

VIETNAM DEVELOPMENT FORUM

SOCIAL ISSUES UNDER ECONOMIC TRANSFORMATION AND INTEGRATION IN VIETNAM



Volume Two

Edited by:

GIANG THANH LONG

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diligent work will benefit both academic research and social policy discussions in Vietnam, thereby helping the country address the challenges that accompany its economic and social changes.

Giang Thanh Long
(Editor)

Chapter 1

Introduction and Summary

Giang Thanh Long

To continue disseminating important information to policy makers and researchers, as well as people who are interested in the development of Vietnam, this second volume of *Social Issues Under Economic Transformation and Integration in Vietnam* addresses another set of social issues that emerge as a consequence of economic development and social reforms. As with the first volume, we hope that the contents of this volume will extend beyond those directly involved in the related field of research, and that the book will provide crucial analyses on the current development of Vietnam's social sector.

Five papers or chapters comprise this volume, each dealing with a social issue in Vietnam under economic transformation and integration. These papers were revised in light of comments made at workshops and conferences held in many institutions in different countries. Following are summaries of these chapters.

The contribution by Raghav Gaiha and Ganesh Thapa in Chapter 2 provides an evaluation of prospects and challenges of growth and poverty reduction in Vietnam since *Doi moi*. Their estimates show that Vietnam has recorded impressive economic growth and has rapidly integrated into the regional and global economies. For instance, the average growth rate of gross domestic product (GDP) and GDP per capita during 1987-2004 were about 7.4 percent and 5.7 percent, respectively. Along with this growth process, agriculture has played an important role. According to the authors, such achievements were due to the comprehensive reform programs, such as decollectivization of land,

dismantling of barriers to production, and freeing up of the agricultural terms of trade. Such reform policies have benefited many groups of people in Vietnam, which in turn led to a continuous and impressive poverty reduction from 58 percent in 1993 to 29 percent in 2002. Vietnam also emerged as an early achiever in a majority of the Millennium Development Goal targets, according to the evaluation of the Economic and Social Commission for Asia and the Pacific (2006). However, Vietnam's potential for further achievements may be constrained by rising inequality between areas and regions, slackening poverty reduction, and weak and ineffective social safety nets. Based on these analyses, the authors propose policy directions for the coming years. These recommendations emphasize institutional innovation and agriculture reforms through various channels.

Chapter 3, written by Scott Fritzen, focuses on the reform of the primary health care system in Vietnam by examining the attempt to rebuild and reequip several thousand community health centers (CHCs) in the late 1990s. By constructing a range of indicators based on the data from the Vietnam National Health Survey and the author's own survey in four provinces, i.e., Son La, Quang Tri, Phu Yen, and Soc Trang, the paper compares a matched sample of project and non-project health centers under three hypotheses on inputs, outcomes, and outputs. Using different quantitative analyses, the paper finds that significant investments in infrastructure resulted in marginal increases in the utilization and the quality of services in these CHCs. However, as also pointed out in the findings, a large number of the CHCs are failing to provide a sufficient quality of service or increase utilization to their intended beneficiaries, who are mainly ethnic minorities and poor people. A serious equity problem thus emerges. According to the author, policy measures on the incentives and pressures faced by CHC staff and local authorities are extremely important for dealing with this problem. In addition to these suggestions, the author also emphasizes the importance of effective institutional arrangements for decentralization in the health care sector, as well as effective investments for further protecting and developing the

quality of preventive service activities. The author anticipates that, having met the "first generation" of challenges (extending health services to reach rural people) and the "second generation" of challenges (improving quality of various supply-side factors in disadvantaged areas through significant investments), Vietnam is now facing the "third generation" of challenges, which include moving toward decentralized planning and finance in the health sector, boosting the access of poor people to health care services, and improving the institutional environment to achieve better performance in local health care systems.

Addressing one of the most pressing social issues in urban areas, Chapter 4 by Aiko Takai analyzes the real childhood of children working in the streets with information from case studies conducted in Hanoi in 2005. The paper first observes the differences in physical characteristics, daily activities, as well as wishes for the future between wealthy and poor children. It is shown that the former enjoy significantly higher living standards, and have more ambitious aspirations than the latter. The real lives of the poor children are then further explored by the author's interviews with the children working in the streets in Hanoi. Although these children come from different families in different areas, the two main reasons for most of them to work are the current poverty of their families and their feeling of familial duty to help the families overcome this situation. However, as the author argues, there are also two main tensions that these children are facing in their working lives: government policies to control street children, and parental expectations to mitigate poverty. Providing some examples from the survey, the author indicates that such tensions make the daily lives of these children, which are inherently difficult, become even more difficult. Although the author admits some obvious limitations in analysis due to a limited sample and limited time, one of the most important messages of this chapter is that children working in the streets are not a homogenous group, and their lives are frequently affected by numerous constraints, and therefore policy measures concerning these children should be carefully considered to take into account their diverse situations.

Another emerging issue involved in the urbanization accompanying Vietnam's economic development is internal migration from rural to urban areas. In Chapter 5, Pham Quynh Huong presents her analysis on the current situation of the internal migrants and their access to the formal social protection system in Vietnam. Beginning with a SWOT (strengths-weaknesses-opportunities-threats) analysis, the author shows that the demand of internal migrants for access to the social protection system is justified, as they have to struggle to make a living in the urban areas while enduring insecure living conditions. The paper then provides a more detailed analysis on the current accessibility for internal migrants to the social services in urban areas, such as education, health care, housing, vocational training, and loans and credit. According to the author, the accessibility for internal migrants to such services is extremely low due to their own characteristics and the current administrative regulations in urban areas. For instance, migrants usually have low levels of professional skills, weak social networks, and saving-induced behaviors, which in turn lead them to work and live in deficient conditions. At the same time, the current regulations and limited capacity in urban management, including resident registration requirements and obsolete views on migrants, are causing numerous difficulties for migrants to access these services. From these discussions, the paper proposes some policy measures to improve the accessibility of the social protection system for internal migrants. These measures include conducting macroeconomic measures to promote rural development; encouraging the business sector to provide further protection for laborers, especially migrants; and strengthening the role of other stakeholders such as urban communities and non-governmental organizations.

Focusing on the elderly population, Chapter 6 by Giang Thanh Long and Wade Donald Pfau analyzes patterns of living arrangements of the elderly in Vietnam, and applies multinomial analysis techniques to identify the determinants of such arrangements. The paper uses the data from the Vietnam Living Standard Surveys in 1992/93 and 1997/98 and the Vietnam Household Living Standard Survey in 2002 and 2004. Their

findings show that, despite dramatic social and economic changes since *Doi moi*, family structures in Vietnam have generally been maintained, as the proportion of elderly people living with their children has remained high. Also, the decision of the elderly about whom to live with depends on a number of characteristics of the elderly and their households, such as age, gender, and marital status. For instance, the elderly at more advanced ages are more likely to live alone or with a spouse than their counterparts at younger ages. However, the paper also points out some emerging worrisome trends in the living arrangements of the elderly over the past decade, such as a continuous decline in the elderly being supported by others (but not by their children), and a constant rise in elderly people living alone. Such situations need to be thoroughly considered in social policy making processes.

Chapter 2

Growth, Equity, and Poverty Reduction in Vietnam: Prospects and Challenges

Raghav Gaiha and Ganesh Thapa

Abstract

Vietnam recorded impressive growth during the 1990s, and agriculture played a key role in this achievement. Doi moi—a comprehensive reform program launched in 1986—marked the beginning of the transition from a planned to a market economy. Decollectivization of land, dismantling of barriers to production, and freeing up of the agricultural terms of trade benefited a vast majority of the population, especially the rural poor whose livelihoods were closely linked to subsistence agriculture. In fact, Vietnam emerged as an early achiever in a majority of the Millennium Development Goal targets, including halving of extreme poverty. Moreover, in the face of growing vulnerability to natural disasters (e.g., extreme weather events), epidemics (e.g., SARS and avian influenza), and market volatility (e.g., fluctuating primary commodity world prices), the Vietnamese economy has shown remarkable resilience. There is, however, concern that agricultural growth is slowing down, inequality is rising, and poverty reduction is slackening.

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1. Introduction

Vietnam recorded impressive growth during the 1990s, and agriculture played a key role in this achievement. The overall growth rate was 7.5 percent per annum and the agricultural growth rate was 4.2 percent during 1990-2003 (FAO, 2006). *Doi moi*—a comprehensive reform program launched in 1986 - marked the beginning of the transition from a planned to a market economy (see, for instance, Van de Walle and Cratty, 2003; Pritchett, 2002; Fritzen, 2002; World Bank, 2004, 2006; and FAO, 2006). Decollectivization of land, dismantling of barriers to production, and freeing up of the agricultural terms of trade benefited a vast majority of the population, particularly the rural poor whose livelihoods were closely linked to subsistence agriculture. There is, however, concern that agriculture alone will not be able to sustain a rapidly growing population. In a densely populated agrarian economy, land parcels are small and fragmented. Growing land scarcity and labor-saving technology create fears of rising unemployment, and agricultural exports face less favorable global conditions than those in the past. So, while opportunities exist for productivity gains, there is concern about agriculture's employment generation possibilities. Expansion of non-farm employment opportunities is thus vital for sustaining growth, living standards, and poverty reduction. If the burst of poverty reduction experienced over the period 1993-1998 (from 58 percent to 37 percent—a reduction of 20 percentage points) is maintained over the next 10-15 years, Vietnam will change from being one of the poorest countries in the world to one with negligible levels of absolute poverty (Fritzen, 2002).¹ However, doubts about this prospect cannot be set aside as poverty reduction slowed down markedly over 1998-2002.

¹ As emphasised by Fritzen (2002), however, the sheer magnitude of absolute poverty is still high in Vietnam. A little over one-third of the population, about 25 million, fall below a dollar-a-day poverty line and a large segment of the population is clustered just above it. So even a mild shock (e.g., a drop in international prices, flood, or cyclone) could trigger downward mobility. In the absence of social safety nets, poverty spells may persist for a few years or more, depending on the ethnicity and location of segments of the population affected by such shocks (Van de Walle, 2004).

Another major related but distinct concern is a sharp rise in income inequality. Although estimates differ, the Gini coefficient of income distribution rose from 0.356 to 0.407 over the period 1995-2000.² This has impeded poverty reduction and will continue to do so. No less worrying is the pervasiveness of socio-economic and regional disparities, and their worsening in some respects. Some groups, notably ethnic minorities constituting about 15 percent of the population, have experienced relatively modest gains in human capital, such as educational attainments. A H'Mong woman's life expectancy in 1989 was close to two decades less than the average for the Red River Delta or Southeast, and 16 years less than the 85 percent of Vietnamese who are ethnically Kinh. Although no comparable estimates are available for more recent years, life expectancy in eight "low human development" provinces with a large share of ethnic minorities was seven years lower than the national average (NCSSH, 2001). These estimates in combination with the much slower reduction in poverty in upland regions and minorities raise doubts about the ability of ethnic minorities and upland regions to catch up with others.

Disparities in human capital reinforce income inequalities. The geographical concentration of poverty grew over the period 1993-1998, with the Northern Uplands, Mekong Delta, and North Central Coast regions holding over 67 percent of the poor in 1998, relative to 55 percent in 1993. The concentration persisted but with a small reduction in the share of these regions over the period 1998-2002 (the share fell to 59 percent in 2002).³

The incidence of national poverty was 58 percent in 1993; 37 percent in 1998; 28.9 percent in 2002; and 19.5 percent in 2004. There was wide regional variation in 2003, with the headcount index ranging from about 11 percent in the Southeast to 68 percent in the Northwest

² Vietnam Living Standards Surveys (VLSS) show a small increase in income inequality (i.e., from 0.33 to 0.354). For details, see UNDP (2001) and Fritzen (2002).

³ For details, see World Bank (2004).

(World Bank, 2004; FAO, 2006). The majority of the rural population continues to be engaged in agriculture (about 62 percent in 2000-2004). Large segments remain vulnerable to numerous daily hazards, such as illness, crop and animal diseases, unfavorable climatic conditions, highly volatile prices, and trade restrictions. Occasionally, and with greater frequency, cyclones and floods destroy lives and livelihoods, and hopes of escaping poverty (Van de Walle, 2004).

How issues of poverty and inequality are dealt with in a rapidly evolving market economy will determine how sustainable improvements in living standards are. In the analysis that follows, some answers are given.

The remainder of the paper is organized as follows. We will first review the policy reforms and identify some priorities. This will be followed by an analysis of these reforms on macro and sectoral indicators of growth and performance, and their role in Vietnam's impressive poverty reduction in Section 3. In Section 4, we will provide an assessment of achievements of the Millennium Development Goals (MDGs), especially halving of extreme poverty by 2015, with a review of future prospects for poverty reduction. Finally, some concluding remarks identifying specific areas of policy reforms and conditions for more inclusive growth will be given.

2. Overview of Policy Reforms and Constraints

2.1. Policy Reforms

There were broadly two phases of policy reforms, in which the first consisted of dismantling of central planning (1986-1989), and the second related to building and strengthening of a market-oriented (1990 to the present) policy regime. A synoptic view of these phases of policy reforms is given below.

Let us first review the dismantling of central planning. The first phase was mainly concerned with industrial policy reforms, focusing on greater autonomy of state enterprises and foreign investment.

Resolution 10 in 1988 allowed long-term land lease (15 years) to individual farm households, permitting them to make all investment, output, and marketing decisions. It did not, however, confer tradable land rights. A key feature of this land reform was its egalitarian nature. Land was distributed in accordance with subsistence requirements, i.e., by the number of household members and of different qualities. However, this meant large scale fragmentation of holdings (a household could be farming 15 different plots scattered across the village). Prices were liberalized in 1989, and not only prices of goods (with a few exceptions) but also interest and foreign exchange rates were freed.

Some salient features of the second phase of policy reforms are as follows, with a selective macro focus. In 1990, a two-tiered banking system was formed, in which the State Bank of Vietnam (SBV) became a central bank, and many of its departments were converted into autonomous state-owned commercial banks, such as the Vietnam Bank for Agriculture and Rural Development (VBARD).

In 1998, in response to the concern that this bank lent only to wealthier farmers, the Bank for the Poor (BP) was established. Both VBARD and BP suffered because of their failure to mobilize deposits due to interest rate policy. Some reforms occurred following the IMF restructuring program in 2002. The Social Policy Bank was established in 2003 based on the former BP, but drawing upon a wider capital base.

In domestic trade, following the elimination of official price fixing, the private sector has assumed a dominant role. In preparing for its accession to the World Trade Organization (WTO), Vietnam has been forced to eliminate export subsidies, improve hygiene standards, protect intellectual property rights, and reduce tariffs. The nominal exchange rate better reflects the relation between domestic and foreign currencies. The external balance is subject to high volatility in the prices of primary commodity exports but is protected by low external debt and short-term capital inflow.

Let us now review agricultural policy reforms. A landmark legislation was the Land Law of 1993. It allowed tradable land rights and

ensured gender equity (the names of both husband and wife appear on the land use certificate). The latter item is often violated. Also, in some cases, exorbitant rents have been charged (FAO, 2006). This law was amended in 2001 to permit foreign investors to acquire land use rights, and to promote consolidation of plots.

In 1996, the Law on Cooperatives was approved, clarifying their role as service providers, within a legal framework. This led to a remarkable growth in the number of cooperatives after an initial phase of restructuring. Cooperatives are engaged mainly in irrigation, plant protection, extension services, and seed and other input supplies.

Along with a reduction in the relative tax burden on farmers, the state has also reduced its share of investment in agriculture. During 2000-2004, the share of public investment fell from 12.2 percent to 8.7 percent (FAO, 2006). This was offset by a quadrupling of credit to farmers in the second half of the 1990s. However, this is likely to hamper productivity, as private investment cannot substitute for public investment (the latter in principle finances production of public goods). Also, this transfers risks of production to farmers.

2.2. Constraints on Agricultural Productivity

As a result of market liberalization, agricultural commodity prices rose, farmers' profits grew, and agricultural growth accelerated. Devaluation of the Vietnamese Dong (VND), a substantial reduction in agricultural tax, and promotion of both domestic and foreign markets further stimulated agricultural investment and growth. In recent years, however, the profitability of agricultural production has declined, resulting in a deceleration of productivity growth.

Agricultural growth through greater input usage, i.e., land, labor, and fertilizer, seems to have run its course. Despite the extension of cultivated land, the area available per worker fell from 0.43 ha to 0.37 ha over the period 1985-2000. Given that the rural environment is under stress from extensive cultivation, continued expansion of area under

cultivation is not sustainable for long. Greater attention needs to be given to more intensive use of these inputs.

The land reform that imparted security of tenure has also become a constraint through land fragmentation. This gets in the way of economies of scale and efficient use of labor and other inputs. A considerable amount of land is wasted in bunds between different plots of land. Consolidation, on the other hand, is likely to be controversial, depending on how best quality land is distributed.

While trade liberalization and foreign direct investment (FDI) have helped accelerate overall and agricultural growth, some risks associated with trade liberalization cannot be overlooked, especially for a large rice supplier such as Vietnam. As illustrated in FAO (2006), during 1995-2004, the ratio of food export prices to raw material import prices declined. Specifically, the prices of rice and coffee declined. In part, it can be argued, these price movements are a consequence of the success of reforms. Expansion of rice and coffee exports, especially coffee, have contributed to falling world prices. So while export volumes have grown, unit values have declined and costs remain high.

An option is to improve the quality of Vietnamese rice and coffee exports. While Thailand exports perfumed rice to developed countries, Vietnamese exports cater to the less demanding markets in developing countries of Southeast Asia, the Middle East, and Africa. Also, Vietnam exports lower value Robusta coffee (as compared to the high value Arabica). For quality to improve, the private sector has to invest in new varieties, technologies, and better processing facilities in rice and coffee growing areas.

Comparative advantage of agricultural production across different regions also varies greatly. The Red River Delta and the Mekong River Delta are far ahead of the other regions, followed by the Southern Central Coast and Southeastern regions. The three mountainous regions and the Northern Central Coast lag far behind.⁴ Infrastructural development and

⁴ Out of the five commodities (rice, coffee, tea, pork, and cashew nuts), only one (pork) had a domestic resource cost of greater than unity, implying lack of competitive advantage. For details of estimates, see FAO (2006).

easier access to new technologies would impart greater competitiveness to agricultural production as well as reduce inter-regional disparities.

Regions with high proportions of non-farm wage labor are also the ones which have experienced high rates of reduction in rural poverty. Incomes of households involved in non-farm activities are two to five times higher than those of farm households (Nguyen, 2005). However, not all wage labor in non-farm activities is poverty reducing, especially when it is seasonal casual work and at a considerable distance from home. Some estimates point to low growth of the proportion of non-farm households over the period 1994-2001 (an annual increase of about 1.8 percent). At the regional level, the Northern Highlands, the Red River Delta, and the North Central Coastal regions witnessed a marked spurt in non-farm activities. This was linked to growth of traditional manufacturing villages in this area, somewhat akin to township and village enterprises (TVEs) in China. The decline in the Mekong Delta and the Southeastern regions, on the other hand, was related to out-migration of households to urban areas, sharpening the urban-rural divide. Apart from credit expansion and better infrastructure (e.g., easier access to markets), it is imperative to expand vocational training, especially for women.⁵

2.3. Prospects

A recent assessment by ADB (2006) is optimistic. It rests on the following arguments. First, improvements in the overall economic environment and WTO membership are likely to spur strong investment, and thus GDP growth is likely to accelerate to 8 percent per annum. Second, implementation of commitments related to the Association of Southeast Asian Nations (ASEAN) and accession to WTO will expand trade opportunities for Vietnam. Exports are likely to grow faster than imports, narrowing down the trade deficit to 4.6 percent of GDP. Higher flows of FDI will result in a surplus in the capital account. Third, an

⁵ An evaluation of credit projects for women showed that the outcomes would have been more favorable if the women were simultaneously provided vocational training (FAO, 2006).

expansionary fiscal policy is likely to widen the primary budget deficit. Fourth, although the 2006-2010 socio-economic development plan (SEDP) sets ambitious targets for achieving a wide range of goals, including the MDGs, these are achievable, given the buoyancy of investment and the private sector.

In our view, however, the constraining influence of agriculture is overlooked. While a transformation is underway, technological upgradation, land consolidation, and better processing facilities would help add value to agricultural production. Consolidation of agricultural land, restructuring of state forest land, and supporting of community-based land management among ethnic minorities require specific policies, going beyond the issuance of Land Use Certificates (LUCs) (World Bank, 2006). If our review has any validity, it calls for more cautious optimism.

Table 1: Institutional Quality Indicators in Vietnam

<i>Indicator</i>	<i>1996</i>	<i>2004</i>
Voice and Accountability	-1.31	-1.54
Political Stability	0.40	0.16
Government Effectiveness	-0.10	-0.31
Regulatory Quality	-0.56	-0.57
Rule of Law	-0.50	-0.59
Control of Corruption	-0.64	-0.74

Note: Scores range from -2.5 to +2.5, in which -2.5 and + 2.5 are worst and best, respectively.

Source: Governance website of the World Bank.

This is further reinforced by dilution of institutional quality (Table 1). While the National Assembly passed a law in June 2006, providing a legal framework for market operations, protection for investors, and corporate disclosures and transparency, the agenda for governance has to be broader and must encompass rural areas. Specifically, greater attention needs to be given to (a) the on-going Programme of Public Administration Reform and strengthening of the Vietnamese

Government's authorities and administration, (b) legislation on local democracy, and (c) support to ethnic minorities and other vulnerable groups.⁶

3. Macro and Sectoral Indicators

3.1. Macroeconomic Indicators

Let us first review the changes in some macroeconomic indicators, followed by changes in those relating to agriculture.

Table 2: Growth Rate of GDP and GDP per Capita, 1987-2004

<i>Variable</i>	<i>1987-1996</i>	<i>1997-2004</i>	<i>1987-2004</i>
Growth Rate of GDP (%)	8.27	6.41	7.38
Growth Rate of GDP Per Capita (%)	6.14	5.11	5.70

Note: GDP (PPP constant 2000\$).

Source: Computed from the World Development Indicators (WDI) 2006.

Following *Doi moi* and other subsequent reforms (e.g., the Land Law of 1993), there was growth acceleration. During the first decade, the GDP growth rate was 8.27 percent per annum. The growth rate of GDP per capita was also impressive, as it grew at over 6 percent per annum (Table 2). This growth acceleration was the result of a significant shift in economic policies from those that reinforced a poverty trap (exchange rate overvaluation, hyperinflation, lack of incentives in the rural sector, and severe limitations on the private sector) to a different set that could support a higher level of economic activity. In fact, a disaggregation of the policy experience, shown in Table 3, corroborates this story.

⁶ There is a case for simplification of procedures, so as to reduce the discretionary power of government officials, including electronic interfaces and other forms of e-government. The Law on Corruption, approved in 2005, is another major step forward. It holds heads of agencies and organizations responsible for the prevention and control of corruption. Besides, the judicial reforms approved would improve criminal and civil policy and legislation, and the oversight role of elected bodies (World Bank, 2006).

Table 3: Policy Experience in Vietnam

<i>Period</i>	<i>Policy Environment</i>	<i>Annual Growth of GDP Per Capita</i>
1976-1981	Unification of country, nationalization of private industry, collectivization of farms in the South	-0.67
1981-1986	Second Five-year Plan, some relaxation of controls in rural areas, introduction of "contract system," but no announced reform path	5.86
1986-1988	<i>Doi moi</i> , with economic stabilization <i>Doi moi</i> , with economic stabilization; a major stabilization in	1.97
1988-1997	1989 included exchange rate unification, abolition of dual price system, and reduction of quotas and tariffs	5.85
1997-1999	East Asian crisis; spillover effects dampen growth	3.40

Source: Pritchett (2003).

The devastation of the war and the rigidity of the regime had weakened the economy, and a severe economic crisis followed efforts towards immediate socialism. Policies were relaxed in a piecemeal manner, but without any clear shift in policy direction. Nevertheless, even this modest relaxation of controls allowed some growth. The growth eventually dwindled, and in 1986 the Sixth Congress, while remaining committed to socialism, announced a new direction that allowed a multi-sectoral approach (a mix of public and private sectors). Implementation of these reforms was weak until an agricultural crisis in 1989 precipitated drastic reforms. The package of reforms, including *Doi moi*, decollectivization of land, and freeing of prices, was enormously successful, and created rapid growth. These reforms were designed to sustain a much higher level of output within the same political and institutional regimes. The qualitative change is aptly summed up by Pritchett (2003), i.e., who the government is and what it tends to do were generally not in dispute.

However, our analysis indicates that the dampening of growth in recent years raises serious concerns about its sustainability and continued progress in achieving the MDGs by 2015.

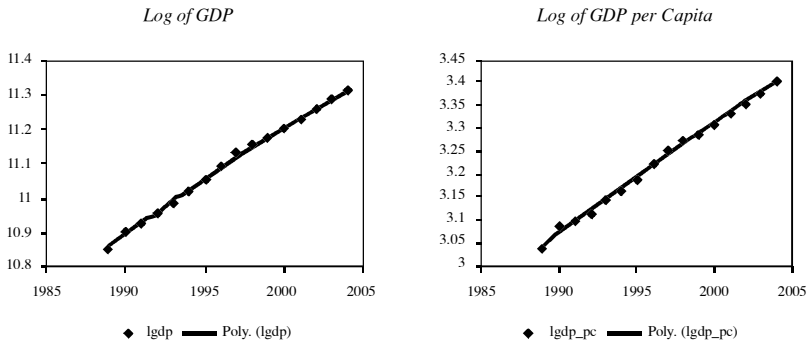
Table 4: Log of GDP and GDP per Capita

<i>lgdp</i>	<i>Coefficient</i>	<i>p-value</i>	<i>lgd_pc</i>	<i>Coefficient</i>	<i>p-value</i>
<i>t</i>	0.0403164	0.000	<i>t</i>	0.265673	0.000
<i>t</i> ²	-0.000285	0.009	<i>t</i> ²	-0.000088	0.348
<i>Constant</i>	10.48236	0.000	<i>Constant</i>	2.788878	0.000
Number of observations = 16 F(2,13) = 3153.09 Prob > F = 0.0000 R-squared = 0.9979			Number of observations = 16 F(2,13) = 2007.46 Prob > F = 0.0000 R-squared = 0.9968		

Note: GDP and GDP per capita are estimated by PPP constant 2000\$; *lgdp* is log of GDP; and *lgd_pc* is log of GDP per capita.

Source: Authors' estimates.

Figure 1: Log of GDP and GDP per Capita



Note: GDP (PPP 2000\$)

Source: Authors' estimates.

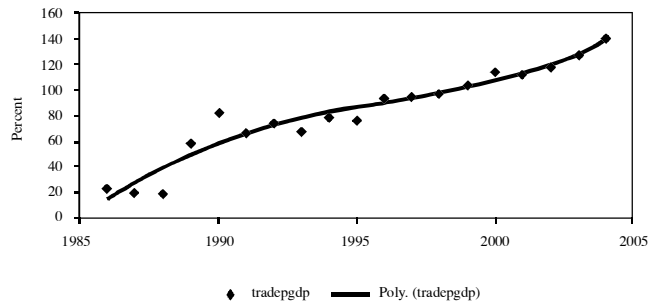
There was a marked deceleration in GDP growth during 1997-2004. This is consistent with the quadratic term in the left panels of Table 4 and Figure 1. Besides, although the coefficient of t^2 in the estimation for the log of GDP per capita is negative, it is not significant (Table 4, right panel). This finding implies that the deceleration of GDP per capita growth in recent years is not corroborated.

Table 5: Share of Trade in GDP

<i>trade</i> <i>gdp</i>	<i>Coefficient</i>	<i>p-value</i>
<i>t</i>	35.86049	0.015
<i>t</i> ²	-1.900346	0.044
<i>t</i> ³	0.374917	0.053
<i>Constant</i>	-155.9937	0.023
Number of observations = 19 F(3, 15) = 68.45 Prob > F = 0.0000 R-squared = 0.9319		

Note: *trade**gdp* is the share of trade in GDP (%).

Source: Authors' estimates.

Figure 2: Share of Trade in GDP

Source: Authors' estimates.

Similarly, the share of trade in GDP is approximated by a cubic time trend, as shown in Table 5 and Figure 2, pointing to acceleration in recent years.

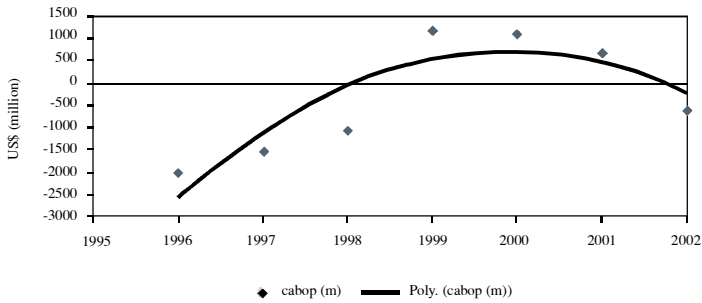
Table 6: Share of Current Account Balance in BOP

<i>cabop</i>	<i>Coefficient</i>	<i>p-value</i>
<i>t</i>	8.92e+09	0.053
<i>t</i> ²	-2.13e+08	0.060
<i>Constant</i>	-9.26e+10	0.047
Number of observations = 7 F(2, 4) = 7.14 Prob > F = 0.0479 R-squared = 0.7811		

Note: *cabop* is the share of current account balance in BOP (%).

Source: Authors' estimates.

Figure 3: Current Account Balance (BOP, current US\$)



Source: Authors' estimates.

As the samples for both share of current account balance in balance of payments (BOP) and of debt service in gross national income (GNI) cover relatively short spans, especially the former, we refrain from drawing definitive inferences (Table 6). Both variables, however, exhibit non-linear trends. The share of current account balance is approximated by an inverted U, with a decline from 2000 onward (Figure 3).

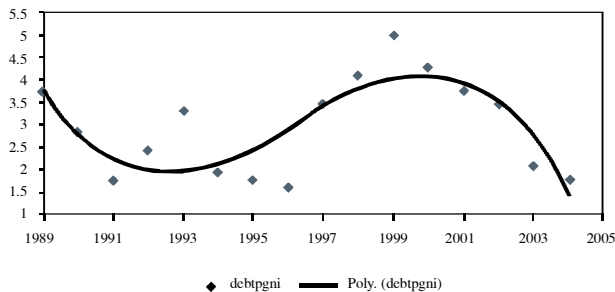
Table 7: Total Debt Service

<i>debtggni</i>	<i>Coefficient</i>	<i>p-value</i>
<i>t</i>	-8.8983936	0.001
<i>t</i> ²	0.5478512	0.001
<i>t</i> ³	-0.0106172	0.001
Constant	49.49943	0.001
Number of observations = 16 F(3, 12) = 7.24		
Prob > F = 0.0050 R-squared = 0.6441		

Note: *debtggni* is total debt service as percentage of gross national income (GNI).

Source: Authors' estimates.

Figure 4: Total Debt Service as Percentage of GNI



Source: Authors' estimates.

The debt service share declined during the early 1990s, rose in subsequent years, and declined after 2000 (Table 7 and Figure 4).

In sum, while the macro indicators (GDP, current account balance, and debt service) improved following the policy reforms, there were signs of slowing down, which need to be considered for further reforms.

3.2. Agriculture Development

Let us consider some sectoral indicators. Agriculture is of particular importance because it still accounts for a little under a quarter of GDP and about 62 percent of the total employment. The share of the rural population declined only slightly over the period 1995-2004, from 77.8 percent in 1995-1999 to 74.8 percent in 2000-2004 (Dang *et al.*, 2006). The share of agriculture in GDP declined from about 41 percent in 1987 to about 22 percent in 2004. Table 8 and Figure 5 describe the decline in the share over time.

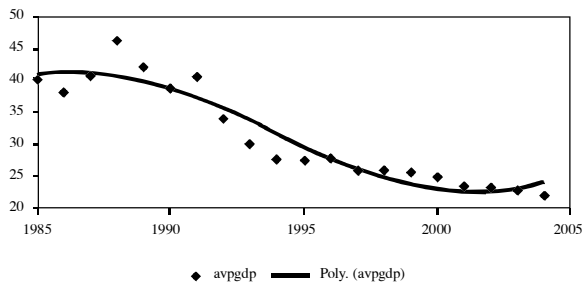
Table 8: Share of Agriculture in GDP

<i>avpgdp</i>	<i>Coefficient</i>	<i>p-value</i>
<i>t</i>	5.559344	0.058
<i>t</i> ²	-0.5016245	0.017
<i>t</i> ³	0.0112231	0.013
<i>Constant</i>	23.11162	0.074
Number of observations = 20 F(3, 16) = 50.47 Prob > F = 0.0000 R-squared = 0.9044		

Note: *avpgdp* is value-added of agriculture as percentage of GDP.

Source: Authors' estimates.

Figure 5: Share of Agriculture in GDP



Source: Authors' estimates.

Both quadratic and cubic equations were fitted to the data, and the latter approximates the data better. The share fell rapidly until 1994, when it stabilized. The share then rose briefly, followed by a steady decline. However, the cubic equation is likely to overestimate the share in more recent years.

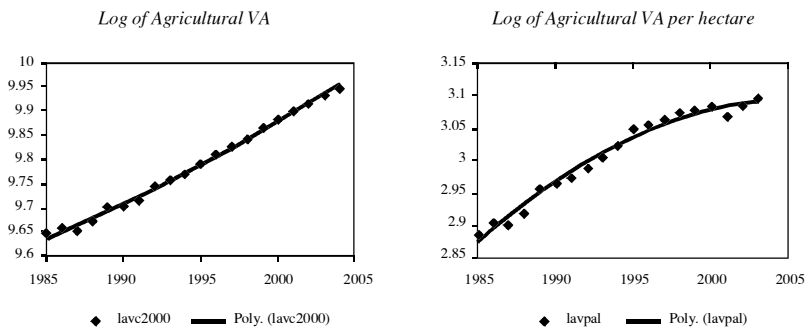
Table 9: Growth of Log of Agricultural VA and VA per hectare

<i>lavc2000</i>	<i>Coefficient</i>	<i>p-value</i>	<i>lavpal</i>	<i>Coefficient</i>	<i>p-value</i>
<i>t</i>	-0.0078789	0.127	<i>t</i>	0.0269672	0.000
<i>t</i> ²	0.001542	0.000	<i>t</i> ²	-0.0004956	0.000
<i>t</i> ³	-0.0000298	0.001			
<i>Constant</i>	9.642513	0.000	<i>Constant</i>	2.739937	0.000
Number of observations = 20 F(3, 16) = 2696.29 Prob > F = 0.0000 R-squared = 0.9980			Number of observations = 19 F(2, 16) = 451.54 Prob > F = 0.0000 R-squared = 0.9826		

Note: VA (constant 2000\$); *lavc2000* is log of agricultural VA; and *lavpal* is log of agricultural VA per hectare of arable land.

Source: Authors' estimates.

Figure 6: Log of Agricultural VA and VA per hectare



Source: Authors' estimates.

Let us now consider growth of agricultural value added (constant US\$, year 2000). During the period 1987-1996, there was acceleration of growth (from 2.94 percent per annum during 1980-1986 to 4.05 percent during 1987-1996), followed by a deceleration during 1997-2004. Over the entire period 1985-2004, agriculture grew at 3.69

percent per annum. The growth rate is consistent with a cubic trend, as shown in the left panels of Table 9 and Figure 6.

Similarly, agricultural value added per hectare of arable land (constant US\$, year 2000) recorded an acceleration over the period 1987-1996 (about 4 percent relative to 3.84 percent in the previous period) but plummeted later (to 1.23 percent per annum).⁷ Consequently, the annual growth rate over the period 1985-2004 was unimpressive, at merely 1.97 percent. This is shown in the right panels of Table 9 and Figure 6. A quadratic time trend serves as a close approximation. While agricultural value added per hectare rose, it did so at a diminishing rate.

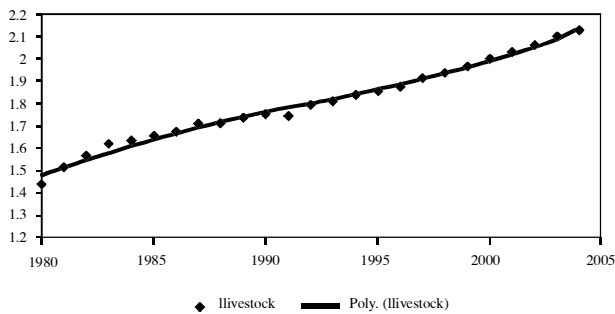
Table 10: Log of Livestock Production

<i>livestock</i>	<i>Coefficient</i>	<i>p-value</i>
<i>t</i>	0.0493429	0.000
<i>t</i> ²	-0.0024212	0.000
<i>t</i> ³	0.000064	0.000
<i>Constant</i>	1.42579	0.000
Number of observations = 25 F(3, 21) = 969.81		
Prob > F = 0.0000 R-squared = 0.9928		

Note: *livestock* is log of livestock production.

Source: Authors' estimates.

Figure 7: Log of Livestock Production



Source: Authors' estimates.

⁷ As noted earlier, this was in large measure due to a sharp decline in the ratio of food export prices (e.g., rice and coffee) relative to raw material import prices (FAO, 2006).

Livestock production accelerated during 1997-2004, after a sharp deceleration during 1987-1997, relative to 1980-1986. It is approximated by a cubic time trend in Table 10 and Figure 7.

4. Impacts of Policy Shifts

In the analysis that follows, we comment on the results of policy shifts at both macro and sectoral levels. The strategy followed here is to identify specific policy changes and allow for a period of time for their effects to manifest themselves. The effects of *Doi moi*, for example, are sought to be captured through an intercept dummy that takes the value 1 for 1986-1990, and 0 otherwise. Similarly, the effects of the 1993 Land Law on both the agricultural and macro indicators (e.g., GDP) are analyzed through another dummy variable that takes the value 1 for the period 1993-1996, and 0 otherwise. Whether the financial crisis of 1997-1998 in Southeast Asia had a contractionary effect on the Vietnamese economy is examined through another dummy that takes the value 1 for 1997-1998, and 0 otherwise.

As the periodization of the effects of policy shifts requires extensive experimentation with a long time series, we address this concern with a few experiments. The results of our analysis of policy shifts must therefore be interpreted with care. Another reason for caution is the omission of some key variables that matter in the transmission of policy changes. Broadly, these relate to some institutional indicators. Some recent studies, such as Acemoglu *et al.* (2001, 2002); Rigobon and Rodrik (2004); Bardhan (2005); and Gaiha *et al.* (2006), have shown empirically that policy reforms in a context of weak protection of property rights, enforcement of contracts, political instability, and rampant corruption are unlikely to lead to desired results in terms of growth acceleration and poverty reduction. The evidence on trade liberalization is fairly robust. Contrary to the claims of trade theory, without strong institutions, opening up of an economy fails to accelerate growth.

This issue is particularly relevant in analyzing Vietnam's impressive growth experience and poverty reduction during the last decade and a half. The transition to a market-oriented macro policy regime, trade liberalization, decollectivization of agriculture, dismantling of restrictions on production, and freeing up of the agricultural terms of trade accelerated growth and poverty reduction. However, as shown earlier, there are signs of a slowing down of growth and poverty reduction. The possibility that this is linked to a decline in the governance/institutional indicators cannot be rejected, as some evidence points in this direction. In any case, in the absence of these indicators, the results reviewed below may change in a more complete specification. However, experiments with alternative specifications, including alternative periodization of effects of policy shifts, point to some regularities and robustness of the results.

4.1. Macroeconomic Results

Let us first consider the results in Table 11 below. What is somewhat surprising is that the coefficient of the dummy for the period 1986-1990 is not significant. This suggests that the initial phase of *Doi moi* reforms did not have a favorable effect on GDP, controlling for other changes. However, the coefficient of the second dummy (i.e., covering the period 1993-1996 and coinciding with the Land Law of 1993 and agricultural reforms) is positive and significant. The third dummy (covering the years of the financial crisis in Southeast Asia) also has a significant positive coefficient, implying that the momentum created by *Doi moi* and decollectivization of agriculture helped sustain growth, despite the financial crisis in the Southeast Asian neighboring countries. What is also important to note is that increase in the log of arable land area (denoted as *lal*) had a significant positive effect on GDP. As the expansion of arable land coincided with higher usage of fertilizers, land productivity rose, and consequently GDP also increased.

Table 11: Log of GDP and GDP per Capita

<i>lgdp</i>	<i>Coefficient</i>	<i>p-value</i>	<i>lgdp_pc</i>	<i>Coefficient</i>	<i>p-value</i>
<i>year_d1</i>	-0.0631459	0.149	<i>year_d1</i>	-0.0432781	0.194
<i>year_d2</i>	0.0628498	0.081	<i>year_d2</i>	0.046926	0.089
<i>year_d3</i>	0.1019496	0.015	<i>year_d3</i>	0.0787566	0.015
<i>lal</i>	3.571231	0.000	<i>lal</i>	2.776185	0.000
<i>Constant</i>	-13.0928	0.001	<i>Constant</i>	-15.5782	0.000
Number of observations = 15 F(4, 10) = 37.20 Prob > F = 0.0000 R-squared = 0.9370			Number of observations = 15 F(4, 10) = 37.13 Prob > F = 0.0000 R-squared = 0.9369		

Note: GDP (PPP constant 2000\$); *lgdp* is log of GDP; *lgdp_pc* is log of GDP per capita; *year_d1*, *year_d2*, and *year_d3* are dummy variables for the periods 1986-1990; 1993-1996; and 1997-1998, respectively; *lal* is log of arable land.

Source: Authors' estimates.

In the right panel of Table 11, the same specification is employed for the log of GDP per capita, and the results obtained are similar. What is interesting to note is that, even after the omission of the first dummy (representing the effect of the initial phase of *Doi moi*), the significant positive effects of the second and third dummies (associated with specific policy reforms) and of increase in arable land remain intact, implying that these results are robust.

Table 12: Share of Trade in GDP

<i>tradevgdp</i>	<i>Coefficient</i>	<i>p-value</i>
<i>year_d2</i>	34.83827	0.012
<i>year_d3</i>	28.81929	0.035
<i>Constant</i>	48.95883	0.000
Number of observations = 19 F(2, 16) = 19.01 Prob > F = 0.0001 R-squared = 0.7038		

Note: *tradevgdp* is share of trade in GDP (%); *year_d2* and *year_d3* are dummy variables for the periods 1993-1996 and 1997-1998, respectively.

Source: Authors' estimates.

Of considerable significance is trade-led growth in Vietnam, especially through expansion of agricultural exports (FAO, 2006). It is therefore not surprising that the expansionary phases in Vietnam (i.e., during most of the 1990s) also coincided with expansion of trade. This is corroborated by the significant positive coefficients of the second and third dummies in Table 12. The latter is somewhat surprising in view of the crisis in some parts of Asia, but evidently Vietnam's major exports, especially rice, rubber, and cashew nuts, recorded impressive gains.⁸ Vietnam is the world's second largest rice exporter and is among the largest exporters of coffee. Growth rates in both the volume and value of agricultural exports have been impressive over the past decade. Rice exports have doubled in volume; rubber exports have more than tripled; coffee exports have quadrupled; and tea and pepper exports have grown five-fold. In value terms, the growth has been less spectacular, particularly for coffee, which faced falling world prices since 1997. Only in the case of cashew nuts has the growth in value terms outstripped the expansion in volume (FAO, 2006).

4.2. Sectoral Results

As discussed earlier, agriculture has played and continues to play a major role in shaping the overall economic performance of Vietnam. This is also corroborated by the results in Table 13.

8 Agricultural exports have contributed significantly to Vietnam's overall economic performance. In 1995, exports accounted for 31 percent of agricultural GDP, rising to 35 percent in 2001 and 38 percent in 2003. The export value of agriculture, forestry, and fishery products increased by an average of 15 percent annually and accounted for about 30 percent of total exports (FAO, 2006).

Table 13: Log of Agricultural VA, VA per hectare, and VA per worker

<i>lavc2000</i>	<i>Coef.</i>	<i>p-value</i>	<i>lavpal</i>	<i>Coef.</i>	<i>p-value</i>	<i>lavpwk</i>	<i>Coef.</i>	<i>p-value</i>
<i>year_d1</i>	-0.039159	0.199	<i>year_d1</i>	-0.039160	0.199	<i>year_d1</i>	-0.01484	0.193
<i>year_d2</i>	0.060230	0.064	<i>year_d2</i>	0.060230	0.064	<i>year_d2</i>	0.028023	0.063
<i>year_d3</i>	0.070971	0.053	<i>year_d3</i>	0.07097	0.053	<i>year_d3</i>	0.037648	0.029
<i>lal</i>	2.38767	0.000	<i>lal</i>	1.38769	0.003	<i>lal</i>	1.534268	0.000
<i>Constant</i>	-6.37066	0.030	<i>Constant</i>	-6.37064	0.030	<i>Constant</i>	-7.99929	0.000
Number of observations = 19 F(4, 14) = 20.68 Prob > F = 0.0000 R-squared = 0.8553			Number of observations = 19 F(4, 14) = 9.92 Prob > F = 0.0005 R-squared = 0.7392			Number of observations = 19 F(4, 14) = 36.32 Prob > F = 0.0000 R-squared = 0.9121		

Note: VA-value added (constant 2000\$); *lavc2000* is log of agricultural VA; *lavpal* is log of agricultural VA per hectare; *lavpwk* is log of agricultural VA per worker; *year_d1*, *year_d2*, and *year_d3* are dummy variables for the periods 1986-1990, 1993-1996, and 1997-1998, respectively; *lal* is log of arable land.

Source: Authors' estimates.

The second and third dummies have strong positive effects on agricultural value added. Controlling for these effects, increases in arable land are also associated with higher agricultural value added. The fact that the direction of their effects is similar to that for GDP suggests that some of the factors that stimulated agricultural growth were significant enough to shape the overall performance of the Vietnamese economy.

Turning to a measure of land productivity, we find that a similar pattern held. While the initial phase did not have a favorable effect on land productivity, the subsequent phases did. Besides, expansion of arable land had a favorable effect. This might be a result of a concomitant increase in the use of fertilizer (FAO, 2006).⁹

Another indicator of productivity is agricultural value added per worker. Two points need to be borne in mind. One is the decline in the share of agricultural employment (from about 71 percent in 1980-1984 to about 62 percent in 2000-2004). In fact, employment in agriculture

9 Fertilizer use increased from 469,200 tons in 1985 to 1,975,200 tons in 2002 (or a 321-percent increase). Usage per hectare rose almost three-fold, from 70 to 207 kg over the same period (FAO, 2006).

(including forestry and fisheries) experienced a negative growth rate during 1999-2004 (-1.5 percent annually). So a rising agricultural value added would show up as a rising agricultural value added per worker. A related point is that, during the mid-1980s and subsequent years, fertilizer use increased rapidly. As fertilizer was applied manually, intensity of labor use was higher. Therefore, modernization of agricultural technology manifests itself in both higher land and labor productivity.¹⁰

Table 14: Log of Livestock Production

<i>livestock</i>	<i>Coefficient</i>	<i>p-value</i>	<i>livestock</i>	<i>Coefficient-</i>	<i>p-value</i>
<i>year_d1</i>	0.1275891	0.179			
<i>year_d2</i>	0.2445411	0.019	<i>year_d2</i>	0.3396353	0.001
<i>year_d3</i>	0.2419774	0.041	<i>year_d3</i>	0.349261	0.002
<i>lal</i>	4.722546	0.002	<i>lal</i>	7.351514	0.000
<i>Constant</i>	-30.2267	0.003	<i>Constant</i>	-48.09802	0.000
Number of observations = 24 F(4, 19) = 4.15 Prob > F = 0.0140 R-squared = 0.4660			Number of observations = 24 F(3, 20) = 10.45 Prob > F = 0.0002 R-squared = 0.6106		

Note: *livestock* is log of livestock production; *year_d1*, *year_d2*, and *year_d3* are dummy variables for the periods 1986-1990; 1993-1996; and 1997-1998, respectively; *year_d12* is dummy variable for the period 1986-1996; and *lal* is log of arable land.

Source: Authors' estimates.

Other agricultural productivity indicators, such as cereal yields, crop production, and food production indices, reproduce these patterns, shown by significantly higher values during 1993-1996, and 1997-1998, and a positive effect of expansion of arable land area (Table 14, left panel). These indices, however, are not as informative as those based on value added primarily because the former do not adjust for changes in inputs.¹¹ The expansion of livestock repeats the pattern delineated earlier. Diversification of agriculture went hand in hand with agricultural

¹⁰ The assertion of FAO (2006) that higher agricultural output due to fertilizer use is reflected not so much in higher arable land productivity as in labor productivity is far from persuasive.

¹¹ Details will be furnished on request.

growth. In this diversification, the important role of policy reforms was accompanied by expansion of arable land (e.g., greater supply of fodder).

In an alternative specification in which the effects of *Doi moi* are reinforced by that of the Land Law of 1993 and further liberalization of agriculture, the first dummy variable that takes value 1 for 1986-1996, and 0 otherwise, has a significant positive effect, as also the dummy variable that takes the value 1 for 1997-1998, and 0 otherwise. The initial liberalization of the economy in combination with decollectivization of agriculture helped in its diversification and accelerated growth (Table 14, right panel).

4.3. Effects of Land Titling

Agricultural land was decollectivized in 1988, and land use rights were granted to households. The Land Law of 1993 gave households the right to inherit, transfer, exchange, lease, and mortgage their land use rights. This was implemented by issuing land titles (or LUCs) to *all* households. By 2000, 11 million land titles had been issued, making it one of the largest land titling programs in the world (Do and Iyer, 2006). Based on a comparison of the Vietnam Living Standard Survey (VLSS) 1992/93 and VLSS 1997/98, an assessment of its impact on the rural economy was carried out (Do and Iyer, 2006).¹² The main findings are as follows.

First, the proportion of cultivated area devoted to multi-year crops increased. A household in a province where all households had LUCs raised this proportion by 7.5 percentage points over the period

¹² The 1988 Land Law aimed at liberalizing the agriculture sector in Vietnam. Resolution 10 of this Law transferred control and cash-flow rights from the farming cooperatives to individual households. However, as land-use rights were given to families without the option of trading them, a proper land market did not develop. Resolution 10 is, however, seen by many as a major land reform that contributed significantly to agricultural growth in Vietnam (see, for instance, Pingali and Vo, 1992). There is no denial that this reform unleashed farmers' incentives to invest but much remained to be done. The 1993 Land Law was an important step towards this end (Do and Iyer, 2006).

1993-1998, compared to a province where no LUCs were issued. The improved security of tenure induced farmers to invest in long-term crops.

Second, a household in a high LUC-issuance province increased its non-farm activity by 2.7 weeks per member during 1993-1998. Mostly, the non-farm activities were food processing, woodworking, and work in the textiles and garment industry. While the estimate is not large in terms of weeks worked per member, it implies an increase of 11-12 weeks worked in the non-farm sector for a typical household with 4.5 working members in 1997-1998. However, the effects of the 1993 Land Law on household expenditure and farm income were not significant. This is not surprising because investments in crops, such as tea and coffee, yield returns after a few years. Also, as the improvements in the functioning of the land and credit markets may take longer to work out, the full benefits of land titling are underestimated.

A different methodology with the same data sets yields additional insights into the efficiency of land reallocation and benefits to the rural poor during 1993-1998 (Ravallion and Van de Walle, 2006). The main findings of that study are as follows.

First, after a market in land use emerged, land was reallocated that attenuated inefficiency of the administrative assignment of land use. Specifically, households that enjoyed an inefficiently low land use increased their holdings over this period. The adjustment coefficient was one-third in the aggregate sample, implying that one-third of the proportionate gap between the actual and efficient allocation was eliminated within five years.

Second, under certain assumptions, the speed of adjustment to the administrative assignment favored the land-poor. Other characteristics that benefited were households with local roots, male heads, better education, and those with greater non-allocated land. These characteristics are congruent with competitive forces in so far as they are positively correlated with land reallocation, and initial land deficits relative to the efficient allocation.

4.4. Ethnic and Spatial Dimensions of Poverty

Table 15 provides estimates of poverty, based on different indices and disaggregated into rural, urban, and different ethnic groups.

Table 15: Poverty Rates and Poverty Gap

<i>Poverty Index and Ethnic Group</i>	<i>1993</i>	<i>1998</i>	<i>2002</i>
<i>Poverty Rate (%)</i>	58.1	37.4	28.9
Urban	25.1	9.2	6.6
Rural	66.4	45.5	35.6
Kinh and Chinese	53.9	31.5	23.1
Ethnic Minorities	86.4	75.2	69.3
<i>Food Poverty (%)</i>	24.9	15.0	10.9
Urban	7.9	2.5	1.9
Rural	29.1	18.6	13.6
Kinh and Chinese	20.8	10.6	6.5
Ethnic Minorities	52.0	41.8	41.5
<i>Poverty Gap (%)</i>	18.5	9.5	6.9
Urban	6.4	1.7	1.3
Rural	21.5	11.8	8.7
Kinh and Chinese	16.0	7.1	4.7
Ethnic Minorities	34.7	24.2	22.8

Note: Poverty rates are measured as a percentage of the population. Poverty gaps reflect the average distance between the expenditures of the poor and the poverty line, in percentage of the latter.

Source: World Bank (2004).

As can be seen, there was a slowing down of poverty reduction over the period 1998-2002, relative to 1993-2002. There are signs of growing disparity between urban and rural areas and, among the latter, ethnic minorities continued to record very high poverty rates. Over the period 1993-2002, the proportion of Kinh and Chinese fell from 53.9 percent to 23.1 percent in 2002, while that of ethnic minorities fell from 86.4 percent to 69.3 percent.¹³ While food poverty was nearly eliminated from urban areas, more than 40 percent of ethnic minorities continued to suffer from it. Also, the poverty gap among them has narrowed at a slow rate.

Distribution of poverty by region is given in Table 16. As a region, the Central Highlands is the poorest in the country, followed by

¹³ Vietnam is an ethnically diverse society. The Kinh people account for 84 percent of the total population, while 53 smaller ethnic minority groups account for only 16 percent. Note, however, that all minorities are not equally disadvantaged (Baulch *et al.*, 2002).

the Northern Mountains and the North Central Coast. Poverty rates are high in the two deltas, and in the South Central Coast, but lower by half compared to the poorest regions. The Central Highlands stands out because of the sluggish poverty reduction rate during 1998-2002. Food poverty has remained unchanged over a decade (i.e., 1993-2002), in sharp contrast to improvements elsewhere.

Ethnic minorities have benefited in varying degrees from the economic boom, depending on the group and location. Those living in the Mekong Delta have experienced a steady reduction in poverty and have the lowest rate of poverty among the regions. Among the ethnic minorities living in the uplands, those in the Northern Mountains have recorded the steadiest improvement. In contrast, poverty rose among the ethnic minorities living in the Central Highlands. More than 80 percent were poor in 2002. The share of ethnic minorities among the poor has risen from 20 percent in 1993 to 30 percent in 2002. It is likely to rise to 42 percent in 2010. Food poverty estimates are grimmer. The share of ethnic minorities rose from less than 30 percent in 1993 to about 50 percent in 2002. It is expected to be 67 percent in 2010 (World Bank, 2004).

Table 16: Poverty Rate in Vietnam by Region, 1993-2002

<i>Region</i>	<i>1993</i>	<i>1998</i>	<i>2002</i>
Whole country	58.1	37.4	28.9
Northern Mountains	81.5	64.2	43.9
Northeast	86.1	62.0	38.4
Northwest	81.0	73.4	68.0
Red River Delta	62.7	29.3	22.4
North Central Coast	74.5	48.1	43.9
South Central Coast	47.2	34.5	25.2
Central Highlands	70.0	52.4	51.8
Southeast	37.0	12.2	10.6
Mekong Delta	47.1	36.9	23.4

Source: World Bank (2004).

Why did ethnic minority households remain so poor and fail to benefit from the economic boom? Two explanations follow from decompositions of expenditure among various groups. One is low

endowments of physical and human capital, and the other relies on geographic and cultural remoteness of the minorities. More specifically, even if minority households had the same endowments as Kinh households, this would close no more than a third of the gap in their expenditures (Baulch *et al.*, 2002).

But there is another way of looking at the spatial pattern of poverty that has important implications for targeting of anti-poverty interventions. Here the focus is on the poverty density, obtained by multiplying the incidence of poverty by the population in each area. The results are strikingly different. The number of poor people per square km is highest in the more prosperous parts of Vietnam, i.e., the Red River Delta, the Mekong River Delta, and the coastal plains. In contrast, poverty density is lowest in the areas with the highest incidence (including the Northeast, Northwest, and Central Highlands). This is because the areas with the highest incidence of poverty tend to be remote and sparsely populated. While the case for geographic targeting on the basis of poverty incidence cannot be rejected, e.g., poverty is likely to be more persistent in remote, inaccessible areas, it has the limitation that a large fraction of the poor will be missed. Thus, geographic targeting must be combined with anti-poverty interventions in areas/regions with high poverty density (Minot and Baulch, 2005). However, unless such interventions are accurately targeted, the leakages are likely to be high. An interesting observation made by Van de Walle and Gunewardena (2001) is that agricultural research and extension does not benefit ethnic minorities simply because it does not address their specific concerns. While these are essentially public goods and there is a strong case for promoting them, there is also a stronger case for redesigning them to focus better on crops and agro-economic conditions prevailing in upland areas where ethnic minorities are concentrated.

Agricultural research is largely confined to wet rice cultivation and cash crops, while ethnic minorities tend to live far from main roads and markets, and lack access to complementary inputs.

Some more specific considerations in targeting need to be emphasised. The *type* of poverty alleviation program matters. Some

programs benefit all households in an area, such as better roads and better health care. If there is a fixed cost component per inhabitant in such programs, the effect will be greater in areas with a high incidence of poverty. By contrast, other programs targeted to the poor, such as income transfers or food for work, should concentrate more on areas with higher poverty densities. However, there is also another consideration: whether the costs vary inversely with population density. If they do, as in the case of roads, electrification, and extension, the case for intervening in areas with higher population and poverty densities is reinforced (Minot and Baulch, 2005; FAO, 2006).

4.5. Progress in Achieving MDGs

A review of progress in achieving various MDGs is given below.¹⁴ Vietnam's performance based on data available on 21 MDG indicators as of mid-2006 is summarized in Table 17.¹⁵

By any standard, the progress achieved is impressive, as in 14 out of 21 indicators Vietnam has already met the target (e.g., \$1/day poverty, underweight children, primary completion rate, under five mortality, forest cover, and access to drinking water). There are signs of regression in a few indicators (e.g., gender primary, HIV prevalence, and CO2 emissions), and slow progress in just one (gender tertiary).

A composite indicator is also constructed. This is based on two summary measures: a measure of progress and a measure of the (most recent) status. Based on this composite index, countries are classified into four categories: moving ahead, catching up, losing momentum, and falling behind. Among the moving ahead countries (i.e., those that have

¹⁴ This review draws upon ESCAP (2006).

¹⁵ The performance is judged using the following categories: Early achiever (has already met the target); On track (expected to hit the target by 2015); Off-track-slow (expected to hit the target, but after 2015); and Off-track-regressing (slipping backwards or stagnating). Note that, for this review, a goal is treated as achieved if the country has reached a certain absolute value. In the case of primary school enrollment ratio, for example, this is 95 percent, and for the poverty rate, this is 5 percent. For details, see ESCAP (2006).

Table 17: Progress towards MDGs in Vietnam

<i>Goal</i>	<i>Status</i>
\$1/day poverty	Early Achiever
Underweight children	Early Achiever
Primary enrollment	Regressing
Reaching grade five	On track
Primary completion rate	Early achiever
Gender primary	Regressing
Gender secondary	Early achiever
Gender tertiary	Slow
Under five mortality	Early achiever
Infant mortality	Early achiever
HIV prevalence	Regressing
TBC prevalence	Early achiever
TBC death rate	Early achiever
Forest cover	Early achiever
Protected area	Early achiever
CO2 emissions	Regressing
CFC consumption	Early achiever
Access to water urban	Early achiever
Access to water rural	Early achiever
Sanitation urban	Early achiever
Sanitation rural	On track

Source: ESCAP (2006).

made good progress and that have most recent status that is better than average for Asia and the Pacific), Vietnam ranks high.¹⁶

As noted earlier, some concerns cannot be set aside, in view of the slowing down of poverty reduction, persistence of poverty among ethnic minorities, and, in some regions, worsening of inequality.

4.6. Diversification of Rural Economy

Here an attempt is made to examine the potential of a diversified rural economy in poverty reduction, based largely on Van de Walle and Cratty (2003) and FAO (2006). The approach followed identifies common causative factors, whereby participation in off-farm income earning

¹⁶ Other countries in this group are Armenia, Azerbaijan, China, Iran, Kyrgyzstan, Malaysia, the Russian Federation, and Thailand (ESCAP, 2006).

activities and poverty are *jointly* determined by a set of household and community characteristics. This will help separate those that are common from those that involve trade-offs between participation in off-farm activities and living standards. Let us first consider a profile of the rural economy in Vietnam, focusing on poverty and income source in rural areas (Table 18).

Table 18: Rural Poverty and Income Source, 1993 and 1998

Year 1993								
Income source	Northern Uplands	Red Rive	North Central	Central Coast	Central Highlands	South-east	Mekong Delta	Total
Farm only	91.5	74.5	80.2	75.3	81.8	42.5	48.3	74.8
Farm and labor only	78.6	76.3	78.7	59.6	78.6	63.8	59.5	69.7
Farm and non-agricultural self-employment only	77.1	69.5	72.9	52.9	33.6	33.3	28.2	58.6
<i>All three</i>	78.6	67.6	73.6	38.5	55.2	52.4	55.6	61.9
Labor and/or non-agricultural self employment only	n.a	24.6	n.a	28.6	n.a	26.5	62.2	46.4
Total	84.2	71.6	76.9	59.2	70.0	45.8	51.9	66.4
Year 1998								
Farm only	78.3	43.1	53.3	54.5	46.1	6.7	33.6	52.3
Farm and labor only	60.3	43.5	60.1	51.2	68.0	17.1	53.9	50.9
Farm and non-agricultural self-employment only	48.6	32.6	45.7	22.2	32.0	4.1	27.9	35.1
<i>All three</i>	45.1	35.9	51.6	18.1	50.9	17.1	38.4	38.3
Labor and/or non-agricultural self employment only	9.6	14.0	n.a	19.1	n.a	15.0	55.8	34.5
Total	63.6	38.3	52.6	41.9	52.5	13.0	42.0	45.0

Source: Van de Walle and Cratty (2003).

Although rural poverty fell from 66 percent in 1993 to 45 percent in 1998, the wide variation across regions persisted. In 1998, the headcount index ranged from 13 percent in the Southeast (the rural area contiguous to Ho Chi Minh City) to 64 percent in the Northern Uplands. In both periods, farm-only households exhibit the highest incidence of poverty nationally (75 percent in 1993 and 52 percent in 1998). They

were also the largest group in 1993 (30 percent of the rural population) and the second largest in 1998 (28 percent), just behind the 30 percent of those who combined farm with wage labor activities. By far the lowest poverty was among those in off-farm self-employment and wage labor.

Among all households who do at least some farming (95 percent of the population in 1993, and 94 percent in 1998), "farm only" are the poorest, followed first by "farm and wage," and then by "farm, wage, and self-employment outside of agriculture," and lastly "farm and self employment only" with the lowest poverty, regardless of the poverty line and generally across regions too (with a few exceptions) (Van de Walle and Cratty, 2003). Therefore, it follows that there is a strong association between poverty and lack of diversification into wage and self-employment activities in both years.

The econometric analysis confirms that there are some common determinants of both expenditure/welfare indicators and participation in off-farm activities (Van de Walle and Cratty, 2003). Education has a positive influence on both welfare and participation in off-farm activities. Ethnic minority status, however, has a negative influence on both. Some other factors have opposite influences. For example, household size has a negative effect on welfare but a positive one on diversification. Land is positive for welfare, and negative for diversification. Urbanization and lower population growth reduce pressure on the land and thus reduce off-farm diversification in rural areas; they both also reduce poverty.

In another exercise focused on growth of consumption and off-farm diversification, where one lives is an important determinant of both. These common geographic effects capture institutional constraints, market development, and infrastructure bottlenecks. There is, however, no non-geographic characteristic that affects consumption growth over time and rising diversification in the same way with the exception of the proportion of children in a household.

The policy implications are that roads, transportation, and markets are crucial for both. For off-farm income earning activities, however, information about and access to markets must be more widely available.

There is also a case for more flexibility in land and labor markets to switch their use more efficiently. Well defined land property rights and other land policies must ensure that access rights are protected. There is evidence that those who diversify tend to maintain their cultivation, even if more attractive options are available. The important point to note, however, is that these policies will undoubtedly help some, but not others (Van de Walle and Cratty, 2003).

From this perspective, a snapshot of rural income diversification over the period 1998-2002 is helpful (FAO, 2006). The number of income sources in the aggregate rose from 4 in 1998 to 4.67 in 2003. Regions that saw a rise in the number of income sources included the Central Highlands (from 3.72 to 5.24), the Northern Uplands (from 4.53 to 4.94), the Mekong River Delta (from 4 to 4.90), and the Southeast (from 4 to 4.33). The number of sources declined in the Red River Delta (from 4.50 to 4.37) and in the North Central Coast (from 4.82 to 4.64). The fact that some regions that experienced rapid poverty reduction during 1998-2002 also saw considerable diversification of income sources points to a link between them (e.g., the Northern Uplands and the Mekong River Delta).

4.7. Social Safety Nets

The social safety nets following decollectivization comprise initiatives that are centrally mandated but locally implemented (Van de Walle, 2004). An overarching concern is that the traditional social protection system, conceived mainly for public sector workers, must complete the transition to a market economy, so as to provide affordable insurance against risks—especially to workers who are increasingly mobile, occupationally and geographically (World Bank, 2006).

The Social Security System provides pensions and other employment-related social insurance payments. An analysis of VLSS1997/98 shows that payments go to members of households accounting for 11.2 percent of the population, with greater coverage in

urban areas (18.3 percent) than in rural ones (9.4 percent). Incidence is also more pro-poor in urban areas than in rural areas, as per capita amounts received in the latter are much smaller than in the former.

Under the Social Guarantee Fund for regular relief, scarce central public resources necessitate that implementation and coverage ultimately depend on local governments and their resources. Contrary to official claims, barely 9.6 percent of the population receives subsidies under this scheme; the fraction is slightly larger (10.2 percent) in rural areas. Although the poorest quintile in urban areas received the largest amounts, there is little evidence of targeting across the rest of the urban or rural distributions.

The Contingency Fund for Pre-harvest Starvation and Natural Disasters is designed to mitigate the distress in the wake of natural calamities and other emergencies. Following local covariate shocks, relief is provided by district and provincial authorities. The emphasis is mostly on surviving the emergency through credit. As institutional capacity and finances are limited, aid is often insufficient. Poor households, in particular, are prone to further impoverishment as a result.

Several national development programs (NDPs) have been introduced that aim for growth, but offer little protection. These programs cover employment generation, reforestation, micro-credit, and physical infrastructure investments.

In 1996, an attempt was made to coordinate these programs and the resources needed under the National Hunger Elimination and Poverty Reduction (HEPR) Programme. During 1998-2000, the government implemented the National Target Programme on Poverty Alleviation and formulated the Poverty Alleviation Strategy for 2001-2010. These initiatives are, however, not matched by additional resources.

So it is fair to conclude that the government's safety net program made a negligible contribution to poverty reduction during the 1990s. The evidence also suggests that it did not fulfil a safety net function as it did not protect those who faced falling living standards during this period, partly due to low overall spending on these programs relative to needs.

Besides, there was a lack of responsiveness of transfers to changing household circumstances.

Design changes in some existing programs, e.g., in targeting mechanisms, may strengthen their promotional and protective roles. For example, if household transfers were *equally* divided *only* among the poor, 17 percent of the poor or 7 percent of the population would escape poverty (Van de Walle, 2004). Several reforms to the current institutional arrangements for delivering social welfare programs would add to their cost-effectiveness. The current redistributive process could be restructured to enforce better redistribution to lower administrative levels. This would involve improving incentives and mandates for targeting the poor locally. There is also a case for new programs that focus on insurance mechanisms. Incomes and labor supply have risen but so has their variability, while local risk-sharing arrangements have declined (Van de Walle, 2004).

4.8. Prospects of Poverty Reduction, Risks, and Insurance

Our analysis has drawn attention to the impressive track record of Vietnam in accelerating growth rates and poverty reduction during the transformation from a planned economy to a market-oriented one. Much of this achievement hinged on a rapid growth of agriculture and its diversification, expansion of agricultural trade, and a consequent reduction in rural poverty. Some concerns, however, cannot be overlooked. These relate to a slowing down of overall and agricultural growth rates, worsening of inequality over time and space, and slowing down of poverty reduction. Not only national poverty reduction but also rural poverty reduction slowed down (from 66.4 percent in 1993 to 45.5 percent in 1998, and to 35.6 percent in 2003).¹⁷ Worsening of income and land inequality during recent years also impeded poverty reduction.¹⁸ What

¹⁷ For details, see FAO (2006).

¹⁸ Although estimates differ, the Gini coefficient of income distribution rose from 0.356 to 0.407 over 1995-2000. The Gini coefficient of land distribution rose from 0.49 to 0.64 over the period 1993-2004 (FAO, 2006; World Bank, 2006).

is worrying is the growing concentration of ethnic minorities among the poor and its continuation in the near future.

Poverty is not just a matter of deprivation but also of vulnerability to shocks, which happen at the household, community, and national levels. Shocks that can trigger downward mobility of vulnerable households, sometimes into persistent poverty, include illness, injury, epidemics, social stability, loss of markets, crop failures, droughts, and floods. The poor are often the most vulnerable as they lack the ability to deal with a wide array of risks. Their low incomes do not permit them to accumulate savings. Nor do they have easy access to insurance. So when a crisis occurs, they are unable to deal with it. A recent study (World Bank, 2006) contains notional estimates of vulnerability, which represent the share of the population which is not in a position to sustain its expenditure level (above the poverty line) in the event of a shock. The criteria used are (i) whether expenditure is less than 10 percent above the poverty line, and (ii) whether their dwellings were valued at less than 15 million VND, and other durable assets did not exceed 5 million VND in 2002. Using the Vietnam Household Living Standards Survey 2002 (VHLSS2002), the aggregate estimates of the vulnerable range from 6.7 percent to 10.2 percent of the population. However, there are other ways of measuring vulnerability that are more comprehensive and informative. A limitation of the World Bank vulnerability estimates is that they are confined to a measure of the non-poor who are likely to slip into poverty. Neither the severity of the shock nor loss of welfare of the poor is taken into account.¹⁹

An estimate of “vulnerability as low utility” allows a decomposition of welfare losses due to poverty, aggregate and idiosyncratic risks. Vulnerability so defined is high, with poverty as the single largest component, followed by aggregate and idiosyncratic risks (Ligon and Schecter,

¹⁹ For an exposition of different measures of vulnerability and their estimates, see Gaiha and Thapa (2005).

2003). Such estimates are more useful as they help identify proximate causes of loss of household welfare due to structural poverty and volatility of consumption. By being able to distinguish between those who would not be vulnerable in the absence of consumption volatility and those who are structurally poor, specific measures that limit consumption volatility of the former by limiting their exposure to risk and/or by enhancing their *ex-post* coping ability would be helpful, as against interventions designed to help the structurally poor by raising their mean consumption.

Another recent study (Imai *et al.*, 2007) examines in greater detail the links between vulnerability and poverty over the period 2002-2004. The main findings are that (i) in general, higher vulnerability in 2002 translates into poverty in 2004; (ii) vulnerability of the poor perpetuates their poverty, and that more specifically, while some manage to overcome their poverty despite being vulnerable, their prospects of doing so are less likely than of remaining in poverty; and (iii) vulnerability of the non-poor propels them into poverty over the period in question.²⁰

As a general observation, there is a case for greater emphasis on risk reduction and mitigation strategies, as opposed to risk coping strategies. Also, both formal and informal mechanisms through private and public agencies need to be integrated, taking into account their complementarity as well as substitutability. Macroeconomic stability, easier market access, and protection of private property rights have strong complementarities, while formal insurance may substitute for informal insurance and other networks of community support. Another related concern is whether the potential of indigenous knowledge systems could be better exploited through easier access to water, extension, and other support services, and whether it is feasible to blend such knowledge systems with new and emerging technologies to enhance productivity and ecological sustainability. A third policy option that deserves careful assessment is feasibility of crop insurance on a commercial

²⁰ For methodological and panel data details, see Imai *et al.* (2007).

basis, focusing on insurable risks and premia based on actuarial data. An innovative solution is area-based index insurance contracts, dealing with specific perils or events such as average yield in the area, drought, or flood, that are defined and recorded at a regional level. Insurance could be sold as a standard contract for each unit purchased, and the buyer could have the freedom to purchase any number of units. Some of the advantages include low administrative cost, ease of marketing, affordability for the poor, low moral hazard problem, and, above all, financial viability. International financial markets could be tapped for reinsurance to hedge against the risk of huge indemnities in the context of natural calamities and disasters (World Bank, 2001; Skees *et al.*, 2005). While there is considerable evidence on the income enhancing potential of micro-credit, a priority in the present context is its potential for income diversification and stabilization, as opposed to use of loans for consumption stabilization or smoothing. Along similar lines, the focus needs to shift to income stabilizing effects of workfare. Finally, income diversification through non-farm activities for poorer segments calls for not just easier access to credit but also skill acquisition and easier access to markets (IFAD, 2004).

5. Concluding Remarks

Vietnam's growth acceleration during the 1990s followed not just from technological change but also from institutional restructuring that created incentives to invest and enhance productivity in a market-oriented economy. For instance, the effects on agricultural growth of the freeing of prices from controls and land titling were dramatic. However, deceleration of agricultural growth, slowing down of poverty reduction, and worsening of inequality both *between* rural and urban areas and *within* rural areas may impede the transition to a more prosperous economy. Based on our analysis, we can distill the following lessons to redefine policy priorities in light of emerging concerns.

- (i) Institutional reforms matter a great deal at the macro, sectoral, and local levels. While gradualism underpinned Vietnam's

impressive overall and agricultural growth in the transition to a market economy, some strategic corrections are called for to sustain the momentum.

- (ii) Success of reforms can sometimes impede further success. The drop in rice and coffee prices in the world market was caused by rapid growth of volumes exported. This underlies the need for quality improvements to add greater value to rice and coffee chains of production. The private sector has considerable potential for enabling this switch.
- (iii) The scope for modernization of technology in agriculture continues to be immense, as high yielding varieties are confined to a little more than one-third of the cultivated area. Larger allocations are needed for agricultural research and strengthening of extension.
- (iv) Comparative advantage of agricultural production across different regions also varies greatly. The Red River Delta and the Mekong River Delta are far ahead of the other regions, followed by the Southern Central Coast and Southeastern regions. The three mountainous regions and the Northern Central Coast lag far behind. Infrastructural development and easier access to new technologies would impart greater competitiveness to agricultural production, as well as reduce inter-regional disparities.
- (v) Equity-efficiency considerations in land consolidation are far from straightforward. However, commercialization of agriculture has its own relentless pace. To the extent that well-endowed commercial farmers have better prospects of growth in a competitive environment, those displaced from agriculture must be absorbed in non-farm activities. Diversification of the rural economy, including within agriculture through, for example, a higher share of livestock products, is preferable to uncontrolled urbanization, and consequent congestion and spreading of slums. But this requires easier access to credit and vocational training—especially for women.

- (vi) Incomes of households involved in non-farm activities are much higher than those of farm households. At the regional level, the Northern Highlands, the Red River Delta, and the North Central Coastal regions witnessed a marked spurt in non-farm activities. This was linked to growth of traditional manufacturing villages in this area, somewhat akin to township and village enterprises in China. The decline in the Mekong Delta and the Southeastern region, on the other hand, was related to out-migration of households to urban areas, sharpening the urban-rural divide. Apart from credit expansion and better infrastructure (e.g., easier access to markets), it is again imperative to expand vocational training, especially for women.
- (vii) Worsening of inequality is in itself a growing concern and a challenge. If it were simply an inverted U-shaped relationship between inequality and growth, the problem would be self-correcting. However, such a relationship seems unlikely, given the abject poverty of some ethnic minorities and their regional concentration, which could erupt into conflict and disruption on a large scale. Vietnam's impressive record in attaining several MDGs, including halving of extreme poverty, may thus be reversed. Public investment in creating better opportunities for highly disadvantaged groups and regions is not just desirable but also unavoidable. Inclusive development is often the best recipe for social stability.
- (viii) Incentives faced by local authorities need to be reviewed. Without additional resources, provinces lagging behind are unlikely to catch up. While there are budgetary mechanisms in place that transfer resources from richer to poorer provinces, larger transfers need to be combined with greater accountability of provincial authorities to promote growth and achieve poverty reduction (World Bank, 2006).

To conclude, to sustain the gains achieved during the transition to a market economy, the challenge is not just to *maintain* the momentum

of policy and institutional reforms, but also to create conditions for more *inclusive* growth.

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Chapter 3

From Infrastructure to Institutions: Reforming Primary Health Care in Vietnam

Scott Fritzen

Abstract

Vietnam has long been known for having achieved impressive health sector results despite being a low-income country. In part these achievements rested on provision of basic health services through some 10,000 Commune Health Centers (CHCs) sprinkled throughout the countryside. This paper examines the attempt to rebuild and reequip a few thousand of these health centers over the late 1990s using the first World Bank loan to the Ministry of Health. The paper draws on the Vietnam National Health Survey to compare a matched sample of project and non-project health centers along a range of indicators. The substantial supply-side investments in infrastructure did lead to marginal increases in the utilization and the quality of preventive health services provided by the centers. But they had little demonstrable impact on the incentives and pressures faced by CHC staff and local authorities. Such institutional factors are heavily implicated in the substantial disparities in access and quality that continue to afflict the sector. As in many other transitional, decentralizing settings, institutional and "demand-driven" reforms will be essential to ensuring that the revitalized primary health care infrastructure is used efficiently and accessed equitably.

1. "Second Generation" Challenges in Transitional Health Sectors

The question as to whether it is possible to significantly reduce high levels of infant and maternal mortality in very poor countries has been answered repeatedly over at least the past fifteen years. The answer is a resounding yes. Several low-income countries have succeeded in reducing these levels over the past three decades even in circumstances where there was no or even negative per capita economic growth and very low government expenditure (Mehrotra, 1997).

One of the causes for such success is also well known to analysts: increasing the access of rural populations to preventive health services such as child and maternal immunizations, Vitamin A distribution, malarial bednets, and facilities for assisted child delivery. Countries such as China, Cuba, Indonesia, Sri Lanka, and Vietnam built networks of community health centers that—though modestly staffed and typically even more modestly equipped—brought basic curative care to the countryside (Osteria, 1997). These centers also served as the command and control posts for the public health delivery that played so disproportionate a role in the impact the improved health systems had on mortality reduction.

Yet these relatively successful (but still relatively poor) countries have faced a new "second generation" set of pressures in sustaining and deepening their public health achievements. *One pressure is financing.* What one analyst referred to as the recurrent costs of the primary health care (PHC) miracle—not least in terms of maintaining and supplying the broad network of grassroots health centers—have proved increasingly daunting in many contexts, particularly where government expenditure on health has failed to grow.

Another source of pressure concerns organizational and institutional reforms that have complicated, and often blocked, attempts to steadily improve quality and equitable access to PHC services. In decentralizing settings, such as Indonesia and the Philippines, health centers have been largely dependent on the resources of local

governments, causing increasing disparities among regions. In many transitional settings, institutional reforms have led to a proliferation of private providers, while simultaneously leading public sector providers to rely increasingly on cost recovery mechanisms. This change has led to both vicious and virtuous quality circles for differently positioned grassroots health providers, and has had problematic consequences for the access of relatively poor households to clinical services (Fritzen, 1996).

Financing and institutional pressures often reinforce each other, as in Indonesia or Sri Lanka. But they are conceptually separate: transitional countries experiencing rapid net infusions of resources to the health sector, such as Vietnam and China, have nevertheless struggled with the allocations of these resources among provinces and between curative and preventive health activities (World Bank, 1997; SRVN and Donor Working Group, 2000). Worsening of grassroots delivery, at least in a subset of localities, can coexist with substantial infusions of aggregate resources.

The general conclusion is that the formula for success in meeting "first generation" challenges, i.e., investments in low-cost, high-impact vertical programs often coupled with strong social mobilization, is not necessarily the same for the second, where systems have become more complex. How best then for these countries to revitalize the grassroots PHC infrastructure? Where should one direct investments, and with what strategy, to build on the accomplishments of the previous period and to leverage the health infrastructure remaining from the previous generation of investments?

This paper examines Vietnam as a case study in meeting the institutional challenges noted above. Specifically, it examines a tension arising in the investment decisions faced by health planners in Vietnam. One side of this tension is the twin administrative influences of socialism and centralized planning, which encourage equal investments in each of the some 10,000 Commune Health Centers (CHCs) dotting the countryside. Despite the proliferation of private-sector providers in the countryside over the past 10 years, so-called "supply-side" investments

in maintaining the PHC infrastructure are still compelling: the centers provide essential preventive health services and basic curative care for the poor. The other side of this tension is the great diversity of the country—in terms of terrain, social capital, and institutional quality—which may call for a more targeted, "asymmetrical" approach to rebuilding the grassroots infrastructure (though this would be more capacity intensive).

The remainder of the paper is organized as follows. The next section provides background to Vietnam's health sector in transition. Section 3 introduces data from a large-scale attempt to rebuild the grassroots PHC infrastructure from 1997-2003, using a large World Bank loan managed by the Ministry of Health (MoH). Section 4 uses a matched sample of project and non-project communes to test the impacts of this infrastructure expenditure on utilization and access by the poor. The policy discussion in Section 5 draws out implications of the analysis for the decision of where Vietnam, and by extension similarly situated countries, should allocate resources to revitalize PHC delivery systems at the grassroots.

2. The Health Sector in Transitional Vietnam

2.1. From Historical Achievements to Health Sector Crisis

Vietnam's celebrated health sector has been through an incredible array of reforms, ranging from commercialization of curative care to the recentralization of expenditure on commune health worker salaries. These reforms are far from over. As in China, impressive achievements in the social sectors in Vietnam came during the period of central planning. In this system, the overwhelmingly rural populace was collectivized into specialized work brigades that organized both production and consumption. Workers in the collectives had good access to basic health care, and the widespread provision of day-care made it possible for women to participate in the labor force (Tran, 1995). As a result of this health care system, by the mid-1980's Vietnamese enjoyed a life

expectancy among the highest, and infant mortality rates (IMR) among the lowest, in its region and income class (Nguyen, 1997).

One effect of the economic stagnation of the early 1980s was the weakening of this commitment to social mobilization and equity. Neo-Stalinist forms of political organization predicated on strong controls on lower levels of government were paralleled in the health sector by renewed emphasis on curative medical education and on fiscal allocations micro-managed by the center. In fact, by the mid-1980s the health sector showed the same pronounced orientation toward curative rather than preventive care seen in other countries. About 80 percent of the health budget was devoted to curative care, primarily in central and provincial hospitals.

The transition to a market economy exacted a further toll on the health sector. Immediately following the introduction of market reforms in 1986, however, an already bad situation deteriorated sharply: health workers were not paid, drugs of unknown quality flooded the countryside, and CHCs lost their organizational and economic support from agricultural cooperatives. As late as 1992, the World Bank reported a "major resurgence" of malaria in the Northern Upland region and in areas bordering Cambodia, presumably caused by the scaling back of DDT spraying. Malnutrition rates increased even as Vietnam became the world's third largest exporter of rice (World Bank, 1992). Very little documentation of health impacts exists for the period 1986-1992, making a more detailed assessment problematic.

2.2. The Institutional Challenge

In fiscal terms, the situation had largely stabilized by 1993, following which real per capita expenditure on the health sector as a whole increased as a share of a rapidly growing GDP. But the challenge to institutions remained. Writing in 1993, Smithson summed up the situation by noting that inconsistency in health policy "relates to the shift from a clear, unequivocal commitment to socialist health policy to a

more complex set of objectives proposed under the transition period: preserving social equity and adapting to socioeconomic change" (Smithson 1993: 29). A Harvard Exploratory Health Team assessed the danger of this policy-drift, concluding that the "health sector could combine the worst features of both the public and private sectors. Deteriorating public assets could be increasingly commandeered by a poorly-paid public cadre for private purposes," the report noted, "bringing the bureaucracy, inefficiency and unresponsiveness of the public sector together with the inequity, ineffectiveness and social damage of the private sector" (Chen and Hiebert, 1994).

Yet by the mid- to late-1990s, there were persuasive reasons for Vietnam's health planners to feel optimistic. There had been no marked decline in public health indicators over the transition period, unlike the veritable systems collapse that had afflicted many transitional countries. This was largely thanks to tonic effects of broadly-based economic growth: incomes were up, and people were eating better.

Such situation also reflected the government's success in stabilizing sector organization and financing. Two factors were particularly critical. In 1996, the salaries of a quota of personnel from each CHC were incorporated into the national budget, allowing the introduction of some organizational discipline. And funding for targeted, specific purpose "national programs" in such areas as malaria and tuberculosis were greatly beefed up, in some cases growing exponentially over short periods of time. Partly as a result of these "supply-side" measures, utilization of CHCs, which had dropped precipitously in the late 1980s, stabilized, albeit at a low level. Preventive health services also scored significant successes: both malarial and TB incidence declined markedly after 1998 (World Bank and others, 2001).

Some qualifications to this picture of improved aggregate funding and organizational success should be kept in mind. The first concerns *patterns of financing*. Absolute levels of health expenditure remain low by developing country standards, whether measured in absolute terms or as a percentage of GDP. And improved levels of

aggregate financing have not led to improved intra-sector allocation efficiency, as the bulk of investment is concentrated at provincial and, to a lesser extent, district hospitals rather than the public health-oriented commune health centers.

The second relates to the *declining utilization and access of the poor*. The number of both inpatient and outpatient consultations in public facilities dropped substantially in the initial years of the reform period. Aggregate utilization rates were cut by one-half from 1987 to 1990, from roughly two to one consultation per person per year. Into the new millennium, these numbers have not changed dramatically: inpatient consultations have recovered somewhat, while aggregate consultations per capita may still be falling. Less clear is whether this truly represents a disastrous turn of events. Many pre-reform estimates of utilization were sensitive to reporting pressures, so the fall in aggregate numbers may not have reflected a proportionate drop in service coverage. On the other hand, World Bank data confirm the common view that declining utilization rates may affect the poorest quintile of the population most (World Bank, 1996 and 2001).

If formal, recorded consultations in public health facilities have declined, part of the slack has been taken up by the "private sector," that is, services primarily provided by public health employees off hours or outside the clinic. The practice of medical providers at the grassroots level charging patients informally for care received was thought to be out of control in the early 1990s. Some studies suggest that the problem may have subsided somewhat, or changed form, perhaps due to stabilization in the salaries of health workers. However, a large proportion of health activity, including both self-medication with potentially dangerous drugs and consultations in the "private" or "commercialized" sector, is effectively beyond the reach of regulation by the health authorities.

The third problematic element concerns *continuing disparities in health outcome and coverage indicators*. Aggregate health funding increases, accompanied by relatively good targeting on poorer provinces, are one important feature of the current health care system. However,

disparities in health outcome and program coverage indicators—whether seen by region, socioeconomic status, or ethnicity—are still very large by almost any measure.

2.3. The World Bank-Ministry of Health National Health Support Project (NHSP)

A major question in the mid-1990s was thus *how to revitalize the grassroots health infrastructure*. The dropping of the economic embargo by the United States against Vietnam in 1994 had paved the way for the entry of multilateral financial institutions, such as the World Bank, which initiated its first loan shortly thereafter. The World Bank has since then contributed a large amount of development finance to Vietnam; disbursements in 2001 alone reached \$739 million.¹

The World Bank began in 1994 to explore ways of investing in the health sector. The twin projects, which launched World Bank cooperation in the sector, were the National Health Support Program (NHSP) and the Population and Family Planning Project (PFPP) (with very similar aims and investment patterns). Encompassing a total investment of \$150 million in thirty of Vietnam's poorest provinces, the NHSP and PFPP together represented a substantial percentage of the total capital expenditure in the health sector over this period at district and commune levels. The NHSP itself was implemented from late 1996 to September 2003 with a total approved credit of \$101 million (of which approximately 75 percent had been disbursed as of June 2003) and several additional millions in grant funding from Dutch and Swedish bilateral aid.

The National Health Support Project had three main objectives and corresponding components, of which the material in this paper concerns primarily component 1, ambitiously stated as "investing in an essential infrastructure for delivering public health services in Viet Nam," for which investment totaled approximately US\$70 million. Its

¹ For further details, see www.worldbank.org/data/countrydata/aag/vnm_aag.pdf

objective was to "provide high quality, reliable primary health care on a sustainable basis in 16 poorer provinces" (World Bank, 1995). Specifically, the CHC was to be able to properly perform:

- Case finding and case management in prevalent infectious and communicable diseases, such as tuberculosis and malaria;
- Appropriate quality safe motherhood and child health care, including family planning;
- Early first-contact care for common medical problems of the very poor who have no means to pay; and
- Informational campaigns, epidemiological monitoring, and community mobilization for public health promotion.

3. Data and Hypotheses

Testing the assumptions and hypotheses contained in NHSP's analysis of the health sector—contained largely in its design document (World Bank, 1995) and Aide Memoirs produced over the course of the project—elucidates the strengths and limitations of a supply-driven approach to PHC revitalization in a transitional context. Like the dye in a catscan, supply-driven projects reveal the state of the system and suggest where the institutional blockages to enhanced health sector performance may lie.

The project's diagnosis of the problems confronting Vietnam's grassroots health infrastructure is nicely summed up in the following paragraph:

"The overall picture is thus of a public health care sector which has reached a crossroads. Basic primary health care interventions of a preventive or palliative nature are being delivered, but coverage is still well below satisfactory levels and the quality of services is uncertain. If facilities and staffing continue to deteriorate, and resources are not forthcoming for upgrading and maintaining a well-supplied and well-functioning system, it is likely that even these basic PHC services will cease to perform adequately. Because of resource constraints and the ready availability of pharmacies, the public system is already little used

by any section of the population for basic curative care." (World Bank 1995: 23)

The project's response to this assessment was primarily increased investment in infrastructure, i.e., investments in the physical building and equipment. According to project documents, doing so would have the following specific effects, which can be considered as three groups of hypotheses for this study, that roughly correspond in the evaluation literature to project inputs, outcomes, and outputs.

"Inputs" hypotheses (H1): *Investments in the grassroots infrastructure would lead to considerably enhanced capabilities of the CHCs.*

"Outcomes" hypotheses (H2): *The enhanced capabilities and performance of these health sectors would lead to: (i) enhanced utilization of the centers for basic curative services, which would disproportionately benefit the poor; and (ii) enhanced capacities of the centers to perform preventive service functions.*

"Outputs" hypotheses (H3): *Substantially improved health centers and worker knowledge would have positive effects on treatment quality, supervision, and management of the health centers, staff morale, the commitment of local authorities to funding the health centers, and the perception of PHC quality on the part of the rural population.*

This paper draws on two sources to test these hypotheses. The first is the use of the comprehensive Viet Nam National Health Survey (VNHS), itself funded under component 3 of the NHSP and conducted over several months in 2001-2002. It was implemented nationwide in over one thousand project and non-project communes. Comprising integrated commune-level, facility-based, health worker and household surveys, the database allows assessment of several indicator clusters highly relevant to the evaluation of component 1, including:

- Project outputs, such as the *state of the infrastructure and availability of essential drugs*, drawing on the facility and practitioner questionnaires.
- Strength of other PHC components, such as *budget allocations to the CHCs and district supervision patterns*, drawing on the facility and commune leader questionnaires.

- *CHC coverage and quality indicators*, such as availability of services at the center and actual utilization of the center for different services, drawing on the facility and household questionnaires.

Some 88 communes covered by the survey's two-stage stratified sample had Commune Health Centers that had completed NHSP-financed reconstruction prior to the date of the National Health Survey interviews. These 88 CHCs, distributed over 15 of the 17 project provinces, comprise 4 percent of the some 2,200 CHCs eventually supported under the project.

Table 1: Comparison of Characteristics of Project and Matching Communes used in Quantitative Analysis of VNHS

<i>Indicators</i>	<i>Project Communes</i>	<i>Matching Communes</i>
Number of communes in group	88	227
Ethnic minority households (%)	15.9	18.1
Have a hospital within commune boundaries (%)	10.2	10.1
Participate in Hunger Eradication and Poverty Reduction Program (HEPR) (%)	70.5	76.7
Have road available to commune People's Committee (%)	95.5	96.9
Distance to district hospital (km)	9	11
Share of poor households (according to the standards of the Ministry of Labor, War Invalids and Social Affairs [MOLISA]) (%)	16.7	17
Have a Primary Health Care Committee (%)	88.6	86.8
Mean number of private practitioners in commune (traditional medicine)	1.29	1.25
Mean number of private practitioners in commune (Western medicine)	2.82	3
Mean number of private practitioners in commune (Western medicine)	14.7	13.2
Have a Polyclinic (%)	9.1	15.4
Are on government's "Poorest Communes" list (%)	3,947	3,447
Mean area (hectares)		
Topography		
Coastal	7.9	7.9
Delta	42.1	39.2
Midland	14.8	10.5
Low mountains	18.2	22
High mountains	17.1	20.3

Source: Author's field survey.

Use of the VNHS allows for systematic comparisons between project and matched non-project communes. A *propensity score matching*

model was employed to find the closest comparison group from the sample of non-project communes in the VNHS. Table 1 shows the indicators used to construct the sample and the actual results obtained with the current set of matching communes. These indicators reflect exogenous factors that influence key outcome indicators, but are themselves unlikely to be affected by the project. Here, they fall into four categories: (i) basic physical and locational characteristics; (ii) socioeconomic characteristics of the population; (iii) government programs supplied (not in the health sector); and (iv) access to alternative providers of health services. Statistical tests for significance confirm visual inspection: project and "matching" communes are not significantly different in terms of any the criteria used to construct the matching commune sample. They in fact offer a remarkably similar profile.

The second method employed was fieldwork in four provinces selected for their regional representativeness—Son La, Quang Tri, Phu Yen, and Soc Trang—in which a total of 8 districts and 16 commune health centers (all project-based CHCs) were visited by a team of five researchers for two days each in 2003. The fieldwork involved semi-structured and open-ended interviews with provincial and district health officials and CHC personnel as well as focus group discussions with users and non-users of CHC services in the community. The research aimed at the direct observation and assessment of management practices in the center, the strength of preventive health program implementation, and patterns underlying utilization of CHC services in the broader context of district health systems.

4. Results and Analysis

4.1. "Inputs" Hypotheses (H1): Effect on Infrastructure Quality

One precondition for the project to have an impact is that the infrastructure itself be significantly upgraded. This may appear overly obvious, but corruption, inefficient implementation, and poorly conceived operation and maintenance mechanisms could all theoretically blunt the immediately visible impact of the project on infrastructure quality.

**Table 2: Infrastructure Characteristics
in Project and Matching Communes (percent of CHCs)**

Indicators	p	Project-invested communes			Matching communes
		All	Rebuilt more than two years prior to survey	Rebuilt up to two years prior to survey	
N		88	44	44	227
Built solid (b2=1 b2=2)		100	100	100	96
Without need of repair	0.017	25	14	36	14
Needs two or more repairs		76	82	68	78
Has electricity		92	89	96	94
Has clean water source on premise		86	98	75	77
CHC has a toilet	0.016	98	100	96	89
(if yes): Toilet is sanitary	0.008	83	79	88	67
General condition of CHC assessed by surveyor as clean	0.044	85	89	82	75

Note: *p* refers to significance level based on a two-sided t-test for hypothesis that the project (All) and matching commune means are the same. Only reported here if $p < 0.05$.

Source: Author's field survey.

Approximately 2,200 CHCs in 17 provinces were upgraded or newly constructed (in the vast majority of cases) by the project. In comparison with matching communes (most of which also received significant infrastructure investments since 1996), the quality of CHC infrastructure is higher along a number of indicators, although in many cases only modestly so (Table 2). Virtually all project-invested CHCs are built solid, have rooms for consultation, immunization, birthing and family planning provision, and have toilets. More significantly, a greater percentage of project than matching CHCs have appropriate hand washing facilities, the toilets of project CHCs are significantly more sanitary than those elsewhere, and more CHCs have a source of clean water on the premises. Taken together, these basic characteristics suggest that project CHCs have superior capabilities to perform basic functions, in comparison with matching CHCs.

Trend analysis (historical reconstruction of the histories of CHCs) from the fieldwork adds a before/after aspect to the comparison. Fully five of 16 facilities surveyed were classified as "temporary"

constructions prior to the NHSP, while several others were only "semi-solid." All were classified as "solid" after construction with NHSP finance.

Less heartening is the finding in Table 2 that CHCs that had been built with project funds over two years before the VNHS interviews actually had a *higher* need for repairs than matching communes (82 percent compared with 72 percent). Systems for the actual maintenance and repair of CHC facilities are by implication no better in project than in non-project areas, with important negative consequences for the long-term sustainability of the investments.

Both findings are consistent with findings from the field. Physical inspection of the facilities found many weaknesses in the quality of construction. Fully 10/16 communes have leaking ceilings and/or cracked walls. Some of the CHCs suffered this problem after only one year of operation. How communes deal with repairs varies. Only two of the CHCs surveyed knew the period for which the contractor insures such repairs (one year). About 25 percent of CHCs stated they sought funds from the commune authorities for repairs, while the rest stated they would either have to pay for the repairs themselves or would simply "live with the problem." Quality control in project-financed construction was generally inadequate and the design of the project neglected sustainability considerations.

Management problems were also evident in the construction process, particularly in high mountainous areas. Two CHCs surveyed in Son La province still had not been hooked up to the electricity network three years after construction, though the commune itself had long been electrified. In one of these CHCs, no water was available on the premises, causing significant hardship to staff and patients as well as problems with cleanliness. In Section 4.3, we will return to the implications of these findings in the examination of institutional hypotheses.

4.2. "Outcomes" Hypotheses (H2): Impacts on Utilization and Preventive Service Quality

This and the following section look at the overall outcomes that might be attributed to the upgraded infrastructure, before looking at the causal pathways that might explain such outcomes.

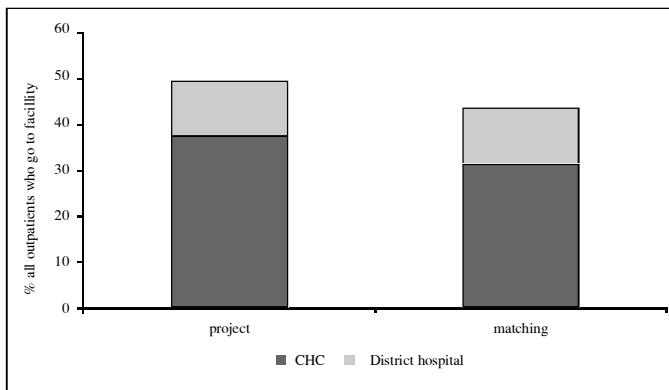
Table 3: Basic Data on Utilization of CHCs and DHs, and Referral Function of CHCs, in Project and Matching Areas

	All Project N=88	Matching N=217
Inpatients at CHC per 1,000 interviewees in past 12 months	24.5	18.4
Percentage of all inpatients that were inpatients of the CHC	13.8	12.2
Outpatients at CHC per 1,000 interviewees in past 12 months	983.8	732.3***
Percentage of all outpatients that went to CHC	24.5	18.4***
Percentage of self-medication in all health-seeking behavior	71.6	74.9***
Percentage of those with illness who do not go for any consultations	71.8	75.2***
<i>Referral function:</i>		
Mean number of patients referred by CHC to a higher level facility per capita	9.79	7.2

Note: Two-sided t-test for difference in means significant at $p < .10$ level; ** $< .05$; *** $< .01$; outpatient and inpatient rates are visits per 1,000 households interviewed in VNHS.

Source: Author's field survey.

Figure 1: Percentage of Outpatient Visits by Commune Residents conducted by CHC and District Hospital in Project and Matching Areas



Note: 88 project and 217 matching communes

Source: Author's field survey.

Utilization. One key outcome assumed and desired by the project was increases in the utilization of the CHCs. Table 3 lays out the basic data from our VNHS sample for CHCs and District Hospitals (DHs) in project and matching areas. Four findings stand out.

First, both inpatient and outpatient rates in project CHCs are marginally higher than those in matching communes.

Second, the effect of the project is also evident when examining the percentage of all outpatient consultations conducted by the DHs and CHCs (Figure 1). This percentage is seven percentage points higher for CHCs, and no difference is found in the percentage of inpatients treated.

Third, the percentage of self-medication in all health-seeking behavior, as well as the percentage of households reporting illnesses who fail to go for any consultation, are both marginally *smaller* in project areas, again suggesting that the CHCs are being more heavily utilized. Finally, the referral functions of CHCs (to higher facilities) may be functioning somewhat better in project than in matching areas, though the effect is not statistically significant.

Disaggregating the health services in CHCs by socioeconomic characteristics reveals that these services are being used most heavily by the poorest households (in proportion to their population share) (Table 4). This finding, which was consistent across the two Vietnam Living Standards Surveys in 1992/93 and 1997/98, is confirmed by our VNHS sample, as well as by the field assessment team. However, increases in utilization in the project area are, according to the project/matching communes comparison, being driven by large increases in the numbers of CHCs used by the non-poor.

Preventive Service Quality. To what extent can investments in infrastructure be expected to have an impact in the area of preventive services, such as implementation of the national programs combating tuberculosis and malaria? Component 1 investment focused primarily on supplies (with some training beneficial to national program delivery). The primary mechanism by which the NHSP could upgrade preventive health activities would be improved facilities for meeting and organizing

Table 4: Utilization of Health Services by Socioeconomic Characteristics in Project and Matching Communes

<i>Expenditure Quintile</i>	<i>Outpatient</i>		<i>Inpatient</i>	
	<i>Project (N=835)</i>	<i>Matching (N=1566)</i>	<i>Project (N=111)</i>	<i>Matching (N=228)</i>
Poorest	1793.1	1754.9	47.2**	34.7
2	1965.7***	1660.7	40.4***	26.2
3	2063.3***	1542.6	53.1***	24.9
4	1770.8***	1160.1	70.4**	38.4
Richest	1625.5***	807.4	80.8**	18.8

Note: ** and *** mean statistically significant at 5 percent and 1 percent significance level, respectively.

Source: Author's field survey.

activities, provision of in-service training, strengthening the village health worker network via in-service training and basic equipment provision, and improved morale of health workers.

Fieldwork in the five provinces focused on the assessment of these possible impacts. The field teams found strong evidence of an increase in the effectiveness of national programs in the past five years, *some portion of which* can be traced to project investments and their indirect impacts:

- Newly constructed health centers served as more effective command centers for preventive service programs. Better infrastructure created better working conditions for, and improved the morale of, commune health staff, with demonstrable positive effects on maternal and child immunization and information, education, and communication (IEC) activities.
- Direct and indirect effects of in-service training for both CHC staff and village health workers influenced the quality of preventive health activities. Workers assessed highly the contribution to their knowledge of the various programs concerning preventive health services, including content related to IEC, epidemiological monitoring, supporting the children and mother vaccination program, and conducting the malaria and tuberculosis prevention program.

- Of particular note was the impact of improved morale (derived from the combination of in-service training and infrastructural upgrades) on the likelihood of long-term career development of health personnel at the grassroots.
- Examination of the malaria and tuberculosis prevention programs suggested that drugs provided through the NHSP had a positive impact on program implementation in some areas.

How does this optimistic overall assessment from the field mesh with results from the VNHS, which adds to the picture the structured comparison with matching communes? A basic review finds there are only marginal differences between project and non-project areas along almost all of the indicators comprising a "preventive health service quality" composite indicator (see Appendix), including no difference in the number of programs which the CHC reports implementing, and a marginal difference in the number of contacts reported by households with national programs. Yet the relatively small differences that do exist are enough to make the quality indicator statistically significant in the project's favor.

Table 5: Preventive Service Quality Composite Indicator Averages by Selected Socioeconomic Characteristics in Project and Non-project Areas

<i>Socioeconomic Characteristics</i>	<i>Project</i>	<i>Matching</i>
<i>Ethnic Composition</i>		
Primarily minority communes	1.50	1.63
Primarily Kinh or Hoa	2.24	2.05
<i>Household Expenditure Quintile</i>		
Poorest	1.89	1.77
2	2.13	1.98
3	2.15	2.04
4	2.19	2.03
Richest	2.30	2.09
<i>Average education level of adult women in household</i>		
Illiterate and/or less than primary education	1.99	1.83
Primary and/or some lower secondary education	2.11	2.00
Secondary education and above	2.13	2.06

Source: Author's field survey.

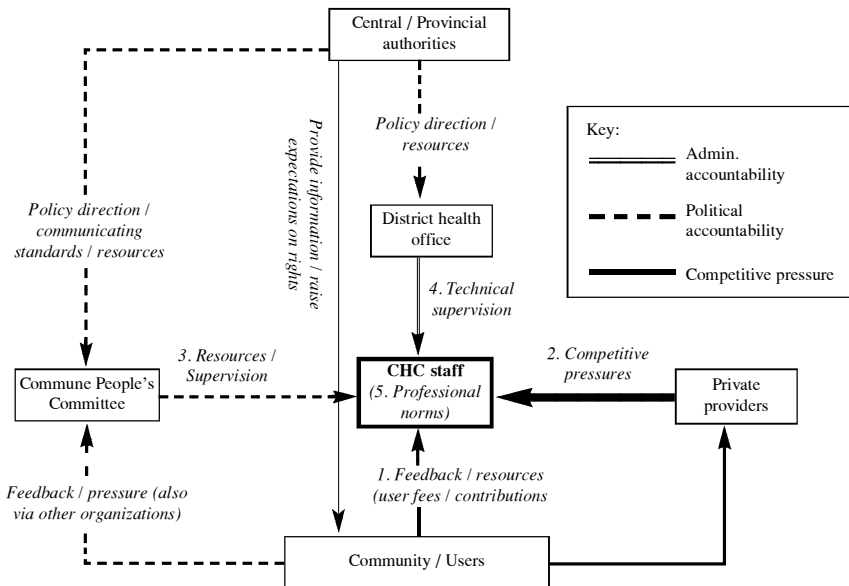
Examining the same composite indicator by ethnic category (whether or not a commune has a substantial minority population, household expenditure quintile, and female education) reveals systematic disparities along all of these indicators in both project and matching communes. While the project does not appear to reduce disparities, it does raise the absolute levels of the more disadvantaged compared with matching communes in all categories, *except ethnic minority communes*. By this measure, project benefits are reaching the poor, even though inequalities are not reduced.

4.3. "Outputs" Hypotheses (H3): The Role of Institutional Quality in Explaining the Impacts

The above analysis reveals statistically significant, though generally modest, impacts of the project on boosting CHC utilization rates, along the order of 10 percent increases in utilization for both inpatient and outpatient utilization. Yet the overall picture is highly diverse, with a significant minority of project communes experiencing no increase in utilization, or even declines. Project contributions to the "supply side" in the above model are an important contribution to increasing utilization of CHCs. Their effect varies depending on how they interact with the demand side and institutional factors. Impacts on preventive service provision appeared to be generally positive, even though these failed to reduce inequalities between poorer and richer localities.

How best can this pattern be explained? Central to the supply-side approach was the assumption that through it, the project would be able to affect worker morale and commitment to the sector. The quality of local institutional environments is of enormous importance to the realization of project aims. Such analysis might begin with an attempt to describe potential mechanisms for improving the *pressures and incentives to perform* on CHC staff. The pattern of these pressures is likely to explain both the modest impact of this supply-side project as well as the remaining large disparities in infrastructure quality, utilization patterns, and preventive service quality.

Figure 2: Pressures and Incentives underpinning CHC Performance: A Framework



Source: Author's illustration based on field survey's findings.

Fieldwork findings were used to develop a typology of different pressures observed, weakly or strongly, singly or jointly, in the 16 communes surveyed. Figure 2 summarizes the results. Pressures for performance may come from five potential sources, which we number for reference:

Mechanism No. 1: Users, who—to the extent they are sufficiently empowered with information on their rights and the quality of services and enjoy a range of choices—can "vote with their feet" and patronize the most responsive providers. Their influence is heightened to the degree user fees raised from them are an important source of revenue to the CHC or salary supplementation to the workers therein, and to the degree that the local authorities are sensitive to user feedback on CHC performance;

Mechanism No. 2: The private sector (and, indirectly, public sector hospitals), which to the extent they are developed provide in theory competitive pressures on CHCs (all are competing for the same group of potential patients);

Mechanism No. 3: The political authorities, namely the People's Committee (and, in places where they are proactive, the People's Councils), who in theory can hold CHCs responsible for meeting minimum standards or higher, and who may provide supplemental funds for this purpose (funding which raises their stake in CHC performance and hence their monitoring effort);

Mechanism No. 4: Technical authorities, i.e., the district health center, responsible for supervising all technical aspects of the CHC work and probably in the best position to assess the actual quality of services being provided; and

Mechanism No. 5: Internal sources of motivation, such as a strongly internalized sense of professionalism or of service to the people, which may be influenced by locally variable organizational cultures of service delivery.

This figure presents only a hypothetical set of such pressures. The most outstanding finding is that there is *significant variation* in the strength of the mechanisms above in the surveyed localities. In the best cases, several of these mechanisms are operative to at least a significant degree; such CHCs had the best observed outcomes in terms of curative and preventive health service quality. Yet some surveyed communes, particularly but not exclusively in mountainous localities, suffered from these mechanisms not functioning effectively or not functioning at all. These were communes:

- Where users were reluctant to complain about CHC performance;
- Where there was little or no competitive pressure from the private sector, or the pressure was in fact dysfunctional as CHC workers were privately providing services that could have been provided by the center itself;
- Where commune authorities evinced no particular understanding of, or interest in, the workings of the CHC, and contributed little if any revenue to the centers;
- Where district supervision was episodic, focused on numerical targets rather than technical support, and generally irrelevant

to improving CHC performance from a strategic perspective;
and

- Where norms of staff behavior, i.e., the organizational culture of the CHC, were inimical to service quality.

The bulk of communes fell somewhere in between the two poles just described.

How does this relate to the NHSP? Several project interventions assume (generally without analysis) the existence of, and/or seek to reinforce, the accountability mechanisms described above. At least four specific effects on the institutional environment were hypothesized by the project:

H3: Building "shiny new" CHC facilities will improve:

- (i) health worker morale [Mechanism No. 5];
- (ii) commitment of the local authorities to the health sector [making use of Mechanism No. 3]; and, via these two impacts,
- (iii) the improved supervision and management of the centers [Mechanism No. 4]; all of which should culminate in
- (iv) improved community perceptions of PHC quality [Mechanism No. 1].

In what follows we examine each of these potential impacts.

H3(i): Impact of project investments on staff morale.

Evidence from the field assessment team is strong on this point: improvements to CHC facilities were highly appreciated by CHC staff, who in many cases reported working with greater enthusiasm in their more comfortable surroundings. This makes sense, as many daily tasks that are heavily affected by the facility structure, e.g., maintaining cleanliness, drawing water, filing paperwork, and attending to multiple patients in different examination rooms, are made easier to perform by better infrastructure. The fact that facilities were maintained in a significantly cleaner state in project than in matching communes provides indirect evidence for this effect on morale.

H3(ii): Impact of project investments on commitment of local authorities. The Commune People's Committees could in theory be called upon to perform a range of functions, including:

- actively intervening to ensure high service delivery standards in cases of citizen complaints, coordinating intersectoral activities, e.g., health checkups in schools;
- mobilizing people's contributions to infrastructure upgrading funds; and
- supplementing CHC budgets directly.

All of these functions (as well as their absence in many communes) were observed in some communes during fieldwork. Yet one indicator of "local authority commitment" (as measured by the percentage of commune budget allocated to the CHCs) emerged as most strongly influencing CHC service quality in this regard: supplementation of CHCs from commune budgets.

Table 6: Commune Budget Contributions to the Health Sector in Selected Fieldwork Communes

SON LA		QUANG TRI	
Hat Lot	Chiang Mai	Trieu An	Vinh Long
0.2 percent of total commune budget for national programs	No expenditure	3 percent total expenditure for both recurrent and preventive health campaigns	8 million VND allocated per year from a community contribution fund, for general use by CHC
PHU YEN		SOC TRANG	
Son Thanh	An Dinh	Thanh Phu	Nhin Ma
0.5 percent of commune budget for preventive health campaigns	1 percent of commune budget for preventive health campaigns	Same as An Dinh	No expenditure; CHC raises funds through user fees

Source: Author's field survey.

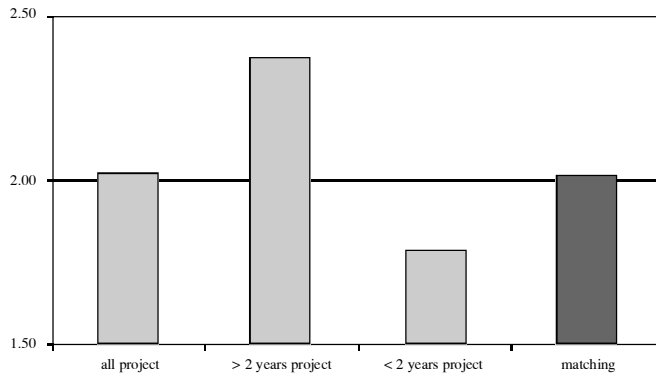
Fieldwork findings demonstrate, as in most areas, significant variation in the degree to which commune authorities could supplement local budgets. VNHS findings confirm this. Commune contributions varied significantly, both in absolute terms and as a percentage of the

overall commune budget; where the latter was highly restricted, as for mountainous communes, allocations were typically minimal. Table 6 summarizes a variant of the "commune budget commitment" variable in fieldwork communes: the degree of commune budget contribution to fund preventive health (national) programs, underlying this diversity. In aggregate, no significant difference was found between project and matching areas in commune commitment.

H3(iii): Project impact on management and supervision quality.

Evidence of a strong project effect on the management quality of the centers is not evident in fieldwork communes, given huge variations observed in practice within the project area. The evidence is mixed in the VNHS data. A composite indicator for management quality (comprising several variables such as maintaining accessible hours, outreach to people's homes, supervising private sector providers and village health workers, and maintaining good records) is virtually identical between project and non-project areas in the aggregate; but for localities that had implemented the project for more than two years, significant positive

Figure 3: CHC Management Quality in All Project Communes and Matching Communes



Note: Management quality composite indicator coded 1 for below average performance; 2 for average; and 3 for above average. All project communes are disaggregated by time since infrastructure upgrading was completed.

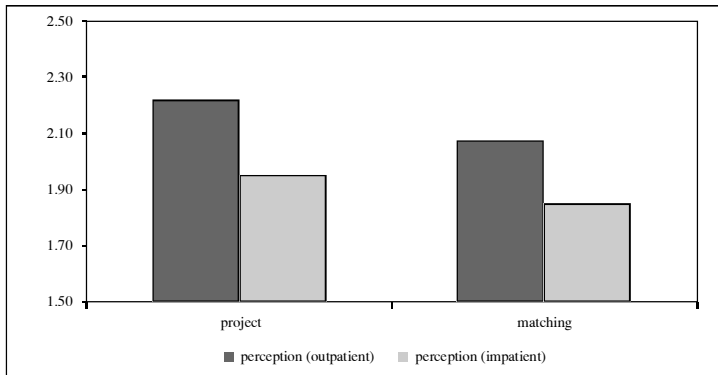
Source: Author's field survey.

deviance was observed (Figure 3). Fieldwork evidence suggests that CHCs were most utilized, best maintained, and in general had the highest impact on PHC quality in those areas that were already well managed (due in most cases cited to particularly committed individuals acting as CHC chiefs) prior to NHSP investments.

Would project implementation and training provide an impetus for districts to supervise the newly rebuilt health infrastructure more thoroughly? A composite indicator comprising questions from the VNHS on how often district personnel visited CHCs in the last year, and how many areas they supervised or provided feedback on, was created. Applying this indicator to only those CHCs in districts where district personnel had received module 4 training more than 12 months prior to the interview, no difference was found in supervision patterns between project and matching areas. Significantly changing supervisory behavior in the absence of changing incentives and capacities (beyond merely providing a theoretical justification for better supervision in the training sessions) is likely to be nearly impossible. Such patterns are highly dependent on the existing quality of institutional environment, such as the *demand* on the part of the political authorities for high quality PHC to be provided (and hence greater pressure on the district personnel to intervene to maintain minimum standards).

H3(iv): Impact of project investments on community perceptions of facility quality. Community members rate the quality of care to be significantly higher in project compared to matching communes, although fieldwork results suggest their perceptions vary significantly within the project area. A composite indicator was calculated based on a range of questions posed to those who had utilized CHC outpatient and inpatient services. These questions asked respondents to assess service quality along a number of criteria, such as availability of modern equipment, knowledgeableness of staff, waiting time, and paperwork requirements. When responses are combined, we are left with a composite indicator again coded from 1 to 3 for below average, average, and superior performance of a CHC, respectively.

Figure 4: Perception of Users regarding Inpatient and Outpatient Service Quality in Project and Matching Communes



Note: Based on aggregation of perception-related questions in VNHS, before recording to 1 for below average; 2 for average; and 3 for above average performance.

Source: Author's field survey.

Figure 4 presents the results. Perceived quality of both CHC outpatient and inpatient services is higher in project areas, although the difference is only statistically significant in the case of outpatient services.

Since the effect of the project on community perceptions of quality is of great importance to efforts to increase utilization, some determinants of these perceptions are examined in an ordered logit model. In addition to the effect of receiving project investment, the effects of PHC supply and institutional factors on user perceptions are also primarily important. Infrastructure quality, CHC budget adequacy, and district supervision all have positive effects on user perception (via their presumed impact on quality of services offered in the center); the negative (and significant) coefficient on staffing adequacy is puzzling here. The effect of being in the NHSP is positive, but its statistical significance is watered down by its collinearity with infrastructure quality. The model broadly confirms the importance of supply and institutional factors in boosting CHC service quality, and via that, community perceptions of the PHC.

Overall, the evidence above points to one conclusion: the supply-oriented NHSP is unlikely to have had a consistent *independent*

Table 7: Ordered Logit Model for Determinants of User Perceptions of CHC Outpatient Services

<i>Dependent variable: User perceptions of CHC outpatient health services (composite: 1-3)</i>	Coefficient
<i>PHC supply factors:</i>	
Staffing adequacy (composite indicator coded 1-3)	-.46*
Total value of CHC drug stock	-.00002
CHC infrastructure quality (composite)	.46**
CHC budget adequacy (total revenue of CHC)	.70***
<i>Institutional factors:</i>	
District supervision (number of visits in last year)	.03**
Commune budget commitment to CHC (composite indicator coded 1-3 based on percent of commune budget allocated to health)	.059
CHC management quality	-.07
<i>Additional effect of NHSP:</i>	
Project-invested commune? (Dummy variable)	.15
N	150 ^(a)
k ² (9)	15.75
Prob > k ²	.07
Cuts	.21 2.25

Note: *, **, and *** mean statistically significant at 10 percent, 5 percent, and 1 percent significance level, respectively. ^(a)N here is lower than total project and matching communes due to missing data on some of the composite indicator constructions.

Source: Author's estimates from field survey data.

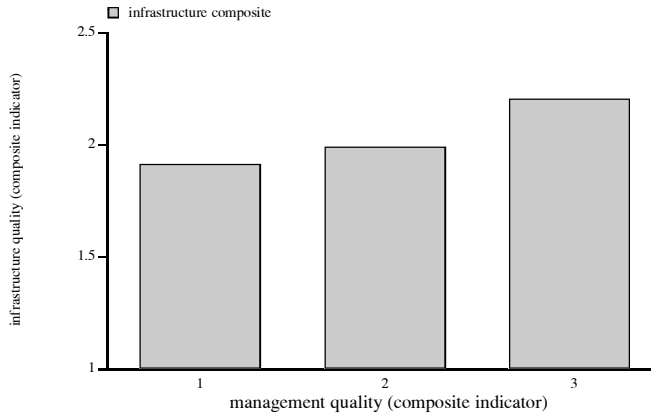
impact on local institutional quality, although it might have been an enabling factor in areas that are already supportive.

However, the evidence very well supports the converse relationship that institutional quality affects project output quality. Two findings are noteworthy. First, there is often a strong correlation between different indicators underpinning institutional quality: institutional quality indicators, e.g., commune budget commitments to the CHC, district supervision, and CHC management quality, tend to be correlated in practice. Pressures for good management performance in communes falling in category three on the commitment indicator will be reinforced by a number of other mechanisms. The opposite is true for communes facing poor-quality environments in category 1.

Thus, institutional quality as assessed along these indicators has a considerable impact on the quality of project outputs (rather than vice versa, as argued above). For instance, the assessed management quality

of a CHC has a strong bearing on whether CHC infrastructure falls into the highest-quality category or not (Figure 5); and this effect is similar in project communes and matching communes.

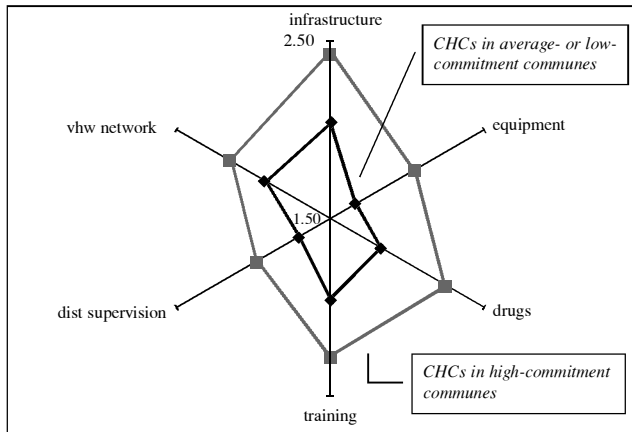
Figure 5: Infrastructure Composite Indicator by Commune Management Quality (Project and Non-project Areas combined)



Note: Details on the construction of infrastructure and management quality available in Appendix. Both are coded 1-3 based on below (1) or above (3) average performance.

Source: Author's estimates from field survey data.

Figure 6: Impact of "Local Authority Commitment" (Allocations to CHC as a Percentage of Commune Budget) on Six Composite Indicators of Project Performance



Note: N=88 project communes. All composite indicators above are coded 1-3 based on below (1) or above (3) average performance (see Appendix for the details on construction of these indicators). "vhw" means Village Health Workers.

Source: Author's estimates from field survey data.

Figure 6 looks at the impact of commune budget commitments (in a pattern that is exactly the same when, for instance, disaggregated by management quality composite indicator) on five composite indicators representing different areas of project investment. In all cases, CHCs with higher than average commitment by local authorities are able to perform significantly better than those in low-commitment communes (as assessed by this indicator, which focuses on the percentage of allocations of the commune budget to health activities). The impact of this specific institutional variable may also serve to emphasize again the importance of local recurrent financing to ensuring adequate levels of project implementation, something arguably neglected in the design of heavily supply-side projects.

5. Policy Discussion

Extending "coverage" of the rural population to basic health services has traditionally been the strength of Vietnam's health sector, via its extensive system of some 10,000 Commune Health Centers (CHCs). It was this system that was in disrepair and deterioration in the early 1990s when the project reviewed here was being conceptualized. It is no surprise that project investments were overwhelmingly on the "supply side" of the health system, i.e., on those inputs which could be procured, distributed, or organized by the Ministry of Health (MoH) acting more than its own. Such investments are well suited to the purpose of expanding coverage, or, to be more precise, of raising the quality of infrastructure that had in many places so deteriorated that it no longer "covered" much of anything.

Almost ten years later, there is strong evidence that Vietnam's health sector has not only emerged from serious organizational disruption suffered during the early transition, but has solidified and improved the quality of its system of primary health care (PHC) delivery (NCSSH, 2001). Whereas previously a CHC providing theoretical "coverage" to a commune population might have been understaffed, unequipped, and in

a facility on the verge of collapse, such cases are increasingly rare even in remote areas. Projects, such as the National Health Support Project (NHSP), made a significant contribution to this rebound.

Boosting the quality of service coverage at the commune and district levels in this way was highly appropriate from an equity perspective. Investments in grassroots PHC are pro-poor: the poor use CHC and district hospital services more heavily than their share in the population suggests, in large part because those who are better-off typically gravitate towards higher quality providers in district, provincial, and even central level hospitals. The poor, who stand to gain most from reductions in mortality rates from preventable causes, also benefit disproportionately from the improved operation of CHCs as the primary bases from which preventive health services are delivered.

These health sector accomplishments remain uneven, however. A substantial number of CHCs—primarily, but by no means exclusively, in mountainous localities—are failing to achieve or sustain minimum standards of PHC quality or to boost utilization. Since these communes typically have a high proportion of ethnic minorities and/or poor households across the board, such failure is having serious equity consequences. Disparities in some supply factors, such as infrastructure quality, can be reduced with sufficient investment; but the findings of this paper suggest the persistence of an "equity gap" that this is not bridgeable by a supply-driven, facility-based project alone.

Instead, two types of interventions will be increasingly important given the heightened priority given by health planners to equity concerns. *The first area* is a focus on improvements to the institutional environment underpinning CHC performance. A framework for analyzing the set of pressures and incentives felt by CHC personnel and various other key stakeholders is proposed in the paper (Figure 2). Much work remains to be done to identify mechanisms for increasing the pressures for responsive CHC performance while ensuring an adequate flow of resources to them for meeting minimum standards. *The second area* is greater attention to the demand side of interventions underpinning

health quality and access, i.e., interventions aiming to increase basic health knowledge and to influence the demand of individuals for basic services, such as maternal immunizations and antenatal care. One prevalent demand-side innovation in the Vietnamese policy environment at present is the focus on getting health insurance into the hands of the poor. In several communes surveyed, this has already been seen to increase utilization of CHC and district hospital services.

Another major implication of the analysis here is the need to work out effective institutional arrangements for health sector decentralization (Fritzen, 2000). Utilization rates for CHC services are diverse at the grassroots for a host of reasons that can only partly be influenced by supply-side factors. Rather than trying to make "one-size-fit-all," i.e., to have one model for the services that CHCs are equipped and financed to deliver to minimum standards, the attempt should increasingly be to maximize the returns on scarce public investment in the health sector from both equity and efficiency perspectives. It is already clear that a wide range of rural clinics (over half of our sample of 315 CHCs) have virtually no inpatient visits. Yet newly propagated national standards *for all CHCs* to the year 2010 emphasize larger facilities that would be more costly to construct and maintain and which despite this would not necessarily reverse locality-specific patterns of utilization. Just as urban CHCs are constructed to different specifications and are seen to play a different role in urban health delivery from those in rural areas, greater diversity in health planning is needed for rural areas. Such diversity may extend to include models that are region-specific and a structured menu of investment options that can be placed under the discretion of provincial and district authorities to adjust periodically.

In rethinking investment patterns, the issue of how to protect and further develop the quality of *preventive* service activities should be urgently considered. These services will remain essential functions for all CHCs to perform. Seeking to build and maintain all CHCs to more or less the same specifications arguably starves resources that can be targeted to preventive health functions that are probably under-funded relative to

their social value. In practice, under current CHC financing arrangements, the quality of preventive services is partly dependent in many CHCs on their success in boosting utilization. This is not good news for a number of communes, which, for many reasons, will fail—even with infrastructure that is "shiny new"—in generating such increases (for instance, those located close to district hospitals).

The "first generation" of PHC policy in Vietnam resulted in widespread coverage of the rural population to health services. The NHSP has been part of the attempt to meet the "second generation" challenge of improving evenness in the *quality* of key supply-side factors, including staffing, infrastructure, and drugs, in more disadvantaged areas of the country. To consolidate the gains that have been made in this regard over the past ten years, we can anticipate a "third generation" of challenges in Vietnam as well as other transition settings:

- Moving towards *decentralized* health sector planning and finance, while maintaining minimum standards in key areas;
- Putting health "purchasing power" in the hands of poorer households, and boosting their access to information to guide their health-seeking behavior; and
- Improving the institutional environment underpinning local health system performance, which at present is in many respects hampering progress in achieving high-quality health care for the poor.

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Appendix: Composite Indicator Construction

Composite indicators were constructed based on combinations of answers to the National Health Survey questions. The intention is to broadly distinguish between significantly above and below average performance in different areas, and to broaden both the robustness and the theoretical significance of indicators used in the analysis. All composite indicators are coded 1-3 based on whether the result of the additions (weighted as shown below) places a commune in the bottom 25 percentile of the combined (project and non-project) distribution (coded 1); 25-75 percentile (coded 2); or above 75 percentile (coded 3). The following summarizes key indicators used and any weights given.

1. **Infrastructure quality composite:** solid construction; need for repair; overall cleanliness as assessed by surveyor; room availability with four functions, and whether facilities for hand washing area are available in each room.
2. **Equipment:** 60 percent weight for availability of equipment that is in working state, based on 17 items listed in survey form; 20 percent weight for availability of essential chemicals and supplies listed; and 20 percent weight based on difficulties encountered in sterilization.
3. **Drugs:** Composite of 50 percent weight given to availability of drugs from 20 listed on form and 50 percent weight given to the total value of the drug stock in CHC.
4. **Training:** Average number of areas in which in-service training had been provided to at least one CHC personnel in past 12 months (out of 19 areas).
5. **District supervision:** Number of district supervisory visits to the CHC in the past 12 months.
6. **CHC budget:** Total revenue of CHC.

7. **Staff:** 30 percent weight given to the overall number of CHC staff; 50 percent weight given to whether the commune meets national standards (different for mountainous and delta regions); and 20 percent weight given to whether the CHC has a doctor.
8. **Commune commitment:** Average percentage of commune budget allocated to CHC in 1998-2000.
9. **Management quality:** 20 percent weight given to district supervisory visits to CHC; 15 percent to completeness of record keeping in CHC; 10 percent to supervisory activities of private sector providers; 35 percent to the opening hours of the CHC and whether a night-shift is organized; 20 percent to the number of supervisory visits made to village health workers in past 12 months.
10. **Village health workers (VHW):** 25 percent weight to VHW knowledge as revealed on standardized test in NHS; 25 percent to the coverage of villages with a VHW in the commune; 25 percent for the contact rate of VHW with the population for services; and 25 percent for the number of activities performed by the VHW.
11. **National preventive health quality:** 40 percent weight for number of national programs implemented in commune; 30 percent for average time spent in one week on national program activities; and 30 percent for strengthening VHW network (as calculated above).
12. **Perceptions of the quality of inpatient and outpatient services:** Answers to questions on quality of facilities, availability of medicine, waiting time, paperwork burden, and service attitude of staff are coded 1 if "average" and 2 if "good." Results added before division into 1-3 made based on percentile rank as noted above.

Chapter 4

Between Nurturing and Nurtured Childhood: Children Working in the Streets in Hanoi

Aiko Takai

Abstract

Based on case studies carried out in Hanoi during August-November 2005, this paper argues that globalization has entailed a widening gap between the childhoods of the poor and the wealthy children. The gap is between the nurtured childhood of the upcoming urban middle classes and the nurturing childhood of the poor. By opposition to the Western-inspired nurtured childhood, nurturing childhood finds its inspiration in re-invented Confucian value. Poor children are, from their early childhood, raised as productive members of the family and carry the burden of morality and filial duty on their small shoulders. Based on this pattern of upbringing, children feel responsible for the family, even if it means that they have to make sacrifice themselves. Exploring the traditional Confucian values and the impact of socio-economic changes in a context of economic transition, the paper contends that while the lifestyle of children from the upper classes has come closer to that of their Western peers, the poor children's lifestyle has increasingly been distanced from it.

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I am alone, however, responsible for the contents of this paper.

1. Introduction

In the past two decades, street children in the developing world have captured a growing concern among national and international development organizations, academics, and the media. Policy interventions have ranged from an international rights convention, national legislations to local charitable aid programs, and interventions in order to help street children get a "proper childhood." Although the United Nations Declaration of Human Rights adopted in 1948 ensures all people the rights to defend and practice their own culture, the United Nations Convention on the Rights of the Child (CRC) claims uniformly entitled rights to a decent childhood for all children regardless of their socio-economic situation or cultural background. The underlying assumption in this contradiction is that despite the existence of multiple cultures of childhood, only one particular form of childhood—the one that evolved in modern Europe and North America—would be in compliance with children's rights. As a result, other forms of childhood are treated as anomalous or inferior, transforming "development" into the endeavor to standardize childhood across the globe (see, for instance, Boyden, 1990; Burman, 1996; Nieuwenhuys, 1998; and Stephens, 1995).

The current dominant valuation of Northern childhood fails to embrace the diversity of the social forces and cultural practices that shape childhood in the developing world. Such failure leads to hiding the growing gap between the lives of the urban middle classes and those of the poor. In Vietnam, due to the Confucian heritage that has long influenced people's philosophical foundations, notions of a "good child" appear very different from those typifying Northern childhood. These Confucian values assign a nurturing role to children that contradict what is suggested by common understandings of "civilization" and "development." Stephens (1995: 13) writes that "while many argue that international cultural-rights discourses further the best interests of children themselves, in some contexts these discourses may be linked to significant risks to the physical, psychological, and social well-being of children." In the

case of children working on the streets, it is particularly so because the category "street children" has been wrongly associated with a social phenomenon that would "rob" children of what is seen as a happy, home-based childhood. The approach is also top-down; it denies that there often exists considerable difference in perception between children and adults. When observing children's real lives, we concur with Punch (2000: 56) that children are the most appropriate informants to consult about their own social worlds. Throughout the fieldwork, and in particular during data analysis, we investigated how different discursive practices produce different childhoods, each of which is "real" within its own regime of truth, as in James and Prout (1990: 27). This process has been fundamental for considering the ideological distortions of Western childhood, by which other childhoods are condemned or ignored. Focusing on children's perceptions and everyday experiences, the central questions of this paper are as follows: How do children in Vietnam who work on the street balance the opposing ideals of childhood in society? And, in particular, how do they come to terms with the tension between "nurtured" and "nurturing" childhood?

The paper is organized as follows. First, we will discuss the gap between what "development" has suggested as the ideal childhood and the real childhood practices we observed in Vietnam. We contend that the gap between ideal and real childhood is not a matter of a lack of development. Current mainstream development, we argue, generates a growing gap between the childhood of poor and wealthy children not only globally between the North and the South but also locally, among social classes. More specifically, the Vietnamese cases in our study suggest that there is a growing gulf in childhood practices between the rich and the poor, in which Confucian values and the emergence of a market economy are tightly enmeshed. Then, in Section 3, we will briefly provide methodological details of the fieldwork conducted from mid-August 2005 for roughly 12 weeks in Hanoi. In Section 4, based on the empirical data gathered during the fieldwork, we examine the diversity of childhood experiences in Hanoi and compare the radically

different everyday experiences of wealthy children with those of the poor. We then will take a closer look at the real-life situations of street working children in terms of poverty and work. Since their families are highly dependent on their earnings, poverty is a major motivation driving children to work on the streets. Their contribution being vital for the family, we argue that it is crucial to understand how children perceive their roles and place themselves in the wider context of society in Section 5 of the paper. We will discuss tensions that children face in the course of their lives on the streets. To deal with the tensions, children preserve by highlighting the higher moral values attached to their nurturing roles. Though it does cause pain and disappointment, the perceived gulf between these children and those who do not need to work does not allow the sense of exclusion from nurtured childhood to take over their lives. Finally, in Section 6, we provide some implications derived from failure of the current mainstream development paradigm. We argue that the current discourses on childhood fail to account for dynamic socio-cultural constructions specific to the contexts in which they are enmeshed. More specifically, it fails to explain the childhood dichotomy in which only wealthy children are able to emulate the Western model while poor children seem to be fated to accept the role of nurturing, and therefore distance themselves from this model.

2. Ideal and Practiced Childhood in Vietnamese Context

Here we begin arguing that in current development discourse, there is one specific form of childhood model. We will also argue that basically two childhood models are simultaneously at work in Northern Vietnam: one that emulates the Western deal, and another that evolves from the real-life experiences of those who cannot or can only imperfectly emulate this model. We will then contend that the two models closely follow class differences emerging from social changes that have resulted from the economic transformation from a closed economy to an open-market one.

In the current development discourse, childhood is perceived as a social stage that is unchanging and universally experienced by children around the world and regardless of time, in spite of the fact that it is patterned on the experiences of a small number of children in certain parts of the world. This specific form of childhood that "development" proposes for the children of the poor is defined by UNICEF (2005) as follows.

"Childhood is the time for children to be in school and at play, to grow strong and confident with the love and encouragement of their family and an extended community of caring adults. It is a precious time in which children should live free from fear, safe from violence and protected from abuse and exploitation. As such, childhood means much more than just the space between birth and the attainment of adulthood. It refers to the state and condition of a child's life, to the quality of those years."

This is a typical image of nurturing childhood and it is this dominant valuation of childhood that has recently been enthusiastically exported as ideal for the children of the South. As a consequence, other forms of childhoods, such as nurturing childhood, are overlooked and this leads to hiding the growing gap between the lives of the urban middle classes and those of the poor. The gap is between nurtured childhood typified by children from the urban middle classes and nurturing childhood for many of the poor, is the latter being reinforced by re-invented Confucian tradition. The distinction between nurtured and nurturing childhood we borrow from Hecht's study on street children in Recife, Brazil (Hecht, 1998).¹

¹ The binary of nurtured and nurturing childhood is based on the notions of Tobias Hecht (1998), who portrayed two forms of childhood as experienced in the Northeastern Brazil. According to him, nurtured childhood is experienced by coddled children of middle and upper class families. The status of these children is highly dependent on but differentiated from that of adults. Hecht suggests that nurtured childhood symbolizes the ideal of Western society as well as the upper strata of Latin American society with its specific characteristics, such as protective, innocent, consuming, and playful. As we will contend in Section 4, this nurtured ideal also applies, to a certain extent, to the upper strata of the Vietnamese society. Nurturing childhood, on the other hand, is experienced by the children of the poor who from an early age take on responsibilities to support the family, bring in resources, and nurture the household. With Hecht, we also believe that "the physical setting in which nurtured and nurturing children grow up relates to the cultural construction of their childhoods" (1998: 84). In the Vietnamese case, additionally, this relation appears to be strengthened due to powerful social structures that emerged under the market economy.

The Western childhood ideal enshrined in the CRC, as stated earlier, articulates a typical image of nurtured childhood. Ever since the rights of the child were declared, it has become vital for countries such as Vietnam to pursue this specific form of childhood to be accepted as a member of the "international community." As Nieuwenhuys (1998: 2) claims, "the instrument is not culturally neutral but is grounded in the assumption both of the superiority of the childhood model as it has evolved in the North and the need to impose this model on a global scale." Ignoring significant differences in cultural backgrounds and social practices, other types of childhood practices are marginalized. Moreover, it denies children's agency to deal with tensions in enacting their childhood. As we shall argue next, this may be a very crucial aspect of the lives of poor children in Northern Vietnam.

Development for children of the poor in Vietnam in recent years has been something of a paradox. For many centuries the values attached to children in Vietnamese society have been inspired to Confucian philosophy. This philosophy, originally introduced by the Chinese, has played a dominant role in the family realm as well as in society. Familial morality was central to Confucianism and children were encouraged to show strong feelings of filial piety towards their parents. Filial piety is embedded in a broader concept of moral cultivation, through which children learn to be obedient and respectful towards their parents, relatives, and elderly people in general, and to understand and fulfil their responsibilities towards their parents (Hojer et al., 2004). Gammeltoft and Olwig (2005) note that expectations of filial duty have a strong influence on ways of thinking and action in relation to children from different social backgrounds in Vietnam. Rydström (2001, 2002, 2003), who carried out an extensive study on children's embodied morality in Northern Vietnam, highlights the local concern with morality, virtue and ethics. She argues that "morality" (*dao duc*) is, among other things, a matter of practicing and "behaving oneself" (*an o*) appropriately, avoiding "confrontations" (*ngo nguoc*), having "sentiments" (*tinh cam*), and

"showing respect for the superior and self-denial for the inferior" (*biet kính tren nhuong duoi*) (2003: 3). Vietnamese children, in particular the poor, are raised not merely as innocent children as perceived in the West, but with duties and obligations towards their family as well as their society, rather than to themselves (Rubenson, 2005). Growing up in such a society, the meaning of self is intimately tied to the solidarity of family. Children are valued as a part of the collective family unit rather than as autonomous individuals who hold independent positions in society. Hence, collective rights weight heavier than individual interests. As a member of the familial unit, Vietnamese children do not necessarily see their contribution to the household as "work," but rather as "fulfilling the share," an understanding that confirms the responsibility attached to the task (Hojer *et al.* 2004: 393). This "fulfilling the share" notion is strongly linked to the way in which children learn to practice morality and show love to their family.

Recent economic transformation in Vietnam under *Doi moi* (renovation) appears to have transformed this Confucian ideology. A rapid shift from a colonial administration to a communist structure and then to state-controlled capitalism makes it difficult to classify the childhood models that are at work in contemporary Northern Vietnam. Roughly speaking, children seem to grow up in a situation in which the divergent models of nurturing and nurtured childhood are at work at the same time. On the one hand, children's lives are shaped by notions of filial duty that emphasize nurturing characteristics, such as being obedient and respectful, as well as responsibilities to support the family. On the other hand, children are informed by modern or Western notions of vulnerability that highlight the nurtured characteristics with the need for protection, care, play, and, above all, education. What is less clear is how children live the modernization process and experience socio-economic changes from their own point of view. Particularly missing from the analysis is how real-life experiences are affected by childhood ideals. Investigating how actual lives of those identified as

"street children" correspond to the ways in which international society and local opinions associate with this social category, this paper will unravel the real-life situations of such children and will look at how they balance the two opposing ideas—nurturing and nurtured—in constructing their own childhood.

3. Data and Methodology

In this section, we will first elaborate on the choice of research sample applied in this paper. Then we will explore chronologically how we went about conducting the fieldwork, introducing the main methods used to collect relevant data. We will also discuss the limitations of this paper.

In order to clarify to which children we refer in this paper, the following definition was adopted: *Children under 16 who spend most of their time on the street for income generating activities.* For the purpose of this paper, we call them "street working children" or "children working on the street." This definition is used only to select our research sample, and it is not meant to categorize them as such. We did not employ the term "street children" as it tends to group children into a social cluster and label them as a problematic phenomenon. In this paper, we aim at unravelling perceptions and real-life experiences of children working on the street as opposed, first, to the social category "street children," and second, to home-based children. As for the former, children have diverse backgrounds in family, education, and motives to be on the street, thus they cannot be and should not be reduced to a member of one social group, and as for the latter, street children are not a homogeneous social group and it is a combination of different social, cultural, and economic factors that drive them to the streets (Pare, 2003). To contrast with home-based children, it was important to focus on children whose primal activity on the streets was earning money.

The methodology used in this investigation is primarily qualitative. During the first few weeks, we gathered information from

nine different organizations² working for/with street children to understand the local situation regarding what has been done so far, where and on what purpose these organizations work, and how the organizations perceive the issues of street children. The aim of the visits was to gain information about the local situation as regards the issue of street children from the perspectives of the various external actors mentioned above. Through discussions with staff members of these institutions, we were able to obtain some knowledge relevant to our research along two main lines: organizations' views on street children, and those of the government. Except for local organizations, which mainly followed their own understandings of what should be done for street children, all other organizations worked on the basis of the UN Convention on the Rights of the Child. Not surprisingly, for the majority of organizations, street children were a pressing social phenomenon that has become more apparent during the economic transformation. Those organizations work closely with the local authorities, while a few others were rather critical to the government's policies.

From the beginning of the third week, we spent much time with children investigating their viewpoints and daily experiences through observation and repeated in-depth interviews. In total, we had conversations with 15 children, of which seven (four girls and three boys) from three different districts³, were our key informants. Using participant observations to approach children was crucial to identify the particularity of research settings as well as to build closer relations with them. This provided us with understanding about the street environment: where and when street workers/children mainly appear, how they spend time, and what they do on the street. When the children had more time

² These include four international/non-governmental organizations: UNICEF, Save the Children Sweden, PLAN Vietnam, and EU Funded Project; two local authorities: CPFC Hanoi and National Fund for Vietnamese Children; and three local based organizations: Xa me, Blue Dragon, and Koto.

³ In order to make a representative sample of street children in Hanoi, we selected three different districts: Hoan Kiem, Dong Da, and Thanh Xuan.

to spend with us, we started open semi-structured interviews with a translator and a checklist of questions. We interviewed the same children over and over and this allowed us to build rapport and obtain some information that we had not anticipated prior to the interviews. Through this combination of methods, we were able to gain knowledge of how children spend their time on the street, and understand how they saw their own work and what it meant for them to work on the streets.

Although we conducted data gathering and analysis carefully, a number of limitations may have affected the reliability of the data collected in the field. Considering the small size of the sample, the validity of the information provided by the children and the scope of the methods used may be limited. We are aware that the results of this paper capture only a small portion of the total population and may not reflect the whole picture of children working in the streets in Hanoi. However, we believe that the in depth focus had its advantages. Within the limited time, other methods would not have enabled us to obtain the depth of qualitative data we collected. To ensure the validity of the responses, we crosschecked the data by asking the same questions in different ways; asking friends, siblings, or parents for confirmation; and through careful observations. In this way, we were able to triangulate the information, in particular, contradictions between spoken words and actual behaviors. The children were sometimes not able to provide correct information (particularly when it came to quantitative information) because they were tired, they miscounted, or simply they did not remember the right answers. We suppose, to some extent, this is unavoidable when researching human beings, specifically with children. Children are easily influenced by their moods, and we believe one cannot always expect them to be consistent. As for drawing generalizations, there is a clear lack of quantitative techniques in this paper. As a supplement to the qualitative methods, we would have been able to conduct some quantitative research such as a survey or questionnaire if we could have spent more time in Hanoi. We are also aware that this paper is, in many respects, not objective. Nevertheless, we have made a great deal of effort to make the

analysis as reliable as possible. We are confident that the qualitative methods used and the material gathered can provide good insights on the subject, and that future research can be based upon these insights.

4. Real-life Childhoods in Vietnam

During the fieldwork, we found considerable differences between poor and wealthy children in both economic and social respects. In this section, we will discuss observed childhood practices based on the empirical data collected during fieldwork in Hanoi. We begin by describing characteristics contrasting a poor child with a wealthy child. Then, we suggest that children are highly aware of their families' economic situation. Knowing that their contribution is indispensable for livelihood, children often work spontaneously, even if they do not like it, particularly when this work takes place on the streets. For some, work is a duty they feel obliged to perform due to their circumstances; for others, it is a voluntary act of love towards their family.

Differences between poor and wealthy children exist not only in terms of physical characteristics, but also in terms of their everyday practices with respect to work, education, and play. In the course of our fieldwork, we had opportunities to visit several private English lessons open to upper-class Vietnamese children. In one school, lessons take place on weekends for a few hours in the morning. During the break time, children play soccer or other games with their peers in the courtyard. They also go to a nearby shop to buy snacks or drinks with pocket money given to them by their mothers. Comparing these children to poor children working on the streets, the first noticeable difference is their physical appearance. Although the children attending these lessons were younger than most of the poor children we knew, the wealthy children were generally taller and bigger than their poorer peers. This is probably due to the differences in nutrition. Wealthy children eat more calorie-rich and nourishing food like meat and fish, whereas poor children tend to eat simpler and cheaper food, and rarely eat meat or fish. The clothing they

wear is also very different. Wealthy children dress in new and clean clothes like European middle-class children, while poorer children wear plain and worn-out clothing. Poor children tend to wear the cheapest plastic sandals, whereas wealthy children wear more solid sandals in which they can play soccer.

Wealthy children are first and foremost learners rather than workers. During the school term and to a large extent during holidays, wealthy children spend a considerable amount of time studying. Learning foreign languages in extra schools is very common in Vietnam, and English being the most popular. One Vietnamese teacher of English working for a private school said how eager the parents were to invest in their children's education. She also mentioned that the children's attitudes change radically when parents occasionally visit the classroom. Knowing that they are expected to study hard and perform well, children suddenly become enthusiastic participants in class to make their parents proud of them.

The wealthy parents we met in Hanoi tended to have no more than two children. Even if they had many siblings themselves, they claimed that having children nowadays would entail considerable expense. One upper-middle-class mother was saving money for her 11-year-old daughter as she wished to go to a well-known English school in which the three-month lesson fee exceeded her monthly earnings. The mother devoted much time to bringing her daughter to school every day and to different private lessons to learn English and piano. She found it satisfying that she could fulfill her daughter's wishes.

Once we asked a group of eight wealthy children (three girls and five boys aged 11 to 13) to draw a timetable of an ordinary day. Besides studying at school, they appeared to spend two to five hours at home for doing homework or learning English. Girls usually spend about 30 minutes to one hour to help their mother prepare dinner and clean the table after meals, whereas boys hardly do any household tasks. Most wealthy children spend their free time playing with friends or watching TV. Among boys, playing computer games was also very popular. All the

wealthy children we talked with go to school and bring no resources home. Unlike their wealthy peers, poor children spend their time in totally different ways. The main activity of a day is doing productive work for the maintenance of the family. We also asked some such questions as "what is the most important thing in your life?" and "what do you want to be in the future?" As for the former question, poor children commonly agreed that family was the most important thing in their lives. One shoe shining boy told me that it is a customary belief in Vietnam that family comes first. Among wealthy children, however, for only one girl family came first. Other answers varied from becoming rich, having friends, playing with computer games and studying. Being confident that their dreams would come true, wealthy children's dreams of the future were very ambitious. They wanted to become the most famous architect, an actor, a very rich person, or the secretary general of the United Nations.

Wealthy children in Hanoi have, in broad terms, much in common with the ideal of nurtured childhood prevailing in Western societies. They are not productive members of the family, but consumers. Parents take care of their children in the belief that they are innocent and in need of protection from the world of adults. Wealthy children have much time to amuse themselves both at school and at home. As learners rather than productive workers, the only task given to them is to achieve academically so as to realize their bright expectations and to satisfy their parents. In contrast to nurtured wealthy children, poor children working on the streets, as we now turn to contend, experience a radically different type of childhood.

Though it may not be their sole concern, poverty plays a major role in prompting children to work on the streets. Among the children involved our research, six out of seven said their family's financial difficulty was their foremost reason to work. Born as daughters and sons of poor parents, these children have experienced poverty from an early age. As they grow older, they become increasingly aware of their families' economic situations, in which lack of income or the absence of a steady income source remains the main problem. While children in

rural areas leave school before completing the compulsory education and migrate to Hanoi for work to help their families, urban children may get support from charity organizations or private donors and be able to include both work and schooling in their lives. Nonetheless, both in rural and urban areas, children are very much aware that without the money they bring in, their families could not sustain themselves.

Take for example 13-year-old Nguyet,⁴ who is the youngest in her family. Nguyet's mother, in search of a better life, migrated to Hanoi with two children from a previous marriage. Nguyet was born after her mother settled down in a small rented room in an almost slum-like area of Hanoi with a new husband. Nguyet started working when she was nine. She sells postcards and books to foreign tourists around Hoan Kiem Lake. During the week she goes to a charity school in the morning and starts working after lunch until after 11:00 pm. An international NGO provides with her school uniforms, textbooks, notebooks, and pencils for free. On weekends, as there is no schooling, she spends all day long on the street. One Saturday, when we sat together on the edge of Hoan Kiem Lake, she told me why she started working on the streets:

"I started because my family is poor. Before I used to sell chewing gum and sweets, but now I know a bit of English so I can sell postcards and books to foreigners. I earn about 10,000 VND to 20,000 VND⁵ a day. Because foreign tourists prefer to buy from small children, I earn almost twice as much as my sister or brother. If I don't work, my family does not have enough money to buy food and pay for the room."

Like Nguyet, Loan is a Hanoi-born girl. She has been selling chewing gum on the streets for six years since she was four. She hawks on the streets near Hoan Kiem Lake with its many cafes, bars, and restaurants. She lost her father a year ago and she lives with her mother and two older siblings in the south of Hoan Kiem district. Her 24-year-old

⁴ All children's names are changed in this paper.

⁵ At the time of our fieldwork in Hanoi, 1 United States dollar (USD) was equivalent to about 15,900 Vietnamese Dong (VND).

sister was recently arrested by the police while selling books on the street and has been sent to a re-education center for a period of three months. Her 22-year-old brother also sells books, but he is an addict and spends all his money on drugs. Being left with a mother who is also a street vendor, Loan has to work even harder to fill the gap left by her absent sister and addict brother.

Unlike Nguyet and Loan, 15-year-old girl Huyen comes from a rural peasant family in Ha Nam province (about 70 kilometers south of Hanoi). She sells fried donuts on the main streets of Thanh Xuan district, which are close to the periphery of the city. With a desolate look in her eyes, Huyen told me:

"I decided to come to work in Hanoi because my family is poor. When I was 12 (after seventh grade), my father asked me to drop out school. My parents did not have enough money to pay the school fee for the three of us. So I left school for my younger sister and brother. Since then, I worked at home all day long, cooking, cleaning, raising animals, and working on the field. But after one year, I became aware that we could not continue living in that way. My parents are farmers but farming doesn't yield enough for selling. We didn't have enough money to buy food. I really didn't want to leave home, but one day I told my parents that I would go to Hanoi to work. I knew a woman from the same village who was already starting a small business in Hanoi. She makes fried donuts. I talked to this woman, and she told me that I could sell them on the streets."

Although she wanted to continue her schooling, Huyen had accepted her father's request for her to leave school without objection. She knew that her family did not have enough money for their subsistence and that they had substantial debt. Three years ago Huyen's parents rebuilt their almost collapsing house to secure one of the only assets they still held. Having no financial means of their own, they borrowed 15,000,000 VND (equivalent to about 950 USD) from kin and friends. Though three years have already passed, they had not been able to pay off the debt and have no future prospect to ever return such a large

amount of money. As the oldest daughter of the family, Huyen felt that it was her duty to leave home to work. Her family since then depends on Huyen's earnings of about 300,000 VND (less than 20 USD) a month—their only source of income to survive and pay for school.

Sixteen-year-old boy Dong is also the oldest child in his family. He migrated to Hanoi from Thanh Hoa province to help his peasant parents and a younger brother. Dong told us,

"I left school after the eighth grade because I knew that my parents were not able to afford the school fees. I wanted to continue but I understood that leaving school was the only solution for my family. I did not tell anything to my parents though, so when my teacher came to my house trying to encourage me to come back to school, they were very angry. They even forced me to go back to school. I told them that I would go to Hanoi to work but they did not agree. I tried to convince them many times. They only let me go when I said that I wanted to work in the city to learn something new."

Despite being aware that children's contributions would materially improve their living situation, many parents find it difficult to allow their children to take up paid work to help them financially. They feel that the urban street is a hazardous place for a small child to be. Moreover, it could be a moral mistake to accept that their children would leave home to bring money back for the family. Some mothers expressed a feeling of regret but admitted that their economic situation did not allow them to provide their children with a life like that of upper-class children. Being ashamed for "failing" to be a good parent, these feelings are well expressed by Xuan's mother, who was also a street vendor:

"My children know that without the money they bring we could not live. I feel sorry for my kids that they have to work on the streets. Children from rich families can just go to school and spend their free time watching TV or playing games, but my kids have to work to help me pay the rent and buy food. I have considered sending my kids to rich families to be adopted so that they need not suffer from poverty. I do not want them to work on the streets and I feel miserable. I tell them to stay at home to study for school."

In contrast to Xuan's mother, a few parents did not perceive working on the street as something negative, but rather as part of a poor child's natural way of growing up. In the case of 14-year-old shoe shining boy Minh, it was his father who forced him to work. Minh had been working since he was 4. He had managed to combine work⁶ with school. Understanding his family's financial difficulties, Minh dropped out of school after the seventh grade on his own in order to lighten his father's burden. As his father believed that shoe shining would bring more money home, Minh had no other option than to obey him and give most of his earnings. He travels the half an hour bus ride from his village in Ha Tay province every morning to work on the streets of Hanoi. Besides farming, Minh's father works as a porter, carrying goods on his back or shoulders; yet, his income is too unstable to depend on. Although his older sister sends some money that she earns in a plastic factory, it is not sufficient to meet the family's needs as a grandmother, a stepmother, and a younger sister depend on them and do not bring in any money.

Like Minh, all children involved in our fieldwork bring most of their earnings home. As children know that their families highly depend on their incomes, expenditures on themselves were generally kept to a minimum and devoted to necessary items such as food and accommodation. Though from time to time they would buy themselves snacks, a few pieces of clothing or accessories, they were extremely careful not to cross the boundary that would threaten their family's survival.

As said above, financial constraints played a crucial role in children's decision to start working. Decisions made to work on the streets were, significantly, almost always the child's own. While many parents disagreed with their decisions, a number of them perceived it as a life-course of children born in a poor family. In what follows we probe into children's rationale to work and how they relate to their specific working place, the streets.

⁶ Minh used to make *nons*—Vietnamese traditional leaf-covered hats in his village.

When one asks a child working on the street why s/he has to work, the most likely answer is that it is because his/her family is poor. However, as we spent more time and had many conversations with children, we gradually became aware that poverty is not the only explanation. Dong (16) works in a lively area of Dong Da district, namely Kim Lien. The main streets are full of cafés, bars, and restaurants, which attract locals in numbers. Dong usually wanders around the main streets looking for customers in cafés or local restaurants where he has gained a kind of right to customers above other shoe shining boys. He claims that he came to Hanoi to work not only to support his family:

Question: How do you find working in Hanoi?

Dong: I feel happy.

Question: Why?

Dong: Because when I'm in Hanoi, I have a lot of chances to meet people.

Question: Would you not prefer going back to your village?

Dong: I prefer staying in Hanoi. Of course I miss my family and I always want to go back to my village but there is nothing to do there.

Question: Will you remain in Hanoi when you get older?

Dong: So far, I think so. Because I think Hanoi is a good place to earn money, to learn how to do business, and to meet people.

Unlike other children, for Dong, Hanoi was a place to find opportunities unavailable in his village. Wishing to improve his future, he believed that staying in his village would thwart his and his family's prospects. Though his current life in Hanoi is, he felt, quite uncomfortable, he saw it as a first step towards his dream to open a restaurant and start his own business in the future.

What encouraged Huyen (15) to work was slightly different as expressed in the below conversation:

Question: How do you find working in Hanoi?

Huyen: At the beginning I really didn't want to work. But I just had to do it because my family is poor. Now,

I got used to it so it's ok. But if I have a chance, I would prefer to change jobs.

Question: Why did you think you had to do it? Did you feel responsible?

Huyen: Yes, especially to my mother. My mother always worked very hard in the house and in the field. She was working all the time.

Question: How about your father?

Huyen: I don't feel responsible for my father. He spends a lot of the money I earn on alcohol and I am really unhappy about it.

At the core, Huyen had strong feelings of love for her mother, who for her is the most important person in her life. Having worked with her from early childhood, Huyen firmly believed that she should help and support her mother. Huyen's love for her mother inspired deep abhorrence to her father. He had been very strict, particularly towards her, she felt, not allowing her to play with her friends and sometimes going as far as beating her. For Huyen, leaving home to work on the streets was a way to share her mother's economic hardships.

The same as Huyen, a 14-year-old boy, Minh, emphasized his compassionate feelings towards his hardworking father, who was also his only blood relative:

"It's for my father that I work. My stepmother cannot work because she is mentally unstable. My grandmother is too old to work. My father works very hard for the family and I want to support him."

As a child born in a poor family, these Vietnamese children are raised as productive members of the family from an early age. However, the degree to which they feel responsible and the burden they eventually decide to take on their shoulders varies. While some children felt that supporting their family was a duty to which circumstances obliged them to submit, others saw it more as a voluntary act of love. Dong (16) stressed that he feels responsible as the eldest son to help his parents and pay for his brother's school fees.

During the many conversations we had, Dong once mentioned that he shouldered a heavy burden to support his family. When we asked him what he wishes to change in his life, he immediately replied, "I want my family to have better living conditions so that I don't need to worry about their economic situation anymore." Other children who have older siblings like Nguyet tended to feel less responsible. Nguyet seldom felt that she had to work. She was aware of the importance of her earnings for the family's livelihood, but underlined that it was rather on account of her spontaneous wish to help. Although Nguyet usually makes more money than her sister (22 years old) or brother (15 years old), when she cannot sell enough postcards, her older siblings give her money to buy lunch. Nevertheless, despite these varied feelings towards work, all of the children involved in this research gave most of the money they earned on the streets to their parents.

We met only a few children in Hanoi claiming to like working on the streets. Although admitting that it gives them freedom, all found working on the street very hard in many respects. No matter how severe the weather is, they have to work every day under the hot sun in summer or on cold days in winter. They are constantly harassed by the police; all of the children were afraid of the police. Some had experiences of getting their goods or tools confiscated and a few had been arrested and sent to a reformatory for a few months.

When we asked whether they preferred to stay at home instead of working on the streets, we got different reactions. Loan and Huyen preferred to stay at home and do the household chores. All the others preferred working on the streets. As Dong said, "there is nothing to do at home;" material scarcity of home was a commonly shared view. Further, the lower values attached to non-productive household work made the home less attractive than the streets. For Nguyet, it was not only that she did not like doing cooking and cleaning, but also because of the higher values attached to the street as a place to generate income. Working on the streets, she wished other people (her migrant neighbors from the same commune) to understand the difficulties of her family. For Xuan, it

was also to escape from her older sister who, due to a mental illness, often beats her. And for Minh, it was because he felt more comfortable being with his friends on the street.

In sum, this section has dealt with distinctions between poor and wealthy children in terms of the type of childhood that they experience. Wealthy children in Vietnam experience a nurtured childhood similar to that of children in wealthy countries, their main "work" being first and foremost to be a good learner. Being protected by parents, innocent nurtured children are allowed to entertain themselves and dream of a bright future. Poor children, on the other hand, far from being nurtured, nurture their households. Heavily depending on their parents, nurtured children are consumers, whereas nurturing children are productive workers whose monetary resources are indispensable for their families' survival. Poor children play a crucial role in the maintenance of the family and shoulder, consciously or unconsciously, a substantial burden of responsibility. What makes them keep going? Do poor children force themselves to be nurturing? If so, why and how do they manage or struggle? Do they try to find a way out? In the following section, we will consider these questions by looking at the tensions that inform the lives of children who work on the streets.

5. Tensions in the Lives of Nurturing Children

Children working on the streets experience, as opposed to wealthy Vietnamese children, a nurturing childhood rather than a nurtured childhood. As argued, to be nurturing entails self-sacrifice, such as dropping out school to work, and devoting oneself to supporting the family. The children we interviewed accepted their roles as sons and daughters from poor families. Here we argue that, although they would prefer to be nurtured children, they are aware that this is not their fate in life. So they eventually accept the burden that familial solidarity puts on their shoulders. We substantiate this statement by first describing two main tensions that children face, namely, governmental policies, and poverty and parental

expectations. We then illustrate how they attempt to deal with these tensions in daily life.

5.1. Government Policies

Children are highly concerned with the presence of the police while working on the streets. Many wished to change jobs due to the intense police patrolling that hindered them in carrying out their illegal work. In Hanoi, particularly in tourist areas, one sees a considerable police force. In the eyes of local authorities, street working children are a disturbance that threatens the safety of foreign tourists as well as of the local public. Before *Doi moi*, there seem to have been fewer street workers. Until recent years, urban administrators mostly ignored "the street children problem" and it was not considered to be a serious social problem (Phung, 1996). It was after the reform towards a liberalized market economy that the presence of street working children became more apparent in the eyes of the government as well as society. Simply rounding up children using police forces and putting them in an institution was believed to be a means to settle the "social phenomenon" of street children. Yet, there were signs of growing numbers of children working on the urban streets.

It was with ratification of the CRC and the arrival of foreign non-governmental organizations (NGOs) that from the early 1990s the Vietnamese government's attitude towards children on the streets gradually changed. As Bond puts it, in the mid-1990s, "it suddenly became important [for the local authorities] to protect street children from the 'social evils' that surrounded them in their day to day life, the surest way being for them to return home permanently" (2003: 14). This assumption is based on the CRC provision that children's healthy development should take place at home. As opposed to the home, the streets are primarily viewed as a risky place, in which social evils (*te nan xa hoi*), such as crime, drug abuse, and prostitution, thrive and expose children to the loss of a proper childhood (Nieuwenhuys, 2003). Being defined as Children in Need of Special Protection by local authorities, street children are beneficiaries of

numerous NGO projects.⁷ However, listening to children has made us aware that the current approach reflects a lack of consideration of the diversity of their experiences. Neglecting the diverse contexts in which they live, local authorities see in them little else than a social problem in need of cure (Hecht, 1998). The treatment given to cure the problem is primarily geared towards prevention, protection, and reintegration by building a firm bridge between children and home. In Hanoi, implementation of this policy is typically done by the police. Police patrols constantly inspect the main tourist areas, such as Hoan Kiem district, and it is at a higher state of alert when major events take place in the city.⁸

Doi moi's attempt at generating money through global markets, such as tourism, international events, and other business activities, has been important for Vietnam's economic development. In order to maintain the level of economic growth, Vietnam has pursued a set of policies for integration in the global economy. These policies have been accompanied by *de facto* privatization of welfare, education, and health services. Rescuing Children in Need of Special Protection, whose childhoods are at risk, is not the primary concern of the government; the government's intention is rather to hide street children away by sending them back to their homes. This policy has been reinforced since 2003, when a big sports event, SEAGames23, was held in Hanoi. The event involved ASEAN member countries. Believing that street working children would generate negative images of Hanoi among visitors, the government started

⁷ Officially, all the street children projects in Vietnam require permission from the government to be implemented. Most international organizations are thus obliged to implement projects in cooperation with the local committee, namely, the Commission for Population, Family and Children. In the name of local ownership, the government strictly regulates what should be and should not be done for children on the streets.

⁸ During our fieldwork, there were three major events in Hanoi, including celebration day for Ho Chi Minh's Declaration of Vietnam's Independence on August 19; the National Independence Day on September 2; and Hanoi's liberation day on October 10. Local authorities began preparing for each event one month to a few weeks prior the actual date of the event, which required a considerable number of police on the streets. On almost every corner of the main districts, the presence of police, army, as well as local committee members was observed. In addition, during the whole month of October, there was a traffic/road safety campaign, which required the presence of police on the major streets.

the children up from the streets. Under the cover of protecting them from the exploitative streets, the police arrested the children and sent them first to a social protection center for a period from two weeks to three months, and eventually back to their home villages. Evacuating street children in this way was praised as a "success" and the policy is still pursued.

A tourist visiting Hanoi for a short period of time may think that there are no street children, and this is also what we felt in the beginning of the fieldwork. Many locals we talked to said there were scarcely any children working on the streets. But we soon realized that this was not true. It was not that children were no longer on the streets to work, but rather, they became highly skilled in making themselves invisible. For example, 13-year-old girl Nguyet always kept her postcards and books in a colored plastic bag to pretend she was merely a girl wandering around the lake instead of a street vendor. While working on the street, what she was most afraid of, as she mentioned, was the presence of the police.

Some children have experiences of being arrested by the police and sent to a re-education center for a few months to live and work with other children. Loan (10) was one of them. She stayed in Ba Vi, where she had to do housework like cleaning and washing. She claimed that "they shouldn't have arrested me because I have to work to earn money!" Many children also consider changing their work due to the anxiety of being arrested, a decision precipitated, as we will see, by the consequences they must face if caught. Dong, who quit shoe shining after a few interviews and is now working for a restaurant (as a motorbike keeper), told us that he was relieved, since he no longer needed to pay attention not avoiding the police.

Far from protecting poor children, government policies have in practice the opposite effect. To some extent, the official guidelines fail to help children return home, and even threaten their work opportunities and thus increase their vulnerabilities. This effect is strongly linked to *Doi moi* open door policies and the transformation of the social protection system it entailed.

5.2. Poverty and Parental Expectations

As remarked in the previous section, children are well aware of their position as daughters and sons of poor families. They accept their roles as income generators by understanding that working is essential for the livelihood of their families. This does not mean, however, that they all are satisfied with their current work. Even if children bring most of their earnings home, a number of them admit that they would like to keep more money for themselves. Generally, parents allow their children to keep a small sum of money to buy snacks, drinks, food, and sometimes accessories or clothing. Although their parents do not set a strict amount that the children should earn, the children know exactly how much money their parents expect them to bring home. When the children cannot bring enough money home, their parents react in different ways. Some conceal their disappointment, while others, such as Loan's mother or Minh's father, express their dissatisfaction and resentment. Of course, such parental attitudes reinforce children's feelings of failure to fulfill their parents' expectations. Minh struggles to live up to what his father expects from his only son. Noting that he felt more comfortable with shoe shining friends on the streets than with his parents:

"I feel that I'm less loved by my parents than other children are. I feel sad... because my father shouts at me. Whenever I bring a small amount of money, he shouts at me and says that I should work harder and earn more. I wish I could go back to *non* making. That job was not difficult and I liked it much more than shoe shining... But I cannot say it to my father, because I know that with *non* making, I cannot earn enough for my family."

Despite the fact that he desires to keep more money for himself, Minh cannot disappoint his father's expectation that his son should behave as the good child of poor parents and support the family. Even if he does share his family's hardships, Minh is not happy at home.

As a sole income earner in the family, the economic burden bears considerably on Dong's and Huyen's shoulders. They both voice

serious concern about the financial difficulties of their families, whose survival is largely in their hands. Dong hoped that his family would improve its financial situation so that he could be released from the anxiety arising from poverty at home. Yet he emphasizes his responsibility to support his family. Huyen repeatedly claimed that her work—fried donut selling—no longer brings enough money. Once we asked her what she would wish if anything was possible. As if working to support her family was an ever-lasting duty, she answered, "I just want a more stable job." In one of the last conversations we had with Huyen, she said that she thought of nothing else than the amount of money her mother would need for the livelihood of the family. The cases of Dong and Huyen reveal dramatically how the feeling of responsibility for the family leaves no room for them to keep some money to spend on themselves.

We suggested earlier that the local interpretations of what an ideal childhood is about may differ according to social class. In explaining the meaning of "*dao duc*" (moral) and "*tinh cam*" (sentiment), which for Rydstrom are crucial aspects of children's moral upbringing, Nguyet reflected that:

"*Dao duc* means to help others. For example, if you are rich, you should not look down upon the poor. You have to respect others. *Tinh cam* means that for instance when I am sad or happy, I tell others about it. Then I can share both sad and good things with other people. Because in this way they can show me sympathy. I want to get more *tinh cam*, it makes me happy. I have to be good to get more *tinh cam*. I have to learn well and work hard. I mean both studying (at school) and working (on the streets to contribute to the family). I am trying my best to get more *tinh cam*."

We many times witnessed Nguyet rubbing the sleep out of her red eyes while trying to sell more postcards. She would not stop selling as long as there were tourists in the streets. As we gradually got to know Nguyet, we also came to understand how difficult she finds it to be a "good child." She has managed to work hard both at school and on the streets since she was only nine years old. She is the best student in math,

and does not go to bed before finishing her homework. Now, she is in the last year of her primary school and craves to continue her studies. But as the secondary school supported by the NGO is too far to reach for a small girl like her, she also knows that it would not be possible to continue schooling without a bicycle—something her mother cannot afford. She knew that a good learner could eventually attain through schooling much more for herself and her family than by following the already paved ways of the urban street workers. On the other hand, she also knew that her monetary contribution to the household had become indispensable to sustain the family. She continues to work on the streets, with a tiny hope to realize her only wish.

For most of the children we interviewed, poverty is a primal cause of hardships in their lives. A number of them claim that if only their families had more financial resources, they would have been happier than they are now. For instance, Loan described her feelings about working on the streets: "I feel miserable working on the street. Why do rich people have so many different motorbikes while I don't even have a bicycle?" Working on the crowded lively streets, in which rich tourists gather to visit shops and cafés, leaves her with disconsolate feeling. The children who experience poverty at home rarely dream to be rich when they grow up. Whether they believe such a dream is merely fantasy or hold antagonistic feelings towards the rich, poor children wish to have little more than just enough to keep going.

Poverty causes tensions between being an ideal child in line with parental expectations and the desire to be released from economic burden. As their moral duties enjoin them to share the hardships of the family, poor children live in constant tension. As we now turn to discuss, poor children deal with these tensions by attempting to accept the gulf separating their world from that of wealthy children.

The children we interviewed sometimes compared themselves with other children who go to school and need not work for money. They tend to separate, consciously or unconsciously, the world of the rich from that of the poor. As if they come from another social world, they draw a

distinction between the haves and the have-nots. From the latter perspective the childhood of the former is happier, because they can be full time students and have no other responsibilities. Experiences at home, at school and on the streets, create a range of tensions—stress, frictions, and even hostility—against children of the haves.

The children may harbor hostile feelings towards non-working children who spend their time mostly in school, as the following conversation with Xuan, as a child who combines work with school, illustrates.

Xuan: I like going to school because my teacher is very nice. She is a new teacher in my school and she has been very kind to me. And she always tells me that the school is a happy place for children!

Question: How about your friends at school?

Xuan: My classmates tease me because I sell chewing gum on the street. They call me a "chewing gum seller" and make fun of me. I hate them. But I want to be like them so that I can tease them back.

Though Loan went to a different school,⁹ she too experienced bullying at school. Although her mother was planning to send Loan to a new school, Loan did not seem to be enthusiastic due to her dismal memories with school peers. Nonetheless, according to Nguyet who had similar experiences but overcame them, bullying rarely occurs as children grow older because "we poor students in the final grade have to be good examples for younger students, so we behave well at school." But in small Loan's class, there were only a few working children, and that is why she was bullied.

9 At the time of our fieldwork, Loan was in the process of transferring to another school from the same charity school as Nguyet's, which for Loan was too far reach on foot, so she could attend often enough. Unlike wealthy children, none of her family members had spare time nor means, such as a bicycle, to send her to school. According to her physical age, she ought to be in the third grade; yet, she has to start from the first grade in a new school, which may be another source of bullying by other pupils.

When we asked Nguyet what she thought about her friends who do not work, she replied:

"I think they have more time to play. Sometimes when I am bored of working, I wish I could play freely like them. But I do not envy them because my family is in difficulties and I have to accept that I need to help my family."

Persuading herself to accept the situation in which she was born, however, is not as straightforward as she would hope. Nguyet continues, looking back how she has lived through the experiences of her childhood:

"When I was smaller like Xuan or Loan's age, I think I was happy enough. I had to work every day selling chewing gum and sweets but I felt happy. Now because of the hardships that my family faces, I do not feel as happy as before. I think non-working children are happier. To be happy, I need more money and also need to learn better at school. I want to be happy like others. So I will continue this work (selling postcards and books) for a few more years, and then when I get my identity card,¹⁰ I want to find a more stable job. Maybe in a souvenir shop..."

All the children saw themselves as less happy than non-working children who are looked after better by their parents and have more time for play and study. Even within the same family there can be differences. Huyen said, "I think my sister and my brother are much happier than me because they just go to school and need not work hard like me." When we continued to ask Huyen about her relationships with her siblings, she showed feelings of love for her brother, but not for her sister. Later when we visited her family 70 kilometers south of Hanoi, we found out that, thanks to support she began to receive from French foster parents living in Paris at the age 13—the same age at which Huyen started working on

¹⁰ In Vietnam, when a child reaches the age of 18, s/he receives an identity card from the authorities. It is generally said by children that if they have an ID card, it allows them to engage in a more stable job.

the streets—her sister, Mai, could go to school. Her parents explained that Mai's education was ensured till she completed upper secondary school. We soon sensed why Huyen did not like her sister. It was not, as far as we understood, because she hated her sister as a person. Rather, she found it difficult to accept the fact that, by sheer luck, her sister had obtained what Huyen had lost in order to share in the family's hardships.

Strikingly, however, Huyen denied being envious of her sibling. As discussed earlier, the children wished to pursue education and strongly desired to be released from the burden they shouldered. Why would they not be envious if they thought other children happier? The reason may be sought in how the society oppresses poor children and prevents them from having dreams that are seen as unrealistic and unattainable. Among those who feel inferior, Confucianism feeds a sense of self-denial and divides society. As they become aware of their social position, the children of the poor understand and internalize that only the rich are entitled to or deserve to demand what they wish:

Question: What do you think of those children who go to school?

Huyen: I feel sad (because I cannot go to school). But I don't envy them.

Question: Why?

Huyen: Because I'm not permitted to envy others.

Question: Why do you feel that?

Huyen: They can go to school and I cannot. It is just a fact, so there is no reason for me to be envious of those who can.

Question: But why do you think you are not permitted to envy?

Huyen: Because if I stay envious with others, I'll make my parents sad... To be honest, I envy those who can go to school, but I cannot say it loudly. I keep these feelings to myself. I don't want to tell others about it.

When the children were asked whether they wished to go back to school, those who had to drop out of school to help the family showed mixed feelings. They tended to feel that it was too late or too embarrassing to start from the lower grades from which they had dropped out and sit with younger pupils in the class. Dong felt regret for leaving school as most of his friends are still in school. Likewise, Minh also regretted dropping out. Nonetheless, he never tells his father about it, because he knows that if he goes back to school, he could no longer help the family.

In sum, children make a significant distinction between the world of the poor and the world of the rich. Seeing their world from the perspective of the latter leads them to devalue what they do. Powerful socio-cultural structures oppress poor children and lead them to behave according to social expectations. Re-invented Confucianism works as a "higher moral goal" that helps poor children to come to terms. Partially, they do not internalize this higher moral goal, as they do not resent that the richer children can consume and play, but would prefer to be like them. They are, however, aware that this is not their fate in life, so they eventually submit to their roles to be nurturing. By broadly looking at the two tensions that inform street working children's lives and how they attempt to deal with them, we have shown that they are individual social beings who struggle but seek to make sense of their lives and negotiate the value of what they do. In a society in which the importance of market expansion grossly outweighs the protection of the weak, government policies to "save" them are ineffective. These policies not only fail to support children working on the streets, but rather hamper their search for livelihood. Far from being nurtured, the children of the poor feel responsible for the well-being of their families. As if there were no other options than to accept reality, the children persuade themselves to share in the hardships of the family, regardless of their own wishes to pursue education and play. Even if they do not oppose their parents, their lives are enmeshed with tensions between what is expected from a "good child" and their desires, kept at a deeper level, to be like nurtured children.

6. Concluding Remarks

Poor children working on the street may seem, at first sight, as a group of undifferentiated children who can be legitimately labelled "street children." However, as we have contended, each child has a different reason for being on the street, and different ways of viewing why s/he is using the urban spaces for work. In other words, the category "street children" is wrongly equated with a social phenomenon. Sociologically, the children labelled as such are a part of a far larger group of nurturing children of whom only a small part happens to work on the streets. The term "street children" actually reflects that for policy makers what causes concern is not the hardships that these children face, but their very presence and visibility on the city streets.

The analysis in this paper has attempted to show why childhood is not unchanging or universal, but a social process made by children, both those that are nurturing and those that are nurtured. Children are social beings who have agency to come to terms with tensions and negotiate the values of their childhood. Children of the rich and the poor in Vietnam experience different practices of childhood and are expected to do so by their parents and society at large. Many children of the poor described their childhood as less happy than those who do not need to work and said that they shoulder a heavy economic burden to nurture their families from an early age. They face numerous tensions in their everyday life, but somehow find ways to appropriate and contest the growing gulf between nurtured and nurturing childhood.

Rather than providing a complete picture to understand the diversity of childhood, this paper on childhood sought to account for dynamic socio-cultural constructions to a particular context of children working on the streets in Hanoi. More specifically, it sought to explain the childhood dichotomy in which only wealthy children are able to become closer to the now dominant Western model, while poor children seem to be increasingly condemned to become nurturing. As shown, the tensions experienced by street working children between nurturing and

nurtured childhood is welded to a world in which the dichotomy between the rich and the poor is widening.

Considering the small size of the sample and limited researched period, we are aware that the findings of this research are of limited scope. It is not intended to draw generalizations but to suggest directions for further research. One of these is that because "street children" is merely a label of a social phenomenon defined by the dominant perception of society, future research needs to take into account the wider context of socio-cultural background to which those labeled as "street children" belong and how these notions are articulated in children's daily practices. In depth studies of how these notions and children's own perceptions interact would lead us to further understand the process at work in the lives of working children on the streets.

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Chapter 5

Social Protection for Internal Migrants in Vietnam

Pham Quynh Huong

Abstract

This paper uses a SWOT analysis to evaluate the strengths, weaknesses, opportunities, and threats for internal migrants in Vietnam regarding their accessibility to the social protection system. It is shown that migrants are facing various social and economic difficulties in urban areas due to their own characteristics and to constraints in urban management. Low levels of professional skills, weak social networks, and saving-induced behaviors are limiting migrants in seeking good jobs, which in turn leads them to live in hazardous conditions. At the same time, current regulations and limited capacity in urban management, including resident registration requirements and obsolete views on migrants, are sources of difficulties for migrants to access social protection services. Given these circumstances, the paper suggests some policy measures to improve migrants' accessibility to the social protection system.

1. Introduction

Internal migration, including rural-urban migration, has increased in Vietnam since *Doi moi*. Internal migrants (hereafter migrants), as part of the urban labor force, have their own strengths to get opportunities and gain benefits from the urban areas in which they settle. However, various constraints during the migration process restrict them from meeting the demands of the labor market. Migrants also have to deal with a number of daily-life difficulties and challenges, which require their substantial efforts to overcome. These impediments may in turn reduce the advantages brought from migration. Economic gain through increased income is the main purpose of migration. In addition, migrants hope to attain better living standards in terms of education and spiritual life.

This paper analyzes the current state of internal migration in Vietnam and suggests some policy directions for providing social protection services to migrants. It is organized as follows. Section 2 presents a SWOT analysis—an evaluation of strengths, weaknesses, opportunities, and threats—on the need among migrants for social protection. The current state of migrants' access to the social protection system is described in Section 3. In Section 4, I suggest some policy directions that could improve accessibility for migrants in the social protection services. The last section reviews the main points of the paper and urges public administrators to take appropriate policies to guarantee social protection access for migrants, thus enabling their migration to be a beneficial force for development.

2. Migrants' Need for Social Protection: A SWOT Analysis

2.1. Strengths (S): Migration as a Life Strategy of Rural Households

Migration to urban areas is a common choice among rural people because migration is hoped to increase income for the migrants

themselves and for their households. Many migrants are young and single, which are advantages in the job market. Another advantage many have is diligence and willingness to do the jobs that urban people do not want to do, even with very low wages (Le *et al.*, 2005; and Dang, 2005).

One important characteristic of migration is that it can help promote hunger eradication and poverty alleviation for the people who remain in rural areas. Migrants' remittances can be a significant source of income for rural households. Migrants to urban areas commonly work hard and live austere to reduce their living costs in order to earn and save more money to send to their families in rural areas. The remittances they send home are usually used for living costs, educational and health costs for children, and payment of debts. Remittances are also crucial in ensuring food security because migrants' families are able to avoid selling their livestock to buy food. The livestock thus remains with the families as an important resource for coping with unexpected risks. Remittances also help the migrants' households to invest more in both farm and non-farm production. Through remittances, migrants are contributing to hunger eradication and poverty alleviation in rural areas, at least for the places they left (World Bank, 2004; ActionAid, 2005; and Le *et al.*, 2005).

Migration is also a channel to disseminate information that helps to develop the rural areas. By taking part in the urban labor market, migrant workers become the linkage to disseminate new information, knowledge, and lifestyles from urban to rural areas (Le *et al.*, 2005). Furthermore, temporary migrants, who later will return to their hometowns, also contribute to transferring skills—an important factor for rural development.

Although migration becomes a life strategy for many rural families, not all of them have equal opportunities for migration. Migration is a complicated process and decision, as it requires conditions such as financial capacity, a certain level of educational attainment, good health, and good social networks. Migration is not an easy decision for rural families, especially for the poor (Dang, 2005).

Social networks act as an important informal support source for migrants. These networks, composed of people from the same hometowns, friends, and relatives, create a crucial resource not only for money or assets, but also for necessary information, knowledge, experience, and other timely supports (either physical or moral). Social networks help migrants reduce both economic and psychological costs during migration, as well as increase opportunities for success (see, for instance, ActionAid, 2005; Le *et al.*, 2005; Dang, 1998a, 2005; and Nguyen *et al.*, 2005b). In societies where the formal social protection system is underdeveloped, such social networks become more important in supporting migrants.

2.2. Weaknesses (W): Human Resource Policies

Developing countries, particularly in their rural areas, usually have abundant unskilled human resources, and limited technical and vocational training programs. Vietnam is facing this situation.

The average educational level and professional skills of migrants are lower than those of urban people. Migrants to find good jobs, and thus better income, if they have good education and skills (ActionAid, 2005). Internal migrants in Vietnam can be divided into two types in terms of education and skills. Migrants with relatively high educational attainment and professional skills, even higher than those of urban people, will be able to find good jobs in the formal sector. Moreover, they also usually have high income, good quality of living, and stable residences, and hence they can obtain the long-term residential certificates, namely KT3¹ (Nguyen *et al.*, 2005a). Migrants with lower educational level and professional skills face many difficulties in seeking jobs in urban areas. They usually have to accept temporary jobs with low wages in the informal sector. Also, they tend to have weak

¹ KT resident registration regulation is called "ho khau," in which KT1 is applied for those who are living at same place where they registered; KT2 is for those who registered in a district, but are staying in another district; KT3 is for migrants who registered for a long-term stay; and KT4 is for migrants who registered for only a short-term stay.

social networks, and thus always struggle for low-paid jobs in urban areas. In fact, many of these migrants return to their hometowns after a certain time spent seeking a job or working in urban areas.

Another serious problem is that migrants have limited information and knowledge in seeking jobs. The majority of migrants get jobs by introductions from their relatives or friends. Migrant laborers are limited particularly in terms of information about their rights and accessibility to urban services, as well as wages, types of jobs, and skill requirements (ActionAid, 2005).

Since their main purpose of migration is to earn and save money, migrants have to work hard, and thus they have no time to relax. After working, migrants spend most of the remaining time sleeping or doing personal activities, rather than seeking entertainment. As such, they have no time to look for the essential services for their living. Moreover, to save as much as possible, many migrants do not have TV, radio, or newspapers, and such living conditions in turn further impede them from getting information. Lacking appropriate information makes it difficult for migrants to seek jobs and negotiate wages and other working conditions in the labor contracts.

2.3. Opportunities (O): Rapid Industrialization and Urbanization

Under rapid industrialization and urbanization, laborers in both urban and rural areas have vast opportunities. These processes have created more jobs and income opportunities, which in turn encourage rural people to migrate to urban areas, though they must deal with a number of difficulties (Dang, 2005).

Industrialization and urbanization also bring a great deal of knowledge, skills, and information through activities in which migrants become involved. Further, urbanization also provides good opportunities for education and occupation to migrants' children. This explains the increasing number of migrant households that are currently staying and working in urban areas: they hope to seek a better future for their children.

2.4. Threats (T): Residential Registration System

Migrants usually work in hard conditions. Moreover, their living standards suffer because of their efforts to save money though reducing living costs. Due to low wages and unstable income sources, their lives become more difficult as living costs are raising in urban areas. Therefore, migrant workers usually live in rented houses or lodgings, which are narrow and dirty without basic facilities (such as toilet, electricity, and clean water), and, in particular, are characterized by poor hygiene and low security conditions. They face a variety of dangers, such as stealing, communicable diseases, abuse, and violence. As a result, many migrants find their health worse than before (ActionAid, 2005; Dang, 2005; *Le et al.*, 2005; and *Nguyen et al.*, 2005b). Under these conditions, migrants desperately need a social protection system to cover them.

However, the current regulations make it very difficult for them to participate in the formal social protection system. There are two main reasons for this difficulty. First, migrants often change their residence to seek new jobs due to high competition for employment in urban areas, and thus many of them have no permanent resident status. Second, the current social protection system requires migrants to have a Resident Registration Book, which is used as a tool to determine social services, such as health care, education, bank loans, land ownership, and business registration. Therefore, migrants who lack formal residential status have much lower accessibility to the social services than urban citizens.

As persons without formal residential registration in urban areas, migrants are restricted in seeking a job in the formal sector, attending vocational training, or have to work in poor conditions. And as such, they are disadvantaged in acquiring labor rights. Migrants are obstructed from or have limited access to public services. They usually have to pay higher costs, even for poor quality services, for health service, tuition fee reduction and exemption, utility services, bank loans, credit, business, and urgent aid. They have little access to land, house ownership, registration of purchasing or selling assets (houses or

vehicles), or birth and death registration. They are also separated completely from urban social life, and this makes them lack information, knowledge of their rights, and access to support from the local communities where they are living and working (Trinh, 2004; World Bank, 2004, 2005; and Bui, 2005).

A study by the World Bank (2005) indicates that migrants become poorer than their counterparts in urban areas due to worse living conditions, including the lack of provision of social services. This means that residential registration, rather than other than socio-economic conditions, has severely affected the level and quality of social services for migrants.

In addition to various difficulties in daily life, lack of access to social services has made migrants be abused and exploited (World Bank, 2005; Le *et al.*, 2005). Migrants get less access to social services than urban citizens, and accordingly they become victims of corruption. They have to lean on "outsiders" or "brokers" at triple the rates paid by their urban counterparts to get the services of a public notary. Most migrants have to seek support from a "broker" when registering short-term residence (World Bank, 2005). Aside from obstructing migrants from improving their living standards, the abuse of residential registration procedures is a reason for bribery and corruption (Nguyen *et al.*, 2005b).

Due to their lack of access to social services, many migrants are living in vulnerable conditions, which result in them joining the ranks of the poor people in urban areas, or even becoming poorer than they were before migration. In Ho Chi Minh City, about one-third to two-thirds of the population in the poor areas are migrants who hold temporary residential registration, or even hold no residential documents (ActionAid, 2005; Le *et al.*, 2005; and Dang, 2005). If there are no appropriate policy measures for such situations, there will be huge flows of migrants from rural to urban areas, and they will create poor areas in the cities. This is a difficult policy issue not only in terms of hunger eradication and poverty alleviation strategies, but also for urban management.

3. *Doi moi* and the Current State of Social Protection for Migrants

3.1. Migrants and Accessibility to Urban Social Services

Urban areas in Vietnam are currently overloaded. Many studies argue that one of the reasons for this situation is an increasing number of migrants. While *Doi moi* has brought many changes in living standards for the urban citizens, it might not bring the same things to rural people, particularly migrants.

Education: The so-called "overloaded schools" phenomenon actually happens only in high quality and well-known schools, even if these schools are "out-of-state" ("traï tuyen") for those who attend them.² The main goal of migrants is economic gain, and therefore they will work instead of going to school when they reach the working age. In the case that all of the family members migrate together (though this is not a common practice), the children will go to school. In order to reduce living costs, migrants often live in the areas where infrastructure is poor, and primary schools have low quality and conditions. Moreover, most of these children go to private schools rather than public ones. Similarly, it is also difficult for migrants' children to go to junior and senior high schools in urban areas due to high costs and requirements of formal residential registration, which they usually cannot afford. Without formal residential registration, migrants must pay very high costs to get their children into schools.

Under the current capacity of educational services in urban areas and the high demand for education, it is true that migrants are making considerable pressures on educational system. However, there is an extreme difficulty for migrants' children to have better education, as they do not receive the same treatment given to their counterparts in urban areas.

² Resident registration is a basis for the rights to access of social services, including education. Children who are not going to the schools in their place of residence are considered "out-of-state" pupils.

Health care: Many studies argue that migration may also create significant pressures on the public health care system in urban areas. However, this is not really the case in Vietnam due to three main reasons. First, because the goal of migration is economic gain, rural people only migrate to urban areas when they are healthy enough for hard work. If they get sick and cannot work, they must return home to reduce the possible costs of medical examinations and cures. Second, and similarly, migrants are often young and healthy, and thus they seldom get sick. Third, since health insurance is more common in urban areas than in rural areas, most of the migrants do not have any health insurance card. As a result, without formal residential registration and health insurance card, they must pay a lot of money to get health care services. Many surveys show that migrants seldom go to see doctors because they try to avoid medical costs, and they often buy medicines and treat themselves. If they must go to check their health status, migrants often use private, rather than public, health care institutions near their place of residence.

Therefore, it is difficult to conclude that the presence of migrants is making a heavy burden on health care services in urban areas (Dang, 2005). However, this situation also indicates a great disadvantage of migrants in accessing health care services in urban areas. These services are necessary for them to maintain good health under their hard working conditions.

Housing: As mentioned earlier, migrants often reside in areas with poor infrastructure in order to reduce living costs. They usually rent temporary houses with bad conditions, where urban people do not want to live (ActionAid, 2005; Dang, 2005; and Le *et al.*, 2005). Some migrants with good economic conditions (who usually belong to the KT3 residential category) can purchase or build houses, but they have to pay many extra costs for making transactions or getting construction permission by using other people's names, as they do not have formal residential registration (Nguyen *et al.*, 2005b).

In terms of urban management, housing demand of migrants may create difficulties, as housing supply has increased more slowly than

demand. However, the current situation shows that housing demand from migrants is not significant because only a few of them can afford to buy or build houses in urban areas.

Employment and vocational training: Migrants are making a great contribution to many economic sectors, such as manufacturing, construction, and service. Most of them are working in the non-public sector. Due to their low skills, migrants often face more difficulties in seeking jobs than do their urban counterparts. They are often employed in hard and hazardous work that urban people do not want to do (Le *et al.*, 2005; and ActionAid, 2005). Few migrants who have good qualifications and professional skills are able to get good jobs. There have been no studies to compare the difficulties of urban laborers in seeking jobs with those of migrants.

In terms of vocational training, migrants usually have to fend for themselves without any support from urban authorities and communities. In addition, migrants often go to vocational training schools with low-level and short training courses in order to reduce training costs and to be employed immediately. Thus, they usually have lower levels of training and skills than their urban counterparts. Competition in vocational training among migrants is therefore negligible, and such competition only exists in low-quality training schools.

The above-mentioned constraints are impeding migrants from using their advantages of youth, health, and diligence. Once these temporary advantages disappear, migrants will incur more difficulties in seeking jobs, and as such, the labor market in urban areas will be under huge pressure from unskilled labor. This in turn will create threats on social protection system.

Loan, credit, and urgent assistance: Migrants have to provide for all their own needs through their social networks. Since they have no formal residential registration, they are generally excluded from the formal social protection system or social relief system in urban areas, in which loan, credit, and urgent assistance are very important. From the perspective of urban management, it can be said that migrants do not

make any pressure on these activities in urban areas. Under this situation, migrants will face more difficulties if they do not have cohesive social networks in the places where they are working or seeking jobs.

Infrastructure and environmental pollution: The current situation of housing, environmental sanitation, urban security, and traffic jams is commonly attributed to a huge flow of migrants. In fact, migrants are living in very poor conditions in terms of electricity, clean water, and sanitation. They use electricity and water at the minimum level to reduce living costs. In addition to such harsh conditions, migrants are facing many difficulties in dealing with utility services, as they cannot sign any contract to use these services without formal residential registration. Therefore, to survive in urban areas, migrants must pay higher prices to use these utility services, or they must use sources of low and unstable quality, such as water from drilled wells.

While migrants may be one reason for the overloading demand for these utility services in urban areas, this is not the main reason for the shortages of these services in recent years, because urban citizens far outnumber migrants. Without a strategic vision for the future development of urban areas, as well as expected flows of migrants, urban planning authorities will face numerous problems in providing the necessary utility services.

Social evils: As their migration is economically motivated, migrants often spend all their time and energy working to earn as much as possible, and thus most of them have no free time. For most of them, after a hard day of work, sleeping is most important to their health (ActionAid, 2005; and Nguyen *et al.*, 2005b). They have no time for entertainment, and try to avoid gambling or buying "luxurious" items to save money. However, some migrants are heavily involved in social evils, and this situation in turns makes difficulties for urban management.

Migrants frequently encounter a variety of social evils in the places where they live. Without accessing social services and receiving support from local authorities, their daily lives become more risky, and

less beneficial than they expect. Under such circumstances, it is possible that they will be pushed into the low strata of society. This again results in various difficulties for urban management.

Participation in local community activities: Migrants confront considerable constraints in integrating into their local communities. Without formal residential registration, not only are they excluded from formal social services and support, but they are also separated from many local community activities that could help them overcome daily-life difficulties. This situation even occurs among migrants who have been living for a long time in urban areas. Discrimination against migrants by local people is one source of the problem. Additionally, migrants tend to be so unconfident and hesitant about their social positions that they do not actively make networks with local people or participate in local activities. Consequently, the majority of migrants do not receive frequent support from the local communities, and they sometimes encounter severe unexpected situations.

3.2. Right to Access Basic Social Services

Social protection has not covered migrants: Leaving rural areas for urban areas can be regarded as one way for rural people to avoid poverty. The need for reducing risk and ensuring life is motivation for them to leave rural areas. Because the costs and risks of migration are substantial, migrants desperately need a social protection system to help them in dealing with the unstable and hard life in urban areas (Le *et al.*, 2005). The current formal social protection system based on the formal residential registration is clearly preventing migrants from accessing and benefiting from social services and supporting programs. This system is mainly bringing benefits to urban people.

Formal residential registration system is a barrier for migrants to access social protection system: The residential registration system was started in 1950 with the original purposes of recording and collecting demographic statistics, which served population estimates,

distribution, and migration. Under the centrally planned economy, the residential registration system acquired some more functions.³

Under economic transformation to a market-oriented economy, the functions of the residential registration system have also been changed: some functions have been deemed appropriate, while new functions have been established. In the current context, two functions regarding migrants, i.e., distribution of socio-economic benefits and migration control, need to be removed and replaced by economic and civil institutions (Nguyen *et al.*, 2005b).

An emerging question by both residents and authorities is whether the simplified regulations on residential registration will affect migrants on deciding to stay longer in urban areas. Migrants will decide to stay longer in urban areas once they are satisfied with two main motives of migration: employability and increased income. Otherwise, if migrants are not able to find a job, they will be temporary or "pendulum" migrants. Results from surveys conducted in Hanoi and Ho Chi Minh City show that about 50-60 percent of migrants want to stay in these cities permanently, and they try to look for all possible ways to reach their goal (Nguyen *et al.*, 2005b). This information is an important ground for urban administrators and planners to use to forecast migration flows in the future.

Despite of the numerous difficulties and barriers, migrants who want to stay in urban areas will struggle to reach their goal. Therefore, administrative policy measures aiming to limit migration flows will not be able to prevent migrants. Rather, such measures will bring fewer benefits and more costs of migration (Dang, 2005).

Rights to access social security system are for all citizens, including migrants: Social protection for migrants is crucial for maintaining, fostering, and developing the labor force in Vietnam, in

³ As mentioned, "ho khau" (resident registration) is considered as a basis for rights to access social services, such as education, health care, birth and death certificates, water and electricity contracts, house sales and purchases, construction permission, and business registration

which rural population and labor account for more than 70 percent of total population and labor force. The current policy measures aiming to limit migrants in urban areas by charging higher prices for social services will take away the economic gains and social benefits that migrants could have acquired from migration (Le *et al.*, 2005). Actually, poverty incidence of migrants in urban areas has worsened, with migrants to urban centers having higher poverty rates than do the urban people (Dang, 2005). If urban authorities do not have any policy measure to help migrants access social services, not only can the migrants' goals, i.e., employability and increased income, not be achieved, but also they are pushed into the "urban poor" group. In other words, the rural poor are migrating to urban areas to become urban poor. Moreover, as flows of migrants increase, if the current social protection system continues excluding migrants from basic social services, it will create serious social problems in urban areas (World Bank, 2004).

From the perspective of social protection, a solution is to provide appropriate supports to all people so that they can fend for themselves, thereby reducing poverty and improving living standards. If such a policy can reach directly to migrants without any barriers, it will not only reduce unnecessary migration costs, but it also can help eliminate poverty and hunger for the migrants themselves, their rural hometowns, and the urban areas to which they migrate.

The National Assembly and the government have had some policy discussions and made some changes to provide more convenient conditions in dealing with residential registration, and separating residential registration from other civil rights.⁴ Residential registration should return to its original function, in which it was used only for

⁴ According to new regulations in the Residence Law 2006, which was approved on November 29, 2006 and became effective on July 1, 2007, citizens that have lawful residence (those who are living in a city directly under the central government and have been continuous temporary residents for at least one year) should be considered as permanent residents, including those who live in rented houses, those who live with friends or relatives, and those who have a home owner's permission for staying.

monitoring resident status (i.e., who is living/staying in the area, where they live, where they are from), which in turn helps local and central authorities to make socio-economic development plans. Such functioning of resident registration will also provide higher accessibility for migrants to social services. In other words, it is necessary to separate administrative relationships (registration-based residential management) from economic relations (ownership, purchases, and sales of commodities and services) and civil relations (Dang, 2005; Nguyen *et al.*, 2005b).

The remaining question is how to provide urban services to all people without discriminating based on residential status. This is a highly important policy issue in urban management. Under the current urban management and policy making capacity, it will surely take time to make civil rights and accessibility to social services equal between migrants and urban people. But it is not impossible to reach this goal.

4. Improving Accessibility to the Social Protection System for Migrants

4.1. Social Protection for Migrants as an Important Policy Issue in Urban Management

Results of a survey conducted in Hanoi show negative impacts made by migrants on the urban areas, including overloaded services under limited capacity, social evils, and environmental pollution (Nguyen *et al.*, 2005b). This means that the main challenge for the urban authorities is not migration itself, but various social problems that arise from increasing flows of migrants who are making low income, bearing many risks, and receiving little support from society (Le *et al.*, 2005).

If migration is a requisite in economic development, social protection is a necessary condition for ensuring sustainable development, especially in developing countries with underdeveloped social security systems. Policy measures for migration are measures for *development and management*, or *management of development*.

4.2. The Role of Government in the Social Protection System

Macro policy measures: *Doi moi* has brought a fundamental shift in the social welfare system in Vietnam. The "traditional" social support system, including ensuring employment, subsidizing necessities, and covering small income differences among population groups, has been eliminated. It has been replaced by a new system in which the government has less control on financing and operation, and market forces play an increasing role. Along with increasing rates of unemployment and numbers of low-income people, such changes of the social welfare system have created vulnerability in many families and impeded their subsistence (Le *et al.*, 2005). Therefore, while the direct control of the government on the system is declining, it is necessary to promote involvement of market forces and economic sectors in the social protection system (ActionAid, 2005).

Currently, Vietnam is extending the coverage of the social protection system, which was designed to serve the formal sector. To cover migrants—an increasingly important part of the labor force with growing needs for social protection, and who are mostly working in the informal sector—such extension requires central and local governments and all economic sectors to make substantial efforts, especially in financing and administration. In addition to reforming residential registration, various efforts to improve urban services and management aiming at equal rights for migrants and urban citizens are required.

Migration management measures through rural development: Increasing the coverage of the social protection system will produce a pulling force for migration, and thus policies for rural development will be needed at the same time. For managing migration flows, economic measures will be more effective than administrative measures, because the latter are no longer effective under swift social and economic changes. Many studies, such as Le *et al.* (2005), Dang (2005), and Nguyen *et al.* (2005b), show that if the living standards of rural people are improved, their accessibility to social services, such as health care and education and training, is also improved. This will have the effect of reducing migration flows. Some policy recommendations to manage migration are as follows.

- (i) Direct regional development and reduce the effects of "pull" and "push" factors so that rural development is promoted without huge flows of migration.
- (ii) Instead of rural-urban migration, create policies that encourage capital flows from urban areas to rural areas.
- (iii) Encourage investments and help create jobs in rural areas.
- (iv) Promote vocational training in rural areas, which will help to provide a better labor force for rural production (Nguyen *et al.*, 2005a).

Measures for protection, prevention, and capacity building:

Currently, there are some social protection models for managing migration. The model proposed by Le *et al.* (2005) includes three protection levels: the lowest level, namely "protection measures," is used for vulnerable groups; the middle level, namely "prevention measures," comprises a wide range of social protection services; and the highest level, namely "capacity building measures," consists of development strategies and supporting institutions. To date, migrants are often excluded from measures of the highest and the middle levels, and only a few of them are provided full coverage at the lowest level (Le *et al.*, 2005). The social protection programs need to overcome discrimination and inequality in providing social services to rural and urban people. In other words, migrants not only need social support programs that provide charity and kindness, but, more than that, they need an appropriate social protection system to which they have the same accessibility as do urban people.

The role of the government is to provide support to migrants so that they can fend for themselves and their families when they encounter various opportunities and risks. This is also an essential ***prevention*** measure, as it helps urban areas to mitigate negative consequences caused by huge flows of migrants, and, at the same time, to strengthen ***capacity building*** for rural people who wish to participate in the urban labor force.

Challenges of these policy measures: There are two main challenges for implementing the above-mentioned measures: obsolete views on migrants, and inadequate management mechanisms.

- (i) *Obsolete views on migrants*: Migrants bring both contributions and risks to urban areas. They are treated in a conflicting manner: they are considered a plentiful source of labor for the goal of economic development, but they are also viewed as bringing strong pressure to guarantee social equality. Overcoming such obsolete views on migration control, especially the view that migration is pressing a huge burden on urban infrastructure and social services, is a challenging task for urban administrators. Moreover, rural-urban discriminatory preconceptions also need to be eliminated so that migrants will be treated the same as the rest of the population.
- (ii) *Inadequate management mechanisms*: The previous social security system was mainly targeted to the people who work for the public sector, as well as urban people. Recently, the system has been changed to adapt to the rapid economic and social transformation that resulted from *Doi moi*. While the social security system has contributed to improvement of people's living standards, it has also made a widening social gap, in which some groups with favorable social positions tend to receive more social protection benefits, while other groups have difficulty receiving benefits. People with higher living standards tend to receive higher benefits from *social insurance*, while people with lower living standards tend to get more benefits from *social assistance* (Bui, 2005).

Social security institutions under economic transformation have various stakeholders: government, public and non-public enterprises, mass organizations, families, communities, civil society, individuals, and international organizations. For civil society, due to limited institutional frameworks and management, these institutions are not keeping pace with urbanization, and thus cannot perform to their full potential (Bui, 2005). In the near future, along with policy changes in residential registration requirements and regulations on the accessibility to social services, reforming the institutional frameworks and management will be a must. Whether these policy changes will affect migrants depends on

how changes in management regulations attached to resident registration are specified.

4.3. The Role of the Business Sector in Providing Social Protection

Previous studies, such as Bui (2003) and ActionAid (2005), indicate that many enterprises are not taking mandatory responsibility for their workers, of which migrants account for a large proportion. In fact, many enterprises, by various means, are exploiting migrant laborers' vulnerable positions to make profits without taking responsibility for these workers. Currently, working with very short-term contracts, even without any labor contracts, is common among migrants, and thus they have no social insurance rights. In particular, in small business enterprises, the majority of laborers, both migrants and urban citizens, do not have any labor contracts. Migrant laborers have to cover all of their costly living expenses with their low wages, and they do not get sufficient support from employers, especially for health care. Employers also often refuse to recruit unskilled workers, of which migrants make up a large proportion, because they do not want to spend time and money training them (Dang, 1998b).

The social protection system does not perform effectively in the non-public sector, which employs the majority of the labor force. This situation is resulting from the lack of necessary policies to deal with the swift changes of the economic system, and is causing a number of social problems, such as unemployment, disguised unemployment, low productivity, and lack of regulations on social protections for workers (Bui, 2005).

In order to encourage the business sector to participate in social protection more effectively, government should provide an appropriate business environment and help the business sector to (i) ensure better working conditions for their laborers; (ii) provide better living conditions for laborers, which will help them maintain good health; and (iii) mitigate social consequences caused by lack of responsibility by employers to their workers, particularly migrant workers.

4.4. Strengthening the Role of Other Stakeholders

Urban communities: Migrants confront a number of problems in urban areas due to various reasons, such as lack of formal social support programs, weak social networks, and lack of assistance from local communities in which they are working and living. Mobilizing the community power will be an important factor in helping migrants to access social protection services (Le *et al.*, 2005).

Social networks and urban management: Social networks help migrants to reduce migration costs, find job opportunities, and integrate into local communities. Under complicated administrative procedures and management, such social networks will help migrants to stabilize their working lives in urban areas through various forms. More importantly, social networks help migrants to deal with unexpected events, such as sickness, exploitation, abuse, and harassment. In general, social networks play an important role in helping migrants to cope with numerous social and economic risks.

Under the current context, improving the operational effectiveness of social networks for migrants will also help improve effectiveness in urban management. To achieve this, mobilizing mass organizations for migrants are necessary measures. Through social networks for migrants, counseling and vocational training activities will also become more effective, as they will be able to meet the real demand of migrants and the urban labor force.

Non-governmental organizations (NGOs): NGOs in Vietnam have made a great contribution to social activities in local communities. Strengthening the role of these organizations will promote social networks for migrants, as well as help migrants to integrate into local communities.

5. Concluding Remarks

Migration is a life strategy for many rural households. The main goal of migration is to increase income. However, their rights to social protection are not sufficiently provided for under the current regulations.

Along with rapid urbanization, migrants should be considered as part of the development strategies of urban areas. Policy measures providing more rights to migrants and making their employers more responsible to them are important for promoting further urban development.

Overloading of urban areas, which has been partially caused by huge flows of migrants, is obvious. Such problems can only be solved if policy measures consider migrants a source of urban development. Migrants, with economic motivations, explore all possible ways to stay in urban areas, so administrative procedures aiming to limit migration flows will fail. Such policies will reduce economic gains and increase migration costs for migrants, who already face considerable economic and social risks.

Along with economic transformation, all the social entities, including the government, business sector, mass organizations, families, communities, civil society, and individuals, need to work together in providing sufficient social protection for all citizens, particularly vulnerable and poor groups. One of the most urgent policy measures is to eliminate resident registration requirements in accessing social services.

A large flow of migrants from rural to urban areas can be foreseen under rapid economic transition in Vietnam. The question to urban administrators is how to cope with this trend. If no appropriate and timely policy measures are taken, urban poverty, social evils, and slums will grow.

Poor living conditions and high migration costs associated with low accessibility to urban services are making a multitude of difficulties for migrants. Such conditions also bring poverty from rural areas to urban areas, which in turn make urban poverty more serious. Providing sufficient social protection for migrants will improve their lives and promote their success. Appropriate policy measures, like those suggested in this paper, will not only reduce burdens, but will also contribute to urban development.

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Chapter 6

Patterns and Determinants of Living Arrangements of the Elderly in Vietnam

Giang Thanh Long and Wade Donald Pfau

Abstract

Based on data from the Vietnam Living Standard Surveys in 1992/93 and 1997/98 and the Vietnam Household Living Standard Surveys in 2002 and 2004, this paper describes the patterns of living arrangements of the elderly in Vietnam and examines the determinants of such arrangements over the past decade. We apply multinomial analysis techniques for these research purposes. The estimated results show that family structures in Vietnam have generally been maintained despite profound social and economic changes since Doi moi: the proportion of elderly living with their children has remained high. The findings also indicate that the elderly's decisions about whom to live with depended on various factors, including age, educational attainment, gender, marital status, area and region of residence, and home ownership. Nevertheless, some worrisome trends are emerging, such as a decline of elderly being supported by others (but no children), and a rise in elderly living alone.

1. Introduction

Rapid declines in fertility rates and mortality rates as well as substantial improvements in health care systems have resulted in the growth of elderly populations around the world, and this trend is expected to continue in the coming years. With the definition of an elderly person as aged 60 years and over, the medium-variant population projections of the United Nations in 2006 predict that the number of elderly people will increase from 672 million in 2005 (or 10 percent of the world population) to around 2 billion people in 2050 (or 22 percent of the world population) (United Nations, 2007). Particularly for developing countries that will grow old before becoming rich, population aging in the coming decades poses various challenges to governments' public policies for protecting the elderly. Under such demographic changes, as well as profound social and economic changes stemming from modernization and urbanization, the traditional family support system has already declined in some developed countries, including Asia's most economically advanced ones, such as Japan and Taiwan (United Nations, 2005). If developing countries with underdeveloped social protection systems follow this pattern, supporting the elderly will become increasingly difficult in these countries (Karagiannaki, 2005; Schwarz, 2005).

As one of the fastest growing economies in the world, Vietnam is experiencing the demographic changes just described. The above-mentioned population projections indicate that the elderly population in Vietnam will increase significantly from 7.5 percent of the whole population in 2005 to about 26 percent in 2050. Moreover, swift economic transformation since *Doi moi* has had significant impacts on all areas of society, and has resulted in substantial improvements in living standards of the people, including the elderly. However, while such remarkable successes have been widely acknowledged, many elderly people are still living in poor and vulnerable conditions, as the majority of them are living in rural, isolated, and disadvantaged areas. Only a small percentage of the elderly in Vietnam are receiving public pensions, while others are living

on their own and/or being supported by family members (National Assembly's Committee for Social Affairs, 2006). In addition, a potentially worrisome issue for supporting the elderly is that the past decade observed a continuous decline in the number of elderly people living as dependents, and a continuous increase in the number of elderly people living alone or in households with only elderly people (Giang and Pfau, 2007). Thus, any reduction in family support caused by the aforementioned trends will leave the elderly vulnerable to various social and economic risks. Studies on the changes in patterns and determinants of living arrangements of the elderly are urgently needed to provide policy directions for the government in improving social welfare programs.

Even though the number of studies on living arrangements of the Vietnamese elderly has been increasing over the past decade, most of them have merely described the trends of living arrangements; few have explored the determinants of such arrangements. This paper will address the gap, and it will seek to quantify the determinants of living arrangements of the elderly in Vietnam by using data from the Vietnam Living Standards Surveys (VLSS) in 1992/93 and 1997/98 and the Vietnam Household Living Standards Surveys (VHLSS) in 2002 and 2004. Specifically, the paper will answer the questions of how the living arrangements of the elderly have changed, and what determinants lie behind these changes. We focus on a number of possible factors: age, gender, educational attainment, marital status, areas and regions of residence, employment status, per-capita real expenditures, and home ownership.

The remainder of the paper is organized as follows. We review the relevant studies in Section 2. Then, in Section 3, we present our methodology with a description of the data and variables. Strengths and limitations of the data are also discussed. The empirical results with policy implications are presented in Section 4. The last section provides some concluding remarks and directions for further studies.

Briefly, we find the following results.

- Elderly men were more likely than elderly women to live with their children, and they were less likely to live alone or live with others (but no children).
- The elderly at more advanced ages were less likely than the younger elderly to live with their children. They tended to live alone or with a spouse.
- Educational qualifications were not an important factor for the elderly in deciding with whom they would live.
- Married elderly people were less likely to live with their children.
- The urban elderly tended to live with their children, and they were less likely to live alone or with others (but no children).
- Significant differences existed between regions in Vietnam. Elderly people in the north were less likely to live with their children than those in the central regions, who in turn were less likely to live with their children than the elderly in the south.
- Some elderly people were employed in salaried work or in agriculture, or were self-employed. The majority of the working elderly were working in the agriculture sector, and they were less likely to live with their children in all comparisons, while the other working elderly did not show concrete trends.
- In general, the elderly living in households with higher per-capita expenditures were less likely to live with their children, though causality is unclear here because large households naturally tend to have lower per-capita expenditures. This factor did not have clear impacts on the decision of the elderly to live with others (but no children).
- Home ownership was a crucial factor for the elderly to decide their living arrangements. The elderly living in households where an elderly person owned the home were less likely to live with their children or others.

2. A Review of Relevant Literature

The number of studies on the factors that determine the living arrangements of the elderly has been increasing substantially in recent years, particularly for developing countries, because of emerging concerns about aging populations and social protection reforms. These studies have used a variety of data and analytical frameworks. Martin (1989), using the 1984 survey data of the World Health Organization (WHO), uses logit estimation to analyze the determinants of whether or not elderly people live with their children in Fiji, Korea, Malaysia, and the Philippines. Multinomial logit estimation is then applied to compare "living alone" with "living with spouse," "living with children," and "living with others," with the same explanatory variables used in the logit model. For the same objectives, Mba (2002) uses data from the 1996 Census in Lesotho to analyze four types of living arrangements: living alone, living with spouse only, living with spouse and children, and living with other relatives. The paper then uses a logit estimation model for each of the living types to examine the impacts of various social and economic factors.

DaVanzo and Chan (1994) conduct logistic regression analysis to investigate the determinants of living with adult children for elderly Malaysians by using data from the Second Malaysian Family Life Survey between August 1988 and January 1989. Focusing on the determinants for the Greek elderly to live with their children, Karagiannaki (2005) applies a probit model to five available cross-sectional data sets from the Greek Household Budget Surveys in 1974-1999. To compare gender differences, Chaudhuri and Roy (2007), using data from the fifty-second round of the national sample survey during July 1995-June 1996, conduct logit estimation analysis of the determinants of living alone for the Indian elderly. Using the 1993 Indonesian Family Life Survey, Cameron (2000) estimates a model of residence choice for Indonesian elderly parents. She uses a nested logit model to analyze various individual characteristics of both elderly people and their children as determinants for the elderly to live alone or live with at least one child. Also, United Nations (2005) provides an extensive analysis of living arrangements of

the elderly in more than 50 countries in all five continents by using various sources of data, such as the Demographic and Health Survey. Different types of living arrangements are considered, and the logistic estimation method is also applied to explore the determinants of living alone.

For the elderly people in Vietnam, Knodel *et al.* (2000) and Friedman *et al.* (2002) use data from two surveys conducted in the Red River Delta in 1996 and in Ho Chi Minh City (HCMC) and its six adjacent provinces in 1997 to explore gender differences between the elderly of these locations in receiving support from their children. Various types of living arrangements are examined by using the logistic estimation method. Barbieri (2006) also looks for the determinants of living with a child for all ever-married Vietnamese elderly people by using a logit model with data from the VLSS 1997/98 and 3-percent public use sample of the 1999 Census.

Although the social and economic determinants of living arrangements of the elderly in different countries are diverse, some common factors are found in these studies. First, the age of the elderly is a controversial determinant of their living arrangements, depending on how it is considered in the analysis. DaVanzo and Chan (1994) find that none of the age variables are statistically significant when controlling other factors. Similarly, United Nations (2005) shows that the likelihood of living alone is increased at advanced ages, but age does not always have a significant impact on this status when other possible factors are included. However, some studies demonstrate certain impacts of age on the living arrangements of the elderly. For instance, the logit estimates in Martin (1989) show that age has a significantly negative effect on living with children in Fiji, Malaysia, and the Philippines, meaning that getting older results in a lower likelihood for elderly people in these countries to live with their children. Mba (2002) shows that the elderly in Lesotho, except the oldest elderly group (aged 80 and over), are generally more likely to live with their younger children than with their older children. Also, Karagiannaki (2005) finds that the probability of living with other relatives for Greek elderly people increases almost linearly with age. The estimates from Barbieri (2006) show a lower likelihood for elderly people at more advanced ages to co-reside with their children.

Gender is another controversial variable to explain decisions of the elderly on living arrangements. Cameron (2000) finds that gender does not help to explain the situation of living alone for Indonesian elderly people when other factors in the model are controlled. This is the same as the findings of DaVanzo and Chan (1994) for elderly Malaysians. However, Chaudhuri and Roy (2007) show that elderly Indian women are almost 75 percent more likely to live alone than elderly Indian men (2007), and the rate is even higher when considering other factors, such as income quintile, property ownership, and economic independence. For the Vietnamese elderly, Barbieri (2006) finds that women are less likely than men to co-reside with a child, but the rate of co-residence varies with marital status. Friedman *et al.* (2002) show that, among the elderly living with an adult or married child, married elderly men and women in the south have no difference, while married elderly men in the north have a higher likelihood than their female counterparts to live with an adult or a married child.

The living patterns of elderly people vary with marital status. Mba (2002) shows that widowed elderly women in Lesotho are most likely to live alone in comparison with other female groups with different marital statuses. Karagiannaki (2005) finds that unmarried elderly people in Greece are 12 percent less likely to live with their children than their married counterparts, and widowed and divorced elderly people are 23 percent more likely to live with their children and other younger relatives than are elderly couples (2005). For the case of Vietnam, Barbieri (2006) discovers that married elderly people are less likely than their widowed, separated, or divorced counterparts to live with a child. In explaining these findings, most of the papers argue that such situations are common because women usually live longer than men and marry men who are older than themselves, and thus, in comparison with men at the same age, women are more likely to be widowed and have older children.

Educational attainment has different impacts on the living arrangements of the elderly in different countries, and there is a substantial difference between elderly men and women. Martin (1989) and Cameron

(2000) find that education generally does not have a systematic effect on the decision of the elderly to live with their children. However, Mba (2002) discovers that, in Lesotho, elderly women with secondary and higher education as highest degree are more likely to live alone than their counterparts with primary education. Chaudhuri and Roy (2007), studying the Indian elderly, show that being illiterate is associated with a higher probability of living alone. In Vietnam, the literate elderly are found to have a lower likelihood of living with a child than their illiterate counterparts (Barbieri, 2006). In its comparative study, United Nations (2005) shows that, after controlling for effects of the other variables, education shows positive effects in 13 countries and negative effects in 14 countries (out of 69 countries examined) on the probability of living alone for the elderly.

Living locations in rural and urban areas correspond to significant differences in the living arrangements of the elderly. Two striking findings are that elderly residents of rural areas are more likely to live alone than their counterparts in urban areas (Mba, 2002; United Nations, 2005; and Chaudhuri and Roy, 2007), and that the likelihood to co-reside with a child (or children) is higher in urban than in rural areas (Cameron, 2000; Barbieri, 2006). A popular possible explanation for these differences in most of the studies is the higher housing costs in urban areas. In exploring the regional effect in Vietnam, Friedman *et al.* (2002) show that the predicted rate of co-residence with an adult or married child for the elderly in the south is higher than that for the elderly in the north. Barbieri (2006) also demonstrates that the elderly in both the central and southern regions have higher likelihoods to live with a child than those in the north.

Income level and employment status, which are considered as financial indicators for the elderly, are important determinants. In India, both elderly men and women with higher incomes are more likely to live alone (Chaudhuri and Roy, 2007). This finding is the same as that of Karagiannaki (2005) for the Greek elderly. However, DaVanzo and Chan (1994) find that the impact of income on the elderly's co-residence with children depends on their marital status, in which unmarried elderly

people with high income levels are less likely to live with their children than their married counterparts.

Home ownership is also a popular factor in examination. Karagiannaki (2005) finds that home ownership has a significantly negative effect on co-residence of the Greek elderly with their children. Similarly, Chaudhuri and Roy (2007) discover that Indian widows with property have a higher likelihood of living alone. The Korean and Malaysian elderly share this situation, as explained in Martin (1989).

In addition to these factors, some studies discuss a number of other determinants, such as the number of surviving children, health status, and the number of years of living at the current residence. The impacts of these factors on the decisions of the elderly regarding their living arrangements vary across the countries and depend on their socio-economic characteristics.

3. Methodology, Data, and Variables

3.1. Methodology

We will apply multinomial analysis techniques to explore the patterns and determinants of the living arrangements of the elderly in Vietnam over the past decade. We define the elderly as those who are at least 60 years old, and an elderly household is one having at least one elderly person. Three types of living arrangements among elderly people will be examined: (i) living alone or with a spouse only, (ii) living with their children, and (iii) living with others, but no children. The possible determinants of these living arrangements, which will be discussed in greater detail later in this section, are age, gender, educational level, marital status, areas and regions of residence, employment status, expenditure quintile, and home ownership. These explanatory variables will be used to show how the elderly who live with their children and those who live with others differ from the elderly who live alone or with a spouse only.

As indicated in several existing studies, e.g., Martin (1989) and Cameron (2000), such division of living arrangements of the elderly needs to be considered carefully in elucidating the contrasting outcomes.

For instance, Martin (1989) raised such related questions as whether the elderly who are living alone or with other relatives are more likely to be destitute and without surviving children, and how demographic characteristics of an elderly person's spouse can change the probability of the alternative living arrangements. Furthermore, children play different roles and have different statuses in elderly households; they may be the household head or a dependent. Children may also be married or unmarried. Such differences can influence the elderly's decisions on whether or not to live with a child (or children). Given limitations in each data set and inconsistencies between data sets, however, these issues will not be covered in this paper. Rather, we use only individual and household characteristics of the elderly to pursue the research objectives.

3.2. Data and Variables

To pursue the research objectives, we will use data from the Vietnam Living Standard Surveys in 1992/93 and 1997/98 (VLSS1992/93 and VLSS1997/98, respectively) and the Vietnam Household Living Standard Surveys in 2002 and 2004 (namely VHLSS2002 and VHLSS2004, respectively). These surveys were conducted by the General Statistics Office of Vietnam (GSO) along with other international agencies, as a part of the World Bank's Living Standard Measurement Surveys (LSMS). Detailed descriptions of these surveys can be found in numerous research reports, such as Grosh and Glewwe (1998), GSO (2004a and 2004b), and World Bank (2000, 2001, and 2005).

The surveys are organized by household, but they also include some characteristics for individuals in the household, such as age, gender, relationship to the household head, marital status, working status, salary, health, and education. The surveys also provide identification of parent(s) if they live in the household. This structure lets us identify the elderly people as well as the households that include elderly people. Table 1 provides information on the sample sizes for the four surveys.

Table 1: Number of Households and Individuals in the V(H)LSS

<i>Year</i>	<i>Number of Households</i>	<i>Number of Individuals</i>
1992/93	4,800 (1,514)	24,068 (2,047)
1997/98	6,002 (2,121)	28,633 (2,860)
2002	29,530 (8,759)	132,384 (11,940)
2004	9,189 (2,784)	39,696 (3,806)

Note: The number of elderly households and the number of elderly people are in parentheses.

Source: Authors' calculations from VLSS 1992/93 & 1997/98, and VHLSS 2002 & 2004.

At the household level, the surveys provide extensive data on sources of income, business and agricultural enterprises, detailed household expenditures, ownership of consumer durables, poverty incidence, poverty alleviation programs, wealth, and housing conditions. The households are representative of the entire Vietnamese population, both urban and rural, and across the regions, so we can observe changes in the living arrangements of the Vietnamese elderly over the past decade as they experienced profound social and economic changes.

The data has some limitations. First, we generally only have information about relatives who live in the same household (particularly in the later surveys), and therefore it is difficult to identify other relatives who may be living nearby or migrating to other areas. The only exception to this problem is that we have information about all children living outside the household in VLSS1997/98. Second, besides wages, most income sources are only identified at the household level, so it is not clear which member is the source of the income. Similarly, expenditure is also identified at the household level, so we do not know who is doing the spending. Wealth data are only available at the household level. These problems limit the analysis of intra-household sharing.

In the multinomial analysis, we will use the following independent variables to analyze the living arrangements of the elderly in Vietnam.

- (1) *Age*: The elderly will be divided into three groups, including young elderly (aged 60-69); older elderly (aged 70-79), and

oldest elderly (aged 80 and over). We will use the young elderly as the reference group.

- (2) *Gender*: We will use female as the reference group in our analyses.
- (3) *Educational level*: Many variables in these surveys can represent the educational level of the elderly. For instance, Giang and Pfau (2007) use reading and writing ability of the elderly as proxy for education. In this paper, however, we will use the highest educational degree by an elderly person to be indicator of his/her educational level. The educational levels are (i) no education; (ii) primary education; (iii) secondary education (including lower- and upper-secondary); (iv) vocational education (including vocational and technical training); and (v) higher education (including college, undergraduate, and post-graduate). The elderly group with no education will be the reference group.
- (4) *Marital status*: We will differentiate between the elderly who are married and the elderly who have other marital statuses (e.g., widowed, divorced, separated, and never married). The group of elderly with other marital statuses will be the reference group.
- (5) *Areas of residence*: We will consider the differences between elderly residents in rural and urban areas, in which rural areas will be the reference group.
- (6) *Regions of residence*: We will focus on three main regions of the country: the north (including Red River Delta, Northeast, and Northwest), the center (including North Central Coast, South Central Coast, and Central Highlands), and the south (including Southeast and Mekong River Delta). The central region will be the reference group.
- (7) *Employment status*: Since employment may be an appropriate proxy for economic independence of the elderly, we need to decompose the types of employment. Here we have three types: employment with salary or wage (or paid work), employment in

the agriculture sector, and self-employment. We use the group of elderly who were not working as the reference group.

- (8) *Household expenditure quintile*: As mentioned earlier, because we do not have individual data about expenditures for the household members, including the elderly, it is difficult to know who is doing the spending. We use per-capita real expenditure as a proxy for the economic capacity of each elderly household. The bottom expenditure quintile (or the poorest group) will be the reference group.
- (9) *Home ownership*: We will differentiate between households in which an elderly member owns the home and other households where this is not the case. The group of elderly people who do not own the house will be the reference group.

4. Results and Analysis

Here we seek to explain the determinants of the living arrangements of the elderly in Vietnam. Our discussion will first consider tabulations by various characteristics and then provide a detailed analysis using multinomial regression.

4.1. General Characteristics of the Vietnamese Elderly Population

Table 2 provides general information about the Vietnamese elderly for a number of characteristics.

We can observe that the population of Vietnam has aged, as the percentage of the elderly population in the older groups (70 and over) has grown over time, while the proportion of the young elderly (60-69) has grown smaller. More specifically, the population aged 80 and older accounted for only 8.55 percent of the elderly population in 1992/93, but it accounted for 15.16 percent in 2004. Accompanying the aging process is an increasing percentage of female elderly (from 56.81 percent of the total elderly population in 1992/93 to 58.42 percent in 2004) and widowed elderly (from 33.9 percent in 1992/93 to 36.99 percent in 2004).

Table 2: Characteristics of the Vietnamese Elderly Population
(Percentage of elderly across demographic categories)

	1992/93	1997/98	2002	2004
Age				
60 - 64	36.15	29.65	26.68	26.88
65 - 69	24.33	27.59	24.70	22.75
70 - 74	20.17	20.03	21.58	21.18
75 - 79	10.80	12.45	13.53	14.03
80 - 89	7.72	9.13	11.57	12.85
90 and older	0.83	1.15	1.94	2.31
Gender				
Male	43.19	41.93	42.79	41.58
Female	56.81	58.07	57.21	58.42
Marital Status				
Married	64.05	61.63	61.69	60.51
Widowed	33.90	35.81	36.44	36.99
Others	2.05	2.56	1.87	2.50
Urban / Rural Status				
Urban	22.27	25.94	23.17	26.67
Rural	77.73	74.06	76.83	73.33
Region				
Red River Delta	23.95	23.78	25.35	25.78
Northeast	13.11	13.73	10.89	10.46
Northwest	1.83	1.73	2.13	1.93
North Central Coast	13.06	14.48	13.87	12.59
South Central Coast	10.89	8.68	9.79	9.93
Central Highlands	2.03	1.85	4.01	3.40
Southeast	13.61	15.55	14.03	15.36
Mekong River Delta	21.52	20.20	19.93	20.55
Education (Highest Degree)				
No	63.48	62.28	60.57	58.41
Primary	20.77	21.46	22.16	22.34
Secondary	11.47	12.34	12.53	12.61
Vocational	2.19	2.03	2.80	4.04
Higher	2.09	1.89	1.94	2.60

Source: Authors' calculations from VLSS 1992/93 & 1997/98, and VHLSS 2002 & 2004.

By marital status, the majority of elderly people were married or widowed, while the percentage of the elderly with other marital statuses (divorced, separated, or never married) remained very small.

The data also show that the majority of the elderly were living in rural areas (over 70 percent), but this percentage decreased over time on account of increasing urbanization. Moreover, the data show that almost half of the elderly were living in the Red River Delta and the Mekong River Delta, where agriculture-based activities are still popular.

By educational level, more than half of the elderly population did not have any education, but this proportion decreased over time. The elderly with primary and secondary education accounted for about 20 percent and 11 percent of the elderly population, respectively. The percentage of the elderly with vocational and higher education was still small, but it increased over time. This trend reflects the fact that the younger people with such educational levels became elderly across the surveys.

4.2. Patterns of Living Arrangements in Elderly Households

Tables 3 and 4 provide detailed information for three types of living arrangements for elderly people: (i) living alone or with a spouse; (ii) living with their children; and (iii) living with others, but no children. Table 3 shows the percentage of each category of living arrangements for each value of independent variables, while Table 4 indicates the percentage held by each value of the independent variables for each category of living arrangements.

As can be seen in Table 3, during the past decade, more than 70 percent of the elderly in Vietnam were living with their children, and this percentage remained stable over time. At the same time, there was an increase in the proportion of the elderly living alone or with a spouse, especially the elderly at more advanced ages. For instance, among the elderly aged 80 and over, the proportion of the elderly living alone or with spouse increased from 8 percent in 1992/93 to 14.56 percent in

2004. For each category of living arrangements, the proportion of the elderly at more advanced ages also tended to increase (Table 4).

By gender, Table 3 shows that the percentage of the elderly men living with their children was always greater than that of their female counterparts, but the situation was the opposite with the elderly living alone or with a spouse. The results (not shown) indicate that elderly men tended to live with a spouse rather than to live alone, while elderly women tended to live alone. In addition, Table 4 shows that the percentage of elderly women was always greater than that of elderly men. These findings can be explained by the differences in marital patterns and life expectancies between men and women.

In terms of marital status, both the elderly who were married and those in other marital statuses tended to live with their children. However, the proportion of the married elderly living alone or with a spouse was always higher than that of their counterparts. This comment is supported by estimates from Tables 3 and 4.

Table 3: Statistical Summary of the Indicators
 (Breakdown of each category of living arrangements across independent variable values)

<i>Living Arrangements</i>	1992/93			1997/98			2002			2004		
	<i>Living Alone or with Spouse</i>	<i>Living with Children</i>	<i>Living with Others</i>	<i>Living Alone or with Spouse</i>	<i>Living with Children</i>	<i>Living with Others</i>	<i>Living Alone or with Spouse</i>	<i>Living with Children</i>	<i>Living with Others</i>	<i>Living Alone or with Spouse</i>	<i>Living with Children</i>	<i>Living with Others</i>
Number of elderly	2,047			2,860			11,940			3,806		
% of the elderly population	13.58	77.43	8.99	16.36	76.80	6.84	17.43	76.74	5.83	19.34	76.37	4.29
<i>Age</i>												
60-69	11.55	81.58	6.87	14.48	79.17	6.35	14.83	80.51	4.66	16.99	78.82	4.18
70-79	19.09	70.03	10.88	21.45	70.75	7.80	22.04	74.76	3.19	24.70	72.69	2.61
80+	8.00	74.86	17.14	11.22	73.81	14.97	12.31	75.22	12.47	14.56	76.95	8.49
<i>Gender</i>												
Male	13.46	79.41	7.13	15.44	76.63	7.93	16.10	78.65	3.25	19.42	76.59	4.00
Female	13.67	75.92	10.40	17.04	75.20	7.76	18.17	77.07	4.76	19.28	76.23	4.48
<i>Marital Status</i>												
Married	16.25	76.96	6.79	19.18	74.96	5.86	20.61	76.23	3.16	23.44	73.91	2.95
Other Statuses	8.83	78.26	12.91	11.97	77.12	10.90	13.17	80.16	6.67	13.20	80.64	6.16
<i>Area</i>												
Urban	8.67	83.11	8.22	12.92	79.85	7.23	14.07	80.36	5.58	15.27	77.32	7.42
Rural	14.97	75.83	9.20	17.92	75.33	6.75	19.83	76.98	3.19	20.63	76.08	3.29
<i>Region</i>												
North	18.07	74.93	7.00	22.74	69.65	7.61	20.74	73.73	5.53	21.52	74.21	4.27
Central	16.57	73.14	10.29	15.02	76.44	8.54	15.79	74.16	10.06	23.31	71.50	5.19
South	6.62	84.79	8.59	21.43	71.26	7.31	12.73	80.78	6.49	13.49	82.94	3.57

<i>Living Arrangements</i>	1992/93			1997/98			2002			2004		
	<i>Living Alone or with Spouse</i>	<i>Living with Children</i>	<i>Living with Others</i>	<i>Living Alone or with Spouse</i>	<i>Living with Children</i>	<i>Living with Others</i>	<i>Living Alone or with Spouse</i>	<i>Living with Children</i>	<i>Living with Others</i>	<i>Living Alone or with Spouse</i>	<i>Living with Children</i>	<i>Living with Others</i>
Highest Education												
No	13.44	79.92	6.65	14.73	78.95	6.32	15.42	79.04	5.54	18.69	76.91	4.40
Primary	16.19	78.78	5.04	18.64	76.89	4.47	19.07	76.67	4.26	21.35	75.07	3.58
Secondary	16.28	79.07	4.65	18.31	73.19	8.50	20.94	72.33	6.73	21.49	72.83	5.68
Vocational	16.73	74.55	7.73	18.97	70.69	10.34	21.54	68.12	10.34	21.91	69.27	8.82
Higher	18.33	72.50	9.17	20.81	70.41	8.78	22.31	68.10	9.59	22.16	67.71	10.13
Expenditure Quintile												
Bottom	10.71	78.30	10.99	10.19	81.48	8.33	14.57	80.61	4.81	15.49	80.86	3.65
Quintile 2	15.66	76.77	7.57	16.17	76.17	7.66	17.31	77.99	4.69	18.22	78.59	3.19
Quintile 3	16.90	76.37	6.73	17.37	75.51	7.12	19.46	75.40	5.14	21.24	75.60	3.16
Quintile 4	17.59	74.88	7.53	19.67	73.83	6.51	20.32	74.97	4.71	22.22	74.03	3.75
Top	18.88	74.01	7.11	21.14	72.74	6.12	20.28	73.49	6.23	24.46	70.74	4.80
Employment												
Paid work	19.61	74.51	5.88	15.48	73.81	10.71	6.54	75.20	18.26	25.32	66.23	8.45
Agriculture	20.84	72.11	7.05	23.03	72.97	4.00	7.14	70.45	22.42	28.29	69.51	2.20
Self-employment	13.64	77.84	8.52	17.60	75.66	6.74	7.18	73.34	19.48	27.62	69.61	2.77
Not working	9.29	80.68	10.03	13.12	77.12	9.76	4.13	83.04	12.83	12.75	81.88	5.37
House Ownership												
Yes	3.64	84.72	11.64	22.47	76.30	1.23	6.42	76.98	16.60	22.07	75.15	2.79

Source: Authors' calculations from VLSS 1992/93 & 1997/98, and VHLSS 2002 & 2004.

Table 4: Statistical Summary of the Indicators
 (Breakdown of the independent variable values across each category of living arrangements)

<i>Living Arrangements</i>	1992/93			1997/98			2002			2004		
	<i>Living Alone or with Spouse</i>	<i>Living with Children</i>	<i>Living with Others</i>	<i>Living Alone or with Spouse</i>	<i>Living with Children</i>	<i>Living with Others</i>	<i>Living Alone or with Spouse</i>	<i>Living with Children</i>	<i>Living with Others</i>	<i>Living Alone or with Spouse</i>	<i>Living with Children</i>	<i>Living with Others</i>
Number of elderly	2,047			2,860			11,940			3,806		
% of the elderly population	13.58	77.43	8.99	16.36	76.80	6.84	17.43	76.74	5.83	19.34	76.37	4.29
<i>Age</i>												
60-69	51.44	63.72	46.20	50.64	59.78	46.43	36.21	53.21	47.81	43.61	51.22	48.47
70-79	43.53	28.02	37.50	42.31	30.12	32.14	45.45	33.71	37.91	44.97	33.51	25.47
80+	5.04	8.26	16.30	7.05	10.10	21.43	18.34	13.08	14.18	11.42	15.27	26.06
<i>Gender</i>												
Male	42.81	44.29	34.24	39.96	42.80	42.86	24.35	43.16	46.27	41.58	41.52	38.65
Female	57.19	55.71	65.76	60.04	57.20	57.14	75.65	56.84	53.73	58.42	58.48	61.35
<i>Marital Status</i>												
Married	76.62	63.66	48.37	71.37	60.19	45.54	66.93	60.41	80.78	73.51	58.45	58.28
Others	23.38	36.34	51.63	28.63	39.81	54.46	33.07	39.59	19.22	26.49	41.55	41.72
<i>Area</i>												
Urban	14.13	23.75	21.76	24.57	31.55	40.63	16.95	23.39	20.95	19.02	24.39	41.74
Rural	85.87	76.25	78.24	75.43	68.45	59.37	83.05	76.61	79.05	80.98	75.61	58.26
<i>Region</i>												
North	51.08	37.16	29.89	47.22	31.23	33.04	42.53	38.20	49.15	44.57	38.91	39.88
Central	31.29	24.86	29.35	32.69	26.29	24.10	29.12	26.08	32.59	32.34	25.11	32.52
South	17.73	37.98	40.76	20.09	42.48	42.86	28.35	35.72	18.26	23.09	35.98	27.60

	1992/93			1997/98			2002			2004		
	Living Alone or with Spouse	Living with Children	Living with Others	Living Alone or with Spouse	Living with Children	Living with Others	Living Alone or with Spouse	Living with Children	Living with Others	Living Alone or with Spouse	Living with Children	Living with Others
Highest Education												
No	58.28	61.82	64.38	54.19	47.92	51.34	73.25	70.70	60.25	57.34	62.77	55.21
Primary	27.61	23.96	19.18	31.71	34.53	28.89	15.72	16.92	20.70	21.20	18.03	16.04
Secondary	8.58	7.44	8.48	10.04	12.73	13.39	7.48	7.99	10.67	13.72	12.52	17.18
Vocational	4.30	4.48	6.59	2.35	2.89	2.68	2.01	2.69	5.19	5.57	4.27	6.59
Higher	1.23	2.30	1.37	1.71	1.93	3.70	1.54	1.70	3.19	2.17	2.41	4.98
Expenditure Quintile												
Bottom	14.03	17.98	21.74	9.40	16.24	16.07	16.80	20.68	17.56	16.17	21.36	17.18
Quintile 2	22.30	19.18	16.30	16.24	16.51	16.07	19.57	22.07	19.85	18.61	20.33	14.72
Quintile 3	22.30	20.57	15.22	19.44	19.88	15.18	20.34	20.14	20.60	22.83	20.57	15.34
Quintile 4	22.30	20.88	17.39	27.78	22.51	19.20	20.80	21.31	21.09	23.10	20.67	18.40
Top	19.07	21.39	29.35	27.14	24.86	33.48	22.50	17.80	20.90	19.29	17.06	34.36
Employment												
Paid work	3.60	2.40	1.63	2.78	2.86	4.02	3.70	2.97	3.33	5.30	3.51	3.98
Agriculture	50.00	30.35	25.54	45.51	31.13	16.52	50.54	34.86	36.24	54.08	33.64	33.02
Self-employment	8.63	8.64	8.15	10.04	9.32	8.04	11.86	8.52	10.45	13.59	8.67	6.13
Not working	37.27	58.61	64.68	41.67	56.69	71.42	33.90	53.65	49.98	27.03	54.18	56.87
House Ownership												
Yes	91.01	63.28	17.93	93.59	68.59	12.50	89.06	74.64	16.38	95.38	75.40	14.11

Source: Authors' calculations from VLSS 1992/93 & 1997/98, and VHLSS 2002 & 2004.

Among the elderly living in urban areas, the percentage of those living with their children was predominant. The proportions of the elderly living alone or with a spouse in both urban and rural areas increased over time (Table 3). The majority of the elderly living alone or with a spouse were living in rural areas, but the proportion of rural elderly in this category declined over time (Table 4). This was due to the fact that most of the elderly in Vietnam are still living in rural areas, and urbanization has been in progress.

In all three main regions, most of the elderly were living with their children, and this proportion fluctuated over the decade. Also, in all regions, the proportion of the elderly living alone or with a spouse increased over time, while that of the elderly living with others tended to decrease. The southern region had the highest proportion of elderly living with their children, while the northern and central regions had significantly lower proportions of such elderly people. The estimates by category in Table 4 show that the vast majority of the elderly living alone or with a spouse were in the northern and central regions, though the results (not shown) indicate that proportions of the elderly population in these regions were relatively equal over time. One explanation for the situation may be the exodus of the young people from rural to urban areas, and from the northern and central regions to the southern region with flourishing industrial zones, and this could result in the elderly being left behind to live alone, with a spouse, or with others, rather than with their children.

Decomposition of educational level for the elderly in different categories of living arrangements in Table 3 reveals interesting trends. While the majority of the elderly people were living with their children, the proportion decreased with increasing educational levels in favor of elderly living alone or with a spouse. In other words, the elderly with higher educational levels were more likely to live alone or with a spouse than to live with their children.

Similar trends are also observed with five expenditure quintiles as the percentage of elderly people living with their children declined as

per-capita real expenditures increased. Again, elderly people were more likely to live alone or with a spouse for higher expenditure quintiles.

The estimates for employment of the elderly in Table 3 show that the elderly living with their children accounted for a large proportion of the elderly working (more than 70 percent), regardless of the type of work. This finding indicates that the elderly were playing important roles in these households, and in many cases it could be more reasonable to think of the children as dependents rather than vice versa (Giang and Pfau, 2007). Moreover, among working elderly people, those living alone or with a spouse and those living with others accounted for merely 20 percent and 10 percent, respectively. By each category of living arrangements, Table 4 indicates that the percentage of the elderly working for pay was relatively small, and it did not vary significantly over time. Most of the elderly were working in the agriculture sector. Those who were self-employed accounted for less than 10 percent of the elderly population in each living arrangement category. About half of the elderly were not working.

The statistics also indicate that more than 70 percent of the elderly living with their children were living in homes owned by an elderly person (Table 3). In each category of living arrangements, about 90 percent of the elderly living alone or with a spouse were the owners of the current home, while a very small percentage of the elderly living with others (but no children) were the home owners.

4.3. Determinants of Living Arrangements of the Elderly: Multinomial Logit Results

To explore in greater detail the living arrangements of the elderly in Vietnam, we use multinomial logit estimation to compare three outcomes: living alone or with a spouse; living with their children; and living with others, but no children. The group of elderly living alone or with spouse will be our comparison group.

Table 5a: Results of the multinomial logit estimation for living arrangements "Live with Children" vs. "Live Alone or with Spouse"

Independent Variables	1992/93		1997/98		2002		2004	
	Odds ratio	P>z	Odds ratio	P>z	Odds ratio	P>z	Odds ratio	P>z
Gender								
Female (ref.)	1.000		1.000		1.000		1.000	
Male	1.765	0.001	1.511	0.002	1.219	0.087	1.556	0.000
Age								
Age 60-69 (ref.)	1.000		1.000		1.000		1.000	
Age 70-79	0.242	0.000	0.368	0.000	0.405	0.000	0.358	0.000
Age 80+	0.310	0.001	0.526	0.007	0.408	0.000	0.366	0.000
Highest Education								
No (ref.)	1.000		1.000		1.000		1.000	
Primary	0.771	0.214	0.937	0.628	1.326	0.069	0.970	0.799
Secondary	0.525	0.067	1.391	0.135	0.770	0.264	1.149	0.408
Vocational	0.996	0.993	1.064	0.874	0.398	0.009	0.841	0.451
Higher	1.763	0.496	0.945	0.904	0.395	0.023	1.367	0.318
Marital Status								
Others (ref.)	1.000		1.000		1.000		1.000	
Married	0.532	0.001	0.715	0.014	0.473	0.000	0.653	0.000
Areas								
Rural (ref.)	1.000		1.000		1.000		1.000	
Urban	1.407	0.112	1.623	0.001	1.738	0.000	1.426	0.004
Region								
Central (ref.)	1.000		1.000		1.000		1.000	
North	0.639	0.007	0.657	0.001	0.764	0.017	0.937	0.542
South	3.012	0.000	2.752	0.000	1.739	0.000	2.062	0.000
Employment								
Not working (ref.)	1.000		1.000		1.000		1.000	
Paid work	0.587	0.190	0.780	0.470	0.462	0.003	0.459	0.000
Agriculture	0.543	0.000	0.761	0.033	0.284	0.000	0.485	0.000
Self-employment	0.782	0.341	0.851	0.396	0.515	0.000	0.546	0.000
Expenditure Quintile								
Bottom (ref.)	1.000		1.000		1.000		1.000	
Quintile 2	0.566	0.018	0.564	0.008	0.862	0.319	0.755	0.057
Quintile 3	0.575	0.020	0.509	0.001	0.737	0.041	0.597	0.000
Quintile 4	0.482	0.003	0.365	0.000	0.676	0.009	0.538	0.000
Top	0.412	0.001	0.277	0.000	0.405	0.000	0.390	0.000
House Ownership								
No (ref.)	1.000		1.000		1.000		1.000	
Yes	0.127	0.000	0.137	0.000	0.153	0.000	0.149	0.000
Constant	137.322	0.000	73.778	0.000	77.941	0.000	73.045	0.000
No. observations	2,047		2,860		11,940		3,806	
Prob. > chi2	0.0000		0.0000		0.0000		0.0000	
Log likelihood	-1234.475		-1648.2815		-6462.896		-2081.2084	
Pseudo R ²	0.1206		0.1833		0.1726		0.1696	

Source: Authors' calculations from VLSS 1992/93 & 1997/98, and VHLSS 2002 & 2004.

**Table 5b: Results of the multinomial logit estimation for living arrangements
"Live with Others" vs. "Live Alone or with Spouse"**

<i>Independent Var.</i>	<i>1992/93</i>		<i>1997/98</i>		<i>2002</i>		<i>2004</i>	
	<i>Odds ratio</i>	<i>P>z</i>	<i>Odds ratio</i>	<i>P>z</i>	<i>Odds ratio</i>	<i>P>z</i>	<i>Odds ratio</i>	<i>P>z</i>
<i>Gender</i>								
<i>Female (ref.)</i>	1.000		1.000		1.000		1.000	
Male	1.542	0.077	2.243	0.000	0.747	0.023	1.659	0.040
<i>Age</i>								
<i>Age 60-69 (ref.)</i>	1.000		1.000		1.000		1.000	
Age 70-79	0.412	0.000	0.248	0.000	0.803	0.071	0.168	0.000
Age 80+	0.697	0.375	0.495	0.030	1.429	0.033	0.361	0.001
<i>Highest Education</i>								
<i>No (ref.)</i>	1.000		1.000		1.000		1.000	
Primary	0.469	0.032	0.508	0.003	1.727	0.001	0.791	0.456
Secondary	0.330	0.073	1.249	0.536	1.087	0.738	1.481	0.304
Vocational	1.874	0.291	1.481	0.536	0.769	0.474	1.266	0.620
Higher	0.839	0.892	2.796	0.106	0.826	0.660	4.594	0.007
<i>Marital Status</i>								
<i>Others (ref.)</i>	1.000		1.000		1.000		1.000	
Married	0.376	0.000	0.621	0.037	0.955	0.000	0.605	0.050
<i>Areas</i>								
<i>Rural (ref.)</i>	1.000		1.000		1.000		1.000	
Urban	1.044	0.884	1.548	0.080	1.378	0.030	1.803	0.024
<i>Region</i>								
<i>Central (ref.)</i>	1.000		1.000		1.000		1.000	
North	0.387	0.000	0.546	0.011	0.772	0.037	0.460	0.001
South	1.978	0.012	2.748	0.000	0.857	0.278	1.190	0.517
<i>Employment</i>								
<i>Not working (ref.)</i>	1.000		1.000		1.000		1.000	
Paid work	0.554	0.397	1.142	0.816	0.636	0.116	0.911	0.839
Agriculture	0.576	0.021	1.136	0.624	0.589	0.000	0.745	0.281
Self-employment	1.047	0.902	0.994	0.986	0.714	0.047	0.507	0.094
<i>Expenditure Quintile</i>								
<i>Bottom (ref.)</i>	1.000		1.000		1.000		1.000	
Quintile 2	0.431	0.012	0.630	0.168	1.128	0.471	0.867	0.665
Quintile 3	0.386	0.005	0.589	0.116	1.057	0.742	0.739	0.361
Quintile 4	0.401	0.007	0.422	0.008	1.009	0.958	0.767	0.424
Top	0.612	0.146	0.439	0.020	0.844	0.357	1.050	0.894
<i>House Ownership</i>								
<i>No (ref.)</i>	1.000		1.000		1.000		1.000	
Yes	0.124	0.000	0.008	0.000	0.084	0.000	0.005	0.000
Constant	24.827	0.000	22.413	0.000	3.457	0.000	16.857	0.000
No. observations	2,047		2,860		11,940		3,806	
Prob. > chi2	0.0000		0.0000		0.0000		0.0000	
Log likelihood	-1234.475		-1648.2815		-6462.896		-2081.2084	
Pseudo R ²	0.1206		0.1833		0.1726		0.1696	

Source: Authors' calculations from VLSS 1992/93 & 1997/98, and VHLSS 2002 & 2004.

Tables 5a and 5b show the odds ratios to compare the reference group with other relevant groups. When the odds ratio is greater than unity, the relevant group(s) will provide a higher probability than the reference group. Conversely, an odds ratio smaller than unity shows that the relevant group(s) will provide lower probability than the reference group.

In addition, we also provide the p-value for each estimate. The p-value indicates the statistical significance for whether a group is different from the reference group. We generally conclude that there is a statistically significant difference if the p-value is less than 10 percent, or 0.1.

All the odds ratios for the gender indicator in both Tables 5a and 5b are statistically significant. Table 5a indicates that elderly men were more likely than their female counterparts to live with their children.

The estimated odds ratios for the age groups of 70-79 and 80 and over demonstrate that the elderly at more advanced ages were more likely than their younger counterparts to live alone or with a spouse. The findings for the elderly living with others are similar, except for the group aged 80 and over because the odds ratio of this group is not statistically significant. It might be that as the elderly were getting older, their children were also getting older and moving out of the house to look for a job, or get married and live separately from their parents. The result (not shown) that the percentage of elderly living with their grandchildren increased over time could in part elucidate this finding. To support this argument more concretely, though, we need to explore further with the individual characteristics of the elderly's children.

In general, the odds ratios for all educational levels shown in Tables 5a and 5b are not statistically significant. This means that education was not an important factor in decisions by the elderly on living with their children or with others in comparison with living alone or with a spouse.

The estimated odds ratios for the variable representing marital status in both Tables 5a and 5b show that the married elderly were less likely than their counterparts (separated, divorced, widowed, or never married) to live with their children or live with others. In other words, the

married elderly were more likely than other elderly people to live alone or with a spouse.

Except for the survey in 1992/93, all the odds ratios for the urban variable in both tables are greater than unity and statistically significant. This indicates that the urban elderly were less likely to live alone or with a spouse. Instead, they were more likely to live with their children or with others.

By economic regions, in Table 5a, three out of four odds ratios for the northern regions, and all odds ratios for the southern regions are statistically significant, but those of the north are smaller than unity, while those of the south are greater than unity. The same findings hold in Table 5b, but to a lesser degree of significance. These results imply that the northern elderly might be more likely than the central elderly to live alone or with a spouse, while the southern elderly were less likely than the central elderly to live alone or with a spouse. It is difficult to explain these findings, but burgeoning domestic and international migration and the strong development of the industrial and service sectors in the south could be contributing factors to the situation.

In terms of employment, in Table 5a, all the odds ratios for the variable representing the elderly working in agriculture-related activities are statistically significant, while only some of the odds ratios for the variables representing the elderly involved in paid work or self-employment are statistically significant. This generally means that the elderly working in the agriculture sector were more likely to live alone or with a spouse than were other elderly people who were not working. The estimated results in Table 5b, however, did not show concrete conclusions for the differences between the elderly living with others and those living alone or with a spouse.

Most of the odds ratios for the expenditure quintiles in Table 5a, except the one for quintile 2 in the survey for 2002, are smaller than unity and statistically significant. This means that the elderly living in households with higher per-capita real expenditures were more likely to live alone or with a spouse than to live with their children. Regarding this variable, the

estimated results to compare the elderly living with others and those living alone or with a spouse show that these elderly groups were not significantly different.

All the odds ratios for the variable representing home ownership in both Tables 5a and 5b are smaller than unity, and statistically significant at the 1 percent significance level. This implies that the elderly people who owned their current house were more likely to live alone or with a spouse. Housing plays an important role for the elderly in the decision on living arrangements.

5. Concluding Remarks

Undergoing rapid social and economic changes, an aging society produces a potential concern for public policy, particularly the welfare policies for the elderly. By using data from the Vietnam Living Standards Surveys (VLSS) in 1992/93 and 1997/98 and the Vietnam Household Living Standards Surveys (VHLSS) in 2002 and 2004, we examined the patterns and the determinants of the living arrangements of the elderly in Vietnam, paying attention to various individual and household characteristics of the elderly, including age, educational attainment, gender, marital status, areas and regions of residence, employment, expenditure, and home ownership. We applied multinomial analysis techniques for the research objectives.

We found that, despite swift social and economic changes, living arrangements of the elderly families have generally been maintained in Vietnam: there was a high proportion of elderly people still living with their children. However, this proportion has decreased gradually over time, and it was compensated by an increase in the proportion of the elderly living alone or with a spouse. The multinomial analyses show that the elderly at more advanced ages were more likely to live alone or with a spouse, and less likely to live with their children. While this could be an indicator that increased wealth or assets has led to greater independence for the elderly, we have reason for concern because elderly people living alone or with a spouse also tended to work less and live in rural locations,

which could make them vulnerable to hardships.

Educational levels of the elderly and per-capita real expenditure of the elderly households have improved over the past decade. Moreover, the majority of the working elderly were found to be living with their children. In this sense, the elderly in these households could be considered as independents rather than dependents. A worrisome trend, however, is the increasing proportion of elderly people living alone or with a spouse, as well as the elderly living with others (but no children). This trend implies that the elderly were probably left behind due to the exodus of young people from rural to urban areas, and from the north to the south. This calls for more attention from the government in making social policies to protect the elderly in such cases.

This paper provides a number of findings about living arrangements of the elderly in Vietnam, as well as policy implications for the government. However, it does have some limitations. We analyzed the determinants of the living arrangements of the elderly by examining only the individual and household characteristics of the elderly. Moreover, we did not distinguish between dependent and independent elderly people. Because their roles in the household differ depending on this status, this difference should have been taken into account. Other important factors, such as individual characteristics of the elderly's spouses and children, also need to be considered. These shortcomings will be mitigated in subsequent research.

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