

The Development of the Faculty of Economics and Management through International Co-operations

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1. The establishment of the Faculty of Economics and Management (FEM)

In 1986, the Lao Government decided to implement the “New Economic Mechanism” policy aiming at gradually transforming the economy of the country from the centrally planned economy to the market oriented. Since then, this policy has strongly boosted the cooperation with foreign countries. Laos became a member of ASEAN in 1997 and is expected to join AFTA (ASEAN Free Trade Agreement) by 2008.

In order to benefit from this context of regionalization, one of the most urgent tasks for Laos is to prepare its human resource in various fields of specialty. Training good economists and business managers is one of the top priorities of Lao education today. That was the national context in which FEM was established in June 1995 by a decree of the Prime Minister of the Lao P.D.R.¹, as one of the nine (now ten since) Faculties of the National University of Laos (NUOL), the only university in the country.

2. The international co-operations

(1) Asian Development Bank

FEM was established as a part of the Post Secondary Education Rationalization Project, financially supported by the Asian Development Bank (ADB). However, within that project, the budget allocated to the FEM component was focused only on technical assistance, which was assumed by a German consulting firm, for the period of three years², a number of short-term and long-term scholarships, and a PC room. Although the whole project began in mid 1995, the FEM component started only three years later, in the 1997-98 academic year, with the arrival of the first project consultants³ and the improvement of the FEM management team.⁴

Thanks to the ADB project, the first draft of curricula and about fifty textbooks were developed. The teaching activities began in September 1998, according to the time schedule established by the

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¹ Decree of the Prime Minister of the Lao PDR no.50/PM dated on 09/06/1995 concerning the establishment of the National University of Laos.

² Originally, FEM component, which had been planned for three years, was extended till September 2001 in order to fit the project timing with the first graduation.

³ Prof. Dominique Mellet from France on economics, Prof. Jim Morrison from Canada and Prof. Manfred Manthey from Germany on business management, respectively

⁴ Improvement of FEM management team: appointment of Mr. Khamlusa Nouansavanh as the Acting Dean, and Khamphuei Phommachanh as a Vice Dean of FEM

Minister of Education. Lao temporary lecturers⁵ from outside were invited to join the consultant team, and they have significantly contributed to the training of the first batch of graduates from FEM.

From this project, the only regret for FEM was that the long-term scholarship budget for FEM staffs was not fully utilized due mainly to the foreign language barrier.

(2) Japan International Cooperation Agency

The qualitative bound in the development of FEM was due to the Japanese assistance. The latter took root in 1995, when during his visit to Japan, Lao Prime Minister H.E. Khamtay SIPHANDONE (now President of the Lao P.D.R.) asked his Japanese counterpart H.E. Tomiichi MURAYAMA to consider the development of a faculty of economics and business management in Laos.

Later on, in January 1998, Dr. Toshihisa TOYODA, a professor of Kobe University, arrived on a fact-finding mission in Vientiane as a Japan International Cooperation Agency (JICA) special advisor. At that time, the working conditions were rather poor. FEM had to use the temporary premises within the Faculty of Education. The qualified lecturers were very few and the temporary lecturers from outside were hired, using a part of the ADB project fund. With the collaboration of the ADB consultants, FEM had just started working on the curricula development. In addition to his official duties, Prof. TOYODA gave many interesting suggestions and input for our first curriculum design. Even later, when he returned to Japan, he continued to keep contact with us in order to participate in the progress of FEM. I do believe that, thanks partially, if not mainly, to his exploring mission report to JICA's Head Office, that the JICA assistance project to FEM became a reality.

In order to prepare the first implementation phase of the TA (Technical Assistance) to FEM and assume the first part of it, from 1999 to 2001, Prof. Nobuyoshi NISHIZAWA also of Kobe University, was appointed as the first JICA long-term expert at FEM. His principal duties were to elaborate the five-year-plan of TA to FEM and facilitate the smooth transition from ADB consultants to JICA expert team. The first five-year-cooperation plan was established. The first sets of textbooks⁶ were printed and made available to the students. The first group of young teaching staff was sent to Japan to study in the master degree programs. Some Lao key-counterparts also went to Japan for short-term training. Prof. NISHIZAWA worked actively to find additional sources of support to FEM such as the Japanese universities, foundations and organizations.

⁵ Temporary Lecturers are Lao visiting lecturers from different ministries and organizations as well as people from the private sector. Among them senior ones are: (1) Mr. Bousbong Souvannavong (former Governor of National Bank of Laos), Mr. Bounthavy Sisouphanthong (Director General of National Statistics Center), Mr. Souligong Gnouvannitsavong (former Director General of National Budget Department, Ministry of Finance), Mr. Dalath Boupha (former Director General of National Accounting Department, Ministry of Finance), Mr. Somsanith Gnoybouakong (former Director General of National Statistics Center, and World Bank staff).

⁶ The 52 textbooks were developed under the supervision of the ADB consultants, except textbooks on Asian Economics, Introduction to Econometrics, Natural Resources Economics that were supervised by JICA Experts. However, the printing costs of the first sets of textbooks were totally assumed by JICA.

In the meantime, Prime Minister H.E. Keizo OBUCHI visited Laos in January 2000 and announced important aid for our country, including a grant aid for the construction of new buildings and facilities for FEM and Lao-Japan Human Resource Cooperation Center (also called OBUCHI Center) in the National University of Laos.

FEM civil works started in September 2000 and were completed in October 2001, two months after the departure of Prof. NISHIZAWA from Vientiane. The buildings and facilities of FEM, together with those of the Lao-Japan Center, offer a beautiful complex within the main campus of NUOL in the capital of Laos.

From August 2001 to November 2002, Prof. TOYODA returned to Laos as the second JICA Long-term expert at FEM. During his stint, he made many contributions as the advisor to FEM, including (a) up-grading the curriculum, (b) sending many young lecturers abroad to pursue their master's degrees, (c) other affairs concerned with the new building and temporary lectures, and (d) even teaching one course. It is important to mention Prof. Toyoda's special efforts to promote the cooperation with several third country universities such as universities of Vietnam, Thailand, China (Yunnan province), Malaysia and the Philippines.

Today, JICA assistance to FEM is entering the 3rd year of the five-year-cooperation project. It may be too early to make any judgments on it. However, as one of the closest implementing actors of the project from the Lao side, I would say that in general, the project could be considered well thought-out and well organized; it is a comprehensive project, covering the software and hardware components all within an appropriate time framework of five years.

(3) Other co-operations

It needs to be recognized that during the very first stage of its development, FEM also received assistance from other international organizations and universities.

- The National Economics University of Hanoi, Vietnam sent to FEM three senior lecturers for a period of one year with the purpose of sharing experience in teaching macroeconomics, microeconomics and business law subjects.
- The German DAAD provided FEM staff with long-term scholarships for studying in master degree programs abroad (mainly in Khonkean University and Chiangmai University in Thailand).
- Thanks to SEAMEO (South East Asia Ministers of Education Organization)-UNESCO, Thammasart University of Thailand were involved in training FEM teaching staff on economics subjects teaching, and the management teams of FEM were invited to Yunnan University in Kunming (China) and Khonkean University (Thailand), to attend international workshops on economics curriculum development and economics' teaching in the countries with transitional economies.

- The co-operation between NUOL and the French Community University Council of Belgium (Conseil Inter-universitaire de la Commuauté Française) helped us to initiate research activities and provided our staff, those who mastered French language, with the opportunities of internships and studies in Belgium.

3. FEM today and tomorrow.

The establishment of FEM in Laos is an important benchmark in the development of Lao higher education because primarily, Laos never had undergraduate education in economics and management, and secondly, such educational programs respond to the real needs of the country.

Today, Lao higher education is in an important phase of its development. Beside the promotion of private education, the internal discussion on a more active community financing of education is under way, including increasing the cost-recovery in NUOL. In my opinion, such orientation is inevitable as the educational budget of the nation is limited, but it should be implemented progressively. The real point of reflection is keeping in mind the economic conditions of the majority of the population, how far should government go with the student's family's contribution, in order to have a good balance between equity and efficiency of the higher education system. Regarding FEM, we can say that today FEM has a good foundation, thanks to the international cooperation which JICA occupies the central place.

FEM offers two undergraduate programs, in economics and in business management. The length of the study is five years of which the first two years are under the administration of the School of Foundation Studies. There, the students learn the *general subject* (to become a good citizen) and the *scientific fundamental subjects* (to acquire scientific methods and tools). Then, the selected students come to FEM for three additional years of study. FEM programs aim at producing qualified and high-sense-of-responsibility economists and business administrators with *broad profiles*, capable of adapting themselves to a wide range of professional requirements. In the 3rd year of the study (the 1st year within FEM), the students of both streams follow a common program in which the *basic subjects* are provided. From the 4th year, the students are separated according to their field of study, economics or management. In the 4th year, the students learn the *core subjects*, and in the 5th year, students learn the *Lao contextual knowledge subjects* and undertaking a graduation project which synthesizes the knowledge of their field of interest.

The educational programs seem to be relevant as FEM graduates have found interesting jobs within the public and the private sectors, and many of them received compliments from their employers. FEM has earned a good reputation, and each year, the demand of applicants to enter FEM is very high.

Until recently, FEM was the sole institution providing bachelor degree programs in economics and in business management. Now, following the government policy of promoting private education, private schools flourish and some of them have begun to offer bachelor degree program in business

administration. Nevertheless, I believe that FEM will continue to play a leading role in producing qualified economists and managers for the country.

However, beside the first accomplishment, we should be aware that FEM still encounters fundamental problems of institutional and capacity building:

- A) The shortage of qualified lecturers is the most important issue. Today approximately 34% of FEM teaching staff received their master degree or higher (with only one Ph. D. degree). This situation limits the quality of teaching, the possibility of undertaking research activities, the absorbing capacity in working with foreign experts and the capacity of developing international exchange or cooperation programs, etc.
- B) The salary of the lecturers is still low. To improve their revenue, most of them devote an important part of their effort and time to parallel jobs outside.
- C) The budget allocated to FEM is still limited and its management, within NUOL, could still be improved to permit enhanced functioning of the institution.
- D) Every year, FEM still encounters the problem of operating costs. This could be seen as a consequence of the problem above.
- E) The absence of access to the Internet significantly reduces our capability of information research and communication.

Taking into account the above problems and the changing situation of the country, in order to remain the leading institution with necessary potential for further development,

- A) FEM must exploit the possibilities of the international cooperation to the maximum extent, especially within the JICA project, to strengthen its capacity rapidly. Explicitly, it has to:
 - Find ways to immediately upgrade the teaching quality and the academic qualification of its teaching staff;
 - Start the research activities and consider other university-industry linkage mechanisms;
 - Improve its administrative capacity, particularly in the maintenance of buildings and facilities as well as of equipment;
 - Establish the connection to the Internet as soon as possible in order to have access to world knowledge and improve FEM capacity of communication.
- B) To be responsive to the changing environment, FEM has to start evaluating and studying its efficiency in professional career development of its graduates by undertaking studies tracking them after graduation and the employers' requirements. The results of such studies will help to refine the instructional programs and understand the relevance of its programs to employment needs.

- C) FEM must further extend and strengthen its evening programs, not only to widen the educational access opportunity of young Laotians, but also to generate extra revenue that will help to supplement the individual income of the lecturers and assume a part of the operating costs of FEM.
- D) FEM has to pursue the dialog with the central authority of NUOL and with the Ministry of Education on how to improve and strengthen the management mechanism of the whole university, in which, I see a certain degree of decentralization necessary.

I estimate that FEM needs at least five additional years of foreign assistance to consolidate its capacity before reaching stability, and probably eight to ten years, to get closer to good standard institutions of the neighboring countries.

Today, the public expenditures in education are limited. The international organizations tend to turn to primary and low secondary education, arguing that in developing countries like Laos, investing at these educational levels is more efficient⁷. However, being aware that in this era of globalization, the world is moving towards the knowledge-society where higher education plays a decisive role. The Lao Government has made it clear that the consolidation and strengthening of higher education will remain a centerpiece of the national education development activities. In this respect, we greatly appreciate the attention paid by JICA, ADB and other organizations to the development of FEM in the National University of Laos.

We do hope that FEM will continue to receive support of the Lao leaders and the Lao society, as well as of the international community like it did in the past. As to us, we, the staffs of FEM, are firmly determined to assume our hard but noble duties towards our nation and people.

⁷ Priorities and Strategies for education, a World Bank Study, November 1995, World Bank