



Planning a New University in Vietnam: Innovation in Urban Development

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Outline of presentation

- My role: VP International of RMIT, project developer and startup CEO
- Outline of presentation:
 1. Inception of project
 2. Financial / governance deal
 3. Education / accreditation deal
 4. Capital and campus deal
 5. Urban development issues
 6. Lessons from the start-up

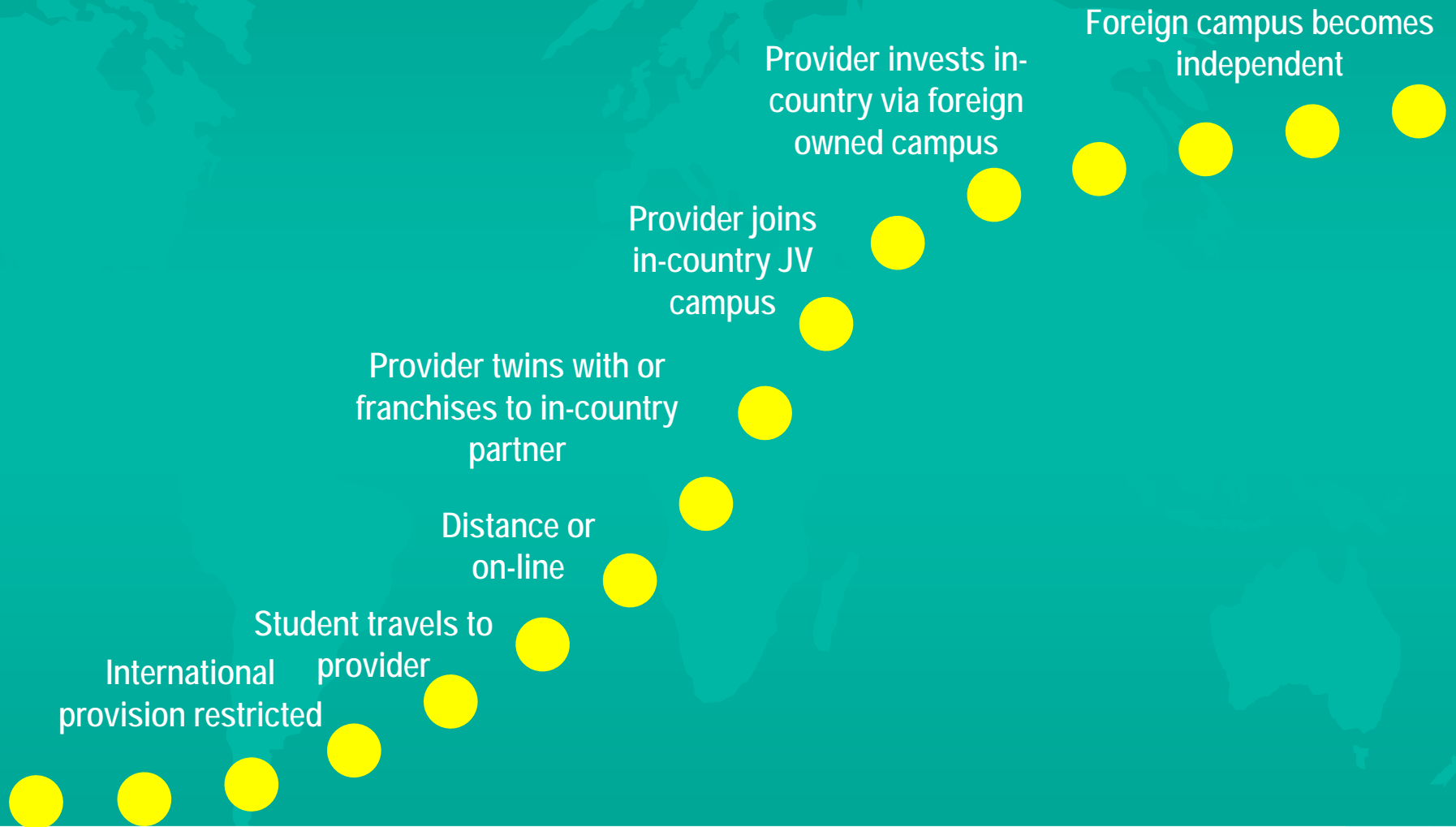


RMIT Vietnam HCM City Campus



RMIT Vietnam Saigon South Campus Site

International Higher Education Trade – Investment Cycle



Origins of RMIT Vietnam

- RMIT a **public university** (dual sector – ie VET and higher education) with large international student programs and a commercial outlook
- **International strategy** was to have a small number of offshore campuses, already then 7000 RMIT students in East Asia
- Investment in long-term **relationships** (e.g. a building on Vietnam National University campus) built goodwill in Vietnam
- Government of Vietnam **invited** licence application in 1998
 - Concerned at unmet demand for university – ca 800k miss out on 120k places p.a.
 - RMIT and Australia seen as safe, technical
- RMIT undertook **feasibility** studies
- Vietnam created a new **regulatory** framework
- **Licence** in 2000 of \$62m capital was biggest FDI that year

Rationale for Project

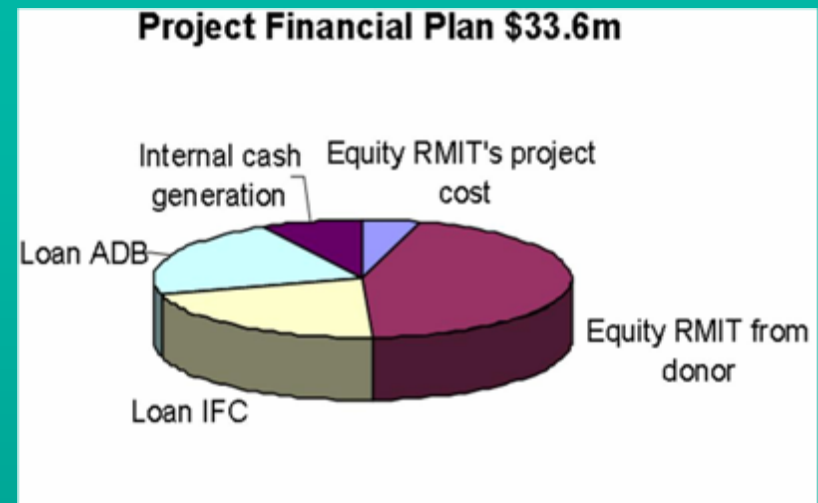
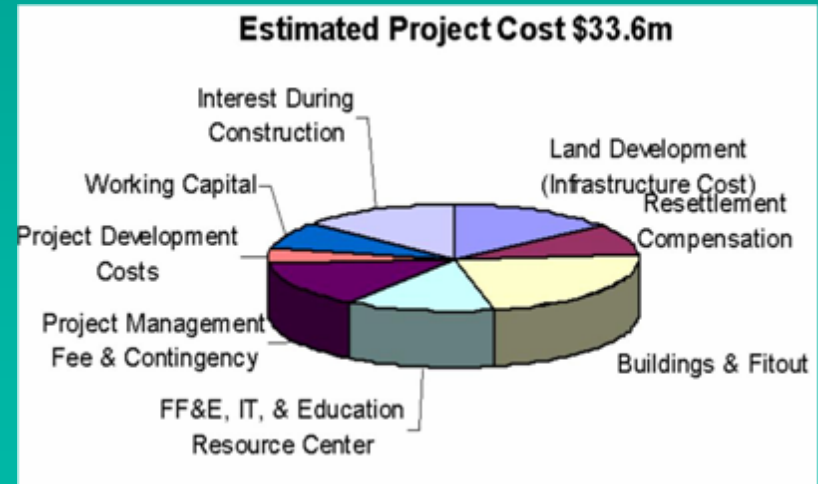
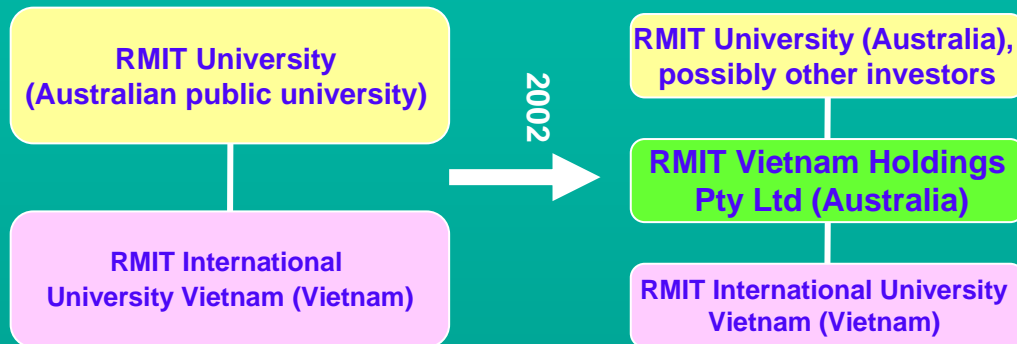
- Vietnamese love of education, determination to develop, resources short
- High level of need in Vietnam: >1 m students eligible for 120,000 places
- Demonstrated demand: cash economy, remittances
- RMIT is #1 destination for Vietnamese offshore
- Government invited RMIT because of its standing
- Seeks demonstration effect, capacity-building for others
- Strong Vietnam-Australia cultural and historical links eg RMIT has 1100 Vietnamese-Australians
- Currently popular country among students
- Australia seen as good education partner
- Long-term growth prospects - HCMC entrepreneurship strong
- Regional positioning of RMIT; benefits to RMIT Australia

Why Vietnam?

- RMIT is #1 destination for Vietnamese offshore students worldwide
- Government invited RMIT because of its strong standing
- RMIT invested strongly in long-term buildup of goodwill
- Capitalisation of RMIT's lead position and Australian aid: regional positioning for emerging Mekong countries including S China
- Long-term growth prospects - HCMC entrepreneurship strong
- Strong Vietnam-Australia cultural and historical links eg RMIT had 1100 Australian residents born in Vietnam
- Currently popular country among students eg Plan International seminar turnout
- Australia seen as non-threatening
- Vietnamese love of education and determination to improve
- Vietnam ranked in RMIT's priority 1 group of countries

Financial and governance deal

- **Began operations** on an interim campus 2001 while still fundraising
- **Mandate** with IFC, ADB for business plan and finance but also compared them with commercial financing. Concluded 2001.
- **Interposed a holding company** for lender security in 2002 and shrank investment licence down to \$33.6m
- **Donor provided gift** of most of equity, rewarding 'courage,' but there were other real equity prospects



Objectives echo RMIT the parent's

1. To provide professional and vocational education and training programs
2. To provide outcome related research and consultancy services
3. To contribute to economic, social and environmentally sustainable development
4. To provide appropriate levels of return on investment

Educational deal

- RMIT Vietnam curriculum to be **same as Melbourne** (learning from Penang experience)
- RMIT **Australia accredits** the programs offshore
- Ambitious **program roll-out** intended, about 7 new degree programs pa, also training, R&D
- Ministry Education and Training *cedes* control of **curriculum, targets** and **fees** but *retains* annual **QA review** to assure comparable standards
- Very **small service fee** from parent as RMIT products were to be 'on the shelf' already; careful service agreements between RMIT to RMIT Vietnam, lenders suspicious of royalties
- **Advanced ICT platform** intended, all programs to be fully-distributed
- **Moderated on-line delivery** to be dominant mode
- Project itself intended as **action-research testbed**

Program types

1. In-service industry training
2. Undergraduate courses incl Ass Degrees/ Adv Dips
3. P-G courses and P-G research degrees
4. Industry innovation and R&D
5. English learning & Vietnamese language
6. Foundation, Bridging and Secondary Programs
7. Specialist short courses, further education, on-line and distance
8. Study abroad (inbound and outbound) and transfer
9. Other programs and sources of income

Education and R&D Fields Planned

Education programs:

- Languages
- Preparation program
- Engineering
- Science
- Information technology
- Commerce and business
- Education
- Management
- Environmental studies
- Food, health, biotech

R&D areas include:

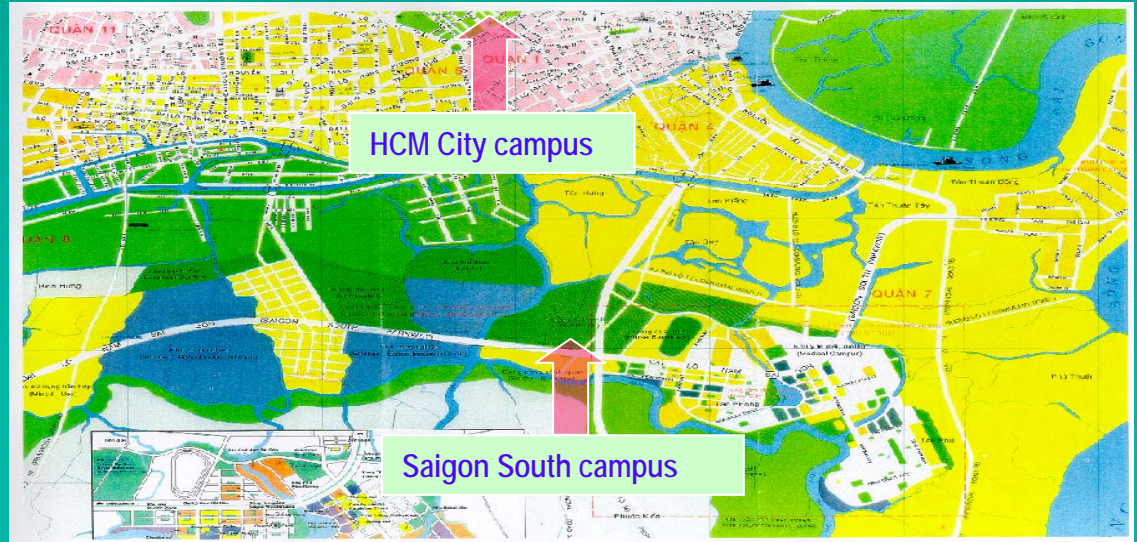
- Environmental esp. water
- ICT including software development
- Food and biotechnology
- Business management and finance
- Product innovation and appropriate design
- Urban development and infrastructure
- Education and training particularly learning with technology

Why a campus?

- Invitation and licence were on the basis of a campus
- A campus was part of RMIT international strategy
- E-learning environment needed special design and dedicated services
- Australians and others to be studying abroad at the campus
- Poor infrastructure in Vietnam otherwise; need continuing control over standards
- Stronger market identity and investor support
- Environmental integrity and benefits of special zone
- Opportunity for returns from assets eg housing, retail
- If not campus, what?
 - Be virtual? But distributed telecommunications infrastructure is poor
 - Twinning? But no reliable partners
 - Keep leasing a building in town? But need dedicated e-learning setup
 - Joint venture? But experience of others in Vietnam and of RMIT in Malaysia says not.

Campus deal

- **Saigon South** Development Area chosen: infrastructure, land designated as university, new development authority
- **50 year licence; 57 ha**
- **Changed site** twice, HCMC efficient
- But Australian **state approvals** to borrow delayed 1 yr
- Had to meet **IFC and ADB requirements** esp re resettlement
- **RAP compensation costs** escalated dramatically, RMIT **downsized** project to stage 1 only to reduce risk



RMIT Vietnam HCM City Campus and Saigon South Campus Locations

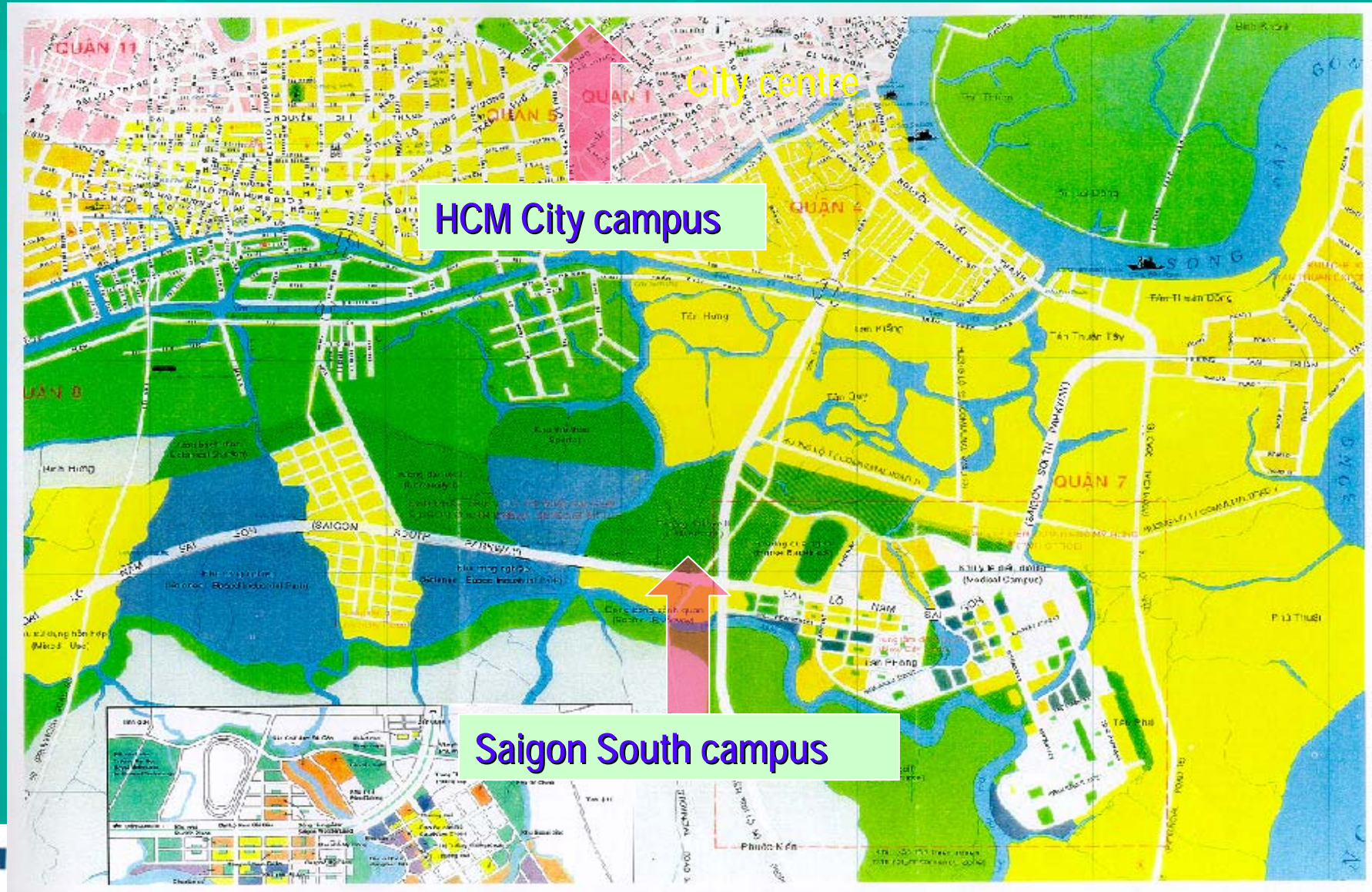


One of the Several Campus Plans



RMIT Vietnam Saigon South Construction

Location of HCMC Campuses



RMIT Vietnam HCM City Campus



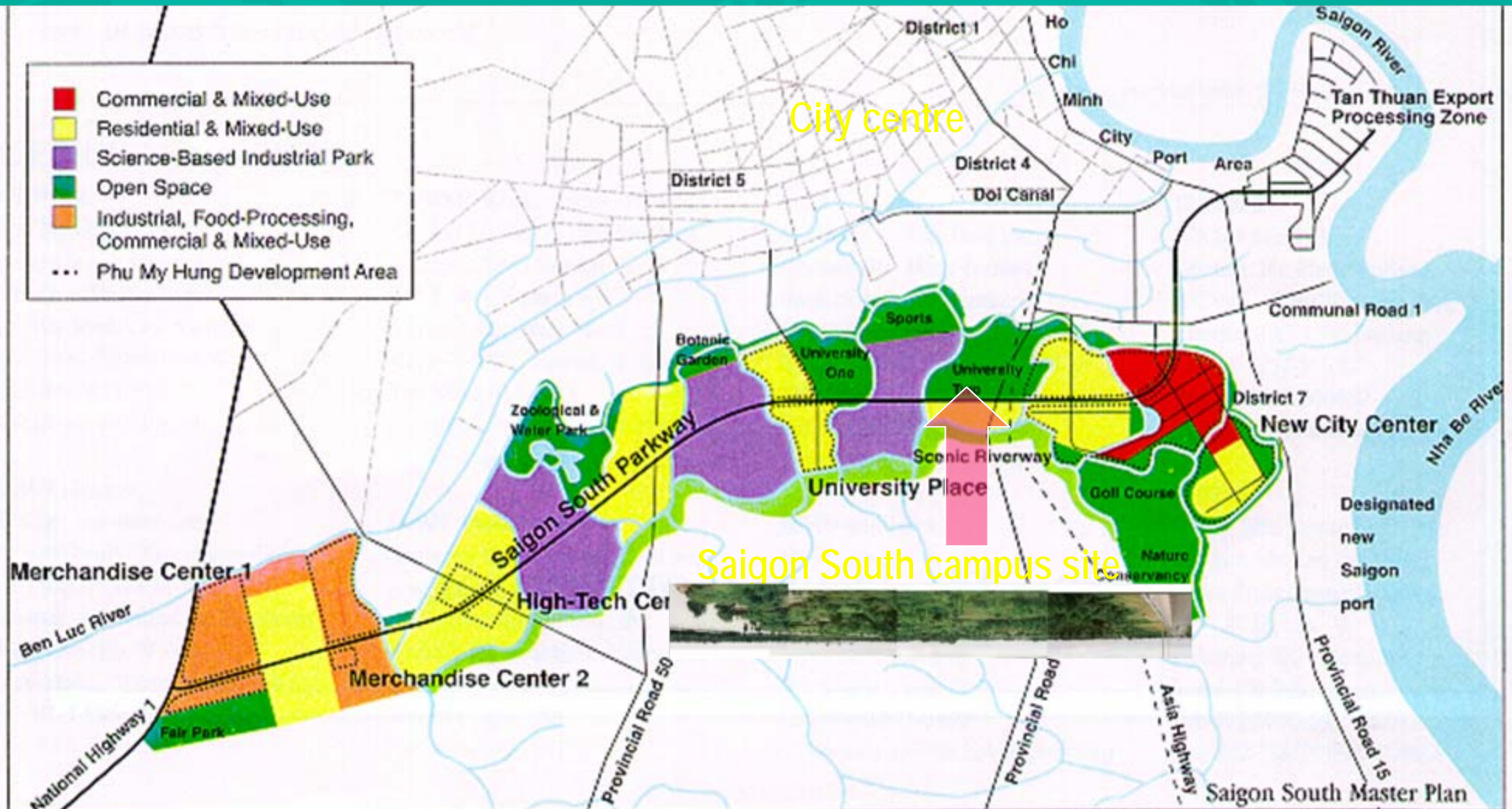
City Campus: New Modes of Learning



Campus development as urban planning



Saigon South Development Area



Saigon South campus site

Looking north to downtown from Saigon South Parkway



Saigon South City Centre

(Phu My Hung Corp)



Riverside Settlement, Ho Chi Minh City



Riverside Settlement, Ho Chi Minh City



RMIT Vietnam Saigon South Campus



RMIT Vietnam Hanoi campus



Lessons from first stage of RMIT Vietnam

- **Strong market** in emerging economies for tertiary education but to be created
- For **public universities** to invest in private education campuses they need an **appetite for risk**
- Keep **exit strategies** by quarter, updated
- This model **can be replicated** as campus-building grows along the trade-investment cycle
- **Keep it simple** – eg don't clutter holding company with operations or complicated tax-driven transactions
- **Simplify finance** eg probably best from one not both IFC and ADB
- **Fully foreign-owned trumps JV**
- **Scale up from small** not down from big if you can hold interest in project
- **Parent relations** critical – subsidiary too easily forgotten; allow new upstart to link with other providers
- Establish explicit **knowledge management** including good document management
- Be willing to have a series of **successions** and do them quickly
- **Government relations** are critical especially where unclear regulatory framework
- Don't forget **home-country** government relations too

Innovations in Project Planning and Governance

By Government of Vietnam:

- A step from plan to market
- Vietnam opens services sector to DFI for profit
- Creates special decrees
- Allows FFO, independent curricula and offshore accreditation

By RMIT:

- New modes of learning
- Fully owned offshore university
- Finance from IFC, ADB
- Large risk to manage
- Strong philanthropic support
- Intermediate holding company

By international financial institutions

- First tertiary ed for ADB
- First greenfields university for IFC
- First DFI services sector in Vietnam (was the largest DFI to Vietnam 2000)
- Exchange of learning with RMIT

Programs

1. Industry training
2. Undergraduate programs
3. Postgrad programs and research degrees
4. Innovation and R&D
5. English language learning
6. University preparation programs
7. Study abroad and transfers
8. Project management, service, consultancies
9. Other programs and ancillary services

Environmental Bottom Line

- Delta wetlands retention, soil and water remediation, landscaping improved
- District water and air quality controls Environmental monitoring, research , education and training
- Exemplary environmental design and planning, delta theme
- RMIT environment policy applies re ESD, materials, waste
- Use RMIT expertise including students eg offshore project
- Impact assessment meet ADB and World Bank standards

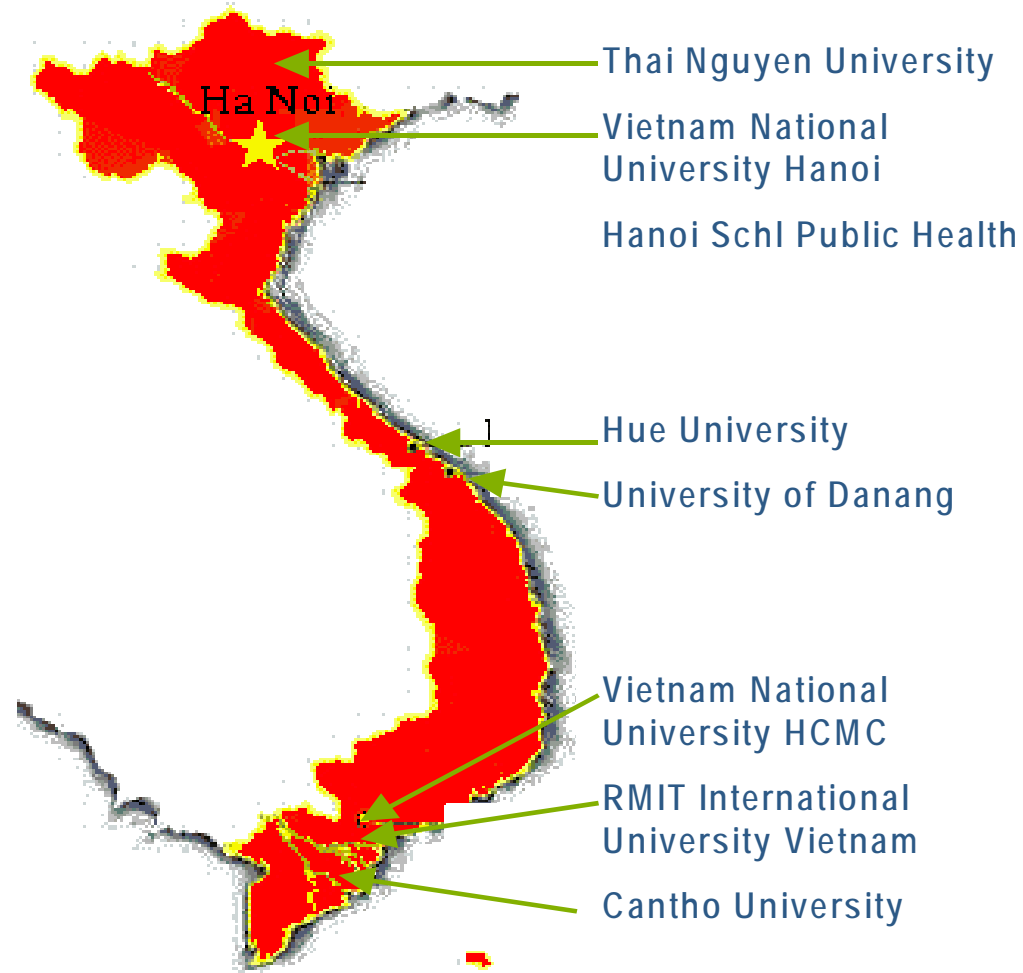
Social Bottom Line

- Innovation in education and training policy and practice in Vietnam
- Human resource development and capacity building
- Wealth creation through earnings, innovations, employment multipliers
- Poverty alleviation through scholarships, targeted program development, equity policies including policies specific to gender ethnicity and regional background, student/trainee loan scheme
- Relocation of and compensation to 134 households involved with sustainable improvements to their living standards
- Venue for social and cultural development and events
- Creative new university community with international outlook reflected in design themes of campus

RMIT Vietnam Second Saigon South Campus Plan



Network of LRCs in Vietnam



Hue University LRC



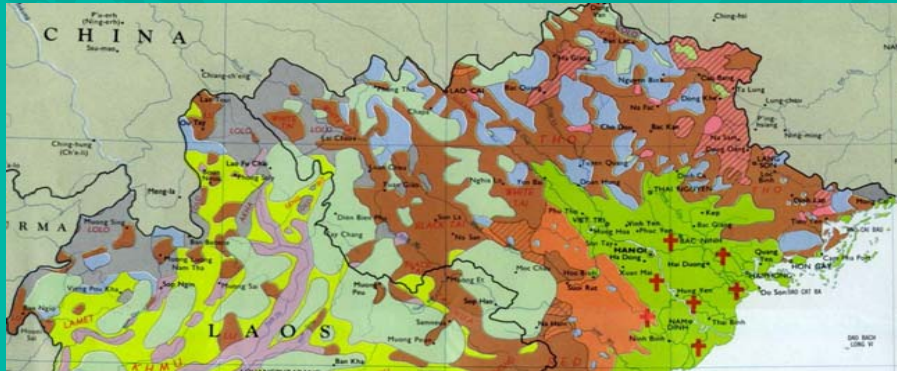
Danang University LRC



Cantho University LRC



Thai Nguyen LRC



- University serves low-income northern mountain areas
- Ethnic diversity
- New LRC part of campus master plan
- Opportunity for distributed learning platform and regional research base
- Under development

