domestic product per capita reached \$1,224 in 2010, with an average annual growth rate of 6.8%. To sustain growth, Viet Nam's industrial and services sectors will need to undergo substantial reforms to remain competitive; this will in turn depend on a skilled workforce. Improvements in access to educational opportunities at the upper secondary school (USS) level will help boost the quality of the labor force. Young workers (aged 20–39 years) represent half (50.5%) of the total labor force, but less than 30% of the workforce has completed USE.

4. **Government development plan and ADB's country partnership strategy.** The government's socioeconomic development plan for 2011–2015 has identified the development of a high-quality labor force as one of three key pillars for sustainable and equitable development of the country.<sup>3</sup> The Asian Development Bank's (ADB) country partnership strategy for Viet Nam in 2012–2015<sup>4</sup> has also accorded priority to improving the employability of Vietnamese youth. USE is particularly important in terms of ensuring (i) an effective transition from basic to higher-level education; and (ii) the entrance quality of USS graduates, of which some proceed to tertiary education and others enter the labor market.

5. **Achievements of the first Upper Secondary Education Development Project.** The first project was designed and approved in 2002 when USE in Viet Nam was still underdeveloped. The national USE gross enrollment rate (GER) was only 15% in school year (SY) 2000 and the quality of curriculum and textbooks was poor. The principal objectives of the first project were (i) to improve access to USE, and (ii) to develop the curriculum and textbooks for core subjects. To date, general USE coverage and the provision of curriculum and instructional materials have expanded. As of 2011, the USE GER reached 56.3%, while the net enrollment rate was 50.4%. Teacher quality has also improved through updated curricula and textbooks.

6. **Lessons from the first project.** Lessons from the first USE project (and other related projects) have been taken into consideration in the design and implementation plan of this

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<sup>1</sup> The design and monitoring framework is in Appendix 1. A more detailed design and monitoring framework is in Project Administration Manual (accessible from the list of linked documents in Appendix 2).

<sup>2</sup> ADB. 2002. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Socialist Republic of Viet Nam for the Upper Secondary Education Development Project*. Manila (Loan 1979-VIE, approved on 18 December).

<sup>3</sup> Government of Viet Nam. 2011. *Socioeconomic Development Plan, 2011–2015*. Ha Noi.

<sup>4</sup> ADB. 2012. *Country Partnership Strategy, Viet Nam, 2012–2015*. Manila.

project. Previous projects targeted disadvantaged areas at the provincial level. However, districts show large variations in educational indicators, and the USE project sites for this project will therefore be identified at the district or school level. Baseline data sources have been absent. The project will use the results from indicators that can be more easily measured.

7. **Remaining and new challenges.** The first USE project was successfully implemented and achieved its expected project outcome. However, several issues remain and new challenges are emerging that need to be addressed. These include the: (i) overall poor quality of instruction and limited relevance of curricula, (ii) limited access for disadvantaged groups to USS, and (iii) weak planning and management capacity of local authorities for improving USE.

8. **Performance and quality.** While the USS completion rate is high (92.6% in SY2010), the average academic performance of USS students is still low compared with those in the Association of Southeast Asian Nations.<sup>5</sup> In SY2010, only 10.3% of USS attained national standards. Many USS graduates could not meet the expectations of either industry or higher education. Achieving significant improvement in the quality and relevance of USS programs is crucial. To address these concerns, the Ministry of Education and Training (MOET) is undertaking several reforms, including improving the quality of teachers and teaching methods, and curriculum reform. MOET will adapt the curriculum based on international standards, and in accordance with anticipated economic and social needs.

9. **Access and retention.** Having achieved impressive overall economic growth rates, poverty incidence is now concentrated in four vulnerable groups: poor households, ethnic minorities,<sup>6</sup> people with special needs, and women and girls. While the national USE GER has improved dramatically, the disadvantaged target provinces have much lower rates. Poor students have a completion rate of about 75%, considerably below the national average completion rate. The student enrollments of low-income households are below those of high-income households as a result of the heavy burden of direct and indirect education costs. Physically disabled persons have limited opportunity to access USE. Access to USE needs to be expanded and educational opportunities provided to disadvantaged students.

10. **Planning and management.** Gaps in subsector management undermine the accountability and effectiveness of USE. While the government has introduced a decentralized education policy, capital expenditure by local authorities varies, with many not allocating sufficient funding;<sup>7</sup> contributing factors are limited budgets and the low importance placed on USE. The inspection of schools is limited, leading to significant differences in the quality of programs and facilities.<sup>8</sup> An international study conducted by the World Economic Forum<sup>9</sup> indicated that capacity building is needed for school management in Viet Nam.

11. **Link to ongoing reform initiatives.** The project will support the ongoing Secondary Education Sector Development Program,<sup>10</sup> which promotes 10 education reform actions,<sup>11</sup> and

<sup>5</sup> Only 40.1% of USS students received “good” or “fair” grades in the five-grade evaluation in SY2011 in Viet Nam, which was considerably lower than the similar national monitoring of other Asian countries.

<sup>6</sup> There is a wide gap among ethnic groups, ranging from the 6.6% net enrollment rate among the Hmong to 61.8% among the Kinh in 2009.

<sup>7</sup> Only 58% of capital expenditure is allocated to the local portion (74% of total education expenditures was allocated to the local portion in 2010).

<sup>8</sup> Inspection of USS is conducted once every 5 years.

<sup>9</sup> Viet Nam was rated 123rd out of 142 countries regarding school management quality in the World Economic Forum. 2011. *Global Competitiveness Report 2011–2012*. Geneva.

<sup>10</sup> ADB. 2009. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Socialist Republic of Viet Nam for the Secondary Education Sector Development Program*. Manila (Loans 2582-VIE and 2583-VIE, approved on 13 November).

<sup>11</sup> The 10 reform actions are (i) development of secondary education sector master plan; (ii) establishment of a national accreditation agency for secondary schools; (iii) upgrading of a human resource management strategy; (iv) nationwide teacher assessment; (v) standard learning assessment through participation in the Organisation for

financed the Programme for International Student Assessment 2012 for Viet Nam. The project will use the results of the assessment in developing a new secondary curriculum, innovative teaching methods, textbooks, and information and communication technology applications.

12. **Innovations of the project.** The project includes a number of new initiatives: (i) the Continuing Education Center (CEC) will be restructured from conventional informal education centers into a platform for in-service teacher training (INSETT); (ii) more attention will be paid to practical skills of classroom teaching through the use of teaching simulation rooms for teacher training university (TTU) students; (iii) ethnic minority students will receive financial and academic support to reduce dropout; and (iv) a research study will explore applicable public–private partnership models for USE. The project is structured as a follow-on loan to the first USE project rather than a sector loan. The selection criteria for the provinces, schools, and teachers and/or students that will benefit from key project activities will be approved by ADB.

13. **Development coordination.** ADB is a member of the education sector group, which serves as a donor coordination framework for the education sector. In Viet Nam, ADB has been the principal development partner in the secondary education subsector. The governments of Australia and Belgium have provided grant assistance to secondary education as cofinanciers of some ADB projects. ADB is the only development partner providing USE support.

## B. Impact and Outcome

14. The impact of the project will be improved employability of the young labor force aged 18–24 in Viet Nam. The project outcome will be improved readiness of USS graduates for tertiary and vocational career development.

## C. Outputs

### 1. Upper Secondary Education Quality Enhanced to meet International Standards<sup>12</sup>

15. **Improvement of teaching strategies through pre-service teacher training and in-service teacher training.** Capacity building of TTU lecturers and curriculum specialists will help prepare a new curriculum, with supporting textbooks and teacher training, in order to improve USE quality from 2015 onwards. The project will provide (i) overseas short-term training courses on curriculum and textbook drafting skills for approximately 75 core specialists to assist them to develop the new curriculum and textbooks, and (ii) 3 in-country INSETT training activities for approximately 18,750 teachers regarding piloting and implementing the new USE curriculum and textbooks.

16. **Provision of textbooks and development of instructional materials based on the new upper secondary education curriculum.** The new USE curriculum will be developed by MOET using government funding, with implementation support by the project through: (i) textbooks that support the new curriculum for pilot and nationwide use; (ii) teaching materials

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Economic Co-operation and Development's Programme for International Student Assessment and national achievement monitoring; (vi) periodic curriculum review and upgrading system; (vii) policy on the use of information and communication technology in teaching and learning; (viii) development of a new equivalency program; (ix) integrated secondary education for children with special needs; and (x) conditional cash transfers.

<sup>12</sup> "International standards" is defined in government's various education and training sector plans and strategies as the quality standards in developed countries (e.g., member countries of the Organisation for Economic Co-operation and Development). "Regional standards" refer to the quality standards of member countries of the Association of Southeast Asian Nations.

and guidelines to assist in piloting the effective use of textbooks; and (iii) specific and targeted teaching support materials/teaching aids for approximately 800 USS in EM regions.

**17. Improving the academic environment for gifted upper secondary school students.**

The project will support the strengthening of a selected number of schools assigned to nurture gifted students through developmentally appropriate programs. The project will provide (i) laboratory equipment and teaching aids in physics, chemistry, and biology; (ii) in-country training for approximately 833 teachers on advanced coursework from abroad in support of gifted and talented education; and (iii) short-term overseas training for up to 15 teachers and vice-principals selected by MOET in consultation with ADB.

**18. Support for a continuing education center to improve in-service teacher training.**

To expand the capacity and improve the effectiveness of a provincial CEC to implement the new INSETT for USS teachers, the project will provide (i) approximately 63 sets of teaching and practical equipment, and textbooks and teaching materials to relevant libraries to support programs conducted by the CEC; and (ii) in-country training on curriculum reform for approximately 15 teachers from each CEC.

**19. Improving the quality of foreign language training and education.** The project will support the improvement of the oral communication skills of USS English language teachers through: (i) the procurement of books for 2,700 schools; (ii) the provision of quality audiovisual equipment to equip one specialist foreign language room in each province; and (iii) in-country training for core English teachers to focus on enhancing student's listening and speaking skills.

**20. Establishment of centers for pedagogical excellence.** Teachers learn best by observing highly effective classroom practice. Therefore, six centers for pedagogical excellence<sup>13</sup> will be established to enable TTUs and pedagogical faculties to more effectively train prospective teachers. These simulation classrooms will showcase highly effective practices, including how to engage students in their learning and how to plan, manage, and assess student outcomes. Specifically, the project will (i) establish 6 Centres for Pedagogical Excellence; (ii) provide simulation teaching equipment; (iii) provide construction (or upgrading) of teaching simulation rooms; (iv) provide in-country training workshops for approximately 20 lecturers per center; and (v) provide a two-week overseas training program for 6 TTU lecturers and nine specialists from MOET to acquire pedagogical expertise.

**21. Improved teaching of selected subjects.** To improve the quality and relevance of USE to national goals, five key subjects have been identified for specific improvement.<sup>14</sup> Effective approaches to teaching and learning will be developed for each subject. The project will (i) provide in-country training to improve the teaching practices of core teachers; (ii) support teachers in recording, publishing, and sharing effective practice; (iii) provide short-term OST for 15 teachers to acquire updated teaching methodologies; and (iv) conduct an assessment study on the new teaching methods in mathematics.

**22. Support for academically disadvantaged groups.** To facilitate access to USS, and in particular access by academically disadvantaged students, the project will build the capacity of teachers by conducting in-country INSETT training programs. Teachers will be assisted to develop a range of self-study materials and guidelines to ensure that students undertaking study via distance education have access to appropriate materials and support.

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<sup>13</sup> Centers for pedagogical excellence will be established at the following six TTUs: Can Tho, Ha Noi, Ho Chi Minh City, Hue, Tay Nguyen, and Thai Nguyen.

<sup>14</sup> The subjects are biology, chemistry, mathematics, physics, and social sciences.



## 2. Increased Access and Retention of Disadvantaged Groups to Upper Secondary Education<sup>15</sup>

### 23. New facility development at existing upper secondary schools in target provinces.

To improve access to quality facilities for students in the disadvantaged target provinces,<sup>16</sup> the project will provide 1,050 rooms (and furniture) at existing USS, and specialized equipment for 152 of the newly constructed facilities. These facilities will also help improve the quality of learning outcomes by students who attend USS in the disadvantaged target provinces.

24. **Support for ethnic minority boarding schools.** To encourage increased participation of ethnic minority students, the project will improve the learning environment in selected ethnic minority boarding USS through provision of information technology, library, and related equipment.

25. **Pilot an inclusive education program for students with special needs.** To ensure improved access to USE by students with special needs and to develop an effective and sustainable approach to disabilities within the USE subsector, a pilot program focused on developing appropriate teaching and learning environments for students with special needs will be conducted. The project will support the: (i) development of sign language tools for deaf students, (ii) development and provision of instructional materials on sign language for inclusive education centers, and (iii) provision of in-country training in the management of inclusive education and teaching methodologies for 600 teachers in inclusive education centers.

26. **Education for sustainable development support for disadvantaged groups.** To help disadvantaged students continue with education and training programs after completing USE, the project will help develop their lifelong skills. The project will provide three in-country teacher training programs for approximately 1,650 teachers with focus on (i) developing active and engaging approaches to teaching and disciplines that are particularly effective for academically disadvantaged students, (ii) developing high-quality life skills together with an improved understanding of environment and social issues, and (iii) ensuring the cultural preservation of ethnic minorities.

27. **Capacity development of private sector schooling.** To improve access to USE for disadvantaged groups, new models of finance and management need to be explored that would enable private education providers to play an increased role. The project will provide support to government agencies and MOET to undertake research and develop a model on how public-private partnerships can be most effectively applied within USE. The project will also pilot the provision of in-country teacher training to 300 teachers from private USS.

## 3. Strengthened Planning and Management of Upper Secondary Education

28. **Capacity development of upper secondary education managers.** The project will provide in-country training to improve significant aspects of USE including planning,

<sup>15</sup> Beneficiaries of Output 2 defined as 'disadvantaged groups' will include: (i) ethnic minorities, (ii) physically disadvantaged students, (iii) students from poor household, (iv) students who are academically disadvantaged, and (v) students studying in private schools where the average teacher quality is often lower than that in public schools. Except for school construction and provision of equipment, Output 2 activities will be implemented nationwide.

<sup>16</sup> The disadvantaged target provinces were selected using the socioeconomic and educational selection criteria provided in Selection Criteria and Profile of Beneficiary Provinces and Districts for Civil Works (accessible from the list of linked documents in Appendix 2). The list of 33 target provinces for civil works is provided in List of Beneficiary Provinces for Civil Works (accessible from the list of linked documents in Appendix 2). Target schools will be finalized based on the site condition at implementation stage. All sub-outputs other than civil works will be implemented nationwide (63 provinces). The criteria for selecting teachers and other staff for in-country and overseas trainings will be developed during implementation and approved by ADB.

management, and leadership for education reform. The training programs will involve 2,700 USS principals, and 600 directors of CECs, and principals of complementary educational schools. Key USE managers participating in an OST program will learn effective approaches to quality management for USE programs. The project will procure school mapping software to improve education planning capacity.

29. **Provision of block grants to support local government.** The funding of local government departments and the effective and efficient use by each Department of Education and Training (DOET) of their block grant has been a concern for some time. The project will support building the planning and management capacity of DOETs to meet local needs, and developing agreed solutions to key management issues for each DOET to meet the reform requirements associated with the introduction of a revised curriculum, new approaches to teaching and learning, and new textbooks after 2015. Each DOET will receive one block grant package including a block grants manual, orientation workshops, and monitoring and evaluation (M&E) training.

30. **Support for pilot research studies for upper secondary education.** The project will support the use of action–research approaches to help improve strategic planning capacity of education authorities to promote and implement the ongoing MOET “education renovation” initiatives. Five action–research packages are anticipated with a focus on (i) developing a model of USS autonomy within a framework of social responsibility and accountability, (ii) developing management and planning skills for TTU students, (iii) managing curriculum change and developing instructional materials for complementary USE, (iv) counseling students in USS, and (v) organizing USS applied science research.

31. **Support for enhancement of research and training capacity for education management.** The project will help strengthen the capacity of training and research centers for education management by providing equipment for a multifunction room at the National Institute for Educational Management (NIEM), and in-country training to develop the teaching and scientific research capacity of lecturers at NIEM and the Institute of Educational Managers Ho Chi Minh City.

#### 4. **Support for Project Implementation, Quality Assurance, and Monitoring**

32. **Capacity development of CPMU, PPMUs, and other Implementing Agencies.** The project will support the capacity strengthening of the central project management unit (CPMU), provincial project management units (PPMUs), and other implementing agencies responsible for project management and implementation. This output will provide in-country training for project management. Consulting services, totaling 471 person-months, will be provided to support the CPMU in project implementation.

33. **Provision of equipment and facilities to project implementing agencies.** The project will provide the necessary office equipment, furniture and facilities, and vehicles for the CPMU. Equipment will also be provided for PPMUs to ensure timely and quality project implementation.

34. **Project monitoring, quality assurance, and evaluation.** The project will strengthen project monitoring and evaluation within the agreed M&E framework. Through review workshops, output assessments, independent project evaluation, and external audits, the project will be closely monitored and improvements will be made where required.

#### D. **Investment and Financing Plans**

35. The project is estimated to cost \$105.0 million (Table 1).

**Table 1: Project Investment Plan (\$ million)**

Item	Amount <sup>a</sup>
<b>A. Base Cost<sup>b</sup></b>	
1. Enhanced quality of USE to international standards	24.76
2. Increased access and retention of disadvantaged groups to USE	55.80
3. Strengthened planning and management of USE	4.48
4. Support for project implementation, quality assurance, and monitoring	7.53
<b>Subtotal (A)</b>	<b>92.57</b>
<b>B. Contingencies<sup>c</sup></b>	<b>9.43</b>
<b>C. Financing Charges During Implementation<sup>d</sup></b>	<b>3.00</b>
<b>Total (A+B+C)</b>	<b>105.00</b>

USE = upper secondary education.

<sup>a</sup> Includes taxes and duties of \$15.34 million to be financed from Asian Development Bank (ADB) loan resources and government resources.

<sup>b</sup> In mid-2012 prices.

<sup>c</sup> Physical contingencies computed at 8.5% for civil works, and 5% for equipment. Price contingencies computed at 6.6% as of 9 April 2012, but subject to change depending on the final evaluation of total based costs, to be communicated on 10 April 2012; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

<sup>d</sup> Includes interest during implementation for ADB loan computed at 1% per annum to be capitalized in the loan amount.

Source: Asian Development Bank estimates.

36. The government has requested a loan in various currencies equivalent to SDR59,419,000 from ADB's special funds resources to help finance the project. The loan will have a 32-year term, including a grace period of 8 years, an interest rate of 1.0% per annum during the grace period and 1.5% per annum thereafter, and such other terms and conditions as set forth in the draft loan agreement. The ADB loan will partially finance taxes and duties<sup>17</sup> (\$0.34 million).<sup>18</sup> The financing plan is in Table 2. Physical contingencies comprise 9.8% of the base costs inflation factor per year throughout the implementation of the project.

**Table 2: Financing Plan**

Source	Amount (\$ million)	Share of Total (%)
Asian Development Bank	90.00	85.70
Government	15.00	14.30
<b>Total</b>	<b>105.00</b>	<b>100.00</b>

Source: Asian Development Bank estimates.

## E. Implementation Arrangements

37. The government will establish an inter-ministerial project steering committee to guide and supervise the overall management of the project. As the executing agency, MOET will be responsible for project management and provide guidance to the CPMU that oversees the day-to-day implementation of the project. The CPMU will comprise a qualified full-time project manager, deputy project manager, and key technical staff acceptable to ADB. ADB approval for the nomination of CPMU staff is a condition for loan effectiveness. All 63 provinces will establish PPMUs within each DOET; the DOETs will be the liaison between the CPMU and the PPMUs. The PPMUs will be responsible for implementing activities at the provincial level. Selected TTUs, USS, and the NIEM will be participating agencies. The implementation arrangements are summarized in Table 3 and described in detail in the Project Administrative Manual (PAM).<sup>19</sup>

<sup>17</sup> ADB will finance the amount of taxes and duties as it (i) is within reasonable country thresholds, (ii) does not represent an excessive share of the project investment, and (iii) is material and relevant to the project's success.

<sup>18</sup> ADB loan resources will finance the value added tax and corporate income tax charged to the consulting services contract for the project implementation contract, which is estimated at 12% of the contract amount.

<sup>19</sup> Project Administration Manual (accessible from the list of linked documents in Appendix 2).

**Table 3: Implementation Arrangements**

Aspects	Arrangements		
Implementation period	1 January 2013–31 December 2019		
Estimated completion date	31 December 2019		
Management			
(i) Oversight body	Project steering committee: vice minister, Ministry of Education and Training (chair), representatives from the Department of Secondary Education, Planning and Finance, and Teachers Department, National Institute of Educational Management, Ministry of Planning and Investment, Ministry of Finance, State Bank of Viet Nam, and Office of the Government		
(ii) Executing agency	Ministry of Education and Training		
(iii) Key implementing agencies	Central project management unit (indicatively 1 project director, 1 deputy director, several unit heads, and unit staff) for nationwide activities and 63 PPMUs for provincial level activities.		
Procurement	ICB	9 contracts	\$22.5 million
	NCB	16 contracts	\$42.9 million
	Shopping	19 contracts	\$1.1 million
Consulting services	QCBS	445 person-months (108 international, 337 national)	\$3.0 million
	ICS	26 person-months (8 international, 18 national)	\$0.2 million
	FBS	5 contracts	\$1.1 million
	LCS	7 contracts	\$0.56 million
	CQS	1 contract	\$0.05 million
	SSS	21 contracts	\$0.95 million
Retroactive financing and/or advance contracting	Retroactive financing and advance contracting may be applied for up to 5% of the ADB loan amount with respect to procurement of individual consultants for project implementation support.		
Disbursement	The loan proceeds will be disbursed in accordance with ADB's <i>Loan Disbursement Handbook</i> (2012, as amended from time to time) and detailed arrangements agreed upon between the government and ADB. The sub-accounts will be opened under 63 PPMUs.		

ADB = Asian Development Bank, CQS = consultant qualification selection, FBS = fixed budget selection, ICB = international competitive bidding, ICS = individual consultant system, LCS = least cost selection, NCB = national competitive bidding, PPMU = provincial project management unit, QCBS = quality- and cost-based selection. SSS = single source selection.

Source: Asian Development Bank.

### III. DUE DILIGENCE

#### A. Economic and Financial

38. The major economic benefits of the project will include: (i) improved efficiency of infrastructure, personnel, and resources allocated to USE; and (ii) improved productivity of graduates, who will contribute to economic development. The recurrent costs, to be borne by the government after the project, are estimated at \$660,000 per year and include the O&M of new school facilities and equipment. The estimated annual recurrent costs after project implementation account for 0.24% of the USE operating cost during 2020–2025. This level of cost is sustainable, given the projected size of the education budget.

#### B. Governance

39. The financial management assessment has confirmed that MOET and key implementing agencies have sufficient capacity for project implementation. The departments of secondary education; planning and finance; and education facilities, equipment and children's toys of MOET are directly involved in this project. Having been involved in all ADB-funded secondary education projects, these departments are experienced with ADB procedures, and past projects

were successful.<sup>20</sup> ADB's Anticorruption Policy (1998, as amended to date) was explained to and discussed with the government and MOET. The specific policy requirements and supplementary measures are described in the PAM (footnote 18).

### C. Poverty and Social

40. **Poverty.** Indigenous peoples in the northern and central mountain provinces suffer high levels of poverty, and their average years of school attendance is lower than that of Kinh students, because students leave school early to do agricultural work, or, in the case of girls, to get married at a young age.

41. **Gender.** The project has a gender equity theme. The project will address the lack of gender-sensitive teaching and learning materials, limited access by female teachers and management staff to training opportunities, and limited awareness about the value of education for girls. The project gender action plan ensures that (i) all female management staff in CECs participate in management training; (ii) strategies promote female access to and completion of USE; (iii) 40% of participants in INSETT, 55% of English teachers, and 60% of teachers trained on life skills curricula are female; (iv) new curriculum and materials are gender-sensitive; (v) separate latrines are provided for female and male students; (vi) 20% of provincial block grants are earmarked for addressing gender issues; (vii) gender criteria are included in school network mapping; and (viii) all M&E reports include sex- and ethnicity-disaggregated data.

### D. Safeguards

42. Due diligence has been undertaken on the project design to assess potential impacts on environment, indigenous peoples, and involuntary resettlement. The project is categorized as C for environment and involuntary resettlement, and B for indigenous peoples.

43. **Environment and involuntary resettlement.** No significant impact on the environment is anticipated. The project will not entail land acquisition or restrict access to lands, and no relocation of people is planned.

44. **Indigenous peoples.** The project addresses access and equity issues related to poor ethnic groups in 33 disadvantaged target provinces with large ethnic populations. The project ensures ethnic inclusion and equity in all, quality USE teaching and learning including curricula, capacity development, and management interventions. Key features of the ethnic group plan include: (i) targets for participation by ethnic teachers in various training, (ii) ethnicity-sensitive curricula and instructional materials, (iii) training materials on life skills include analyses of key ethnic minority social issues and vulnerability, (iv) selected civil work sites located in ethnic minority areas, and (v) guidelines for block grants to support local needs.

### E. Risks and Mitigating Measures

45. The overall benefits and impacts are expected to outweigh the costs and risks involved. Major risks and mitigating measures are summarized in Table 4 and described in detail in the risk assessment and risk management plan.<sup>21</sup> The project is considered to be low risk.

<sup>20</sup> ADB. 2008. *Completion Report: Lower Secondary Education Development Project in Viet Nam*. Manila (Loan 1537-VIE); and ADB. 2009. *Completion Report: Teacher Training Project in Viet Nam*. Manila (Loan 1718-VIE).

<sup>21</sup> Risk Assessment and Risk Management Plan (accessible from the list of linked documents in Appendix 2).

**Table 4: Summary of Risks and Mitigating Measures**

<b>Risks</b>	<b>Mitigating Measures</b>
CPMUs face a high turnover of experienced staff. As a result, project management (including disbursement and procurement activities) could be delayed.	MOET and MOF will determine CPMU staff's remuneration at appropriate and competitive level to prevent turn-over. Also, training opportunities for long-term career development will be provided.
The qualifications of candidates for proposed overseas training may be limited (particularly their language ability).	Selection criteria for participants in OST programs are subject to ADB's prior review and approval to ensure the transparency of selection and expected impact of the OST. Technical qualifications and English proficiency will be taken into consideration.
The project constructs new school facilities for disadvantaged areas based on demand. However, the HRD plan indicates a decrease in new teacher recruitment due to a decrease in the number of students. As a result, there may not be enough teachers for newly constructed facilities in the disadvantaged areas.	DOET and CPMU will carefully examine the allocation of teachers for newly constructed facilities beginning at the selection stage, to ensure the availability of teachers for these additional classrooms.

CPMU = central project management unit, DOET = department of education and training, HRD = Human Resource Development, MOET = Ministry of Education and Training, MOF = Ministry of Finance, ODA = official development assistance, OST = overseas staff training.

Source: Asian Development Bank.

#### **IV. ASSURANCES AND CONDITIONS**

46. The government and MOET have assured ADB that implementation of the project shall conform to all applicable ADB policies, including those concerning anticorruption measures, safeguards, gender, procurement, consulting services, and disbursement as described in detail in the PAM and loan documents.

47. The government and MOET have agreed with ADB on certain covenants for the project, which are set forth in the loan agreement. The government has also agreed that the loan will not be declared effective unless MOET has established and set up the CPMU and appointed a full-time project manager, a deputy project manager, and key technical staff including an appropriate number of experts in curriculum and textbook development, equipment and instructional material development, finance, procurement, civil works, staff development, social development, monitoring and evaluation, and administration, whose experience and qualification will be approved by ADB.

#### **V. RECOMMENDATION**

48. I am satisfied that the proposed loan would comply with the Articles of Agreement of the Asian Development Bank (ADB) and recommend that the Board approve the loan in various currencies equivalent to SDR59,419,000 to the Socialist Republic of Viet Nam for the Second Upper Secondary Education Development Project, from ADB's Special Funds resources, with an interest charge at the rate of 1.0% per annum during the grace period and 1.5% per annum thereafter; a term of 32 years, including a grace period of 8 years; and such other terms and conditions as are substantially in accordance with those set forth in the draft loan agreement presented to the Board.

Haruhiko Kuroda  
President

5 October 2012

## DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
<p><b>Impact</b></p> <p>Improved employability of young labor force aged 18–24 in Viet Nam</p>	<p>5 years after project completion (2024):</p> <p>(i) the labor market participation rate of USS graduates increases from 15% in 2011 to 30%; and</p> <p>(ii) the job placement rate of USS graduates increases from 30% in 2011 to 45%.</p>	<p>MOET’s tracer study on secondary school graduates in labor market</p> <p>Project tracer study and MOLISA’s labor report</p>	<p><b>Assumption</b></p> <p>Expansion of quality secondary education remains the priority MOET policy.</p>
<p><b>Outcome</b></p> <p>Improved readiness of USS graduates for tertiary and vocational career development</p>	<p>The passing rate of USS graduates in the national university entrance examination increases from 70% in 2011 to 80% in 2019, and 40% of those passing are female.</p> <p>Proportion of secondary students receiving “satisfactory” or better in the national achievement monitoring examination increases from 70% in 2011 to 85% in 2019.</p> <p>The net enrollment rate for USE increases from 56.3% in 2010 to 60% in 2019.</p> <p>The academic performance of gifted students in 2018 improves by 10% over their 2013 performance.</p>	<p>MOET’s annual education statistics reports</p> <p>Results of NAM in SY2012/13–SY2017/18</p> <p>MOET’s EMIS</p> <p>Results of NAM in SY2012/13–SY2017/18</p>	<p><b>Assumption</b></p> <p>MOET continues to allocate sufficient funding to the USE subsector.</p>
<p><b>Outputs</b></p> <p>1. USE quality enhanced to international standards</p> <p>2. Increased access and retention of</p>	<p>By 2018, 37,500 USS teachers complete in-country training on teaching strategies and method; 40% of the participants are female.</p> <p>By 2017, 180,000 gender- and ethnic minority-sensitive textbooks and instructional materials produced based on agreed standards are provided to USS in the target region.</p> <p>By 2019, 63 continuing education centers meet agreed standards for teacher qualifications, equipment, and instructional materials.</p> <p>By 2018, 2,700 sets of oral English materials and English books are provided to selected USS libraries.</p> <p>By 2016, 6 centers for pedagogical excellence meet agreed operational standards.</p> <p>By 2016, 2,520 teachers receive in-country teacher training for selected subjects. At least 20% of subject teachers are upgraded, 40% of upgraded teachers are female, and 7% are from an ethnic minority.</p> <p>By 2016, 1,764 teachers receive in-country training on self-study, and 1,512 subject teachers receive training on selected subjects in poor regions.</p> <p>By 2018, 1,050 new facilities are provided in disadvantaged target provinces, including separate sanitation facilities for boys and girls.</p>	<p>Average student’s performance assessed by NAM results</p> <p>Project progress reports</p> <p>NAM results</p> <p>Score of TOEFL or IELTS of beneficiary students</p> <p>Project progress reports</p> <p>Average students performance assessed by NAM results</p> <p>Project progress reports</p> <p>Project progress reports</p>	<p><b>Risks</b></p> <p>High turnover of central and PPMU staff</p> <p>Limited number of qualified candidates for the proposed teacher and management training programs</p>

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
disadvantaged groups to USE	All new classrooms for disadvantaged groups have teachers assigned: 40% of teachers assigned to new classrooms are female.  By 2015, 18 ethnic minority USS in disadvantaged target provinces receive educational equipment.  By 2015, 600 teachers receive training in the use of the provided sign language tools; 60% of sign language trainees are female.  By 2018, 50% of students in the target provinces are provided with academic support to help lower the dropout rate.	CPMU's project baseline survey and benefit monitoring system and NAM results  Project progress reports  NAM results  EMIS data and project progress reports	
3. Strengthened planning and management of USE	By 2018, 100% of female USE managers and principals are trained.  By 2016, all 63 DOETs receive the provincial block grants, as scheduled.  20% of block grants are earmarked for addressing female access and equity issues.  By 2015, the NIEM annual plans are submitted on time.	Project progress reports  Project progress reports  Project progress reports  Project progress reports	
4. Project implementation, quality assurance, and monitoring supported	Annual PMU capacity building programs are delivered as scheduled; 20% of participants are female.  Annual PMU budgets are approved on time.  Annual project audits are submitted to MOET on time.  MOET submits agreed reports to ADB on time.	Project progress reports  Project progress reports  Project progress reports  Annual audit reports and project progress reports	

Activities with Milestones	Inputs
<p><b>1. USE Quality Enhanced to meet International Standards</b></p> <p><b>1.1 Improvement of teaching strategies through PRESETT and INSETT</b> Organize OST and in-country training for specialists who will develop new curriculum and textbooks by 2019.</p> <p><b>1.2 Provision of textbooks and development of instructional materials based on the new USE curriculum</b> Provide the new textbooks and develop the teaching support materials by 2018.</p> <p><b>1.3 Support for an academic environment for gifted USS students</b> Provide laboratory equipment and teaching aids and organize in-country training and OST for advanced teaching methods by 2016.</p> <p><b>1.4 Support for CEC development for new INSETT</b> Procure teaching and practice equipment, textbooks, and teaching materials for library to support teacher training by 2019.</p> <p><b>1.5 Improve the quality of foreign language training and education</b> Provide English-language books for libraries, equipment for foreign language laboratories, and training on spoken English by 2016.</p> <p><b>1.6 Establishment of centers for pedagogical excellence</b> Provide teaching simulation room, teaching aids, and in-country and overseas training on pedagogical skill development by 2017.</p> <p><b>1.7 Improvement of quality of teaching of selected subjects</b></p>	<p><b>ADB (\$90 million equivalent)</b> Civil works: \$35 million Equipment: \$20.19 million Vehicles: \$0.14 million Textbooks and instructional materials: \$4.28 million Staff development (in-country): \$10.83 million Staff development (overseas): \$1.10 million Workshops, research, and surveys: \$0.40 million Consulting services: \$3.03 million Other pilot initiatives: \$1.94 million Block grant: \$0.24 million Project implementation support: \$0.98 million Contingencies: \$8.53 million</p>



Activities with Milestones	Inputs
<p>Provide support for publication of exchange initiatives, in-country and overseas training and pilot study on math teaching by 2017.</p> <p><b>1.8 Support for academically disadvantaged groups</b> Provide in-country training, self-study guidelines for students, and instructional materials by 2018.</p> <p><b>2. Increased Access and Retention of Disadvantaged Groups to USE</b></p> <p><b>2.1. New facility development at existing USS in disadvantaged target provinces</b> Construct and equip the new USS facilities by 2018.</p> <p><b>2.2. Support for ethnic minority boarding USS</b> Provide equipment to 18 selected provincial ethnic minority boarding USS by 2016.</p> <p><b>2.3. Inclusive USE for students with special needs</b> Develop sign language tools and material and organize in-country training for teachers in inclusive education centers by 2016.</p> <p><b>2.4. Education for sustainable development support for disadvantaged groups</b> Provide INSETT for active teaching methods, life skills and the cultural preservation of ethnic minorities by 2017.</p> <p><b>2.5 Capacity development of private sector schooling</b> Conduct research study to identify public–private partnership model and pilot the capacity development of private school teachers by 2018.</p> <p><b>3. Strengthened Planning and Management of USE</b></p> <p><b>3.1 Capacity development of USE managers</b> Provide in-country and overseas training to USS and CEC principals and upgrade the school mapping software by 2018.</p> <p><b>3.2 Provision of block grants to support local government</b> Provide provincial block grants to DOETs based on their applications, and M&amp;E training by 2016.</p> <p><b>3.3 Support for pilot research and studies for USE</b> Conduct research and organize a national workshop to share the findings by 2017.</p> <p><b>3.4 Support for enhancement of research and training capacity for education management</b> Provide equipment for multifunction rooms of NIEM and in-country training to NIEM and the Institute of Educational Managers Ho Chi Minh City by 2016.</p> <p><b>4. Support for Project Implementation, Quality Assurance, and Monitoring</b></p> <p><b>4.1 Capacity development of CPMU, PPMUs, and other implementing agencies</b> Provide in-country training on project implementation and consulting services by 2018.</p> <p><b>4.2 Provision of equipment and facilities for project implementation</b> Provide office equipment, furniture, facilities, and vehicles for CPMU and/or PPMUs by 2018.</p> <p><b>4.3 Support for project monitoring, quality assurance, and evaluation</b> Organize major review workshops, 10 component assessments, annual auditing, and regular review of all safeguards by 2019.</p>	<p>Interest charge: \$3 million Taxes: \$0.34 million</p> <p><b>Government (\$15 million equivalent)</b> Civil works: \$9.25 million Equipment: \$2.03 million Textbooks and instructional materials: \$0.43 million Staff development (in-country): \$1.20 million Project implementation support: \$1.20 million Contingencies: \$0.89 million</p>

ADB = Asian Development Bank, CEC = continuing education center, CPMU = central project management unit, DOET = department of education and training, EMIS = education management information system, IELTS = international English language testing system, INSETT = in-service teacher training, MOET = Ministry of Education and Training, MOLISA = Ministry of Labour, Invalids and Social Affairs, NAM = national achievement monitoring, NIEM = National Institute for Educational Management, OST = overseas staff training, PPMU = provincial project management unit, PRESETT = pre-service teacher training, TOEFL = test of English as a foreign language, USE = upper secondary education, USS = upper secondary school.

Source: Asian Development Bank.

### **LIST OF LINKED DOCUMENTS**

<http://www.adb.org/Documents/RRPs/?id=42275-013-3>

1. Loan Agreement
2. Sector Assessment (Summary): Education
3. Project Administration Manual
4. Contribution to the ADB Results Framework
5. Development Coordination
6. Financial Analysis
7. Economic Analysis
8. Country Economic Indicators
9. Summary Poverty Reduction and Social Strategy
10. Gender Action Plan
11. Indigenous Peoples Plan: Ethnic Group Plan
12. Risk Assessment and Risk Management Plan

### **Supplementary Documents**

13. Teacher and Staff Development Plan
14. Selection Criteria and Profile of Provinces and Districts for Civil Works
15. List of Beneficiary Provinces for Civil Works