

**Inter-regional Expert Group Meeting:  
Placing Equality at the Center of Agenda 2030**  
*ECLAC Headquarters, Santiago, Chile*  
*27-28 June, 2018*

**Country experience on:  
Fighting Inequality in Vietnam: Current Situation  
and the future directions**  
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# Outline

1. Inequality in Vietnam: Situation and issues
2. Vietnamese government committed to inequality goals in SDG to 2030
3. Future direction to reduce inequality

# **I. Inequality in Vietnam: situation and issues**

# 1.1 Understanding of inequality concept (1)

## a) Concept

**According to WB: inequality refers to the situation of unequal distribution of income or wealth (WB, 2013)**

*There are some types of inequality:*

(i) Inequality of outcome: in terms of income, and wealth (measured by the GINI), in practical, reflects partly the nature of inequality.

(ii) Inequality of opportunities: refers to the situation that people have not equal opportunity to pursue their own life because of their human capital, gender, ethnicity, geographical gap or the leaving life.

(iii) Social inequality: the differentiation preference of access of social goods in the society brought about by power, religion, kinship, prestige, race, ethnicity, gender, age, sexual orientation, and class. The social rights include labor market, the source of income, health care, and freedom of speech, education, political representation, and participation

(iv) Political inequality: social and natural resources other than purely economic resources are also unevenly distributed in most societies and may contribute to social status. Norms of allocation can also affect the distribution of rights and privileges, social power, access to public goods such as education or the judicial system, adequate housing, transportation, credit and financial services such as banking and other social goods and services.

# 1.1 Understanding of inequality concept (2)

## b) Factors contribute to inequalities

- Fast and high economic growth may be associated by increasing the inequality. But it depends on the social and political setting within the country.
- The contribution of the education policies; export of the labour intensive products; land reform; rural development also contribute to equality of the economic development outcomes.
- Other factors in including: The taxation polices, shift from rural to urban and develop m end of new service and inflation control also contribute to reduce inequality.
- Political and other factors

## **I.2 The situation of inequality in Vietnam**

# Vietnam achievement (2010-2016)

Year	Unit	2010	2012	2014	2016
CPI	%	11.75	9.21	4.09	2.66
GDP growth, year	%	6.78	5.03	5.98	6.21
Population	Million people	86.9	88.8	90.7	92.6
Population in working age	Million	65.9	67.7	69.3	70.9
Labour force	Million people	50.7	52.8	54.1	54.5
Unemployment	% labour force	2.39	2.61	2.02	2.20
Poverty	% of households	14.20	11.10	6.0	8.23

# The economic development model of VN does not lead to significant increase of the inequality

- Vietnam have achieved remarkable social and economic development over decades. the GINI coefficient measuring income distribution inequality remains at a low level ranging between 0.39-0.406, the GINI coefficient measuring income distribution inequality remains at a low level ranging between 0.39-0.406,
- The absolute inequality rises faster the relative ones (from 12.25 to 14.27 times over 2004-2016), but still not so high but not much increase with the inequality (compared to other countries like Brazil, China (WB, 2017),

	2004	2006	2008	2010	2012	2014	2016
<b>Gini of expenditure</b>	0.406	0.413	0.445	0.444	0.406	0.390	0.391
<b>Gini of income</b>			0.43	0.43	0.42	0.43	0.44
<b>The ratio of 10% highest income group to 10 % lowest income, times</b>	12.25	12.78	14.93	16.59	14.46	14.70	14.27



# The income of the poor groups increases faster than the richer

Income group	Monthly income per capita, 1000 VND				Annual growth rate, %
	2010	2012	2014	2016	
Group 1_the poorest	379.11	544.11	650.59	775.95	11.94
Group 2	687.36	1020.5	1255.4	1503.2	13.04
Group 3	1031.2	1543.4	1896.1	2251.7	13.02
Group 4	1558.9	2226.1	2713.7	3258.1	12.29
Group 5_the richest	3688.2	4696.5	5394.2	6403.5	9.20
<b>Total</b>	<b>1673.6</b>	<b>2212.8</b>	<b>2605.3</b>	<b>3114.7</b>	<b>10.35</b>

## However, the inequality also matters

- (i) the GINI coefficient tends to increase in less developed regions, especially in the Central Highlands where the GINI coefficient was the highest in the country, and .
- (ii) However, the feeling that the inequality rising are widely increase among the rural and urban, and social groups.
- the increase of inequality of opportunities: accessibility to education, health, land and wealth, than the inequality of outcomes (incomes, expenditure and wealth).
  - Rural people more care about accessibility to the land and the administration of the natural resources
  - Some inequalities are accepted by the people: the investment on education, labour productivities and economic development.;
  - Some inequalities matters: Political networking may cause the unfair collation and corruption

	2008	2010	2012	2014	2016
<b>National</b>	<b>0.43</b>	<b>0.43</b>	<b>0.42</b>	<b>0.43</b>	<b>0.44</b>
<b>Red River Delta</b>	0.41	0.41	0.39	0.41	0.41
<b>Northern Midlands and Mountains</b>	0.40	0.41	0.41	0.42	0.43
<b>North Central and Central Coastal area</b>	0.38	0.39	0.38	0.39	0.39
<b>Central Highlands</b>	0.41	0.41	0.40	0.41	0.44
<b>South East</b>	0.41	0.41	0.39	0.40	0.40
<b>Mekong River Delta</b>	0.40	0.40	0.40	0.40	0.40

# Unequal access to basic social services (1)

## % HH have access to clean water

Income group	2010	2012	2014	2016
Group 1_the poorest	63.25	62.98	64.53	63.49
Group 2	82.02	84.72	86.82	85.37
Group 3	88.48	89.28	92.44	92.2
Group 4	91.5	93.63	94.86	95.47
Group 5_the richest	94.2	95.68	96.66	96.3
<b>Total</b>	<b>85.61</b>	<b>86.76</b>	<b>88.47</b>	<b>87.89</b>

## % of HH live in non standard houses

Income group	2010	2012	2014	2016
Group 1_the poorest	14.04	14.56	9.4	8.7
Group 2	8.97	7.43	5.18	3.47
Group 3	5.64	3.72	2.84	1.94
Group 4	2.62	2.37	1.4	0.86
Group 5_the richest	1.02	1.15	0.32	0.33
<b>Total</b>	<b>5.67</b>	<b>5.21</b>	<b>3.41</b>	<b>2.72</b>

# Unequal access to basic social services (2)

## % children have access to all level education

Income group	2010	2012	2014	2016
Group 1_the poorest	94.38	93.68	95.01	96.55
Group 2	94.87	95.64	96.62	97.54
Group 3	97.16	96.54	98.35	98.18
Group 4	97.88	98.08	99.4	99.48
Group 5_the richest	98.63	98.14	99.39	98.73
<b>Total</b>	<b>96.39</b>	<b>96.24</b>	<b>97.64</b>	<b>98.03</b>

## % people have health insurance

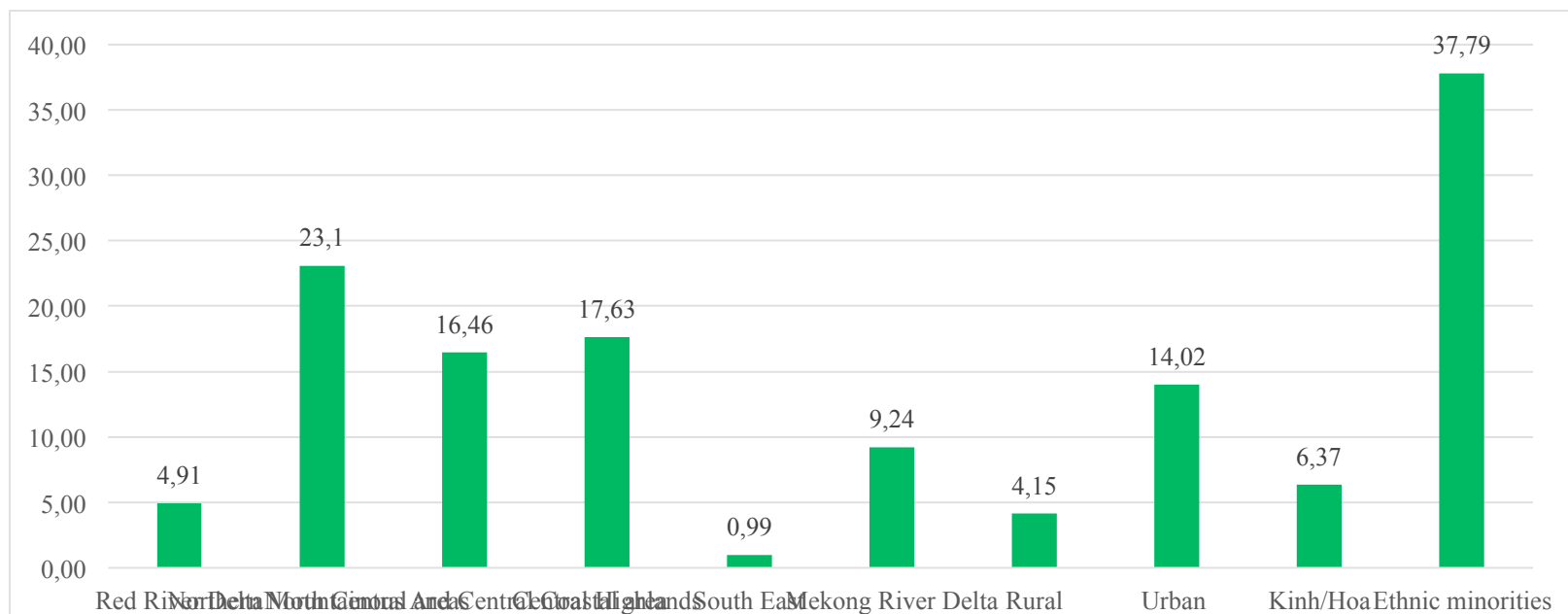
Income group	2010	2012	2014	2016
Group 1_get support from government	70.83	77.51	79.22	85.48
Group 2	50.59	56.7	61.87	71.43
Group 3	46.37	52.69	57.92	71.39
Group 4	52.71	57.88	64.81	74.13
Group 5_the richest	61.79	65.22	73.02	79.66
<b>Total</b>	<b>56.18</b>	<b>61.48</b>	<b>67.04</b>	<b>76.29</b>

# The most disadvantage groups

- Government of Vietnam have develop many programs and to reduce the inequalities among those groups, however,
- Vietnam still have the issues of public provision of basic services for the all people in terms of quantity and the quality
- Unequal economic development leads to increase inequality among regions
- The low level of education, backward cultural and other demographic and social conditions resulting in inequality between ethnic and other groups .

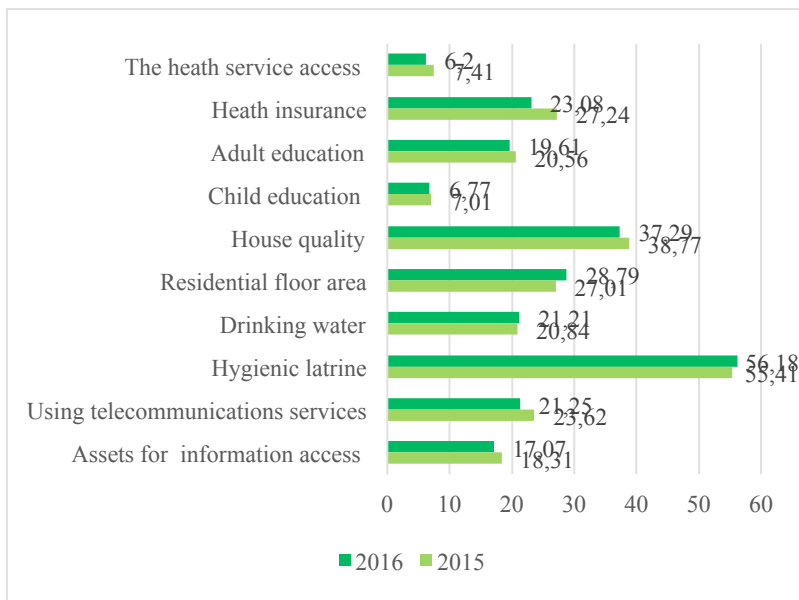
## The poor are more concentrated in the less developed areas and among ethnic minority

- According to the multidimensional poverty approach, In 2017, the general poverty rate fell to under 7 per cent;
- **Poverty is still important in some ethnic minorities.** In 2016, 37.8 per cent of ethnic minority households were considered as poor.
- The poverty gap between urban and rural areas is also very high; the urban poverty household rate is 4.2 per cent while that in rural areas is over 14 per cent.
- Poverty rate remains high in the Northern Mountainous Areas (23.1 per cent), Central Highlands (17.6 per cent) and the Central of Viet Nam (16.5 per cent)



# The social gap between the poor and non-poor

## Gap, according to the multidimensional poverty approach



- Viet Nam has reached remarkable success in income inequality. The average per capita income of poor households in 2016 has scaled up by 1.6 times compared to that in 2012
- By income level, the national poverty household rate has reduced from 11.1 per cent in 2012 to 5.8 per cent in 2016 (rural reduced from 14.1 per cent to 7.5 per cent and urban from 4.3% to 2 %).
- However, most of the poor households living in the poor areas, mainly in disadvantaged villages in minority ethnic and mountainous areas, the poverty household rate remains high in less developed areas such as the Northern Mountainous areas or the Central Highlands.
- The poor still suffer a lot of gap: In 2016, the gap in child education was only 6.8 per cent;
- the health service access rate (that is the rate of households with members suffering from sickness without going to hospital in the past 12 months) was only 6.2 per cent (figure 3.1).

# An other social disadvantaged groups which receive many supports from government

**Table 3.2: Number of beneficiaries of monthly cash transfer**

Beneficiaries of social benefits	2012	2013	2014	2015	2016
<b>Total number (persons)</b>	2,374,737	2,669,840	2,697,614	2,651,070	2,681,707
<b>1. Orphans, abandoned children, lack of nurturing resources</b>	47,235	51,730	49,236	37,348	37,348
<b>2. Lonely elderly in poor households</b>	131,386	148,151	207,421	205,943	203,468
<b>3. Persons from 80 years old do not have pension or social insurance allowance</b>	1,202,050	1,369,063	1,350,226	1,295,550	1,322,240
<b>4. People with severe disabilities</b>	669,558	735,304	745,265	716,523	719,142
<b>5. People with mental illness</b>	147,731	164,417	174,254	180,121	182,298
<b>6. People having HIV/AIDS without working capacity</b>	3,649	3,990	3,979	8,185	8,185
<b>7. Families and individuals receiving orphans</b>	16,281	18,544	18,615	20,347	20,819
<b>8. Households having from two persons with severe disabilities</b>	45,899	52,277	22,939	44,197	45,222
<b>9. Single persons in poor households</b>	110,948	126,364	125,593	142,856	142,985
<b>Rate of beneficiaries/population (%)</b>	2.67	2.98	2.97	2.84	2.84



# The youth and skilled unemployed

- The low unemployment rate in Viet Nam indicates that the majority of people has a job.
- However, the quality of employment remains limited with a large-scaled informal economy, low labour productivity and income levels .
- By gender, the unemployment rate among men is going up, among women tends to slightly decrease , indicate that, women have more opportunities to get a job than men as they participate in the labour market.
- The unemployment rate among the youth is much higher than that in other age groups, which implies that creating jobs for the youth has been a great challenge for the economy.

	2012	2013	2014	2015	2016
<b>National</b>	1.96	2.18	2.10	2.33	2.30
<b>15-24</b>	5.48	6.19	6.26	7.03	7.43
<b>25-34</b>	1.86	1.92	1.89	2.22	2.30
<b>35-54 (women)/35-59 (men)</b>	0.95	1.11	1.02	0.94	0.86
<b>Male</b>	1.67	2.12	2.09	2.39	2.37
<b>15-24</b>	4.58	5.42	5.51	6.79	7.38
<b>25-34</b>	1.48	1.70	1.69	2.41	2.37
<b>35-54 (women)/35-59 (men)</b>	0.87	1.32	1.31	1.04	0.99
<b>Female</b>	2.30	2.24	2.10	2.26	2.22
<b>15-24</b>	6.57	7.14	7.15	7.32	7.50
<b>25-34</b>	2.26	2.16	2.10	2.01	2.22
<b>35-54 (women)/35-59 (men)</b>	1.06	0.85	0.68	0.83	0.71
<b>Urban</b>	3.21	3.59	3.40	3.37	3.23
<b>Rural</b>	1.39	1.54	1.49	1.82	1.84

# Domestic migrants

- Migrants are people over 15 years old migrating to another commune/ward to reside there for at least 12 months by the survey time.
- In 2017, there are more than 1 million migrants, 816,000 of them were migrant workers. (unofficial number í more than **5 million**)
- There are more female migrant workers than males, but the proportion of female tends to reduce over time.

	2012	2013	2014	2015	2016	II/2017
Number of migrants (1000 )	892	871	733	1,245	1,038	1,024
Number of migrant workers (1000 )	726	724	599	976	816	816
Distribution of migrant workers by sex (%)						
Male	42.35	44.34	43.87	46.16	45.21	47.12
Female	57.65	55.66	56.13	53.84	54.79	52.88
Distribution of migrant workers by area (%)						
Urban	50.95	45.17	46.23	60.68	59.71	60.92
Rural	49.05	54.83	53.77	39.32	40.29	39.08

# Labour mobility: Contribute to labour shift

- The labour movement from low labour productivity to higher labour productivity sector constitute most to labour productivity growth

## The decomposing of labour productivity growth (VEPN, 2018)

Period	Labour productivity growth, %	Contribution of the factors, %			Share to productivity growth, %		
		Intra Industry growth	Labour Movement	Counter factors	Intra Industry growth	Labour Movement	Counter factors
<b>2008-2016</b>	<b>22.5</b>	<b>11.3</b>	<b>0.231</b>	<b>-11.9</b>	<b>50.4</b>	<b>102.5</b>	<b>-52.9</b>

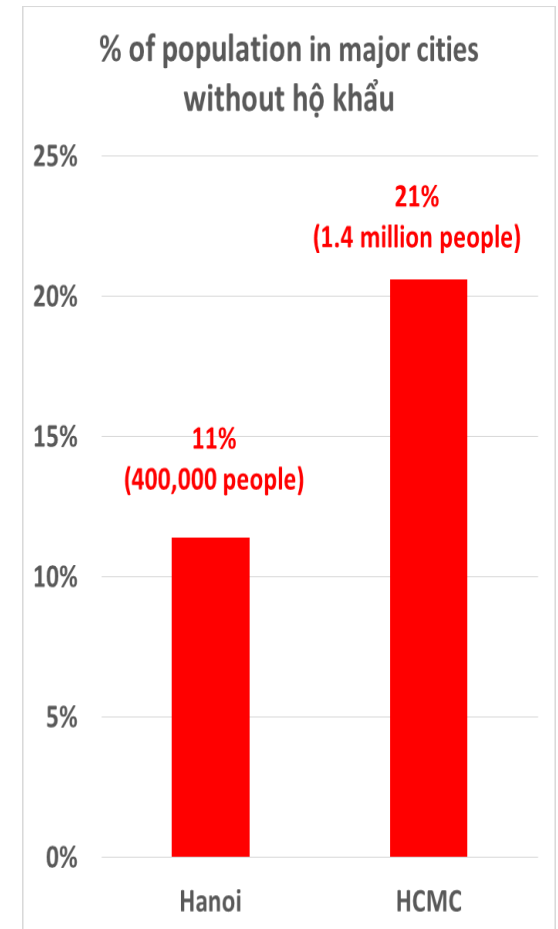
## Limited access for Labour moving from informal to formal

- Workers in informal sector although have jobs but in not good conditions; **they earn lower than workers in formal sector;**
- they also have less access to legal protections and not are able to switch jobs more readily.
- The barriers included:
  - + The rigidities of labour market which preventing them to have access to labour and social policies
  - + Having unskilled and low skill
  - + Have not been well prepared to move (case of land lost and rural young to industrial sector)

# Labour mobility: Limited access to social services

“*Hộ khẩu*” is a major issue for migrants in major cities. Those without local *hộ khẩu* face barriers and/or extra payments for

- Schooling
- Health insurance for young children
- Employment
- Bank loans, registering vehicles, birth & marriage licenses
- Utilities
- Local organizations, public pensions, & social programs
- Large payments to fix *hộ khẩu*: 3-10 million VND (OECD, 2014)



**II. Vietnamese government  
committed to inequality goals in  
SDG to 2030  
(Vietnam social development goals to 2030  
VSDG)**

# Goal VSDG 1 (SDG1). End poverty in all its forms everywhere

	Tier	Base year	By 2020	By 2025	By 2030	Responsible ministry
<b>VSDG 1.1.1.</b> By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.25 a day	2	3,5% (2015)	<2	<1.5	<1	General statistics office (GSO)
<b>1.1.2</b> By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions	1	16,5 (2016)	8,5	7,5	6,5	Ministry of labour, Invalids and Social Affairs (MOLISA)

**VSDG 1.2 (SDG 1.3) Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable**

	<b>Tier</b>	<b>Base year</b>	<b>By 2020</b>	<b>By 2025</b>	<b>By 2030</b>	<b>Responsible agency</b>
<b>1.2.1. % of population participating in health insurance</b>	1	80 (2016)	92	100	100	Ministry of Health (MOH); Vietnam Social Security
<b>1.2.2. % of population receive regular cash transfer</b>	1	2.81 (2016)	3.51	3.76	4.26	MOLISA
<b>1.2.3. % of people with special circumstances living in the social protection centers.</b>	2	32%	50%	70%	100%	MOLISA
<b>1.2.4. % of labour force participate in social security</b>	1	24% (2016)	30%	38%	50%	MOLISA
<b>1.2.5. % of labour force participate in the unemployment insurance</b>	1	20.3 (2016)	25%	35%	45%	MOLISA



**VSDG 1.3 (SDG 1.4) By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance**

	<b>Tier</b>	<b>Base year</b>	<b>By 2020</b>	<b>By 2025</b>	<b>By 2030</b>	<b>Responsible agency</b>
<b>1.3.1.% of people receive emergency assistant</b>	1	100% (2016)	100%	100%	100%	MOLISA
<b>1.3.2. Proportion of lost get compensation</b>	1	45% (2015)	50%	55%	60%	MOLISA
<b>1.3.3. % of elderly received social pension .</b>	1	All elderly aged 80 and above	All elderly aged 75 and above	All elderly aged 70 and above	All elderly aged 60 and above	MOLISA

***VSDG 1.4 (SDG1.5) By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters***

	<b>Tier</b>	<b>Base year</b>	<b>By 2020</b>	<b>By 2025</b>	<b>By 2030</b>	<b>Responsible agency</b>
<b>1.4.1. % of poor HH participate in health insurance</b>	2	77% (2016)	100%	100%	100%	MOLISA and MOH
<b>1.4.2. % of HH have access to schools at all level</b>	2	88% (2016)	92%	95%	97%	MOLISA and Ministry of Education and training
<b>1.4.3. % of HH have sanitary toilet</b>	2	82% (2016)	85%	90%	95%	MOLISA and Ministry of Rural Development
<b>1.4.4. % of HH living in standard house</b>	2	44% (2016)	60%	70%	80%	MOLISA and Ministry of Construction
<b>1.4.5. % of HH having access to clean water</b>	2	80% (2016)	85%	90%	95%	MOLISA and Ministry of Rural Development
<b>1.4.6. % of HH having access to communication programs</b>	2	83%	90%	95%	98%	MOLISA and Ministry of communication
<b>1.4.10 % of HH having access to credit program for the poor</b>	3	80%	90%	100%	100%	MOLISA

*VSDG 1.4 (SDG1.5) By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters (cont.)*

	<b>Tier</b>	<b>Base year</b>	<b>By 2020</b>	<b>By 2025</b>	<b>By 2030</b>	<b>Responsible agency</b>
<b>1.5.1. Number of dead/injured people because of the natural disaster/ 100,000 people</b>	2					
<i>Total fund from National budget spend to support people surrendered from emergency from natural disaster</i>	1	4284 billion, (central budget 20%, local budget (80%))	Increased by 26% each year	Increased by 26% each year	Increased by 26% each year	MOLISA
<b>1.5.2 % of government budget spent on social assistance</b>	1	2,7% (2016)	3%	3,5	4%	MOLISA and Ministry of Finance

# VSDG 10 (SDG 10): Reduce inequality within and among countries

	Tier	Base year	By 2020	By 2025	By 2030	Responsible agency
10.1.1 Growth rates of household expenditure or income per capita among the bottom 40 per cent of the population and the total population						
Growth rates of household income per capita among the bottom 40 per cent of the population	2	12.5% in 2016	at least 13%	at least 13%	at least 13%	GSO
Growth rates of household income per capita of the population	2	10% in 2016	11%	11%	11%	GSO
10.2.1 Proportion of people living below 50 per cent of median income, by sex, age and persons with disabilities (11% in 2016)	2	15% in 2016	Reduced to 13%	Reduced to 12 %	Reduced to 10%	GSO and MOLISA

# **III. Government strategies to reduce inequalities up to 2030**

## 3.1 Vietnam forward to 2035

### *a) Context*

- Rapidly changing demography
- Rising expectations and social indicator
- Becoming middle Class Economy
- The transition from an agriculture and rural to an urban and service-based economy.
- Modern technology implementing (4.0), market mobility ..

### *b) The factors*

- Stable economic environment and growth
- Employment policies
- Labor institutions and regulations
- Income and redistribution policies
- Social protection policies and pensions

### **3.2 Target to higher economic growth for better employment, and higher income**

- GDP increased by 6-7%
- Labour increased by 1-1.5%
- Productivity growth is 5-5.5%
- Wage growth: under 5%
- The higher productivity industry should lead to high increase of wage
- More attention to low wage earners and working poor

## 3.3 Creating more opportunities to education and skill development

- ***Ensuring equality access in education***
  - Universal completion of quality upper secondary school will be a cornerstone to achieving equality of opportunity
  - Support training program combined with employment to facilitate low skill and unskilled workers.
- ***Increase quality of vocational and higher training*** and the monitoring and evaluation of the impact of training on labour productivity.
- More autonomy for education sectors
- Expanding networking for long-life education
- Enhancing the quality of teachers and training materials
- Better link training/education to enterprise needs



# 3.4 Creating more opportunities to labour Market for more and better jobs

## *Facilitate the labour mobility*

### **Vietnam**

- Job creation in high value added and higher labor productivity
- Increasing labour market flexibility and reducing barriers to employing workers.
- Reduce unemployment, especially among youth, skilled labour and labour migrants
- Promote labour market flexibility to reduce costs for adjustment and create more job for migration
- From "residence ship" to citizenship: Remove "Ho Khau" for residence:

## *Enhance labour market information*

- Develop Labour market Information system at provincial level and the training institute to link with business needs
- Enhance use information from employment service center for labour market monitoring and forecasting
- Enhance Unemployment recording system
- Development of public work program for the rural/poor HH

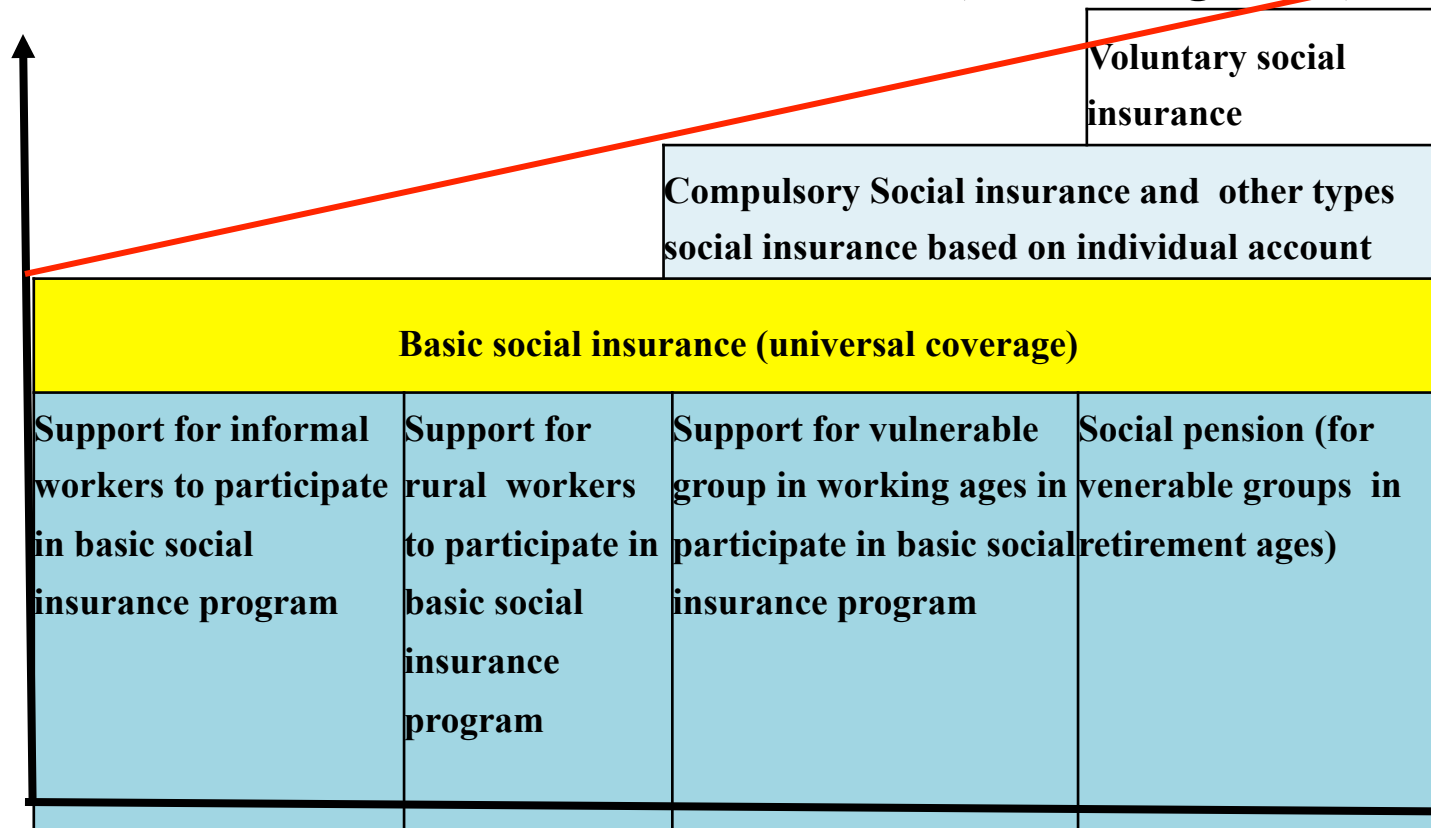
# Reducing gap by supporting vulnerable to social protection (1)

<b>TT</b>	<b>Indicators</b>	<b>2030 (target)</b>
<b>1</b>	<b>Participation in health insurance (millions)</b>	<b>96.2</b>
	- Coverage rate by health insurance ( %)	<b>90.0</b>
<b>2</b>	<b>Participation in social insurance (millions)</b>	<b>28.4</b>
	- Coverage of total labor force (%)	<b>50.0</b>
<b>3</b>	<b>Participation in Unemp. insurance (million)</b>	<b>15.7</b>
	Coverage of total labor force (%)	<b>28.6</b>
<b>4</b>	<b>Participation in social assistance (million)</b>	<b>3.5</b>
	- Coverage of population, %	<b>3.65</b>

# Reducing gap by supporting vulnerable to social protection (2)

- *First, expand the coverage of the social insurance with more support from government*

The establish of multi- level social insurance (LanHuong, 2018)



# Reducing gap by supporting vulnerable to social protection (3)

- *Second, increase information and accessibility*
  - ✓ Raising awareness of the workers and conditions to participation in the social insurance and unemployment insurance;
  - ✓ Focus on workers from informal sector and self-employment
  - ✓ Increase participation of middle class income workers
- *Third, develop the new form of social insurance for workers, have been impacted by new technology and in a new employment sector*
- *Fourth, increase the benefits (reform of parameter and financing mode for social insurance fund).*

Thanks for yours attention