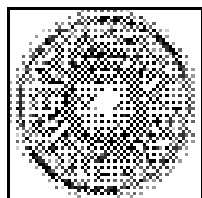


NATIONAL CENTRE FOR SOCIAL SCIENCES AND HUMANITIES



NATIONAL HUMAN
DEVELOPMENT REPORT 2001

Doi Moi and Human
Development in Viet Nam

THE POLITICAL PUBLISHING HOUSE

HANOI, 2001

This Report has been produced by a team of Vietnamese socio-economic researchers under the leadership and coordination of the **National Centre for Social Sciences and Humanities** with the support of UNDP Viet Nam. All analysis, assessments and policy recommendations in this Report are those of individual authors who participated in its preparation and do not necessarily reflect the views of the Government of Viet Nam, the UNDP Viet Nam or the National Centre for Social Sciences and Humanities.

Foreword

When declaring the birth of the Democratic Republic of Viet Nam on 2 September 1945, while the country was surrounded by different kinds of enemies, including famine, ignorance and foreign invaders, President Ho Chi Minh solemnly stated that the rights to live and pursue happiness were fundamental, supreme and inalienable rights of every individual and every nation. He also affirmed to the world that these were also the ultimate goals for every action of the entire Vietnamese people and the young State of the Democratic Republic of Viet Nam.

President Ho Chi Minh's declaration was a quintessence of the nation's humanitarian tradition forged throughout its thousands year old history of national defence and construction. It was also a combination of the human being's permanent value and Viet Nam's cultural tradition: *development for people, by people and of people*.

Viet Nam's *Doi moi* reform process during the last twenty years is a coherent continuation of that philosophy of development of the nation and human beings. By changing the country's economic mechanism, pursuing an open-door policy and engaging the country in proactive international economic integration, the *Doi moi* process has opened up a new space of very promising development for the entire Vietnamese people. Within that new space, increasingly diverse development opportunities are generated; conditions for taking these opportunities are continuously improved; the country's identity and its

own choices are combined with and integrated into the human beings' cultural values and intellectual quintessence. Therefore, among the great achievements generated by the *Doi moi* process, the most remarkable ones are, ultimately, those related to human development.

After only a very short period of *Doi moi*, Viet Nam quickly escaped crisis and entered the orbit of fast and sustainable economic growth. The number of people still living in poverty has quickly decreased. The people's cultural and spiritual life has been clearly improved. Every individual can access more easily development opportunities and fully and better participate in the policy making and implementation process. The State and various social organizations share with the people responsibilities and obligations for national development with increasingly strengthened mutual trust. The expansion of international relations has increased the world's understanding of Viet Nam, and hence we can better share each other's development achievements. The above outcomes of the country's chosen development path in the present times truly reflect the socialist orientation of the *Doi moi* process. We can say with great self-confidence that *Doi moi* is *Viet Nam's right choice*.

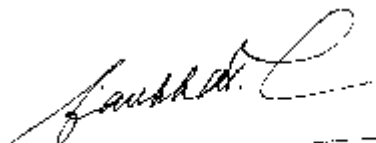
The *Doi moi* process has generated a new position and strength for the country's development and thus helped better and fully perform tasks in support of human development. However, it should be clearly recognized that the country is now entering a new stage of development. In a

world of economic globalization and transition to a knowledge-based economy, Viet Nam is increasingly exposed to emerging opportunities and challenges. In this context, the promotion of the whole nation's strengths, further reform, proactive international economic integration and further acceleration of the country's industrialization and modernization are crucial to improving the quality of human development in Viet Nam.

The *National Human Development Report 2001* of Viet Nam, which is the first ever Vietnamese-produced report of this type, addresses, in a systematic, fairly

comprehensive and in-depth manner, the present most fundamental human development issues in Viet Nam. I hope and believe that this Report is a good beginning and reminds all of us of the tasks in support of human development in Viet Nam as mentioned in the political document of the Ninth Communist Party Congress.

I, hereby, have the great pleasure of introducing the *National Human Development Report 2001* of Viet Nam to all domestic and international readers and to all those who are making joint efforts for the sake of *Human Development*.



PHAN VAN KHAI
Prime Minister of the Government
Socialist Republic of Viet Nam

Note by Publisher

Throughout its history of national defence and construction, Viet Nam's Communist Party and Government have always affirmed that people are placed at the center of development and that people are both an objective and an engine of development. This philosophy was again emphasized and specified at the Ninth National Communist Party Congress as: "Significantly increasing our country's Human Development Index (HDI)" and "Dramatically improving the quality of the material, cultural and spiritual life in a safe and healthy social environment; protecting and improving the natural environment".

In order to provide readers with useful information and reference literature about *Doi moi and human development in Viet Nam* over the last five decades, the National Political Publishing House, in collaboration with the National Center for Social Sciences and Humanities, publishes "***National Human Development Report 2001 - Doi Moi and Human Development in Viet Nam***".

This Report focuses on human development achievements obtained so far through the *Doi moi* reform process in Viet Nam. Besides the achievements, the Report also indicates serious challenges which Viet Nam will be facing and tasks which will continue to be performed in the further reform process for the goal of human development. This is the first report that presents Viet Nam's basic human development indices such as HDI, HPI and GDI for all 61 provinces and cities of the country.

As the Report covers a broad theme, requires a lot of inter-agency collaboration and has been prepared on the basis of limited capacity and experience, shortcomings are unavoidable. We wish to receive readers' comments and suggestions for future improvements.

By providing new information and approaches, the Report is expected to serve as a useful reference material on the country's present development issues.

We have great pleasure of introducing this publication to readers.

Ha Noi, November 2001

NATIONAL POLITICAL PUBLISHING HOUSE

Message from NHDR Steering Committee Chairperson

The history of humankind is a history of development in which the goal of achieving a meaningful, free and wealthier life has been pursued by all generations. While this noble goal has been commonly shared and pursued, the way people think about development, and the priorities and objectives they set for themselves, have often been different across time and space.

During the last 50 years, development has become a real opportunity for many countries and nations around the world. Enjoying the fruits of independence, many less developed and formerly dependent countries placed a heavy emphasis on and strived for rapid economic growth with high hope that this would help them to quickly overcome underdevelopment status. Economic growth was considered as a key to development. With such a view dominating development thinking for a quite long time, the ultimate objective of development, improving the well-being of people, has sometimes been overlooked. In many cases, the human being and its capabilities have been considered as merely a factor of production for economic growth. The social aspects of development were inadequately taken into account, and the responses were often limited to redistribution of some income supported by the public sector. Inequality and poverty among some segments of the population, were frequently considered as necessary costs that need to be borne for the sake of economic growth and development.

In more recent times, it has been recognised that such a limited view of development did more harm than good to the sustainable development process. Hence, a new, more systematic and human approach

to development, viewing it as “a process of enlarging people’s choices and capabilities to live a longer, healthier, wealthier and more meaningful life” has emerged and been widely accepted. Human development thinking that places people at the centre of development was re-discovered. This new development thinking has been well reflected and continuously refined in the global Human Development Report published annually by the United Nations Development Programme since 1990. Since its first publication, Human Development Reports have provided a strong influence on the development policy debate in many fora. The Human Development Reports present a profound and comprehensive analysis on opportunities and challenges facing the process of human development, stimulating policy debate and offering policy recommendations for both global and national actions.

Following the visible success of the global Human Development Reports, many countries have published their own National Human Development Reports (NHDRs) in cooperation and with support of UNDP. Up to 2001, there were more than 350 reports that have been produced at the national, sub-national and regional level by more than 130 countries and territories. With their richness in subjects, contents and analysis touching upon pressing development issues, National Human Development Reports have provided significant contributions to the discussion of development policies, while improving people's awareness and their participation in the development process. The human development index (HDI) system developed and refined by UNDP has made a significant contribution to the development

policy debate, helping clarify development priorities, and enabling monitoring of the development process at both the national as well as international level.

The process of making a first Vietnamese produced National Human Development Report started in Viet Nam two years ago when UNDP officially consulted with the Vietnamese Government on the scope for such an initiative. The National Center for Social Sciences and Humanities had been given the great honor of being designated the focal point and coordinator of this activity. Support, advice, suggestions, comments have generously been given to the National Team during this challenging preparation process.

The theme of this report is "*Doi moi* (renovation) and Human Development in Vietnam". The choice is simple because, *doi moi* has brought about significant changes to the country and marked a new stage in its development. The report highlights the great achievements in human development that *doi moi* has produced. The report asserts that *doi moi* is, in fact a process of expanding choices and further developing capabilities of the people in all economic, social, cultural activities for a wealthier, healthier, more knowledgeable and meaningful life. *Doi moi* also empowers people, providing them better opportunity to widely participate in the process of formulating and implementing development policy. All this has resulted in impressive and widely recognised achievements in all aspects.

Nevertheless, the way ahead for Viet Nam is full of challenges. The Report tries to reveal these major challenges in light of the rapidly changing globalization process and in the era of technological and scientific achievements (especially information technology and the knowledge economy). Further reducing poverty and eliminating hunger, ensuring decent employment for millions of people, international economic integration, environmental protection, and socio-political stability, will all be essential for further improving the livelihoods of all the people.

For the first time, the Report attempts to measure key basic human development indices such as HDI, HPI (Human Poverty Index), GDI (Gender Development Index) for all 61 provinces and cities in the country. The results represent a significant achievement, especially given the serious lack of available data and their consistency.

Since this is the first nationally led National Human Development, which has had the rather difficult task of analyzing the country's multifaceted, multi-disciplinary development situation, one cannot expect the Report to address all pressing development issues that face this country in full length and great depth. Neither every aspect of development has been taken into consideration, nor can it be expected that every single conclusion in the Report be unanimously shared. We can only hope that many of these issues will be analyzed in greater depth in future national human development reports.

Hanoi November 2001



PROFESSOR DO HOAI NAM
*Vice-Director of the National Centre for Social
Sciences and Humanities, and
Chairman of the Steering Committee for National
Human Development Report*

Message from UNDP Viet Nam

On behalf of UNDP, I am very pleased to share with you Viet Nam's first nationally-led and produced Human Development Report. It presents an insightful and comprehensive account of the country's on-going reform process in a globalizing world. While the spirit and philosophy of the global Human Development Reports provided the overall framework to this Report, the national drafting team ensured that the substance and methodology were tailored to the Vietnamese realities.

The concept of human development, discussed at length in this report, was the subject of numerous extensive discussions. Many senior Vietnamese warmed to a conceptualisation of development that embraced more than just the maximization of economic growth. Clearly, human development fits well with the articles in Viet Nam's Declaration of Independence, the teachings of Ho Chi Minh, and the "socialist market orientation" of modern Viet Nam. Today, Viet Nam strives for "a rich people, a strong nation, and an equal and civilised society", which, as with human development, is a vision that puts people first.

Human development is not simply a technical challenge with technical solutions. Human development involves deep and profound changes to institutional and governance structures, and therefore requires broad-based awareness

and popular support. Thus, only a Human Development Report and strategy that is nationally-led and nationally-formulated with broad-based participation can be expected to be truly effective.

For these reasons, this Report adopted the principle of "national ownership" from the very outset. UNDP was a partner in producing this report, but it was truly a minority partner. Foreign inputs have been minimal; advisory and editorial. It has been a challenging learning and capacity building experience for all concerned. But it has also been essential to produce something that is read and extensively discussed in Viet Nam to ensure lasting impact. This approach sets the tone for future human development research in Viet Nam, which we are keen to support.

Although, in many ways the process of producing this report has been more important than the product, I am convinced that you will find this report of great interest. From a typically Vietnamese perspective, it highlights the achievements of the past, analyzes the challenges of the future, and proposes a wide range of concrete policy measures to further enlarge all people's capabilities and choices. For the first time, it presents human development indices for all provinces in Viet Nam, which provide useful insights to the geographic disparities in human development within the country. These provincial indices also

provide interesting benchmarks against which future progress and policy impact should be measured.

This abridged English translation, which is based upon the much fuller Vietnamese version, has been prepared to serve the English reader. I wish to

greatly thank all those who have provided ideas, inspiration and put in hard work during the exciting and demanding preparation of the Viet Nam Human Development Report 2001.

A handwritten signature in black ink, appearing to read 'E. Wattez', with a horizontal line underneath.

EDOUARD A. WATTEZ
Resident Representative
UNDP Viet Nam

The Making of the First Nationally-led Human Development Report Viet Nam

This is the first Vietnamese-led and - produced Human Development Report on Viet Nam, prepared by a broad group of independent national specialists, and sponsored and supported by the United Nations Development Programme (UNDP). The preparation of the Report has had an impact which goes far beyond the Report itself, since it has substantially contributed to capacity-building, institutional strengthening, data collection and upstream policy advice.

The preparatory process started in Spring 1999, when, after comparing mandates and capacities, the National Centre for Social Sciences and Humanities (NCSSH) was selected as the executing agency for the mission. A few months later, the Prime Minister gave Government approval to prepare the first nationally-led Human Development Report and officially designated NCSSH to be focal point for the project. In the late Autumn of 1999, the project officially started when NCSSH and UNDP signed an official Memorandum of Understanding. This has meanwhile led to the establishment of a special Human Research Institute. A Steering Committee was set up, consisting of representatives from key Government agencies, to advise on and help guide the preparation process. At the same time, an NHDR research and drafting team was assembled, while the data gathering for the calculation of human development indices for all provinces in Viet Nam started. A number of international human development publications, including the global HDR 1999 on globalization, were translated into Vietnamese and widely disseminated. To facilitate the research, UNDP provided the initial analytical and policy framework for analyzing and assessing the *doi moi* reform process in terms of its contribution to expanding choices to improve people's overall well-being in Viet Nam.

Over the subsequent months, fourteen background papers were prepared by national experts and discussed at a conference on human development and *doi moi* reforms in March 2000. Among the more than one hundred participants were many high level officials, including members of the Strategy Preparatory Group for the new Ten Year Socio-Economic Development Strategy 2001-2010. This has most certainly contributed to the fact that in the final version of the Strategy, endorsed by the Party Congress in April 2001, "a substantial improvement in Viet Nam's human development index" is explicitly included as one of the main goals for the next decade.

Over the next six months, draft chapters were prepared on the basis of working papers and conference proceedings. The activities included a week-long retreat in Tam Dao of the main authors and a subsequent workshop on globalization, which was becoming a topic of intense debate in Viet Nam. Towards the end of the year 2000, the composition of the NHDR team was adjusted in order to further enrich the first draft. On the basis of an extensive round of consensus building, the second version, including a translation into English, was ready just before the Party Congress. The last few months were used to produce an English summary report, make final adjustments in the Vietnamese version, and to improve the presentation of the main findings, including the human development indices. During a concluding workshop on 19 October 2001, some further refinements were proposed and have subsequently been incorporated in the final draft. The Report will be widely disseminated to encourage discussion and debate.

The intensive preparation of the first nationally-led Human Development Report has brought researchers together, enhanced the awareness and knowledge of human development issues among policy-makers, and paves the way for more human development research and advice in the near future.

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ABBREVIATIONS

ADB	Asian Development Bank
AFTA	ASEAN Free Trade Area
APEC	Asia-Pacific Economic Council
ASEAN	Association of South-East Asian Nations
FDI	Foreign Direct Investment
GDI	Gender Development Index
GSO	General Statistical Office
HDI	Human Development Index
HEPR	Hunger Elimination and Poverty Reduction Program
HPI	Human Poverty Index
ICT	Information and Communication Technology
ILO	International Labour Organisation
IMF	International Monetary Fund
MOLISA	Ministry of Labour, Invalids and Social Affairs
MPI	Ministry of Planning and Investment
NCSSH	National Centre for Social Sciences and Humanities
NHDR	National Human Development Report
NGO	Non-governmental Organization
PPP	Purchasing Power Parity
SME	Small and Medium Enterprises
SOE	State-Owned Enterprises
TNC	Transnational Corporations
UNCTAD	United Nations' Conference on Trade and Development
UNDP	United Nations' Development Program
VLSS	Viet Nam Living Standard Survey
WB	World Bank
WTO	World Trade Organization

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2. Human Poverty Index (HPI)
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4. Gender Development
5. Demography
6. Labour
7. Health I
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 13. Agriculture and Food Security
 14. Infrastructure
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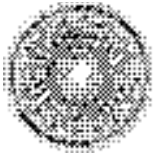
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Overview

This Report is about human development in Viet Nam. It attempts to provide an insight into Viet Nam's development process in its modern history, especially during the reform process known as *doi moi*. The reader will find that through its process of founding and building the nation, Viet Nam has been trying to determine and to pursue a development path that could bring happiness to all of its people. To many Vietnamese, therefore, the concept of human development as expanding people's capabilities and choices, as developed by the United Nations Development Programme (UNDP), is not really new (see chapter 1). Nevertheless, there has sometimes been a gap between sound policies and their practical implementation, which diminished their positive impact on the well-being of the people.

The *doi moi* reform process, which started in the mid-eighties, provided a new framework for realizing human development objectives. As a process of expanding choices for people to improve their well-being, *doi moi* brought about significant changes in the people's opportunities to work, to learn, and to enjoy a meaningful life. Farmers were granted more freedom to manage and work the land and to determine what crops to cultivate. Consumers gained better access to markets with wider varieties of goods and services. State-owned producers began facing 'harder budget constraints' but were also allowed greater autonomy as regards what to produce and to whom to sell. These enlarging choices and opportunities have unleashed

the energy and creativity of many Vietnamese people, leading to impressive human development achievements, notably in terms of poverty reduction. Chapter 2 gives a detailed account of these achievements. The *doi moi* reform process has clearly resulted in a substantial improvement in the well-being of the vast majority of Vietnamese people. One of the key lessons that Viet Nam has learned from its own experience with the *doi moi* process is that expanding people's capabilities and choices is an effective means for realizing the country's noble goals of development.

Nevertheless, Viet Nam still faces enormous challenges, which form the main topic of chapter 3. They stem from the reality that Viet Nam is undergoing a triple transformation process: from war to peace, from central planning to a market economy, and from isolation and estrangement to international integration. Recent new statistical evidence of widening disparities presented in chapter 3 suggests that maintaining equity is an emerging new challenge facing the country, and will call for policies and institutional changes that further broaden and deepen people's participation in the development process. In addition, based on a rich new data base of provincial level human development indicators, chapter 3 also highlights how the human development situation varies markedly across the country, calling for different policy approaches at the local level. While the level of income and human development tend to be positively related across most provinces, there are a significant number of provinces where a

As a process of expanding choices for people to improve their well-being, doi moi brought about significant changes in the people's opportunities to work, to learn, and to enjoy a meaningful life.

Maintaining equity is an emerging new challenge facing the country, and will call for policies and institutional changes that further broaden and deepen people's participation in the development process.

relatively high level of human development has been generated despite a low level of provincial income. Notably, related statistical evidence appears to suggest that a given level of provincial income can generate a higher rate of return in terms of human development, the more equitable is the distribution of such income. This may also explain why Viet Nam has been able to generate a higher level of human development for the nation as a whole than most other developing countries of similarly low incomes. Chapter 4 argues that, in light of experience and evidence to date, the *doi moi* process needs to be deepened. The chapter presents a variety of concrete policy recommendations.

The Concept of Human Development

Chapter 1 starts with a discussion of the essential concepts of the human development approach, thus laying the conceptual foundation of the report. The human development approach has been rediscovered in the course of the twentieth century and has become increasingly popular over the last decade. The essence of the approach is that it considers income expansion as an important means to development, but treats an expansion of human *choices* as the end of all development efforts. The most critical of the wide-ranging choices that people may value, are to live a long and healthy life, to be educated, and to have access to resources needed for a decent standard of living. Human development can also be expressed in terms of enlarging people's *capabilities*, that is, people's ability to realize what they may value doing or being. As with choices, the concept of capability clearly embodies a notion of people's freedom to determine their overall well-being. Furthermore, human development is not only about the *formation* of human capabilities, such as improved health, knowledge and skills, but also about the *use* that people make of them in productive, social

and political activities. Only if human development succeeds in balancing the formation and use of human capabilities, will human potential be fully realized. This can be illustrated by the success of the East Asian economies in promoting an *enabling environment* for the exertion of people's choices. These countries not only invested heavily in basic capabilities, but people were also enabled to utilize these capabilities because of the policies pursued to generate broad-based and rapid growth, and ultimately to increase people's choices.

There are five distinctive features of the human development approach. First, people are clearly moved to centre stage. Development needs to be analyzed and understood in terms of people, to what extent they participate in it or benefit from it. Secondly, people should not only be considered as means, but also as ends of development. The human development approach should therefore not to be confused with human capital or human resources theories. The third core notion is *empowerment*. People should not be treated as passive beneficiaries, but as proactive participants in the activities, events and processes that shape their lives, which in itself reflects the exertion of a highly valued choice. Fourthly, the approach puts emphasis on equal opportunities for all people regardless of race, class, religion, sex, and nationality and underscores the importance of intergenerational equity and environmental sustainability. Finally, the human development approach is comprehensive. It refers to the expansion of people's choices in *all* aspects of life, including economic, political, social, environmental, and cultural aspects.

'Doi Moi' and Human Development

The chapter continues by arguing that the socio-economic policies that have been pursued in Viet Nam, particularly since the launch of the *doi moi* ('renovation')

The essence of the human development approach is that it treats an expansion of human choices as the end of all development efforts.

process in the mid-eighties, can largely be considered as an implementation of the human development approach. Before the reforms, Viet Nam had already recorded relatively favourable social development achievements, relative to other countries with a similarly low level of income, particularly in terms of educational attainment and health services. Considerable human resource development. In many respects, the pre-*doi moi* period was one of where the capabilities of much of the population were improved through basic literacy and access to basic health facilities. Yet, in the economic sphere the expansion of people's capabilities and choices was severely hindered due to maintaining the central planning mechanism for too long. That resulted in material hardship and widespread poverty and ultimately led to severe economic stagnation in the mid-80s. In response, the Sixth Congress of the Communist Party of Viet Nam in 1986 launched the *doi moi* reform process. The reforms did not imply a change in development goals, as the socialist orientation continued to be viewed as superior in meeting people's needs. This orientation was clearly reflected in the new slogan: "rich people, a strong nation and an equal, democratic and civilized society". What it did intend to change was the approach to development. Preserving the socialist orientation, the new policy was to support the establishment of a market economy together with an active integration into the world economy. The human development results of the *doi moi* process are impressive, particularly in the socio-economic domain, and bode well for its capacity to take up the many challenges that remain.

Globalization and Human Development

The last section of the chapter puts Viet Nam's human development achievements in the context of globalization. Driven by technological change and trade liberaliza-

tion, globalization has led to a shrinking of time and space with new markets, new tools, new institutions, new rules and new values. Globalization has played an important catalytic role in promoting growing prosperity and poverty reduction in many countries, but actively engaging in global integration per se does not guarantee success. Truly successful integration will require proactive policies and timely preparation in order to maximise the benefits for and minimise risks to the well-being of a nation's people.

The relatively liberal and 'open door' policies of many Asian countries may again serve as a good example. Some of the '*miracle*' economies of Asia have shown that catching up with the developed economies within 40-50 years is possible, and have done so through rapid integration into the world economy. The major underlying factors of this success include sound macro-economic policies, a strong reliance on domestic savings, export-led development based on comparative advantage, opening up the economy to international trade and investment, actively supporting an enabling environment for private sector development and heavy investment in people's capacities, while preserving modest income inequalities.

The validity of these factors was not undermined by the financial crisis that hit the Asian economies in 1997, in itself being an obvious recent example of the potential destabilising impact of globalization. It shows that volatility and instability are inherent features of today's global financial system and that resilience and flexibility are crucial to weather the crisis. Those Asian economies that escaped relatively unscathed were either flexible and well-integrated, or were only weakly financially integrated like Viet Nam. Secondly, the crisis showed that opening the financial system to the world, especially for short-term capital flows, should be proceeded with care when domestic financial institutions and prudential supervision of the

Doi moi did not imply a change in development goals, as the socialist orientation continued to be confirmed as superior in meeting people's needs. What it did change was the approach to development.

Globalization has played an important catalytic role in promoting growing prosperity and poverty reduction but truly successful integration will require proactive policies and timely preparation in order to maximise the benefits for and minimise risks to the well-being of a nation's people.

financial sector is weak, a situation which can be further exacerbated by State-influenced lending practices. Thirdly, a number of the problems that the Asian countries faced during the crisis arose only partly because governments did too much in some areas, and mainly because they did too little in a number of other areas where the State has an important role to play. When it comes to minimizing the risks from information failures, by ensuring that essential information from the market is made available, and by enforcing legal requirements related to transparency, accountability and reporting of corporations, the State has an essential role to play.

Although the Asian crisis has had a significant effect on Viet Nam, especially through the slowing down of exports and foreign investment inflows, overall Viet Nam has dealt with the crisis reasonably well. The country was able to avoid most of the trouble by steering clear of international financial markets, maintaining strict controls on foreign exchange transactions, and relying chiefly on foreign direct investments for foreign capital rather than liquid portfolio investments and short-term debt. Further openness will have to be managed carefully. At the same time, it should be underlined that not opening up, or keeping restrictive trade barriers in place, may involve considerable costs.

Growing inequality is another risk that is often associated with globalization. However, it is hard to establish a systematic link between (changes in) trade and (changes in) income distribution. Available data suggests that emerging market countries that are highly integrated into the global economy often, but not always, exhibit a much more egalitarian income distribution than emerging market nations that are characterized by a low degree of integration. The level of income disparity in an economy is likely to have more to do with history, economic growth, price and

wage controls, welfare programmes, and education policies than it does with globalization or trade liberalization alone. (In the case of Viet Nam, recent evidence on disparities is analyzed in chapter 3.) In any case, in order to benefit from trade, poor people will need to interact with markets, which requires both infrastructure investments and institutional measures. It is also clear that, especially in the long run, protection rarely helps the poor. Sound macro-policies together with targeted policy interventions are considered more effective.

Globalization involves greater *cultural integration*. Although this to some extent may come at the expense of cultural diversity, it is expected that a well-entrenched sense of culture and nationalism will not be 'blown away', while there are great benefits attached to cultural exchanges. There are also some unfounded fears that globalization will undermine the country's national sovereignty. At the same time, however, it cannot be denied that countries engaging in successful international integration need to implement certain reforms and policies that will unavoidably constrain the scope for some kinds of economic policies.

Among other requirements, successful integration demands a flexible economy that can respond quickly and effectively to any fluctuations in the process of globalization. But rather than a surrender of national sovereignty, this should be seen as an exercise of sovereignty, to strengthen the nation's capacity to determine its own future. This in turn demands new capacities and new ways of thinking of both the Government of Viet Nam and the Vietnamese people. As the chapter concludes: "global integration can open the path to sustainable development – to 'catch up' – but the speed of the journey is determined by the strength of those who are walking".

Global integration can open the path to sustainable development – to 'catch up' – but the speed of the journey is determined by the strength of those who are walking.

Institutional Reforms and Human Development

Chapter 2 reviews in greater detail the results of the reforms that have been implemented over the last two decades. The reforms have focused on the improvement of the enabling environment and have considerably expanded people's choices. This policy and institutional reform process started in agriculture. Land reform in the 1980s and early 1990s, especially the return of land to farm households from large centrally-controlled state cooperatives, provided the rural population with much greater choice on how to best use and manage agricultural land. Along with macro-economic reforms such as price liberalization and exchange rate unification, and investments in rural infrastructure and area development, this promoted both domestic and international trade.

As a result of booming rice production, the country has been transformed from being a net importer of rice in the mid-1980s to the world's second largest rice exporter. In addition, farm households started to diversify towards higher value-added cash crops, like coffee, tea and rubber. Although international trade has brought great benefits, it has also increasingly exposed farmers to fluctuations in international prices of commodities such as coffee and rice, which became painfully clear over the past two years. Farmers are not yet able to sufficiently cope with these risks, for instance through further crop variation, income diversification, or even commercial hedging.

In hindsight, agriculture turned out to be relatively well placed to respond to the incentives created by reforms. In this sense, the transition in Viet Nam has been quite different from that in Central and Eastern Europe and the former Soviet Union. These countries were not densely populated rural economies, but highly, albeit inefficient, industrialized economies.

Dismantling the old industrial structure involved problems of time, sacrifice, costs and politics with which China and especially Viet Nam had much less to contend. This is not to deny that sectors other than agriculture were also subject to institutional reforms and that, especially in the State-dominated industrial sector, further reforms will be warranted.

During the nineties, employment in Viet Nam grew by more than one million people a year, or at an annual rate of over three per cent, which was significantly higher than in previous decades. Two lessons can be learned from this great success. First, the transition to a market economy and a more open economy has been very effective in unleashing much of the potential of the Vietnamese people. Although still subject to a relatively unfavourable environment, the private sector turned out to be most efficient in creating new and sustainable jobs. Promoting the private sector is therefore a crucial component of a viable human development strategy. Secondly, the State has to acknowledge that it is no longer the only or best provider of jobs. Instead, it will have to focus on a more indirect role by establishing and supervising institutions that facilitate a proper functioning of the labour market. Needless to say, the State will need to keep its responsibility, to ensure the availability of accessible and affordable social services, particularly for the poorest and most vulnerable groups, for example through the effective development and implementation of the National Programme on Hunger Eradication, Poverty Reduction and Job Creation.

Poverty Reduction in the Nineties

Prior to the adoption of the *'doi moi'* policies, poverty was widespread, and well over seventy per cent of the population was impoverished. This was due to an evident lack of *choices and opportunities* for peo-

The private sector turned out to be most efficient in creating new and sustainable jobs. Promoting the private sector is therefore a crucial component of a viable human development strategy.

ple to *generate and increase incomes*, particularly because of the dominance of the central planning mechanism. A second and related factor was the strong emphasis on job security and equal living standards, undermining people's work *incentives*. Thirdly, people's capabilities were not adequately developed to cope with *risks*. Most of the people in Viet Nam live in rural areas and rely on agriculture and they lack a margin of security against overwhelming contingencies, such as drought, floods, storms and other hazards. This was related to the low use of modern technologies, insufficient diversification and limited financing capacity.

The *doi moi* process should not be regarded merely as an economic reform package to master the crisis in the mid-1980s. In effect, *doi moi* is also a comprehensive program aimed at overcoming poverty and further developing the country, recognizing that the central planning mechanism was no longer suitable to ensure the realization of human development objectives. The achievements in reducing poverty in Viet Nam have been impressive, by any standard. Based on an internationally-comparable poverty line, poverty incidence fell from well over 70% in the mid-1980s to 58 per cent in 1993 and further to an estimated 37 per cent in 1998. In urban areas, poverty declined from 25 per cent in 1993 to 9 per cent in 1998, whereas in rural areas, it decreased from 66 to 45 per cent.

Looking at other aspects of human development, especially *health and education*, Viet Nam scores considerably higher than other countries with similarly low incomes. This is probably due to the comparatively low level of income inequality and the high priority the Government has attached to investing in the social sectors. Adult literacy has risen to 94 percent and net school enrolment rates now amount to 92 and 74 per cent for primary and lower secondary schools, respectively. Children belonging to the ethnic minority house-

holds have been catching up in terms of enrolment rates, while gender inequalities have narrowed. Stimulated by higher salaries for skilled workers, tertiary education has gained popularity and an increasing number of students are studying abroad, while new forms of education, such as private and semi-public schools, have emerged. At the same time, enrolment, attendance and completion rates are unsatisfactory and relate to the increasing private costs of school participation. Quality of education and teaching staff is another serious concern. Traditional methods of teaching rely heavily on rote learning. Primary and secondary schools still put much emphasis on memorizing facts, usually with little opportunity to be creative and to express thoughts and ideas. There is a need to modernize the knowledge system to make Viet Nam the knowledge-based economy it aspires to be.

During the *doi moi* reform period, *population policies and family planning programmes* were intensified and implemented on a larger scale, which together with the generally improved living conditions, led to a sharp slowing down of population growth. The Government now intends to gradually move away from fertility control and family planning towards a policy that focuses on free, well-informed choices through access to high quality reproductive health care services and the provision of appropriate information. Such a move would imply that population policy would become congruent with the human development perspective.

In the health sector, *doi moi* further expanded and improved the existing *three-tier health system*. The immunization programmes in particular have been highly successful. Today's official health policy comprises three key elements: (a) it prefers 'prevention to cure', (b) combines 'traditional and modern medicine' and (c) calls for a 'joint contribution by both the State and people'. During the reform period, the health insurance scheme was

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extended and now covers approximately twelve per cent of the population. A relatively new phenomenon is the emergence of the private sector and most notable is the increasing number of private chemists. Although the rise in the availability of pharmaceuticals has in principle widened people's choices, it has also contributed to irrational drug use, an increase in anti-microbial resistance and to growth in private expenditures on health, which amounts to no less than about 80 per cent of total health expenditures.

Doi moi may be marked as a turning point in the area of information and culture. There has been a significant improvement in provision of and access to different kinds of information, while *modern information and communication technology (ICT)* and the Internet have gained popularity. In this field, however, Viet Nam still lags much behind its own ambitions as well as many neighbours in the region, and there is strong need for more rigorous policies.

Overall, the *doi moi* reform process has substantially expanded people's choices, and also built further upon the development of people's capabilities which was already well advanced from the pre-*doi moi* period. All of this has been reflected in significant improvements in the Human Development Index (HDI) and Human Poverty Index (HPI). With regard to the HDI, which combines progress in terms of income, health and education, Viet Nam now ranks 101st out of 162 countries world-wide, which is behind China and the Philippines, but ahead of Indonesia and India. Due to the country's still relatively weak performance in terms of access to safe water and child malnutrition, its ranking based on the HPI is somewhat less favourable, notwithstanding the progress made over recent years. But as noted before, relative to its income per capita, over the last fifteen years Viet Nam has clearly become somewhat of a success story in human development.

Nevertheless, there are at least three reasons not to be complacent. First of all, many human development challenges remain since Viet Nam is still a poor country by international standards, despite being mid-way through its transition process. Secondly, as highlighted and analyzed in chapter 3, national averages obscure the significant human development disparities by region, ethnicity and gender. Thirdly, the *doi moi* process has inflicted significant damage upon the natural environment in terms of bio-diversity loss, solid waste, air pollution and degradation of forests, water and marine resources. Viet Nam's path to further industrialization and modernization will need to be more environmentally sustainable, in order to ensure that future generations will have opportunities and a quality of life at least as good as the current one.

Human Development Challenges

As outlined in **Chapter 3**, the main goals of the *Ten Year Socio-Economic Strategy 2001-2010*, approved by the Party Congress in April 2001, include doubling GDP, eliminating hunger, rapidly reducing poverty, increasing life expectancy, universal lower secondary education, and, notably, a substantial improvement in the country's HDI. Consistent with the human development perspective, the strategy underscores the importance of forming and upgrading people's capabilities as well as enabling people to put them to use in order to build the foundations of "a rich people, a strong nation and an equitable, democratic and civilized society". However, the easy gains in poverty reduction are probably over, and it will require great efforts for Viet Nam to fulfil its objective of reducing its poverty substantially in the decade ahead, even if economic growth continues at its robust rate of around seven per cent annually. The Government will need to pay more atten-

National averages obscure the significant human development disparities by region, ethnicity and gender.

Recent new evidence using income data suggests that income inequality may be rising more rapidly than earlier estimates indicated. This will present a new challenge for policy-makers.

Easy gains in poverty reduction are probably over, and Viet Nam will need great efforts in reducing poverty in the more remote and isolated areas of the country.

It is very much recommended that policy-makers take into account provincial HDIs and HPIs when formulating new socio-economic policies and allocating public expenditures across the country.

tion to geographical disparities, particularly the many pockets of deep and persistent poverty in rural and remote areas.

Chapter 3 argues that while economic growth in the 1990s has been very good for the poor in Viet Nam, it could have been even better if the fruits had been shared more evenly. Although still relatively low by developing country standards, recent new evidence using income data suggests that income inequality may be rising more rapidly than earlier estimates indicated based on expenditure/consumption data. This will present a new challenge for policy-makers. Based on detailed income data by province and urban authority, the gini coefficient for Viet Nam appears to have risen significantly from 35.6 in 1995 to around 40.7 in recent years. While this is around the same level as China's income-based gini coefficient of 40.4, it may be of some concern that Viet Nam appears to be reaching such inequality much more quickly and at a much lower level of average income per capita than China. (Earlier estimates of Viet Nam's gini coefficient using expenditure data from the VLSS surveys suggested that inequality had risen only modestly from around 33.0 in 1993 to some 35.2 in 1998.) Based on income data, more than half the country's provinces (31 out of 61) experienced an increase in measured income inequality by at least 10-percentage points during the four years between 1995 and 1999. Only nine out of sixty-one provinces experienced a decline in their income-based gini coefficients, and at a modest rate except for Bac Can.

Income, however, is only part of the development story. And here in Viet Nam, disparities have been found not only in terms of income but also in other human development dimensions. For the first time ever, this Report presents HDIs and HPIs for all 61 provinces in Viet Nam. Two general lessons can be learned from this exercise. First, aggregate indicators tend to conceal significant human development disparities within the country. The South-

East and the Red River Delta are considerably better off than other regions, especially the North East, North West and Central Highlands. While good provincial performers can compare favourably with countries like Hungary and Estonia, poor performers do not score much higher than Laos, Nepal and Bhutan. Secondly, an analysis that focuses on income differentials may lead to different policy conclusions than one that is based on disparities in human development. Similar conclusions are drawn from the maps on existing gender gaps throughout the country. Gender inequalities vary significantly across the country; they are higher the further provinces lie away from the four major urban areas. Hence, when designing new policies to promote people's well-being, one has to go *broader* (by considering more than just income) as well as *deeper* (by looking not only at national averages). In this regard, it is very much recommended that policy-makers take into account provincial HDIs and HPIs when formulating new socio-economic policies and allocating resources across the country.

Chapter 3 continues by discussing the major challenges the country faces in achieving these ambitious goals, with a specific emphasis on the role the State has to play in this respect. The first is further economic integration, predominantly driven by multilateral and bilateral trade agreements, and Viet Nam's ambition to become a WTO-member. It is unlikely that the country could replicate its past growth performance without a deepening of trade and investment relations. The enactment of the New Enterprise Law, amendments of the Law on Foreign Investment and the implementation of the Action Programme supporting small and medium enterprises have recently improved the investment and business climate, but more needs to be done. The competitiveness of the economy remains weak, and the absorption of modern technologies is limited. Increasing international economic integration also

implies that protecting and heavily subsidizing existing SOEs will become increasingly difficult and unsustainable.

Employment creation remains one of the greatest challenges for the next decade. Every year another 1.4 million people will enter the labour market, SOE-reforms will lead to new redundancies, and underemployment is still high, especially in rural areas. Against this background, it is worrying that Government policies, either directly or indirectly, often still favour the development of capital-intensive industries at the expense of labour-intensive activities, which seriously hinders an employment friendly growth process. Experience in recent years shows that the private sector is by far best placed to provide the necessary new jobs, also in rural areas. The *New Enterprise Law*, which became effective in January 2000, has bolstered the domestic private sector. The new Law significantly lowers the costs and administrative burden of setting up a private enterprise by simplifying and removing more than a hundred licensing requirements and related fees. During the year 2000 alone, 14,400 new small and medium sized enterprises and 140,000 household businesses were registered, with 500,000 new jobs created. Preliminary indications for the year 2001 indicate a similarly large increase in new enterprises and related jobs.

There is also an urgent need to increase the knowledge and skills and hence the productivity of existing and new workers through vocational and on-the-job training. In this regard, the education and science system is in need of major overhaul. The curriculum should be modernized to balance learning and practising. In addition to an expansion of the number of teachers, the quality of staff needs to be upgraded and consideration needs to be given to revising the incentive system. Investment in buildings and modern equipment is inadequate. Redressing this shortfall is especially urgent in rural and remote areas given the large education gaps in these areas. The science and technology sector is large, but not very effective due to the increasingly

outdated knowledge and skills of personnel, outdated equipment, and lack of linkages with the business sectors. As a first step to speed up technological development, the Government has established a number of high-tech centres. Access to the Internet is still fairly limited due to high costs, fees and regulatory controls.

The State can also directly contribute to the reduction of poverty through the effective allocation of public expenditure, that is, financing public infrastructure, providing public services and implementing anti-poverty programmes. Finally, the State has a special responsibility when it comes to protecting the environment. Public awareness of environmental issues needs to be promoted and environmental considerations need to be integrated into economic decision-making. Furthermore, there is a need to implement and enforce relevant laws and to further teach and implement the concept of sustainable environmental management to government staff. Moreover, there is a need to implement and enforce relevant laws as well as to upscale the capacity of government staff for sustainable environmental management. Public funds for the environment should be increased, possibly in combination with user fees, while the Government, together with international organizations, should step up efforts to benefit from international environment funds.

Deepening the *doi moi* process

Based on the analysis in previous chapters, **chapter 4** focuses on five key components of a comprehensive strategy to enhance human development in Viet Nam: (i) accelerating institutional reforms, especially for the more effective implementation of sound policies and laws; (ii) furthering economic restructuring; (iii) promoting rural development; (iv) reforming education and training, science and technology; and (v) expanding and improving public services.

Employment creation remains one of the greatest challenges for the next decade. Every year another 1.4 million young people will enter the labour market.

Enabling the further development of the private business sector will be very important for achieving the ambitious socio-economic and human development targets Viet Nam has set for itself.

Institutional reforms will involve a further improvement of the legal framework, clarifying the 'rules of the game' in an open, market-oriented economy. This includes the development of markets such as the labour market and the real estate market. It is also imperative to establish a truly *level playing field* for all economic sectors. Rather than making amendments to the various laws that regulate business activities of different sectors, a unified law for all businesses should be made. Furthermore, there is an urgent need to review laws such as the Land Law, Labour Code, Bankruptcy Law, and the Law on Banking and Financial Institutions, while new laws will have to be developed, including a Competition Law, Law on Intellectual Property Rights, and a Law on E-commerce. These new laws should be consistent with existing laws, international standards and bilateral and multilateral commitments. Taken together, this demands an in-depth review of all regulations pertaining to international trade and investment.

Improving laws alone cannot guarantee a better business climate or a level playing field. Laws need to be enforced effectively, which would be part of a bigger package of legal system and public administration reforms. At the same time, *wider participation of the public into social, economic and political life* needs to be promoted. This is worth pursuing for its own sake, that is to empower people, and will also encourage the State apparatus to improve its performance. A prime task is thus to accelerate *public administration reform* and to implement *grassroots democracy*. This would further help to realize the *doi moi* principle 'people know, people discuss, people do and people review'. Awareness raising and public education is essential to ensure that people better understand their rights, entitlements and obligations. It will also help people to mitigate bureaucratic constraints, corruption, "undemocratic behaviour" and other such abuses.

In regards to economic reforms, enabling the further development of the private business sector will be very important for achieving the ambitious socio-economic and human development targets Viet Nam has set for itself. Although the New Enterprise Law has considerably contributed to a better environment for the private business sector, efforts need to be intensified to ensure that the Law is effectively implemented at local levels throughout the whole country, together with further deregulation and other initiatives. The importance of local authorities is shown by initiatives undertaken by some dynamic localities which have resulted in a wider spread of productive private activities.

The Government should also pursue further SOE-reforms and level the playing field with other forms of business, including in the financial sector, where State domination is still heavy. These reforms are also urgent in light of commitments Viet Nam has made through *multilateral, regional and bilateral trade agreements*. In this respect, the Government should work out a comprehensive Economic Integration Action Plan to implement the agreements to which Viet Nam is or will become a part, focusing on policy, legislation and institutional issues as well as dealing with profound fiscal and social consequences. As to the latter, the Government should consider a careful sequencing of trade and investment reforms that the poor in particular depend upon. A concrete example would be to give priority to liberalization of inputs for farmers such as fertilizers and seeds, which would enable farmers to cushion the possible negative impact of liberalization that they will have to face in other areas.

In the area of rural development, it is important that *land use rights*, especially the right to transfer and the right of mortgage, are effectively enforced. Other institutional measures include the further reduction of state monopolies and lowering

remaining barriers to agricultural markets. This would make the market more competitive and improve the bargaining power of small farmers. The Government should also further support farmers, including the relatively new and promising form of estate farming, through the provision of information, better extension services, promotion of new technologies, improved infrastructure and rural-urban transport, and higher quality alternative supporting services, especially in more remote areas.

Although in many sectors the role of the State will gradually change towards facilitation (rather than both "steering and rowing the boat"), it will maintain prime responsibility in the provision of public goods and public services, notably education, health, social safety nets and the natural environment. Nevertheless, the respective roles and responsibilities of the State and non-State sectors have to be defined more clearly in these areas as well. In education for example, *the Government is responsible for ensuring universal primary and lower secondary education*, whereas private parties may play a constructive role in the provision and financing of higher level education and vocational training. Rigorous measures are also necessary to start building a knowledge-based economy in Viet Nam. The number and quality of small and medium sized enterprises is still far too limited to propel the country up the value-added chain, while state control is still dominant in this sector.

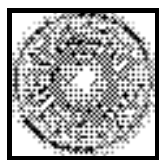
Both in education and health, there is a need to review the current policy of socialization, which disproportionately affects the poor, and to invest more in the accessibility of services and to upgrade their quality by setting minimum standards, promoting a culture of service and close monitoring. In the field of reproductive health, notably with regard to the threatening epidemic of HIV/AIDS, the Government

should pursue its move towards better preventive measures, such as counselling and information, education and communication practices, a wider choice of contraceptive methods and the improvement of staff. Rapid urbanization and increasing migration, including their impact on public health and the environment, should be included in socio-economic policies.

To cope with the downsides of trade liberalization and economic restructuring, as well as to manage the risks associated with natural disasters, there is a need *to strengthen the social safety net* for the most vulnerable groups. Such strengthening implies increasing the coverage, improving the targeting, and helping people to better cope with risks and uncertainties related to natural disaster, as well as establishing an adequate disaster rehabilitation system.

Given their inter-linkages, the above policy recommendations require a *comprehensive strategy* to enhance the formation of people's capabilities and to improve the enabling environment so that people can effectively use their capabilities and exercise effective choices. For example, the ease with which private sector firms can create new jobs and improve the level of education and health of the poor is an important determinant of whether trade reforms will create employment and lead to higher incomes of poor households. Private sector development, in turn, crucially depends on public administration reforms, while the latter requires a bigger role of people themselves in the formulation, implementation and monitoring of public policies and public services, especially at the grassroots' level. Without deepening the *doi moi* process, the human development achievements of the past would be at risk, and Viet Nam's vision for the future would be difficult to realize. But with deepening reforms, Viet Nam can continue to be one of the success stories in improving human development.

A comprehensive strategy is needed to enhance the formation of people's capabilities and to improve the enabling environment so that people can effectively use their capabilities and exercise effective choices.



The Human Development Perspective

This chapter constitutes the conceptual basis of the Report. It comprises three sections. The first section presents the essential concepts of the human development perspective, which views the expansion in human capabilities and choices, rather than the increase in income and material wealth, as the end of all development efforts. This approach - with its philosophical roots going back to the early leaders of political and economic thought - has become increasingly popular over the last decade. In the second section the focus moves from the conceptual discussion to the development strategies in Viet Nam. The socio-economic policies that have been pursued, particularly since the launch of the *doi moi* reforms in the mid-eighties, can largely be considered as an implementation of the human development approach, while taking into account the specificities of the country. As Viet Nam is further integrating into the world economy and the global society, the final section discusses some human development challenges and risks in the broader context of globalization.

1.1. THE CONCEPT OF HUMAN DEVELOPMENT

ECONOMIC GROWTH VERSUS HUMAN DEVELOPMENT

For centuries humankind has been obsessed by the goal to free itself of poverty and to achieve better livelihoods for all. Expanding production capacity and encouraging economic growth have gradually become the major objectives of nation-

al policy-makers. No doubt, economic growth is very important in improving human lives, which is demonstrated by a huge difference in living standards between people living in more 'developed' countries - largely being the result of decades of economic growth - and those living in 'developing' countries. For low-income countries, significant growth rates will be necessary to overcome widespread poverty as well as to create the necessary means for human development. For a long time, growth has been regarded as the essence of the development process, and a bias towards the objective of economic growth seems to have dominated development thinking.

With such a view, there is a risk to overlook that people are the genuine target of development; often human beings have solely been considered as a factor of production to contribute to economic growth. Inequality in terms of choices and the poverty among certain population groups have time and again been viewed as being the necessary costs of economic growth and development. The social aspects of development, if at all taken into account, have often been narrowed down to the need for redistribution of production outcomes through the public sector.

By contrast, the human development perspective adopts a more comprehensive approach. Although the origins of this approach go far back into history, it was rediscovered in the course of the twentieth century (see box 1.1). Especially during the 1990s, it has, either implicitly or explicitly, been accepted by an increasing number of researchers, policy advisors, politicians and social practitioners. The first global

Human Development Report published in 1990 defines human development as “*the process of enlarging people’s choices. The most critical of these wide-ranging choices are to live a long and healthy life, to be educated and to have access to resources needed for a decent standard of living*” (UNDP, 1990, p.1). Though concepts are always broader than their measures, the Human Development Index (HDI) reflects the essential choices of people by combining life expectancy, school enrolment, adult literacy and average income (see chapter 2).

est Vietnam Development Report 2001): “[human development is] the process of expanding people’s capabilities, the set of choices people have available, and ultimately the freedoms people enjoy to determine their overall well-being (ADB/WB/UNDP, 2000, p.60).” These are basically two ways of expressing the same concept (see box 1.1).

THE HUMAN DEVELOPMENT PERSPECTIVE

The essence of the human development perspective is that it considers income expansion as an important *means*, and treats an expansion in people’s choices and capabilities as the *end* of all development efforts. In doing so, it performs an important service in questioning the presumed link between expanding income and expanding human choices. However, rejecting an automatic and universal link between income expansion and flourishing human lives does not imply rejecting growth itself. Economic growth is essential to reduce and alleviate poverty. But from a human development perspective, the quality of this growth is just as important as its quantity. Quantity versus quality is a false dichotomy. The two are jointly determined and their interaction is what decides whether the results will be good, bad, or indifferent. Aspects of ‘quality’, such as equality in health and education, good governance and environmental protection, are central to what the poor - and everybody else - value most in economic progress. Conscious public policy is needed to translate economic growth into the betterment of all people’s lives.

A further distinction can be made between the *formation* of human capabilities, such as improved health, knowledge and skills, and the *use* that people make of their acquired capabilities in productive, social and political activities. People need not only the opportunities to form capabilities, but also opportunities to use them. And if the scales of human development fail to balance the formation and use of human capabilities, much human potential will be frustrated.

BOX 1.1

Human Development Rediscovered and Redefined

Mahbub ul Haq and Amartya Sen and have greatly contributed to the rediscovery of the human development approach. This rediscovery is not a new invention. It is a tribute to the early leaders of political and economic thought. The rediscovery of human development became most evident in the publication of the global Human Development Reports. The definition of human development in these reports is directly based on the conceptual framework developed by the Nobel laureate Amartya Sen. He makes the distinction between people’s functionings - reflecting the various things a person may value doing or being - and people’s capabilities. Functionings may vary from elementary and universally accepted ones such as being adequately nourished and escaping avoidable morbidity or mortality, to more complex ones and personal states, such as being able to take part in social life and having self-respect. A person’s capabilities refer to the alternative combinations of functionings that are feasible for one to achieve. In other words, a functioning is an achievement, while a capability is the ability to achieve. Functionings are more direct expressions of people’s living conditions, whereas capabilities embody the notion of freedom to choose among a wider set of functionings. A stark example of the contrast often cited is that “fasting is not the same thing as being forced to starve. Having the option of eating makes fasting what it is: choosing not to eat when one could have eat.” (Sen, 1999, p. 75) The other way of expressing human development, namely as a widening of people’s choices, focuses more specifically on the aspect of freedom. However, not all choices available are to be valued. Ultimately, the ‘goodness’ of choices must be valued activities in terms of promoting human well-being.

Source:: Mahbub ul Haq, 1998. *Reflections on human development*; Amartya Sen, 1999. *Development as Freedom..*

An alternative to defining human development is to express it in terms of expanding people’s *capabilities*, that is people’s ability to achieve. This is echoed in the lat-

The success of the East Asian economies is a case in point. These countries not only invested heavily in basic capabilities, but were also able to utilize these capabilities because of policies of broad based and rapid growth. The formation of capabilities depends on what is called an *'enabling environment'*, or in other words, an environment that enables the realization of economic, social and political opportunities. This includes access to the resources, means or activities to form one's capabilities. Opportunities, in turn, are based on a person's *entitlements*, which are defined as the alternative bundles of commodities with which a person can establish command, either through ownership of assets or the ability to trade. These commodities are only instrumentally important; the ultimate objective is the conversion of commodities into human well-being. To take an example, food insecurity denotes a lack of entitlement to food and thus a shortage of food intake.

While opportunities are essential to form capabilities, the effective, efficient and sustainable use of capabilities, in turn, can enhance one's opportunities. In this way, vicious circles of human deprivation can be transformed into virtuous circles of human development. The flip side of human development is 'human poverty' or 'capability poverty', a notion introduced in the global Human Development Report 1997. This concept goes beyond the traditional meaning of poverty as a shortage of income. It reflects a severe failure of basic capabilities, as measured by the Human Poverty Index (see further chapter 2).

HUMAN DEVELOPMENT POLICIES

Moving from the concept of human development to human development policies, a first question is why we should promote human development and poverty reduction. Above all, human development is an end itself that needs no further justification. Secondly, it is a means to higher productivity. A well-nourished, healthy, educated, skilled labour force is the most

important productive asset. Thirdly, it reduces the population growth and hence the population pressure, by lowering the desired family size. Fourthly, human development is good for the physical environment. The poor are both a cause and the main victim of environmental degradation. Fifthly, reduced poverty contributes to a healthy civil society, democracy, and greater social stability (Streeten, 1994).

Human development policies may be considered as comprising of five general, but distinctive features: (i) humanity; (ii) people as means and ends; (iii) empowerment; (iv) equity and (v) comprehensiveness. These features will be elaborated below.

1. *Humanity: people are moved to the centre stage.* People's overall quality of life is the ultimate end of development. Development needs to be analysed and understood in terms of people, to see to what extent people participate in it or benefit from it. The crucial issue is which growth pattern should be chosen to adequately represent the happiness of human beings. Besides income, people have many other interests such as access to better health care services, better education for their children, better housing and having freedom to travel and speak. That the new development thinking tries to 'humanize' international economic relations is indeed an achievement of the human development approach, as being reflected in the global Human Development Reports published since 1990 and followed by numerous national reports all around the world.

2. *People are both the means and the ends of development.* The human development approach should not be confused with human capital development or human resource management. A common element in these two approaches is that they both consider human beings - particularly investment in human capital through education, training, health care and the like - as the most important driving force of sustainable economic growth. The

The essence of the human development perspective is that it considers an expansion of people's choices and capabilities as the end of all development efforts

Governments play a crucial role in promoting economic growth and ensuring that growth is conducive to the expansion of all people's capabilities and choices

principal difference is that in the human development approach people are both the means and the goals of development, whereas in human capital and human resource theories, people are mostly treated as a factor of production or as a capital resource, albeit the most crucial one, for the economic development of society. Although motives differ, the approaches would have a common interest if there were rigid links between economic production (as measured by income per head) and human development (reflected in, for example, the Human Development Index). However, these two sets of indicators are not always closely related on a worldwide basis nor in Viet Nam, as will be discussed in greater detail in chapter 3.

3. *Empowerment.* The human development approach is neither paternalistic nor based on charity or welfare concepts. Development must be aimed at the enlargement of people's own choices and should not be imposed upon them. Furthermore, people should not be treated as passive beneficiaries, but as proactive participants in the activities, events and processes that shape their lives, which in itself reflects the exertion of a generalised highly valued choice.
4. *Equity.* The human development approach refers to *all people regardless of race, class, religion, sex, and nationality*. If development is to enlarge people's choices, people must enjoy equitable access to opportunities. Development without equity means a restriction of choices for many individuals in a society. Depending on how inequitable the development process is, it can disenfranchise whole sections of society. Equity should be understood as equity in opportunities both to form and use one's capabilities, not necessarily in outcomes. Special attention needs to be given to disadvantaged and vulnerable groups such as the poor, disabled people, the ethnic minorities, the people in remote areas, and women. Equity is not only important

within generations, but also between generations. Intergenerational equity implies that the next generation should in principle be able to enjoy opportunities and a quality of life at least as good as the current one. Development therefore needs to be environmentally sustainable.

5. *Comprehensiveness.* As it is people-centred and treats people not solely as means but also as ends, the human development perspective embraces all sectors of society – not just the economy. It refers to the expansion of people's choices in *all* aspects of life, including economic, political, social, environmental, governance and cultural aspects and in their interrelations, since all these aspects are relevant for people's capabilities and hence their personal choices.

What does the above imply for the role of the state? First of all, the state should facilitate the participation of people in the development process. It should design sound institutions that enable and encourage people's participation. For transition economies, the establishment of pro-market institutions that organize markets as well as free markets from excessive controls and regulations, for example, can be seen as a significant step in the development process. Markets are, in principle, based on free choices with regard to business opportunities, consumption possibilities as well as voluntary transactions between individuals. It is exactly this freedom, together with competition, that makes markets efficient.

It should be acknowledged, however, that sometimes the conditions for an efficient functioning of markets are not met. Examples of such 'market failures' are information imperfections, natural monopolies, public goods, externalities, etc. Government interventions are necessary to remedy market failures to avoid that they adversely impact human development. From a human development perspective, governments also play a crucial role in promoting economic growth with equity, that is to correct market outcomes, and to

ensure that growth is conducive to the expansion of all people's capabilities and choices.

1.2. THE HUMAN DEVELOPMENT PERSPECTIVE IN VIETNAM

After having discussed the major concepts of the human development perspective, this section briefly explores the extent to which the official development strategies adopted in Viet Nam are in line with this perspective. This exploration is mainly confined to a conceptual level. Chapter 2 will examine in more detail the country's actual human development achievements.

HUMAN DEVELOPMENT IN VIET NAM

The human development approach shows close resemblance to the development strategies that Viet Nam has been pursuing over the last decades. The Declaration of Independence, which gave birth to the Democratic Republic in 1945, explicitly states that development should be aimed at people and their happiness. It stresses that the principal development target is to guarantee human rights, including the right to live in freedom and independence - free from oppression and slavery - the right to live in equality, and the right to pursue and enjoy one's own happiness. These are in fact the same humanitarian values which the whole of mankind aspires to accomplish, as reflected in the Universal Declaration of Human Rights, and more recently the Millennium Development Goals (see box 1.2). One could consider Viet Nam's modern history as a conscious and intentional endeavour to achieve the realization of these humanitarian values.

Viet Nam's development path has been rather unusual. During the decades after the Democratic Republic of Vietnam was established in 1945, the country never experienced real peace. In this period, its top priority was to liberate the nation and to unite the fatherland in order to ensure that everyone could live in national independence, peace and stability. This may be

regarded as people's minimal rights, which form the basis for human development. The country had to make great sacrifices to secure that these rights were respected. After the unification in 1975, the country swiftly shifted its focus to other priorities that would more directly contribute to human development.

Especially the wars have affected Viet Nam's choice of development path and its results in terms of human development. However, the adoption of the socialist model actually emerged from the quest for the best development path for its people. The ideals of the socialist orientation are that people themselves are the true masters of the country, living in freedom and independence, and having opportunities to develop themselves and to reach happiness through material and techno-

BOX 1.2

Millennium Development Goals

At the Millennium Summit (September 2000), 149 Heads of State and representatives of Government (of some 180 countries including Viet Nam) adopted the Millennium Declaration, which contains the following development goals:

1. Halve the proportion of people living in extreme poverty between 1990 and 2015.
2. Increase food security: halve the proportion of people who suffer from hunger between 1990 and 2015 (measured by proportion of population below minimum level of dietary energy consumption and proportion of under-weight under-5 children).
3. Improve health and reduce child mortality (halt and begin to reverse by 2015 the spread of HIV/AIDS and reduce child mortality rates by two-thirds by 2015).
4. Improve reproductive health (reduce maternal mortality rate by three-quarters by 2015 and achieve universal access to safe/reliable contraceptive methods by 2015).
5. Access to education (achieve universal access to primary education by 2015).
6. Gender equality (empower women and eliminate gender disparities in primary and secondary education by 2005).
7. Access to basic household amenities (halve the proportion of people unable to reach or afford safe drinking water by 2015).
8. Improving the environment (implement national strategies for sustainable development by 2005 so as to reverse the loss of environmental resources by 2015).

Source: Mid-2001, the UN Agencies in Viet Nam published a joint Interim Report on these Millennium Development Goals (MDGs). This report represents a first stock taking monitoring and analysis of the MDGs and is internationally comparable (See: UN Viet Nam, 2001).

logical progress. These ideals have been affirmed in many documents of the Communist Party and the State of Viet Nam (see Box 1.3).

The following human development aspects - as discussed in section 1.1 - can be recognized in the official documents:

1. *People are considered as the principle end of all development efforts.* This is also clearly stated in the Ten Year Socio-Economic Development Strategy 2001-2010, which was endorsed by the Party Congress in April 2001. The Strategy lays out a clear and inspiring vision for building the foundations of “rich people, a strong nation and an equal, democratic and civilized society”. The overarching objective of the Strategy is “to bring our country out of underdevelopment; improve noticeably the people’s material, cultural and spiritual life; and lay the foundations for making ours basically a modern-oriented industrialized country by 2020.”

2. *People are not only the goal, but also the driving force of development.* Human beings are conceived as the most valuable asset in society. The active participation of people in the development process is also acknowledged through such propositions as “revolution is the course of the mass” and “the collective mastery right of working people”.

3. *Equity is a major concern.* Promoting equality of opportunity is a major priority in the development strategy, notably through ensuring the rights of children to attend school, universalization of (primary) education, the establishment of a nation-wide network of health services, as well as the prevention of epidemic diseases. Moreover, the fruits of development are in principle meant for *all* people notwithstanding ethnicity, religion, gender and age in order to ensure that all people’s basic needs are guaranteed. Special attention needs to be paid to the rights and benefits of vulnerable groups living in rural and remote areas.

4. *Empowerment*, particularly at the grass-roots level. The various mass organizations, such as the Women’s Union, the Farmers’ Union, the Youth Union and the Viet Nam Union of Friendship Organizations, are meant to constitute the link between the Party authorities and the people. In 1998, the Government enacted the “Grassroots Democracy Decree”, which aims to legalize peoples direct participation in local decision making and to enhance the transparency of local Government actions. The Decree is gradually being implemented.

5. The official documents take a *broad perspective*, aimed at improving living conditions and the development of human capabilities in many aspects of life. At the same, during the first stages of Viet Nam’s development process, emphasis has been laid upon the expansion of people’s choices in the socio-economic realm, notably the economy, employ-

BOX 1.3

Towards Achieving the Human Development Goals in Viet Nam

- "I have only one desire, an ultimate desire, that is to make our country completely independent, our people completely free, and to ensure that everyone has enough food, clothing and education." (President Ho Chi Minh).
- "The goal of socialism is to constantly increase the material and cultural living standards of working people."
- "Caring for people's happiness is the greatest objective of our system".
- Our objective is "a society in which everyone has a life which is materially plentiful and spiritually rich".
- Socialism is "a system in which people are true masters and there is no exploitation of man by man; all people are living in freedom and independence and have sufficient food and clothing as well as access to education and a rich and noble spiritual life".
- "Citizens in our society have the rights to work, to enjoy their own working achievements, to rest, to study, to speak and write freely, to gather, to group, to believe in any religion, to be candidate for and to elect to the State agencies etc. Every citizen is equal before the law. Women and men are equal in political, economic, cultural, social areas and within families. Children are entitled to be well fed and the elderly and disabled are entitled to be cared for. Our State not only recognizes the rights of people but also guarantees necessary material conditions for people to enjoy these rights in reality." Source: Quotes from documents of the Party and the State of Viet Nam.

Source: Quotes from documents of the Party and the State of Viet Nam.

ment, health and education.

*HUMAN DEVELOPMENT BEFORE AND AFTER
DOI MOI*

From the above it may be concluded that, on a conceptual level, the official development strategy reflects various essential aspects of the human development perspective. It should be noted, however, that there is a significant difference in *the approach* taken to achieve certain human development objectives, and *the concept* of the socialist model between the periods before and after the Renovation (*doi moi*).

Before *doi moi*, Viet Nam's development model was based on a centrally-planned economy. The State was considered the most effective mechanism to ensure the collective rights of people and to guide the development process in all aspects of socio-economic life. The objectives pursued by the State and the concentration of resources in the hands of the State had two distinct consequences. On the one hand, despite the country's very low income and widespread income poverty, Viet Nam recorded some relatively favourable social achievements, particularly in terms of literacy, access to education and community health care services. Other achievements such as modest inequality, the advancement of women, and child-care activities are also worth mentioning, especially given the country's low level of economic development.

On the other hand, the concentration of power and resources in the hands of the State seriously inhibited individual opportunities and choices, especially in the economic sphere, with the consequence that poverty was high and widespread. Free market transactions and the individual liberty of doing business were virtually stamped out. Planner's preferences overruled consumer needs. The basic decision of what, how and for whom to produce was taken directly by the State bureaucracy. The development of individual capabilities as well as the people's participation in socio-economic areas was obstructed by

the "red-tape subsidized" central planning mechanism. This annulled the economic incentives necessary for innovations and efficient production activities. Consequently, the economy became sluggish and Viet Nam's income per capita increased only very slowly. The stagnating economic performance, later reinforced by the sharp fall in assistance from the former Soviet Union, induced the country's leadership to adopt *doi moi*.

The programme of *doi moi* (renovation) was formally inaugurated at the Sixth Congress of the Communist Party of Vietnam in mid-December 1986. It was meant to bring about an end to the period of stagnation and introduce a new era of rapid economic growth. *Doi moi* did not imply a change in development goals as the socialist orientation was still viewed as superior in meeting people's needs. This orientation was clearly reflected in the new slogan: "rich people, a strong nation and an equal and civilized society". At the same time, the *doi moi* policy emphasized the need for a change in the *approach* to development. Preserving the socialist orientation, the new policy was to support the development of an open market economy.

Doi moi redefined the role of the State in development process. "Caring for people... is the responsibility of the whole society, each unit, each household and it is also the aim of the Party, the State and all people" (Communist Party of Viet Nam, VIII Congress, 1996). The policy of renovation called for stepping up efforts to enable the party to 'serve the people', while increasing the role of the people in the political and economic decision-making process. This was clearly expressed in another slogan of *doi moi*: "people know, people discuss, people do, and people inspect".

The reform process, in principle, has allowed the State to move away from its attempts to micro-manage the whole economic process (both "steering and rowing the boat"), towards a role of macroeconomic management and of facilitating an

Doi moi did not imply a change in development goals as the socialist orientation was confirmed as superior in meeting people's needs. What doi moi did is to change the approach to development.

Doi moi in Viet Nam is the search for and a perfection of suitable socio-economic policies and institutions for improving the well-being of the nation's people.

Globalization offers many opportunities to enhance human development for millions of people around the world. Under the right conditions, it can make an important contribution to poverty reduction and sustainable development. However, successful integration will require proactive policies and appropriate preparation in order to maximise benefits and minimise risks associated with globalization.

efficient functioning of the market economy. At the same time, there remain several areas, notably infrastructure, education, health care, environment and income policy, where direct State interventions were justified. Moreover, the increased economic growth enabled the State to allocate more resources to these sectors.

The adoption of a more market-oriented approach took place in parallel with an active integration into the world economy, the expansion of external trade and the attraction of foreign direct investment. Viet Nam gained access to the new resources, technologies, management skills and new markets, but had also to face increasing international competition. This forced the economy to become more efficient and more dynamic, a process that is far from complete.

In summary, *doi moi* in Viet Nam may be considered as the search for and a perfection of suitable socio-economic policies and institutions in order to ensure that development does not only serve people, but is also steered by people. In line with the human development approach, people are increasingly moved towards the centre of development. *Doi moi* has paved the way for Viet Nam to record remarkable achievements in terms of human development during the 1990s. Although *doi moi* is a complex process, the country appears to be on the right track of development for people's happiness. A more detailed analysis of these achievements will be presented in chapter 2, while chapter 3 will discuss the significant challenges that the country still faces, with recommendations in chapter 4.

1.3 GLOBALIZATION AND HUMAN DEVELOPMENT

THE NATURE AND CAUSES OF GLOBALIZATION

Viet Nam's human development achievements of the past and the human development challenges of the future must not be considered in isolation, but should be

placed in the wider perspective of the country's further integration into the world. Taking a Human Development viewpoint, this section briefly looks at the process of globalization. Recent years have witnessed an unprecedented debate on the origin and nature of globalization and particularly its potential impact on world economic, political and social order. This is understandable, as globalization has implications for every nation, community and individual, while many of us have different views on it (see box 1.4).

What in general is meant by globalization? Globalization is a process of change. It is the process of an increasing number of interactions between people in different countries at an increasing intensity, made possible by the continuous decline in international transaction costs. There are two powerful engines that drive globalization. The first is rapid technological change that provides new means of transport and communication. They have significantly reduced the costs and increased the speed of transporting goods and people, as well as communication between people, thus effectively 'shrinking' time and space. The global economy is thus becoming increasingly 'weightless'. The second driving force is the latest wave of liberalization, which is gradually but steadily lowering all kinds of cross-border barriers, thereby facilitating free flows of capital, goods, services, ideas, and to a lesser extent, labour between nations. The disappearing borders also imply potential threats to human security, such as financial volatility, international violence and crime, illegal trafficking of women and children, and the rapidly growing spread of infectious diseases like HIV/AIDS.

Globalization is not a new phenomenon, as earlier tides of globalization can be found in the early sixteenth century and the years 1870-1913. However, this new wave of globalization has many new features (based on UNDP, 1999):

- *New markets* - foreign exchange, capital and insurance markets are linked global-

ly, operating 24 hours a day, with dealings at a distance in real time.

- *New tools* - Internet links, cellular phone, media networks and on-line electronic communication connect the whole world together, the knowledge economy and information society are emerging.
- *New institutions*: the WTO with authority over national governments, the multinational corporations with huge economic power, increasingly strong networks of NGOs and new groups of countries such as EU, ASEAN, NAFTA, APEC, ASEM, G7, G77.
- *New rules* - multilateral and bilateral agreements on trade, services and intellectual property backed by enforcement mechanisms reduce the scope for national policy.
- *New values* - a huge number of new products tailored to individual demand rather than to mass demand with information, knowledge, innovation and individual freedom as new virtues.

GLOBALIZATION AND INEQUALITY AMONG COUNTRIES

During the last decades globalization has played an important catalytic role in promoting growing prosperity. It could be expected that the process of globalization will continue to offer many opportunities to enhance human development for millions of people around the world. Under the right conditions, it can make an important contribution to poverty reduction and sustainable development. Standing out of globalization would imply missing these opportunities. However, actively engaging in the global integration per se does not guarantee success. Various highly integrated economies have suffered from the volatility and risks of globalization, inducing severe social costs or even setbacks in their development. Successful integration will require proactive policies and appropriate preparation in order to maximise benefits and minimise risks associated with globalization.

BOX 1.4

Views on Globalization

"We should work together to find out measures to maximize positive aspects and minimize negative aspects of the globalization process, particularly prevent the spread of hunger and poverty in developing countries as the participation of those countries in the globalization process is to achieve stable and sustainable development."

Phan Van Khai, The Prime Minister of Viet Nam, 2000

Globalization is a multifaceted phenomenon, which includes the acceleration of international trade, of the flows of labour, capital and technology as well as of the transfer of ideas and patterns of living. The impacts of globalization on human development must vary greatly with the nature of government policies with, or accompanying the process of globalization.

Gala Amin, 1999

Globalization implies both increasing autonomy of actors in terms of their expanding range of choice as well as increasing dependency on society as a whole. The autonomy of actors increases as their independence decreases. In other words, the process of globalization implies the transition from autonomy with exclusion (autarchy) to autonomy with inclusion [capability].

Mlinar, Montreal 1999

Globalization is an ongoing process that presents opportunities as well as risks and challenges... [It] can be a powerful and dynamic force for growth and development. If it is properly managed, the foundations for enduring and equitable growth at the international level can be laid.

UNCTAD Bangkok Declaration, 2000

But the main losers in today's very unequal world are not those who are too much exposed to globalization. They are those who have been left out.

Kofi Anan, UN Secretary General.

Globalization is here to stay. ...We can't turn back the clock on globalization....Thus, the challenge to us all is to harness the positive aspects of globalization in the cause of development and poverty reduction, and to offset its less positive aspects for those adversely affected. Our watchword must be "globalization with a human face". Globalization that is inclusive. Globalization that promotes social equity and works for the poor.

James Wolfensohn, World Bank President, Bangkok, February 2000

Over the last decades, the world has also witnessed another phenomenon: growing global inequality (see also box 1.5). According to the UNDP's global Human Development Report 1999, the income gap between the fifth of the world's people living in the richest countries and the fifth in the poorest was 70 to 1 in 1997, up from 34 to 1 in 1970 (or 15 to 1 and 13 to 1, respectively, when using Purchasing Power Parity (PPP) conversion rates rather

BOX 1.5

“The Truth about Global Inequality”

Proponents of globalization claim that the process brings universal benefits, while opponents equate it with growing social inequities. But what do we actually mean when we talk about global inequities? There are at least three distinct concepts of inequity. First there is inequality within countries. It is what people mean when they argue that globalization may have widened income disparities in Brazil or in the UK. Second, there is international inequality, that refers to differences between countries' average per capita incomes, or gross domestic products. This is what people mean when they describe the effects of globalization on countries' economic growth rates. Recent studies estimate that the Gini-coefficient reflecting international inequality has increased

from 55 in 1988 to 58 in 1993. However, such a measure hardly gauges the real extent of global income disparity, for it assumes that every Chinese and every American has the same national mean income. The third concept - global inequality - combines the two previous concepts, and refers to income differentials between all individuals in the world. It is calculated that the world Gini-coefficient increased from 63 in 1988 to 66 in 1993. Global income inequality turns out to be greater than the international inequality. Both measures include countries that have integrated into the world economy as well as countries that stayed out of it. It is therefore hard to attribute the growth in inequality to the increasing globalization (see box 1.6 and around).

Source: Based upon: Matias Lundberg and Branko Milanovic, The truth about global inequality, in: The Financial Times, 25 February 2000.

than exchange rate conversions). Moreover, by the late 1990s the fifth of the world's people living in the highest-income countries had:

- 86% of the world GDP - the bottom fifth just 1%
- 82% of the world export markets - the bottom fifth just 1%

- 68% of foreign direct investment - the bottom fifth just 1%
- 74% of world telephone lines - the bottom fifth just 1.5%.

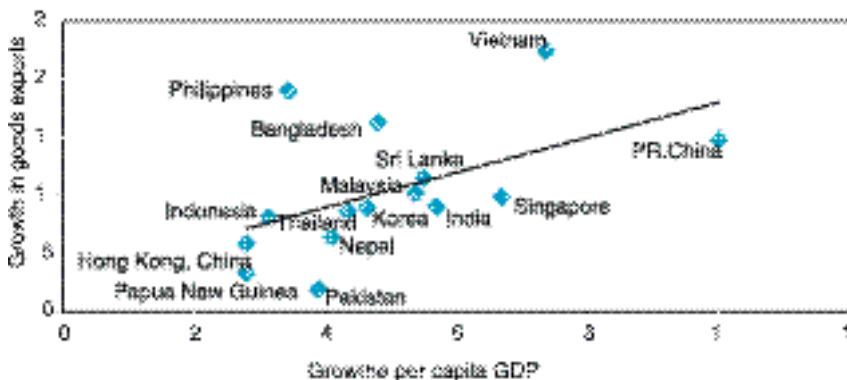
GLOBALIZATION AND SOUTH EAST ASIA

The concurrence of globalization and growing disparities does not necessarily imply a causal relation between the two phenomena. The same holds for the relation between trade and economic growth on an individual country level. While the correlation between trade and economic growth is strongly positive (see Figure 1.1), there appears to be no automatic link between trade, investment and economic growth, whilst the nature and direction of causation remains debatable. The Asian Development Bank (1999, p. 83) surveyed twenty academic studies measuring the impact of “openness” on economic growth for samples of between 4 to 108 countries during 1950-1988. Five of the studies gave weak or ambiguous results, while fifteen found a strongly positive relationship.

More liberal and ‘open door’ policies in many Asian countries have seen them surge ahead of most developing countries in recent decades in terms of both economic growth and human development indicators. The ‘miracle’ economies of Asia, while few in numbers and small in population, have shown that substantially narrowing the economic gap with the developed economies within 40-50 years is possible, and all have done so through rapid integration into the world economy. The major underlying factors of this success include sound macroeconomic policies, a strong reliance on domestic savings, an export-led development based on comparative advantages, opening up the economy to international trade and investment, actively supporting an enabling environment for private sector development, notably SMEs, and heavy investment in people’s capacities, while preserving modest income inequalities (UNDP Viet Nam, 1998).

The validity of these factors has not been undermined by the financial crisis

FIGURE 1.1
Annual Growth of Goods Exports and Per Capita GDP Selected Asian Countries, 1985-1988



Source: Asian Development Bank, 1999.

that hit the Asian economies in 1997. The crisis itself is probably the most obvious recent example of the potential destabilizing impact of globalization. It shows that volatility and instability are inherent features of today's global financial system and that resilience and flexibility are crucial to weather the crisis. Those Asian economies that escaped relatively unscathed were either particularly flexible and well-integrated (like Taiwan and Singapore), or were only weakly financially integrated (like Viet Nam and Myanmar). Secondly, the crisis showed that opening the financial system to the world, especially for short-term capital flows should be proceeded with care when domestic financial institutions and prudential supervision of the financial sector are weak. This was exacerbated by the state-influenced lending practices, either through explicit or implicit guarantees on loans to the banking and corporate sectors. Thirdly, it should be noted that some of the problems that the Asian countries faced arose because governments did too much in some areas (eg. state-directed and state-guaranteed bank credit), and too little in a number of other important areas. In the latter case, the state has an important role in preventing and resolving information failures; enforcing legal requirements related to transparency, accountability and reporting of corporations; and prudential supervision of financial markets to minimize the likelihood of market failure.

Although the Asian crisis has had a significant effect on Viet Nam especially through slowing down of exports and direct foreign investment inflows, overall it has weathered the crisis reasonably well. Not that the problems that have been identified as the key culprits are totally unknown in Viet Nam. But the country was able to avoid most of the trouble by steering clear of international financial markets, maintaining strict controls on foreign exchange transactions, and relying chiefly on foreign direct investments for foreign capital rather than portfolio investments.

BOX 1.6

Trade Liberalization and Poverty

- Trade policy affects (income) poverty within a country through its effects on both growth and income distribution. The effects of trade on income distribution have been more firmly established than its impact on economic growth. This in fact makes trade liberalization a hard reform for policy makers to implement.
- Empirical research shows that developing countries applying more open trade regimes have enjoyed higher growth rates than those implementing restrictive policies. This conclusion depends crucially on how openness is defined. When it only includes measures taken at the border of countries, then growth seems to be nearly unaffected by greater openness. When openness is measured by a wider range of policies - including the level and variability of barriers, distortions in the real exchange rate (as a proxy for international competitiveness), degree of state monopoly of major export products, forms of government - then growth appears to be boosted whenever a country moves towards a more open regime.
- The trade and growth literature also finds that an open and transparent trade policy can foster external discipline, helping to reduce distortions on domestic markets, and to narrow the scope for wrong or unbalanced policies in other areas - 'locking in' policy reforms - as well as rent-seeking and corruption which do not normally favour the poor. It is also clear that without a comprehensive strategy involving investment in human resources, infrastructure and the rule of law, freer trade alone does not guarantee sustained growth rates.
- Economic research has established that trade liberalization has a strong redistribution impact on various income groups. The standard result is that if trade barriers benefit the relatively well-off by, for instance, protecting import competing sectors controlled by capital owners or skilled and often urban labour-intensive sectors, then trade liberalization is likely to redistribute income to the poor. However due to the lack of data and the difficulty in isolating trade liberalization from other reforms and shocks, our insight in the systematic link between open trade policy and more pro-poor income distribution is still limited.
- A policy of trade liberalization in principle can produce positive effects on GDP growth and income distribution and, abstracting from the complex links between growth and inequality, it should in turn help reduce poverty. Of course, the final result will vary from one case to another. Needless to say, in order to benefit from trade, poor people need to interact with markets. Furthermore, it has become clear that, especially in the long run, protection rarely helps the poor.

Source: Maurizio Bussolo and Henri-Bernard Solignac Lecomte, 1999. Trade Liberalization and Poverty, ODI Poverty Briefing.

Further openness will have to be managed carefully. At the same time, not opening up may involve considerable costs.

GLOBALIZATION AND INEQUALITY WITHIN COUNTRIES

Globalization not only brings about risks

Global integration can open the path to sustainable development – to “catch up” – but the speed of the journey is determined by the strength and determination of those who are walking.

to the whole economy, but also affects the income distribution within countries. An inequitable distribution of benefits and costs may lead to a greater divide within a society, and can eventually compromise social and political stability. In particular, while the country as a whole is expected to gain, certain interest groups will suffer from lower tariff rates, reduced non-tariff barriers, investment liberalization, and overall increased competition. In various countries, for example in China, Indonesia and Thailand, income disparities have grown with the increasing integration, although in many cases poverty has fallen as well. In general, it is hard to establish a systematic link between (changes in) trade and (changes in) income distribution. The level of income disparity in an economy might have as much to do with history, economic growth, price and wage controls, welfare programmes, and education policies as it does with globalization or trade liberalization, although it is complicated to unravel such complexities and interrelations.

The available data nevertheless indicates that emerging market countries that are highly globalized (such as Poland, Israel, the Czech Republic, and Hungary) exhibit a much more egalitarian distribution of income than emerging market nations that are characterized by a low degree of globalization (such as Russia, China, and Argentina). There are some exceptions: Malaysia for example, is more globalized but less equal than Poland. But the general pattern of higher globalization and greater income equality holds for many countries, both in mature economies and emerging markets. These findings should reinvigorate the debate over whether countries are poor and unequal because of globalization, or because they are not globalized.

GLOBALIZATION AND TECHNOLOGICAL CHANGE

In telecommunication, the invention and rapid development of the world wide web

has brought about for the first time in the history of mankind opportunities for people all over the world to find, access, connect, exchange, and discuss information without any constraints. Today, the Internet has become a product that is not possessed by an individual country, and no institution can prevent its development. The development of the Internet will radically change management structure and style (see box 1.7).

GLOBALIZATION AND CULTURAL INTEGRATION

Cultural integration is taking place intensively and globally. This cultural integration is also driven by strong development of information and communication technology, intensification of culture exchange across-border, the availability of satellite television, international migration and tourism, and rapid expansion of transnational corporations. People learn from each other new business culture and working styles. This kind of cultural interaction and ‘transfer’ has an important impact on people’s lifestyles. This impact is not only positive as it may also result in some loss of cultural diversity.

But even though the process of interaction and integration is moving at an incredible pace, people do not appear to become more alike. People, with their own cultural heritage, remain distinguishable from others and appreciate culture flows individually. Furthermore, culture dissemination and exchanges are undertaken differently with complicated interactions, mutual acceptance and enrichment. Every culture will have its own place in a rapidly changing but ever enriching global culture. Local cultures by themselves also have been restored, preserved and affirmed through raising recognition of traditional cultural values. A well-entrenched sense of culture and nationalism is probably not going to be “blown away” by globalization.

GLOBALIZATION AND THE NEED FOR NEW CAPACITIES

Globalization brings about both benefits

and risks. Integration may be regarded as a necessary but not sufficient condition for “catching up” to the human development levels of wealthier countries. But it also has its costs. Moreover, integration and faster development imply faster rates of social and economic change. It is a process of enhanced “creative destruction”.

Global integration does, however, bring with it some loss of economic policy autonomy. As they say, when you join a team, you cannot play by your own rules. The many international rules, agreements and conventions impose constraints on the scope to use certain policy instruments. Furthermore, countries engaging in international integration need to implement certain reforms in wide-ranging areas such as tariff reductions, service sector competition, labour and environmental regulations, intellectual property rights and the provision of adequate information. Successful integration demands a flexible economy that can respond quickly and effectively to any fluctuations of globalization. Ability to change is the main factor for successful integration, maximizing benefits and minimizing risks. But rather than a surrender of national sovereignty, this should be seen as an exercise of sovereignty, to strengthen the nation’s capacity to determine its own future.

GLOBALIZATION AND HUMAN DEVELOPMENT

Global integration brings economic growth from increased efficiency, specialization, and most importantly, a faster rate of technology transfer. Such growth, however, is not necessarily equitable, and improvements in health and education may lag. More significantly, human development itself is a determinant of growth. For global integration is a process of expanding the enabling environment for people – more choices, more opportunities, more ideas.

BOX 1.7

Making New Technologies Work for Development: Global Human Development Report 2001

- Technology is a tool for development – not just a reward of development. It has been central to human progress over the past century and must be a part of the development agenda in the next. But the market alone will not produce the technologies needed for development nor deliver them to the people who need them. Public investment and public policy to turn technology to the needs of development is essential. New technologies are changing the development environment by combining with globalization to create the network age. Countries need to respond to the opportunities and challenges that this creates.
- Biotechnology has much potential for development, in health and agriculture. But the risks and rewards vary from country to country and the dilemma for many developing countries is that though the potential benefits may be great, so too are the challenges of managing the risks well. The dilemma, however, is that making safe use of modern biotechnology requires biosafety capacity, with regulation, testing, public communication and debate. This is an extra challenge for most developing countries because of their relative lack of skilled personnel and weaker communications strategies needed to enable a public dialogue. Hence the greater the need to give them support to build up this capacity.
- Education is critical: many countries need to re-examine their priorities and focus. Unleashing human creativity is central to a country’s ability to join the network age, and that starts with education. Developing countries need to reassess their education strategies, re-evaluating the importance and role of secondary and tertiary education in enabling them to build up a national technological capacity. But at the same time, in a globalizing market for highly-skilled labour, it is a growing challenge for developing countries to hold on to the students that they train: the demand for such skills in the global market induces a brain drain. That outflow can be beneficial, if it becomes a critical mass and creates a diaspora that brings home not only remittances but also venture capital, skills and a strong reputation.

Source: Some of the main messages taken from: UNDP, 2001. Human Development Report 2001: Making New Technologies Work for Human Development

Human development, or the capabilities of people, determines how quickly the expanded environment is being filled with productive activity. In other words, global integration can open the path to sustainable development – to “catch up” – but the speed of the journey is determined by the strength and determination of those who are walking.



Doi moi and Human Development

This chapter reviews in greater detail the achievements of the *doi moi* reform process launched in 1986. The first two sections argue that most of *doi moi*'s success has been based on improving the enabling environment in order to expand people's choices, particularly in the non-State sector. This is reflected in the strong improvement of the 'Human Development Index' (HDI), which measures the achievements in the key areas of human development, i.e. standard of living, health and education. The subsequent two sections cover the most impressive accomplishments: the halving of poverty from more than 70 per cent in the mid-eighties to less than 37 per cent in recent years, and the progress made in health and education. Over the last ten years, life expectancy increased to 68 years and adult literacy further improved to 94 per cent. But major challenges remain. These will be addressed in the next chapter, which particularly focuses on socio-economic disparities in Viet Nam.

2.1. THE DOI MOI REFORM PROCESS AND HUMAN DEVELOPMENT

Before *doi moi*, Viet Nam was a country with a low development level, heavily damaged by the war. Both its economy and its society were dominated by traditional agriculture. The State had grounded its development policies on the principles of central planning and collective ownership. This allowed the State to take an active part in mobilizing and allocating national resources to achieve social aims. Despite its low level of economic development,

Viet Nam was able to realize fairly remarkable human development achievements, especially in the areas of education and health.

However, by the early 1980s, the weaknesses in the central planning model began to manifest themselves. Information was inadequate or distorted, incentives were weak or non-existent, and resources were allocated inefficiently. Economic growth stagnated, inflation rose rapidly, chronic shortages in basic consumption goods started to occur, and public finances derailed. People had very limited opportunities to enjoy meaningful jobs and to earn decent incomes. The situation was exacerbated by the drying up of aid from the former Soviet Union and the collapse of the CMEA-system. The socio-economic crisis made it clear that the prevailing system severely restricted individual initiatives.

In light of the emerging crisis, the State implemented some market-oriented reforms, mostly at a micro-level, in order to ease the ties of the mechanism of '*central planning, subsidization and bureaucracy*'. Most notable were the piloting of the 'three-plan system' for SOEs - starting in 1979 - and the authorization of 'output contracts' (*khoan san pham*) in agriculture. These measures gave enterprises and farmer households the autonomy to buy and sell through free market transactions. Yet, the microeconomic reforms appeared to be insufficient. Although economic growth picked up again, persistent macroeconomic instability prevailed, with inflation well into triple digits. Overall, people's living standard remained very low. Moreover, the failure of the 'price, wages

By the early 1980s, the weaknesses in the central planning model began to manifest themselves. Information was inadequate or distorted, incentives were weak or non-existent, and resources were allocated inefficiently. People had very limited opportunities to enjoy meaningful jobs and to earn decent incomes.

Doi moi as a process of expanding people's choices and reducing human poverty - had a human development mission, providing a new policy framework that created a more favourable environment to promote people and communities to engage actively in all socio-economic and social activities.

and money' reforms in 1985 proved that successful macroeconomic reforms were not possible unless the central planning model itself, together with the old way of thinking, were transformed.

The Sixth Party Congress held in December 1986 officially endorsed the *doi moi* programme. It adopted a comprehensive reform package with the aim to build 'a wealthy nation, a powerful country and to establish an equitable and civilized society'. The major components of *doi moi* included the transition from central planning to a market economy with a socialist orientation, and the implementation of an open-door policy to facilitate Viet Nam's active and gradual integration into regional and global communities.

It is evident that *doi moi* – with its focus on expanding people's choices and reducing human poverty - had a human development mission. It was a breakthrough in providing a new policy framework that created a more favourable environment to pro-

mote people and communities to engage actively in all socio-economic activities. The reforms started to be implemented in late 1987 and were accelerated in 1989. Table 2.1 presents the major landmarks, in terms of both new policy intentions and actual results.

REFORMS AND RESULTS

The success of *doi moi* is reflected in the strong improvement of Viet Nam's HDI and the country's international ranking (box 2.1 and table 2.2). Table 2.3 compares Viet Nam's human development performance with that of some other Asian countries. On the one hand, it shows that Viet Nam is still considerably lagging behind some other Asian economies, in spite of some 'catching up' over the last decade. On the other, it outperforms countries with similar average incomes. In line with the human development perspective, Viet Nam's development path has been fairly balanced.

TABLE 2.1
Landmark reform and achievements during *doi moi*

Year	Major reforms	Major achievements
1978	"Three-part" planning for SOEs	SOEs were given more autonomy; market relationships started to be established
1981	"100" contracting (product contracting) for farmer households	Farmers were given more autonomy in producing and selling their products
1985	"Price, wages and money" reform	Hyperinflation. Planned price system removed, old currency system replaced
1986	The Sixth Party Congress announced its programme of renovation (<i>doi moi</i>)	Launching of <i>doi moi</i> reform process. Breakthrough in economic development thinking, promoting a multi-sector economy with the leading role of the state sector. Transition to a market economy with state management started
1987	The first Foreign Investment Law Open-door policy accelerated Enactment of Land Law which established agricultural land-use rights Introduction of more market-determined exchange rate	Popularization of new thinking in society
1988	Establishment of two-tier banking system Adoption of Resolution 10 on agricultural land-use rights of farmer households	Approval of first joint-venture Export reached US\$1 billion mark for the first time ever
1989	Removal of two-tier price system Abolishment of quotas for most commodities, except for ten exports and fourteen imports Unification of exchange rate system	From a rice net importing country, Viet Nam became the third largest exporter in the world High inflation was curbed
1990	Foreign Investment Law amended Approval of Law on Central Bank, State-owned banks and credit institutions	Twenty million tons of grains were produced Two million tons of crude oil was extracted Total accumulated FDI licence approvals surpassed US\$ 1 billion

TABLE 2.1
(Continued)

Year	Major reforms	Major achievements
	Corporate Law establishing a new framework for activities of liability limited and joint-venture companies approved	
1991	Private companies were entitled to export and import directly	The industry sector grew by nine per cent
1992	Adoption of New Constitution which officially recognized the multi-sector economy Trade Pact with EU signed Experiments with Equitization of SOEs Hunger Elimination and Poverty Programme (HEPR-programme) started	Total accumulated FDI licence approvals surpassed US\$ 5 billion mark. The number of SOEs reduced while that of private enterprises began to rise. The literacy rate reached around 87 per cent National program for hunger elimination and poverty reduction (HEPR) started
1993	Amendments of Land Law Approval of Bankruptcy Law and Environment Law Removal of US's embargo against Viet Nam	Poverty survey indicates that poverty declined from well over 70% to 58% since mid-1980s; First mobile telephone put in use. Relationships with broader international donor community re-established: first International Donor Conference held in Paris
1994	Enactment of Labour Code Export licenses for most of goods except rice, wood and crude oil removed National Program of safer water and environmental sanitation launched	Viet Nam became a member of ASEAN Total accumulated FDI licence approvals surpassed US\$ 10 billion
1995	Law on State-Owned Enterprises approved Number of import goods controlled by quotas reduced to seven	AFTA membership granted Export value reached US\$5 billion mark Relationship with US normalized GDP growth rate 9.5 per cent
1996	Regulations on Industrial Property Protection issued Eighth Party Congress debates leading role of SOE sector	Total FDI licence approvals reaches US\$27 billion, while GDP growth rate was 9.3 per cent
1997	All barriers against internal trade of rice removed Private enterprises granted licenses to rice export subject to certain conditions Adoption of National Action Plan for Women Advancement	Rice exports reach level of 3 million tons Crude oil production passed 10 million tons mark Internet was first used
1998	New range of non-tariff measures and exchange controls to restrain imports and protect domestic production temporarily introduced Implementation of Programme to support most difficult communes Start of National Target Employment Programme Approval of Grassroots Democracy Decree	Over ninety per cent of children were vaccinated Annual population growth rate below two per cent Based on the Viet Nam Living Standard Survey, overall poverty drops from fifty-eight per cent in 1993 to thirty-seven per cent in 1998 APEC membership granted Literacy rate increases to 89.4 per cent Total registered FDI passed US\$ 30 billion
1999	Decree 57 which liberalized export-import rights passed Approval of New Enterprise Law Introduction of VAT Acceleration of SOE equitization programme	Rice exports reach 4.5 million tons Viet Nam was granted UN's award for achievement in the field of population and family planning Life expectancy at birth reached 68.3 HDI ranking : 101 out of 162 countries
2000	New Enterprises Law becomes effective Bilateral Trade Agreement with US signed Opening of the Viet Nam Stock Exchange	Economic growth picks up to 6.7 per cent Nearly 15,000 private enterprises established Adult literacy rate is 94 per cent
2001	Ninth Communist Party Congress adopts the Ten Year Socio-Economic Strategy 2001-2010	IMF and World Bank resume structural adjustment lending to Viet Nam Economic growth is at around seven percent ranked second in the region. Socio-political stability maintained Nearly 23,000 private companies have been established with 25,000 billion VND of capital, providing nearly 500,000 new jobs Approved a program of SOE reform in the period 2001-2005 WB and IMF resumed structural lending.

Doi moi has galvanized the talents and energy of millions of people, stimulated rapid economic growth, curbed inflation and promoted export as well as foreign investment. These remarkable achievements should not hide the fact that *doi moi* is a complex and difficult process. Viet Nam has had a relatively low starting point. Furthermore, as an economy in transition, the old way of thinking in terms of central planning and collective ownership has remained highly influential, and the State sector is still inefficient. Moreover, the country will have to take up new challenges, such as further integration into the world economy and the establishment of a knowledge economy.

2.2 DOI MOI: EXPANDING ECONOMIC CHOICES AND OPPORTUNITIES

For a variety of reasons unemployment and underemployment have been and remain severe problems in Viet Nam. First, there is a serious imbalance between an abundant, young, ready-to-work labour force on the one hand and relatively scarce other resources such as land and capital on the other. Secondly, the current pattern of labour utilization is inefficient, due to the distortions caused by State policies and institutions often still reflecting a controlling rather than facilitating role. Thirdly, despite the general excess supply in the

TABLE 2.2
Viet Nam's Human Development Index over time

Human Development Report*	1995	1996	1997	1998	1999	2000	2001
(Reference year)	(1992)	(1993)	(1994)	(1995)	(1997)	(1998)	(1999)
Life expectancy at birth (years)	65.2	65.5	66.0	66.4	67.4	67.8	67.8
Adult literacy (%)	91.9	92.5	93	93.7	91.9	92.9	93.1
Combined enrolment rate (%)	49	51	55	55	62	63	67
Real GDP per capita (PPP US\$)	1,010	1,040	1,208	1,236	1,630	1,689	1860
Human Development Index (value)*	0.611	0.618	0.634	0.639	0.666	0.671	0.682
Human Development Index (rank)*	120	121	121	122	110	108	101

* The data are taken from international sources, and may therefore deviate from national data. Due to changes in the methodology and different sets of countries, the HDI ranking is not fully comparable over time. The HDI-values are based on a recalculation of the HDI using the latest methodology.

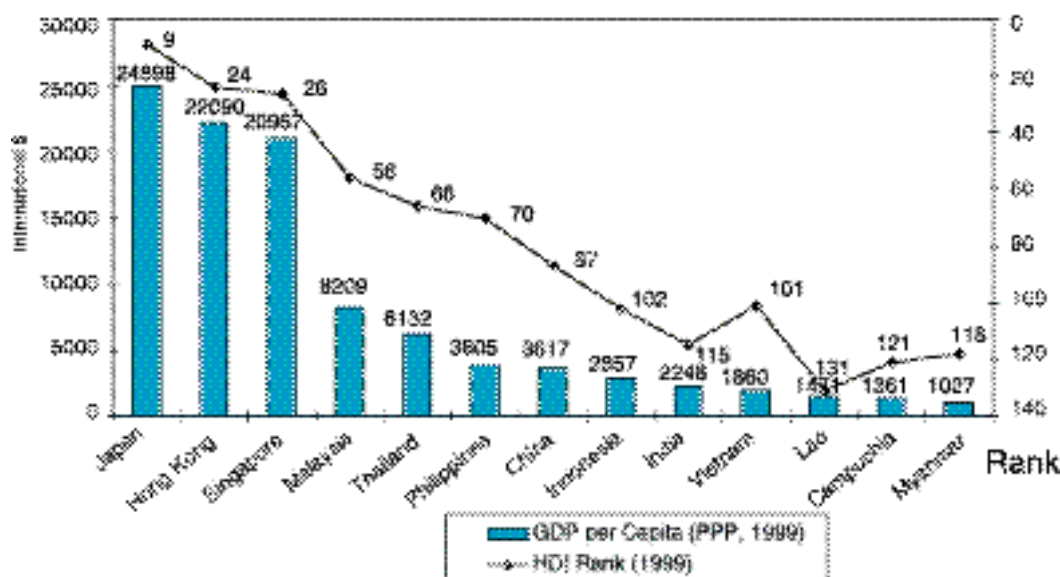
Source: UNDP, Human Development Reports 1995-2001, own calculations.

TABLE 2.3
HDI ranking for selected countries (1999, out of 162 countries)

Country	HDI rank	Life expectancy (years)	Adult literacy rate (%)	Combined enrolment ratio (%)	Real GDP per capita (PPP\$)	HDI
Japan	9	80.8	99.0	82	24,898	0.928
Hong Kong	24	79.4	93.3	63	22,909	0.880
Singapore	26	77.4	92.1	75	20,767	0.876
Malaysia	56	72.2	87.0	66	8,209	0.774
Thailand	66	69.9	95.3	60	6,132	0.757
Philippines	70	69.0	95.1	82	3,805	0.749
China P. R.	87	70.2	83.5	73	3,617	0.718
Viet Nam	101	67.8	93.1	67	1,860	0.682
Indonesia	102	65.8	86.3	65	2,857	0.677
India	115	62.9	56.5	56	2,248	0.571
Myanmar	118	56.0	84.4	55	1,027	0.551
Cambodia	121	56.4	68.2	62	1,361	0.541
Lao PDR	131	53.1	47.3	58	1,471	0.476

Source: UNDP, Human Development Report 2001, pp. 140-143.

FIGURE 2.1
HDI ranking and GDP for selected countries



BOX 2.1

On the Human Development index (HDI)

In its global Human Development Report, UNDP annually calculates the HDI in an attempt to measure the level of human development and changes therein for almost all countries in the world. Though concepts are always broader than their measures, the HDI captures three essential dimension's of people's well-being, and is based on the following indicators: (a) life expectancy at birth to reflect people's capability to lead a long and healthy life; (b) a combination of adult literacy rate (two-third weight) and the combined gross primary, secondary and tertiary enrolment ratio (one-third weight) as an expression of people's capability to acquire knowledge; and (c) GDP per capita (PPP \$) as a proxy for people's standard of living.

Calculating the HDI is rather straightforward. The data for every component is normalized, i.e. values are put on a scale between a minimum and maximum. These are derived from actual observations in the world (in case of life expectancy with 25 years as the minimum and 85 years as the maximum or objectively fixed (such as the enrolment and literacy rate with a minimum of 0% and a maximum of 100%). It shows how far a country has proceeded on the path from the minimum to the maximum. In mathematical terms, every component has its own index: $I = (\text{actual value} - \text{minimum value}) / (\text{maximum value} - \text{minimum value})$. Income enters in to the HDI as a surrogate for many of the dimensions not captured in the health and education indicators. To reflect that a respectable level of human development does not require unlimited income, GDP per capita income is discounted by using the log values with a minimum \$100 and

a maximum of \$4,000. The HDI then represents the simple average of the individual indices with equal weights.

The advantage of the HDI is that it is 'broader' than GDP per capita. Thinking about development should not be preoccupied with material well-being alone, but ultimately focused on enlarging people's capabilities and choices. A disadvantage is that it does not express possible differences in well-being between men and women. To this aim, UNDP has also developed a gender-related human development index (GDI). The GDI uses the same variables as the HDI, but includes an adjustment for the disparity in achievements between men and women; countries are 'punished' with a lower index when women enjoy fewer benefits than men.

And the HDI should also be 'deeper', reflecting socio-economic disparities within the country, as there is no automatic trickle-down of the fruits of development from the growth centre(s) all over the country and its people. Chapter 3 therefore presents some (composite) human development indicators for all 61 provinces in Viet Nam to reflect the socio-economic inequalities across the country. Not surprisingly, the figures show that Ha Noi and Ho Chi Minh City rank highest in terms of human development. More remarkable is that they reach levels of human development comparable to those of successful transition economies like Poland, Estonia and Croatia. At the lower end, however, provinces like Ha Giang and Lai Chau fail to score much better than Laos, Bhutan and Nepal.

Opening up and economic integration have further helped to broaden markets for agricultural products and ease farmers' access to agricultural inputs and to new sources of capital, technology and managerial skills. From being a net importer of rice in the eighties, Viet Nam is now the second largest rice exporter in the world.

labour market, there are shortages of skilled labour.

AGRICULTURAL REFORMS

Overall, *doi moi* can also be viewed as a process of enlarging employment opportunities and enhancing labour productivity. The product contracting system adopted in 1981, the household contracting system implemented in 1988, together with other reform measures such as price liberalization, exchange rate unification in 1989 and the adoption of New Land Law in 1993 helped to dissolve inefficient cooperatives and to expand the opportunities of farmer households. They started to enjoy land use rights and had much greater choice on how to best use and manage agricultural land. As well as the move from monopoly trade policy towards competition and price liberalization, domestic commodity markets have been established and developed, while international trade has gradually increased. Agricultural products can now be sold across the country, and fertilizers, petrol, and other agricultural inputs have become widely available in rural areas.

The market for *land-use rights* has also been formed and developed, and is particularly vibrant in the Mekong River Delta and the Central Highlands. In these regions, residents' access to bank credit has improved, although borrowing funds from formal credit sources remains difficult since the real estate market is still underdeveloped. Nevertheless, recent reforms by the State Bank including easing collateral requirements and providing more autonomy to commercial banks have improved the access to formal credit sources for rural people. The annual growth rate of agricultural credit is around 25 per cent. More than half of all farmer households have access to credit.

Opening up and economic integration have further helped to broaden markets for agricultural products and ease farmers' access to agricultural inputs and to new sources of capital, technology and managerial skills. From being a net importer of

rice in the eighties, Viet Nam is now the *second largest rice exporter* in the world. Exports amount to 95 per cent of total output for coffee, one hundred per cent for cashew, eighty to eighty-five per cent for rubber, ninety per cent for pepper and fifty per cent for tea. Hence, the opening of the economy has been very important in promoting agricultural production and productivity and thus incomes in many rural regions, as was for example witnessed by the paddy growers in An Giang province (Box 2.2). However, the exposure to the world market also implies that farmers are more vulnerable vis-à-vis international price fluctuations, e.g. in the case of coffee and rice in the first half of 2001.

With the benefit of hindsight, one may conclude that agriculture was relatively well placed to respond to the incentives created by reforms. In this sense, the transition in Viet Nam has been quite different from, and smoother than, that in Central and Eastern Europe and the former Soviet Union. These countries were not densely populated rural economies, but highly, albeit inefficiently, industrialized economies. Dismantling the old industrial structure involved problems of time, sacrifice, costs and politics, which China and especially Viet Nam have not had to contend with.

The reforms also facilitated more *diversified production*. Whereas rural development had been dominated by rice monocrop production in the past, many agriculture activities based on natural advantages of each region have been flourishing throughout the 1990s. Good examples are the substantial growth of aquaculture breeding in coastal areas, coffee and rubber planting, and cashew production in the Central Highlands and the South East. At the same time, many new occupations emerged thanks to new market opportunities. These include growing flowers and ornamental trees in the outskirts of Ha Noi, Nam Dinh, Hai Phong and Ho Chi Minh City, planting fruit trees and raising deer in Nghe An and Ha Tinh.

Reforming the State sector by giving more autonomy to enterprises, encouraging the private sector development, creating incentives for foreign investment and providing better access to foreign markets have resulted in a new economic structure and a more efficient human resource allocation. During doi moi, more jobs were created than in the past when the State and SOEs were the only employers and employees could not freely choose jobs.

During the period of 1991-1999, the number of employed people rose from 30.9 million to 39.4 million at an annual rate of three per cent. Nine out of every ten new jobs were created in the non-State sector. The State created around five per cent of new jobs, slightly more than the newly emerging FDI-sector. Thus the domestic non-state sector has been the most important sector in the direct provision of employment opportunities. This sector also has great export potential. Data for non-oil exports for the period 1997-99 show that the non-State sector's export volume grew by more than seventy-two per cent while the export volume of SOEs rose by less than five per cent. Particularly in textile and leather footwear, Viet Nam witnessed a strong growth of labour-intensive exports.

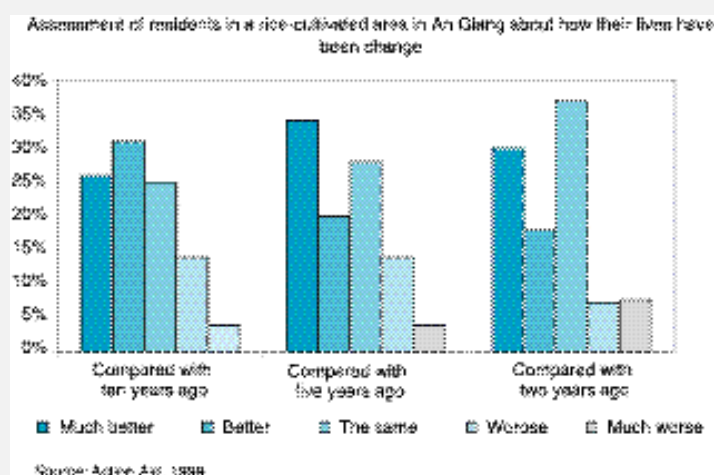
However, it should be noted that with 89 per cent of total employment, the household and farm sector is still dominant. The share of the corporate private sector in total employment remains small, accounting for only 1.4 per cent. This relates to the fact that private enterprises are small in size; only one per cent of these employ more than one hundred people. The weak development of the private sector is also reflected in the fact that 78 per cent of enterprises are concentrated in only four industries, i.e. food processing, wood products, garments and ceramics and glass industries.

The high and labour intensive growth in the nineties helped to reduce the urban unemployment rate from 9-10 per cent in

BOX 2.2

Life Has Been Changed for the Better in An Giang

In a survey in Chau Thanh district, An Giang province, researchers asked people to compare their present lives with their lives ten years, five years and two years ago. The findings are presented in the figure below. Most people agreed that their living standards had improved. A few people, however, had seen their life deteriorate over the last ten years mostly because they had very little land. Average land per capita of these households were around 500 square metres or only one-fifth of the overall average. A very low percentage (about four per cent) claimed that their lives were much worse than ten years ago. These households, often without land, had a high number of small children or had frequently suffered from diseases in their families.



Source: ActionAid, 1999

1991-1992 to about 5.9 per cent in 1996. The Asian crisis pushed the official unemployment rate up to 6.9 per cent in 1998 and further to 7.4 per cent in 1999, with some recovery to 6.4 per cent taking place in 2000. While the growth of labour demand might have slowed down, the increase in labour supply remains structurally high with about 1.3 million new labour market entrants every year.

The new economic structure has given birth to *new labour relations* which in turn has led to more efficient human resource allocation and better utilization of workers' potential. Also, competition has increased among the SOE sector, private sector and the FDI sectors in attracting skilled and well-trained employees. As a consequence, incomes of employees have improved significantly. Income per capita has more than

TABLE 2.4
GDP and Employment by Type of Ownership

(percentages)	GDP by Ownership		Employment by Ownership	
	Share in 1999	Growth 1996-1999	Share in 1999	Growth 1996-1999
Total GDP	100.0	7.0	100.0	3.4
Public (State & collective)	49.4	6.9	9.0	1.5
Non-State (Total)	40.5	5.1	90.4	3.4
Households & Farms	33.2	4.9	89.0	3.3
Private Companies	7.3	9.7	1.4	12.1
Foreign Invested Companies	10.2	18.1	0.6	38.5

Source: GSO, 2000.

The achievements in reducing poverty in Viet Nam have been impressive, by any standard. Poverty incidence fell from well over 70% in the mid-1980s to around 58 per cent in 1993 and further to an estimated 37 per cent in 1998.

doubled over the last fifteen years and according to the annual living standard surveys, average monthly income per capita grew by some 75 per cent in the period 1994-1999. Incomes increased by 130 per cent in urban and 60 per cent in rural areas, implying an increasing urban-rural income gap. Finally, together with higher incomes, people now find themselves in a position to choose from a much wider range of goods and services with a higher quality than before the *doi moi* programme.

In addition to implementing institutional and macroeconomic reforms, the State has also put in place a series of national target programmes for employment creation, in particular for disadvantaged groups. Over the period 1992-1999, the *National Programme on Employment* has funded 91,621 projects with a total loan amount of nearly three trillion VND, reportedly creating jobs for more than 2.6 million people (MOLISA 1999). There are many other national programmes which contribute directly to the creation of employment and income generating opportunities, such as *the Five Million Hectares of Reforestation, Programme 135* for the remote areas particularly through investment in infrastructure, and the *National Programme on Hunger Eradication, Poverty Reduction and Job Creation*.

In concluding this section, two characteristics of employment growth during the *doi moi* period can be identified. First, the transition to a market economy and a more open economy has been effective in

unleashing much of the potential of the Vietnamese people. Although still subject to a relatively unfavourable environment, the private sector turned out to be most efficient in creating new and sustainable jobs. Promoting the private sector is therefore a crucial component of a human development strategy. Secondly, the State has to acknowledge that it is no longer the only or best provider of jobs. Instead, it will have to focus on a more indirect role by establishing and supervising institutions that facilitate a proper functioning of the labour market. Needless to say, the State will keep the special responsibility to ensure the availability of accessible and affordable social services.

2.3 IMPRESSIVE POVERTY REDUCTION

Prior to *doi moi*, average per capita income was about US\$170 per year, and over seventy per cent of the population was considered poor. The wide-spread poverty was caused by a number of factors. First of all, there was an evident lack of *opportunities* for people to generate and increase incomes, particularly due to the dominance of the central planning mechanism. A second and related factor was the strong emphasis on job security and equal living standards, undermining people's work incentives. Thirdly, people's capabilities were not adequately developed to cope with risks. Most of the people in Viet Nam live in rural areas and rely on agriculture. They lack a margin of security against

overwhelming contingencies, such as drought, floods, storms and other hazards. This is related to the low use of modern technologies, insufficient diversification and limited financing capacity.

Socio-economic inequality between population groups was relatively low. This was possibly the result of a development policy that put equality as the first concern, expressed in the motto “shortage is no concern, inequality is the one”. The Vietnamese tradition of “sharing foods and clothes” and “helping each other” was very influential. Equity concerns played a prominent role in income, education and health policies. The relatively low level of income inequality helped lessen some psychological and social tensions, but the persistence and severity of poverty were direct effects and to some extent also the causes for the socio-economic difficulties that Viet Nam experienced in the course of the 1980s. Poverty elimination therefore became the utmost goal of Viet Nam's development efforts. Hence, *doi moi* should not be regarded as merely an economic reform package to master the crisis in the mid-1980s. More fundamentally, *doi moi* aimed to overcome poverty and further develop the country, recognizing that the central planning mechanism was no longer suitable to ensure the realization of human development objectives.

The achievements in reducing poverty in Viet Nam have been impressive, by any standard. Based on the GSO/World Bank overall poverty line, poverty incidence fell from well over 70% in the mid-1980s to around 58 per cent in 1993 and further to an estimated 37 per cent in 1998. In urban areas, poverty declined from 25 per cent in 1993 to nine per cent in 1998, whereas in rural areas, it fell from 66 to 45 per cent. Over the same period, food poverty fell from 25 to 15 per cent (see Figure 2.2)¹.

Government figures, using a different poverty line, indicate a similar fall in poverty, from around thirty per cent in the early nineties to eleven per cent at the end of 2000. According to the recently redefined official poverty line, which aims to

BOX 2.3

Internal Migration and Urbanization in Viet Nam

The *doi moi* reforms facilitated, and in many ways depended on a variety of migration flows. Differences in growth and hence employment opportunities and a less restrictive migration policy led to increased labour flows, both between rural and urban areas and within these areas. The 1999 *Population and Housing Census* offers some valuable insight in the phenomenon of internal migration and urbanization in Viet Nam. Its three per cent sample indicates that approximately 6.5 per cent of the population aged five and over - or 4.5 million people - moved within the period 1994-1999. Among these migrants, 55 per cent moved within a province, and 45 per cent moved across provincial boundaries. About two-thirds of people that crossed provincial boundaries also crossed regional boundaries. The overall pattern of population redistribution in Viet Nam during the period showed marked regional differences, with only the Central Highlands and the Southeast gaining population through migration. The other six regions lost population through migration with the greatest loss in the North Central Coast, one of the poorest regions of Viet Nam. Recent migrants were predominantly young adults; migration rates of the cohort 20-24, are twice as high as the others. Approximately 11.4 per cent of males and seventeen per cent of females at these ages changed their place of residence in the five year period.

With regard to migration within and between urban and rural areas, the Census shows that in the years 1994-1999:

- About 1.5 million people aged five and over migrated from one rural place to another;
- Around 1.2 million people migrated from rural to urban places;
- A similar number - 1.2 million people - moved from one urban area to another;
- Only 0.4 million people migrated from urban to rural areas.

Findings also confirm that Ho Chi Minh City and Ha Noi are magnets for migrants. The net migration over the interval 1994-1999 amounted to 410,553 people, implying a migration rate of over eight per cent in HCMC. The figures for Ha Noi were 114,617 people and 4.29 per cent, respectively. During the nineties, urbanization increased markedly, with 23.5 per cent of the population living in urban areas in 1999, up from 19.4 per cent in 1989. The Government expects that, along with rapid economic development, the share of the urban population will grow further to around one third in 2010 and possibly forty-five per cent in 2020. It should be underlined that the above reflects a kind of structural migration over the period 1994-1999 and not a temporary or seasonal migration, multiple movements and return migration. These movements are generally high in Viet Nam, particularly due to the frequency of natural calamities.

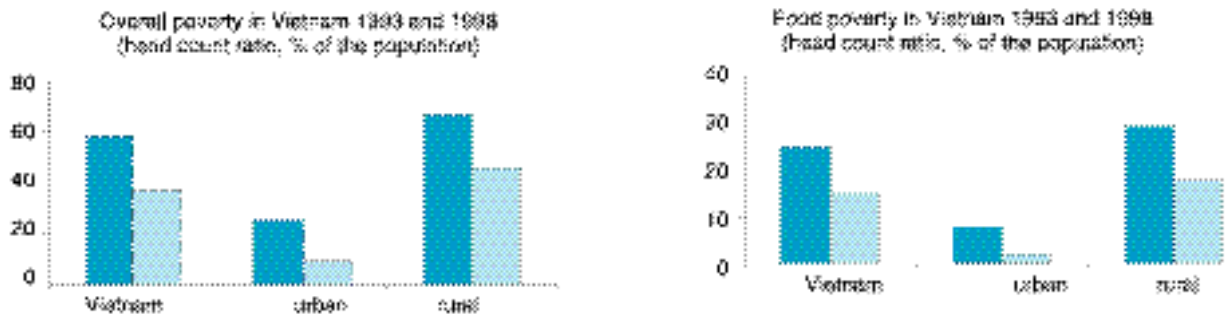
Source: GSO/UNDP, *Internal Migration and Urbanization in Viet Nam, 2001*.

capture a larger proportion of vulnerable groups and to bring the poverty measurement closer to the internationally accepted poverty line, poverty amounted to seventeen per cent of the population, or thirteen million people, early in 2001.

Along with poverty reduction, hunger was nearly eradicated. Prior to *doi moi*,

FIGURE 2.2

Poverty reduction during the 1990s



Source: Poverty Working Group, *Affecting the Poverty*, Vietnam Development Report 2000

Doi moi is not merely an economic reform package to master the crisis in the mid-1980s. In effect, doi moi is a comprehensive program aimed to overcome poverty and further develop the country

Viet Nam had often imported food for consumption purposes, despite the fact that it was an agriculture-based country. On average, it imported one million tonnes of rice annually. Since the launch of *doi moi* reforms, food production has grown at 2.5 to 3 times the population rate, raising the average annual food production per capita from 281 kg in 1987 to 400 kg in 1997. Viet Nam has recently become the second largest rice-exporter in the world. Even in years of natural disasters like in 1999, food security was largely maintained. This is not to deny that malnutrition remains a significant problem in Viet Nam (see below).

Increased investment in rural areas provided farmers with better *access to markets and social services*. Ninety-three per cent of communes have roads suitable for cars. Seventy per cent of all communes have electricity, 98 per cent have primary schools, and 92 per cent have health care centres. About 58 per cent of rural households live in decent houses, 52 per cent have access to electricity and 52 per cent use safe water (GSO, 2000). Rural living standards nevertheless remain considerably behind those of urban dwellers, resulting in some rise in overall inequality.

HUMAN POVERTY INTERNATIONALLY COMPARED

How does the poverty situation in Viet

Nam compare internationally? As noted in chapter 1, the global Human Development Report 1997 introduced the notion of human poverty, reflecting the denial of basic human choices. Like the HDI, the *Human Poverty Index (HPI)* is a composite index, measuring deprivation in three basic dimensions of human development, i.e. longevity, knowledge, and standard of living, and also captures social exclusion. For developing countries, the HPI reflects:

- vulnerability to death at a relatively early age, as measured by the probability at birth of not surviving to age 40;
- exclusion from the world of reading and communication, as measured by the adult illiteracy rate;
- lack of access to overall economic provisioning, as measured by the percentage of the population not using improved water sources and the percentage of children under five who are underweight.²

Table 2.4 presents the HPI for Viet Nam and other Asian countries. The ranking is very similar to the one based on the HDI, with the notable exception that Viet Nam is now surpassed by both Indonesia and Myanmar. This is particularly due to the country's relatively weak performance in terms of access to safe water and child malnutrition.

TABLE 2.4
HPI ranking for selected countries (1999, out of 90 developing countries)

Country	HPI rank	Probability of dying before 40 (% , 1995-2000)	Adult illiteracy rate (% , 1999)	Population not using safe water (% , 1995-2000)	Underweight children under 5 (% , 1995-2000)	HPI (%)
Malaysia	13	5.0	13.0	5	18	10.9
Thailand	21	9.0	4.7	20	19	14.0
Philippines	23	8.9	4.9	13	28	14.7
China P. R.	24	7.9	16.5	25	10	15.1
Indonesia	38	12.8	13.7	24	34	21.3
Myanmar	43	26.0	15.6	32	39	28.0
Viet Nam	45	12.8	6.9	44	39	29.1
India	55	16.7	43.5	12	35	34.3
Cambodia	78	24.4	31.8	70	52	45.0
Lao PDR	66	30.5	52.7	10	40	39.9

Note: Data are taken from international sources and may therefore differ from national statistics.

Source: UNDP, Human Development Report 2001, pp. 140-143

2.3. HUMAN DEVELOPMENT ACHIEVEMENTS IN SOCIAL AREAS

As noted earlier, Viet Nam clearly distinguishes itself from other low income countries when it comes to its human development performance, which may be labelled as Viet Nam's human development paradox. Although human development comprises many aspects, this section concentrates on trends in education and health as well as people's access to information during the doi moi period.

VIET NAM'S HUMAN DEVELOPMENT PARADOX

The adult literacy rate and education enrolment rate are much higher in Viet Nam than in countries with similar income levels. The good performance of the country in the social sphere is most evident when looking at life expectancy (see Figure 2.3). People in Viet Nam live a much longer life than those in countries with similar income levels like Kenya, Bangladesh, Yemen and Mongolia. Life expectancy in for example Kenya is only 51 years, compared to 68 in Viet Nam. And what is more, Viet Nam is, in spite of its limited resources, able to achieve a longevity that comes close to the level we find in middle income countries, like Brazil, Turkey, Russia, and Thailand.

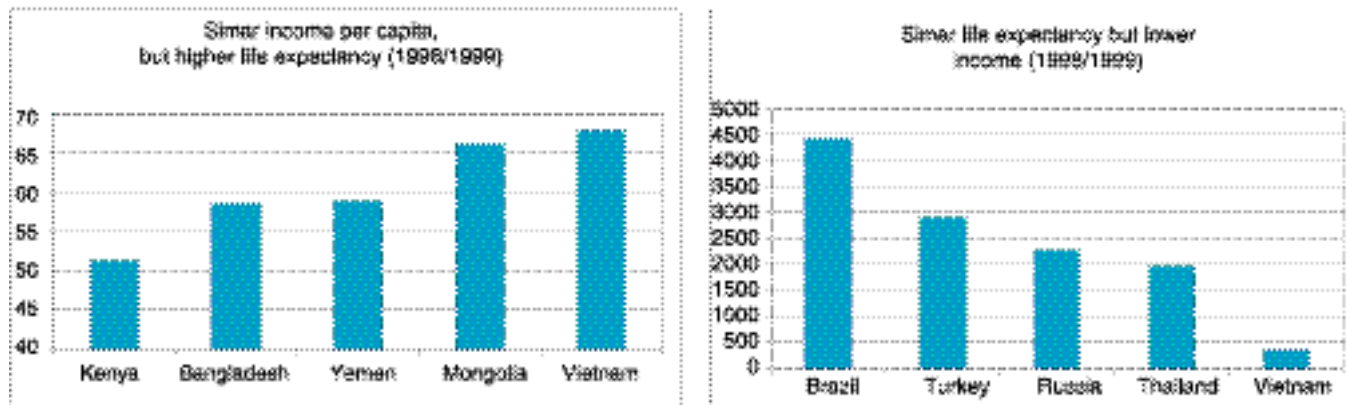
While the average income in Brazil is nearly twelve times as high as in Viet Nam, figures for life expectancy are similar in the two countries.

How can this paradox - low income, but social performance of a middle income country - be explained? The answer may relate to the two major differences between the aforementioned countries on the one hand and Viet Nam on the other. The first is that income inequality in Viet Nam, at least up until recent years, was much less pronounced, although not especially low. The Gini-coefficient, the size of which ranges from 0 (perfect equality) and 1 (perfect inequality) appears to have been relatively modest for Viet Nam by developing country standards. Based on expenditure data from the two VLSS surveys, the gini coefficient was around .33 in 1993 and rose only modestly to 0.35 in 1998, markedly lower than in Thailand (0.41 in 1995), Brazil (0.59 in 1995) and Russia (0.48 in 1993). (However, as analyzed in greater depth in chapter 3, recent new evidence suggests that disparities may have widened significantly further in recent years.) The second possible reason is that the Government of Viet Nam places a high priority on expenditure for human development sectors. Public expenditure on social

The adult literacy rate and education enrolment rate are much higher in Viet Nam than in countries with similar income levels.

FIGURE 2.3

Vietnam's human development paradox



services, including health and education, amounted to over six per cent of GDP in 2000, which is more than a third of all government outlays (IMF, 2000). Both factors are rather typical for socialist countries and could also have been observed in Central and Eastern Europe and the Soviet Union before 1989. One of the major challenges for Viet Nam will therefore be to maintain these legacies, while transforming the country into a modern and industrialized society

EDUCATION AND TRAINING

In the early days of the Viet Nam Democratic Republic, President Ho Chi Minh considered illiteracy as one of the three most dangerous “enemies” along with starvation and foreign invasion. Since then and rooted in a long tradition, the Party and the State of Viet Nam have regarded education and training as one of the top priorities. Prior to the *doi moi* programme, education activities were being broadened over the whole country at every level. These efforts to stamp out illiteracy were reinforced during the *doi moi* period. Although the State had to reduce its total outlays due to the economic difficulties in the early 1990s, education expenditure remained high and even rose in real terms. Special emphasis was given to basic education. Together with contributions by the people themselves, this has resulted in a

strong increase in education enrolment rates for the whole population. But – as table 2.5 shows - ethnic inequalities in education remain considerable.

Gender inequalities in education have also narrowed. Presently, enrolment rates at primary and lower secondary schools are similar for boys and girls, but the gender gap is still significant at higher levels of education in spite of some improvement between 1993 and 1998 (Table 2.6). The gender gap is wider amongst the poor and in rural areas.

It is noteworthy that tertiary level education and vocational training have witnessed a sharp increase in the number of students. In the period 1992-1998, the number of graduates from specialized secondary schools surged by one hundred and fifty per cent, while the number of graduates from technical schools tripled and the numbers from universities and colleges nearly quadrupled.

In the course of the *doi moi* process, new forms of education and training have been developed. Before *doi moi*, there were only State-owned schools with class learning. Meanwhile, new systems have been put in place such as private and semi-public schools and distance learning, particularly with regard to foreign languages and information science. The trend of expanding private and semi-public schools does not only occur in basic education, but several dozens of universities and colleges of

President Ho Chi Minh considered illiteracy as one of the three most dangerous “enemies” along with starvation and foreign invasion.

TABLE 2.5
Trends in education enrolment rates, by ethnicity

	1992/93		1997/98	
	Kinh people	Ethnic minorities	Kinh people	Ethnic minorities
Primary school	90.6	63.8	93.3	82.2
Lower secondary school	33.6	6.6	66.2	36.5
Upper secondary school	7.9	2.1	31.9	8.1
Post secondary school	3.2	0.8	10.5	1.4

Source: Viet Nam Living Standard Surveys 1992/1993 and 1997/1998.

TABLE 2.6
Proportion of boys and girls at school

		1992/1993	1997/1998
Primary school	Male	49.8	50.4
	Female	50.2	49.6
Lower secondary school	Male	51.8	49.7
	Female	49.2	50.3
Higher secondary school	Male	57.9	52.3
	Female	42.1	47.7
`University and college*	Male	59.0	56.3
	Female	41.0	43.5

Source: Viet Nam Living Standard Surveys 1992/1993 and 1997/1998.

this kind have been established as well. Education and training abroad on a self-financing basis is also encouraged. Hence, people's choices to form and use their capabilities have been broadened significantly.

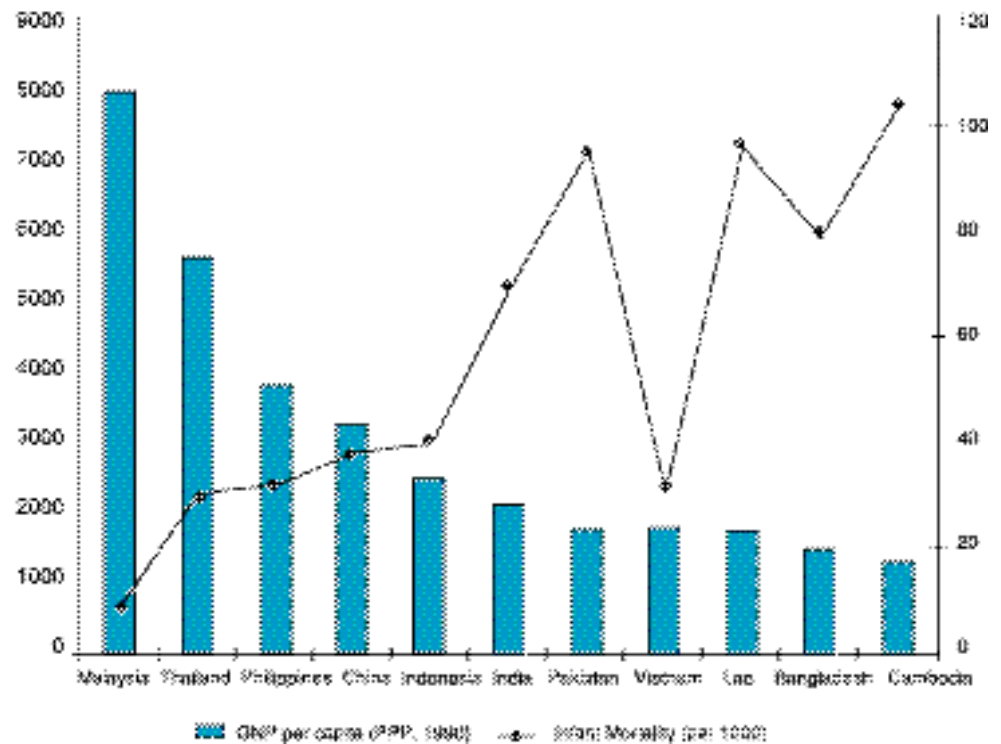
While Viet Nam has achieved impressive results in education, there are still a number major challenges. The first relates to school attendance, completion rates and overall accessibility. The national completion rate is less than seventy per cent with significant regional variations. About thirty per cent of children aged 12-20 drop out from school. For children belonging to the poorer households, the drop out rate is around forty per cent. This is related to the increasing private school fees and related costs, which hit the poor disproportionately. Another serious problem concerns the quality of education and teaching staff. Traditional methods of teaching rely heavily on rote learning. The main pedagogical approach in primary and secondary schools still involves memorising facts, usually with little opportunity to be creative and to

express thoughts, ideas and opinions. There is a need to modernize education to make Viet Nam the knowledge-based economy it aspires to be.

POPULATION AND FAMILY PLANNING

Given Viet Nam's limited natural resources and its low level of economic development, the large and rapidly growing Vietnamese population has been a major concern of the Government over the last decades. During the *doi moi* reform period, population policies and family planning programmes were intensified and implemented on a larger scale. Together with the generally improved living conditions, this has led to dramatic demographic changes over the 1990s. According to Census data, the total fertility rate (i.e. the number of births per woman) declined from 3.8 in 1989 to 2.3 in 1999, though it picked up to 2.5 in 2000. As this figure is still higher than the so-called replacement fertility rate of about 2.1, the population continues to grow, albeit at a slower pace. The popula-

FIGURE 2.4
GNP Per Capita and Infant Mortality Compared



tion growth decreased from 2.1 per cent in 1979-1989 to 1.76 per cent in 1989-1999, resulting in a total population size of 76.3 million in 1999. About a third of the population is below 15 years old. With lower fertility rates, the population will thus become progressively older.

A lower number of children and longer spacing between births allowed families to invest more in their children, while lower morbidity and mortality - the maternal mortality rate halved between 1990 and 2000 - further helped to protect the productive capacity of mothers and in itself contributed to improved gender equality. Also, the number of unwanted pregnancies have decreased due to better and increased use of contraceptives, through which the high costs of abortions and related health risks can be avoided.

The Government is now gradually moving away from fertility control and family planning towards a policy that focuses on free, well-informed choices through access

to high quality reproductive health care services and appropriate information. In that sense, the approach is being increasingly brought in line with the human development perspective.

HEALTH SERVICES

As noted earlier, Viet Nam's performance in terms of health is much higher than one would expect on the basis of average income level alone. Figure 2.2 further illustrates this point, showing that the country is a positive 'outlier' when looking at the relation between infant mortality and average income. This is largely due to the fact that health has always been a high priority in the socio-economic development strategy of the Government. The official health policy comprises three key elements: (a) it prefers 'prevention to cure', (b) combines 'traditional and modern medicine' and (c) calls for a 'joint contribution by both the State and people'. The latter principle - also known as '*socialization*' - does not imply merely cost-sharing between the

State and the people. Rather it requires an active role of the State in implementing health policies and health programmes, whilst people themselves actively partake in these activities, both as beneficiaries and contributors.

In the early 1960s, Viet Nam started building a three-tier health system, consisting of community health centres, inter-communal clinics and district medical centres and hospitals. The gradual expansion of this system all over the country not only helped the curative care approach to accomplish better results, but even more importantly, it supported the implementation of various preventive health programmes. The extensive network of health services further contributed to the dissemination of knowledge on health issues, the prevention of diseases and the effective implementation health programmes of the State, notably the effective extended immunization programme. Nowadays, more than ninety per cent of all children under one are fully vaccinated, all children under five receive vaccinations against polio, while over eighty per cent of pregnant women are given tetanus vaccination. Preventive programmes against diseases like tuberculosis, goiter, hemorrhagic fever, and malaria receive wide popular support and can be considered as quite successful.

One of the remarkable features of Viet Nam's system of health services is the prominent role played by traditional medicine, which is considered as a cost-effective approach to many health problems. Nowadays, seventy per cent of provinces and cities have traditional medical hospitals, nearly fifty per cent of hospitals have traditional medical departments, while half of the communal medical stations apply traditional methods. The number of private doctors practising traditional medicine has also grown.

The health system has been further expanded and improved during the *doi moi* process. At the same time, *doi moi* introduced a number of changes. One of them

was the partial liberalization of the health sector, which particularly led to a rapid growth in the number of private pharmacies. Together with the introduction of user fees, and an effective exemption system, this has contributed to high private spending on health, amounting to no less than 80 per cent of total health spending. At some point, 85 per cent of the people were bypassing health centres, self diagnosing and directly purchasing drugs, which in turn has led to irrational use of drugs and an increase in anti-microbial resistance.

Another change, which actually took place before the *doi moi* period, has been the introduction of a health insurance system in order to reduce people's vulnerability vis-à-vis the high costs related to health shocks. At present, about twelve per cent of the population is covered by the insurance system, on either a voluntary or compulsory basis, with free health cards for the poor.

In spite of considerable improvements in vital health indicators, Viet Nam faces a number of serious health problems, such as the still high malnutrition, re-emerging and new diseases like tuberculosis and HIV/AIDS, new typical life style diseases and a rising number of traffic accidents. The main challenge will be to tackle these problems through improving health policies and programmes while protecting the positive legacy of the past. One of the key measures is to improve the accessibility to health services, particularly for the poor and those living in remote areas.

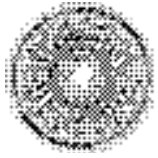
INFORMATION AND CULTURE

Doi moi was a turning point in the area of information and culture. The provision of and access to different kinds of information has improved significantly. Radio and television coverage has been expanding quickly with an increasingly number of channels as well as broadcasting time, whilst the number of newspapers and magazines has more than doubled during the nineties. At the same time, people have gained increased access to modern information

and communication technology (ICT). The number of telephones rose from 129 thousand units (or 2 per 1,000 people) in 1991 to 2.5 million (or 32 per 1,000) in 1999, while mobile phone subscriptions are becoming popular. The Internet is another new phenomenon in Viet Nam. Officially connected to the global Internet in November 1996, Viet Nam currently has one Internet Access Provider; five Internet Service Providers, seventeen Internet Communication Providers and some local networks with more than one hundred thousand Internet subscribers. Although starting at rather low levels Viet Nam is considered as one of fast-growing countries with regard to the use of Internet. The number of subscribers is expected to sur-

pass one million before 2003.

Despite many positive changes and much better access to information and knowledge, Viet Nam still very much lags behind its own ambitions as well as many neighbours in the region. The development of the ICT is severely hampered by a weak telecommunications infrastructure and low penetration rates. These, in turn, are due to limited public awareness, strong regulatory controls and relatively high user fees. Finally, it should be noted that the Government strongly believes that the opening up to the world, particularly through ICT, needs to be reconciled with the preservation of national culture and identity.



Human Development Challenges

The *doi moi* reform process has clearly resulted in a substantial improvement in the overall well-being of the vast majority of the Vietnamese people. In the 1990s, Viet Nam opened up to the outer world, the economy more than doubled in size and became far more dynamic. People's access to quality goods and services greatly widened and human development indicators improved significantly. Based on an internationally comparable expenditure poverty line, poverty declined from well over 70% in the mid-1980s to around 37% in recent years.

At the beginning of the new century, however, the country is still characterized by the salient features of a *developing country in transition*. With an official GDP per capita of around US\$ 400 (or US\$ 1860 in PPP-dollars of 1999), the country remains quite poor by international standards. Much of its huge development potential is still untapped, while it is only in the midstream of its transition towards a socialist oriented market-economy. Moreover, while the reduction in poverty over the past fifteen years has been impressive by almost any standard, national averages can hide many serious disparities as highlighted in this chapter.

This chapter starts with a brief outline of the main goals of the new *Ten Year Socio-Economic Development Strategy 2001-2010*, including the overarching goal of a further rapid reduction in poverty and substantial improvement in human well-being over the next decade. The Strategy was approved at the Ninth National Congress of the National Party in April 2001 (see Box 3.1 and Table 3.1). It explicitly aims to increase the Human

Development Index (HDI), eliminate hunger and rapidly reduce poverty, in an attempt to repeat the successful results of the nineties.

However, the easy gains in poverty reduction are probably over, and great efforts are required to achieve sizeable poverty reduction in the decade ahead, even if economic growth continues at its robust annual rate of around seven per cent. Remaining poverty in the country will be increasingly difficult to eradicate given that the vast majority of the remaining poor tend to be more isolated in many respects (geographically, ethnically, linguistically, socially and in terms of access

Easy gains in poverty reduction are probably over, and great efforts are required to achieve sizeable poverty reduction in the decade ahead, even if economic growth continues at its robust annual rate of around seven per cent.

BOX 3.1

Viet Nam's Challenges for the Period 2001-2010

In April 2001, the Ninth National Congress of the Communist Party adopted the Ten Year Socio-Economic Development Strategy 2001-2010. The strategy lays out a clear and inspiring vision for building the foundations of "a prosperous people, a forceful country and an equitable, democratic and civilized society". The overarching objective of the Strategy is *"to bring our country out of underdevelopment; improve noticeably the people's material, cultural and spiritual life; and lay the foundations for making ours basically a modern-oriented industrialized country by 2020."*

The Strategy identified the following socio-economic development targets for 2010:

- Doubling of GDP, which implies a growth rate of 7.2% per annum
- Domestic savings to be increased to over 30% GDP
- Exports to grow at more than twice the rate of GDP
- A substantial rise in the country's Human Development Index (HDI)
- Eradication of hunger and rapid reduction of the number of poor households
- Reduction of urban unemployment to 5% and of rural underemployment to 15-20%
- Universalization of lower secondary education for all
- Malnutrition rate of children to be reduced from around a third to around 20%
- Life expectancy to increase from 68 to 70-71 years.

TABLE 3.1
Targets in the Five Year Plan and the Ten Year Strategy

	2000	2005	2010
Economic growth (% per year)	6.7	7.5	7.2
GDP-share of agriculture (%)	24.3	20-21	16-17
GDP-share of industry (%)	36.6	38-39	40-41
GDP-share of services (%)	39.1	41-42	42-43
Domestic savings (% of GDP)	27	29-30	30
Exports (% of GDP)	48	72	95
Annual creation of jobs (million)	1.2	1.5	-
Urban unemployment (%)	6.4	5.4	< 5
Rural underemployment (%)	26.2	20	15-20
Share trained labour force (%)	20	30	40
Poverty (national poverty line) (%)	17	10	5
Life expectancy (years)	68	70	71
Enrolment lower secondary education(%)	74	80	100
Child malnutrition (%)	33-34	22-25	20
Under five mortality rate (per 1000)	42	35	32
Annual population growth (%)	1.4	1.22	1.1-1.2
Access to clean water (rural) (%)	44	60	-

to information). This will call for a much more targeted multi-pronged approach to reach out to such isolated pockets of hardship and poverty to better ensure that the related poor can better participate in the country's development. This will involve not only broadening and deepening the *doi moi* reform process, but also more direct measures such as improving access to useful information; improved rural roads and other rural infrastructure; effective social services delivery, and other policies which reduce isolation.

Poverty reduction and hunger elimination remain the greatest challenge for Viet Nam over the next ten years.

In order to better appreciate the diverse nature of the poverty and human development situation across the country, this chapter also offers an analysis of some new data on the country's socio-economic and human development disparities, which are easily obscured by national averages. For the first time ever, this Report presents human development indices calculated for all 61 provinces in Viet Nam. As also indicated in this chapter, new recent evidence suggests that income disparities may be widening more significantly than previously believed, presenting yet another new challenge to policy makers.

In addition to direct policy measures needed to reduce isolation of the remaining poor (including geographic, linguistic, social, ethnic, and isolation from information), further poverty reduction will also call for action in a variety of related policy areas. Therefore, this chapter also discusses four such areas in greater detail: international integration and institutional reforms; unemployment and underemployment; education and training, science and technology; and public investment and public services.

3.1. REDUCING POVERTY AND MAINTAINING EQUITY

Poverty reduction and hunger elimination remains the greatest challenge for Viet Nam over the next ten years. As reflected in the Socio-Economic Development Strategy 2001-2010, the Interim Poverty Reduction Strategy Paper (I-PRSP) and the Hunger Eradication and Poverty Reduction Strategy (HEPR-strategy), the Government aims to reduce absolute poverty from 17 per cent in early 2001 to below 10 per cent in 2005 and under 5 per cent in 2010, based on the national poverty line.

Economic growth is crucial for fighting poverty. But in spite of the considerable progress over the 1990s, Viet Nam remains one of the poorest countries in the world. Even if the target of doubling GDP was fulfilled over the decade to come, GDP would still be far behind the more developed countries of South-East Asia. More than three-quarters of the population live in rural areas, where per capita income is less than US\$ 200, compared with the national average of US\$ 400. Moreover, recent new evidence on widening income disparities presents an additional challenge to policy makers.

INCOME INEQUALITY

As explained in Box 3.2, growth has been very beneficial for the poor in Viet Nam, but it could have been even better if the fruits of economic growth had been shared more equally across different groups in the population and geographical regions of the country. Up until recently, available data from the two VLSS surveys suggested that overall inequality had risen only modestly between 1992/1993 and 1997/1998. Based on expenditure/consumption data from the VLSS, the gini-coefficient – a measure for inequality between 0 (complete equality) and 1 (total

BOX 3.2

Growth is Good for the Poor, but with Human Face it Can Do Better

Is Growth Good for the Poor? An article recently published by David Dollar and Aart Kraay (2000) finds that the poor fully benefit from growth. The hypothesis is tested by comparing the income growth rate of the bottom fifth of the population with the per capita GDP in a sample of 80 countries over four decades. Income of the poor turns out to rise one-for-one with overall growth, which implies that the inequalities may not worsen as average incomes increase or decrease. The conclusion is simple but profound: there is no contradiction between growth enhancing policies and anti-poverty policies. As the authors conclude, "anyone who cares about the poor should favour the growth-enhancing policies of good rule of law, fiscal discipline, and openness to international trade." As the authors

cautiously point out, this does not imply that growth is all that is needed to improve the lives of the poor.

This experiment was duplicated and extended for Viet Nam, using panel data from 61 provinces in the period 1994-1996, and the result is quite interesting (see table below). While growth on aggregate benefits all, the poor and the rich alike, it brings more benefits to the rich than to the poor. This situation is even more pronounced in fast-growing provinces. Therefore, it is not surprising that as income increases, inequality tends to widen. However, the benefits of growth seem to be more evenly shared in provinces with higher HDIs. The implication is simple and clear: growth is good for the poor, but with a human face it can do better in actually reducing poverty.

	Average income growth rate for the poor	Average income growth rate for the rich
Average Income Growth Rate	75.6%	115.0%
Provinces with high HDI	1.1%	-0.6%
Provinces with low HDI	-0.8%	1.5%
Fast-growing provinces	-1.2%	0.4%

Source: Our own calculations, using panel data of 61 provinces in 1994-1996 (GSO).

TABLE 3.2

The gap between the rich and the poor in Vietnam and in some selected countries

Country	Year	Gini index
Red River Delta	33.0	41.3
North East	32.5	38.0
North West	36.1	39.4
North Central Coast	34.4	37.8
South Central Coast	34.5	38.5
Central Highlands	45.6	43.4
South East	36.9	44.6
Mekong River Delta	38.3	42.0
Provinces with high income and high HDI	36.6	43.6
Provinces with low income but high HDI	33.1	40.6
Provinces with high income and low HDI	38.6	41.5
Provinces with low income and low HDI	34.3	37.3

Source: Our estimates based on GSO data.

Income inequality may be increasing more rapidly than previously believed. While it appears to have risen to the same level as in China, Viet Nam appears to have reached such a level of inequality much faster and at a much lower level of average income per capita than China.

inequality) – increased only modestly from 0.33 to 0.352 over this period.

However, using income data from the General Statistics Office (GSO) multi-purpose household surveys suggests that income inequality may be increasing more rapidly than previously believed. The following observations can be made on changes in income inequality and their relationship with other socio-economic indicators:

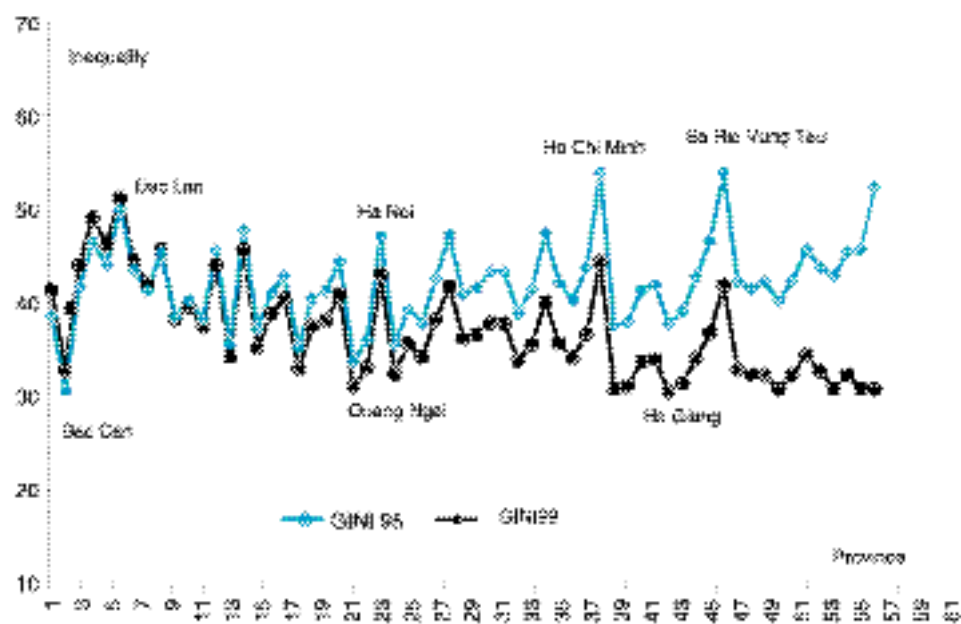
1) Using income data (rather than expenditure/consumption data) to generate gini coefficients, there appears to have been **a significant increase in inequality** in recent years, especially from 1996 to 1999. Based on detailed income data by province and urban authority, the gini coefficient for Viet Nam appears to have risen significantly from 35.6 in 1995 to around 40.7 in recent years. While this is around the same level as China's income-based gini coefficient of 40.4, Viet Nam appears to have reached such a level of inequality much faster at a much lower level of average income per capita than China. These results are also in line with GSO's recent estimates.

2) Figure 3.1 shows the gini coefficients calculated for all 61 provinces and

urban authorities in 1995 and 1999 using provincial income data for these years. The results are striking. During the four year period between 1995 and 1999, inequality appears to have increased significantly in almost all provinces. More than half the provinces (31 out of 61) experienced an increase in measured income inequality by at least 10-percentage points over this period. These provinces are mainly located in Red River Delta, Mekong River Delta and Southeast Region. Only nine out of sixty-one provinces experienced a decline in their gini coefficients (ie. a decline in measured income inequality), albeit at a modest rate except for Bac Can. Table 3.2 summarizes by region the apparent rapid rise in income inequality.

3) The main reasons behind such rapid increases in measured income inequality are not yet clear. At first glance, one might associate such an increase in inequality with fast economic growth as one often thinks about possible trade-offs *a la Kuznet* between economic growth and income equality. However, such a relationship cannot be confirmed by provincial data on growth rates and inequality of provinces. The correlation between these

FIGURE 3.1
Widening gaps ? Gini coefficients by provinces, 1995-1999



two variables is rather weak. (See Figure 3.2) While it appears true that high-growth provinces seem to have higher income inequality, the differences between the Gini coefficients across various growth groups are quite modest. In other words, there appears to be **no clear link between the rate of economic growth and the change in the Gini coefficient**. Within given growth groups, a more contrasting picture emerges on the relationship between economic growth and inequality. In some low growth provinces, like Khanh Hoa, Dong Thap and Thai Nguyen, income inequality increased significantly despite low growth. In some high growth provinces, like Quang Ngai, Ben Tre, and Phu Yen, the income gini coefficient remained stable or increased only modestly despite high growth.

4) There is, however, a quite strong correlation between the level of GDP per capita in general and income inequality. This observation in no way contradicts the previous one, but together they could imply that between inequality and growth there may exist an 'accumulated' and hidden rather than a direct relationship that is not revealed directly in the short-term, but will be exposed eventually.

5) Other reasons for the apparent jump in measured income inequality may relate to the collapse of commodity prices (especially rice and coffee) since 1998, in parallel with relatively rapid economic growth in major urban areas. This would tend to show up especially in a significant widening of urban-rural income disparities (and appears consistent with GSO's estimates). However, further research is needed to confirm these possible underlying causes and potential policy implications.

6) The relationship between inequality and Human Development is also noteworthy. Human development tends to be higher in provinces where the fruits of economic development seem to be shared more equally. This might suggest that for a given level of income, a more equitable distribution of such income generates a

higher rate of return per dollar in terms of human development. Alternatively, this could imply that high human development tends to lessen inequality. The higher is human development, the less severe is inequality. Provinces with low income but high HDI seem to fare better in terms of inequality than provinces that have higher income per capita but are still left behind in terms of human development. Nam Dinh and Thai Binh are examples of the first case and Gia Lai, Can Tho, Dong Thap are on the other side of the story.

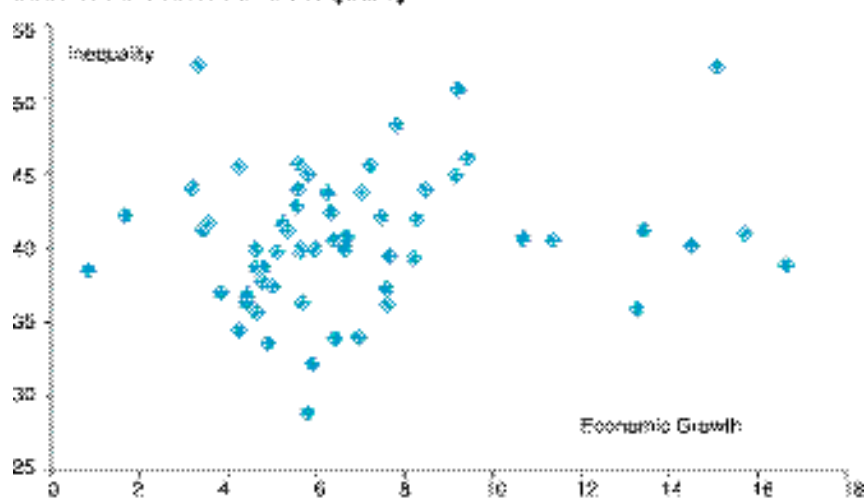
In summary, with accelerated economic growth, there would appear to be significant scope to ensure that economic growth is shared more or less equitably. There isn't necessarily a trade-off between faster economic growth and equality, at least for the short-term. Provinces are very diverse in achieving economic growth outcomes. They are also very different in translating economic achievements into human development and the ways these fruits of economic and human development are shared among the people. These observations hint to a number of important policy implications that need to be taken into account in the process of policy implementation.

HUMAN DEVELOPMENT DISPARITIES

As argued in chapters 1 and 2, income,

Provinces are very diverse in achieving economic growth outcomes. They are also very different in translating economic achievements into human development and the ways these fruits of economic and human development are shared among the people.

FIGURE 3.2
Economic Growth and Inequality



however, is only part of the development story. The ultimate aim of all development efforts should be human development, the expansion of people's capabilities and choices. The international comparison in the previous chapter showed that in spite of the generally positive relationship between average income and human development, there is a fair amount of variation. There are countries, like Viet Nam, that have rather low levels of income, but rank relatively high in terms of human development (compared with countries of similarly low incomes), and vice versa.

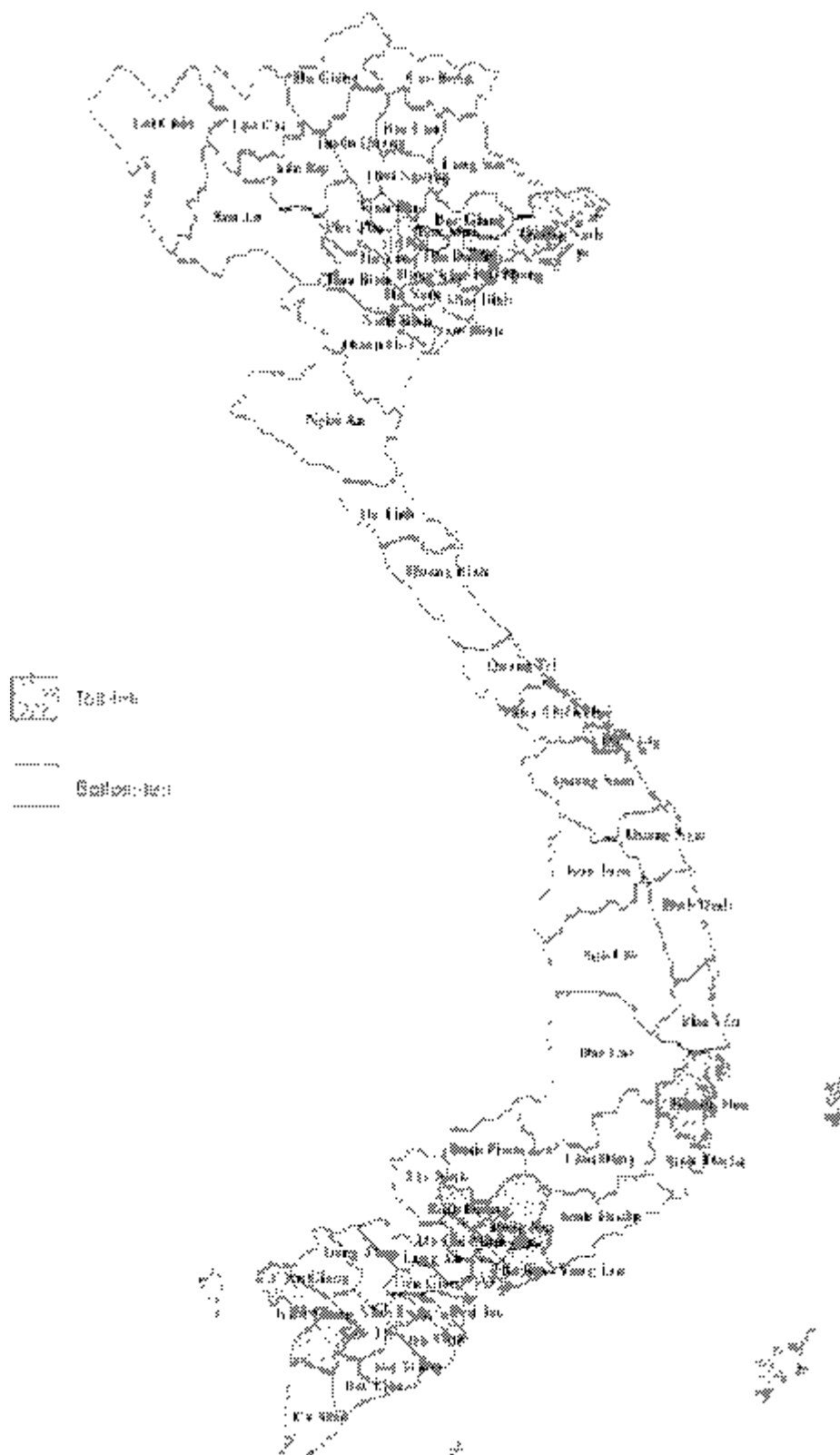
The same conclusion holds when we look at the HDIs calculated for the 61 provinces and cities within Viet Nam. Map 3.1 reflects the disparities in average incomes in the country. Bia Ria-Vung Tau being a special case due to the high oil revenues, the ranking is headed by HCMC, Ha Noi, Binh Duong, Da Nang, Dong Nai and Hai Phong. All ten poorest provinces are to be found in northern Viet Nam. The richest provinces also rank highest in terms of human development (Map 3.2). The correlation between income and human development is less apparent at the lower end of both rankings. Lai Chau, Ha Giang, Son La, Lao Cai and Bac Can score low on both rankings, but both Gia Lai and Cao Bang perform worse than one would expect on the basis of average income alone. Overall, the picture is rather diffuse: 26 out of 61 provinces move at least ten places upwards or downwards when the two rankings are compared. The contrast is starkest in the case of Nam Dinh, Ha Tinh, Ninh Binh with a HDI-ranking of around 25 positions higher than the GDP-ranking. The inverse is true for An Giang, Ninh Thuan, Dac Lac, Phu Yen and Lang Son, each of which seem not to be able to translate relatively high average incomes into favourable human development outcomes.

At least two conclusions may be drawn from Maps 3.2 and 3.3. First, aggregate indicators conceal significant human development disparities within the country. The South-East and the Red River Delta

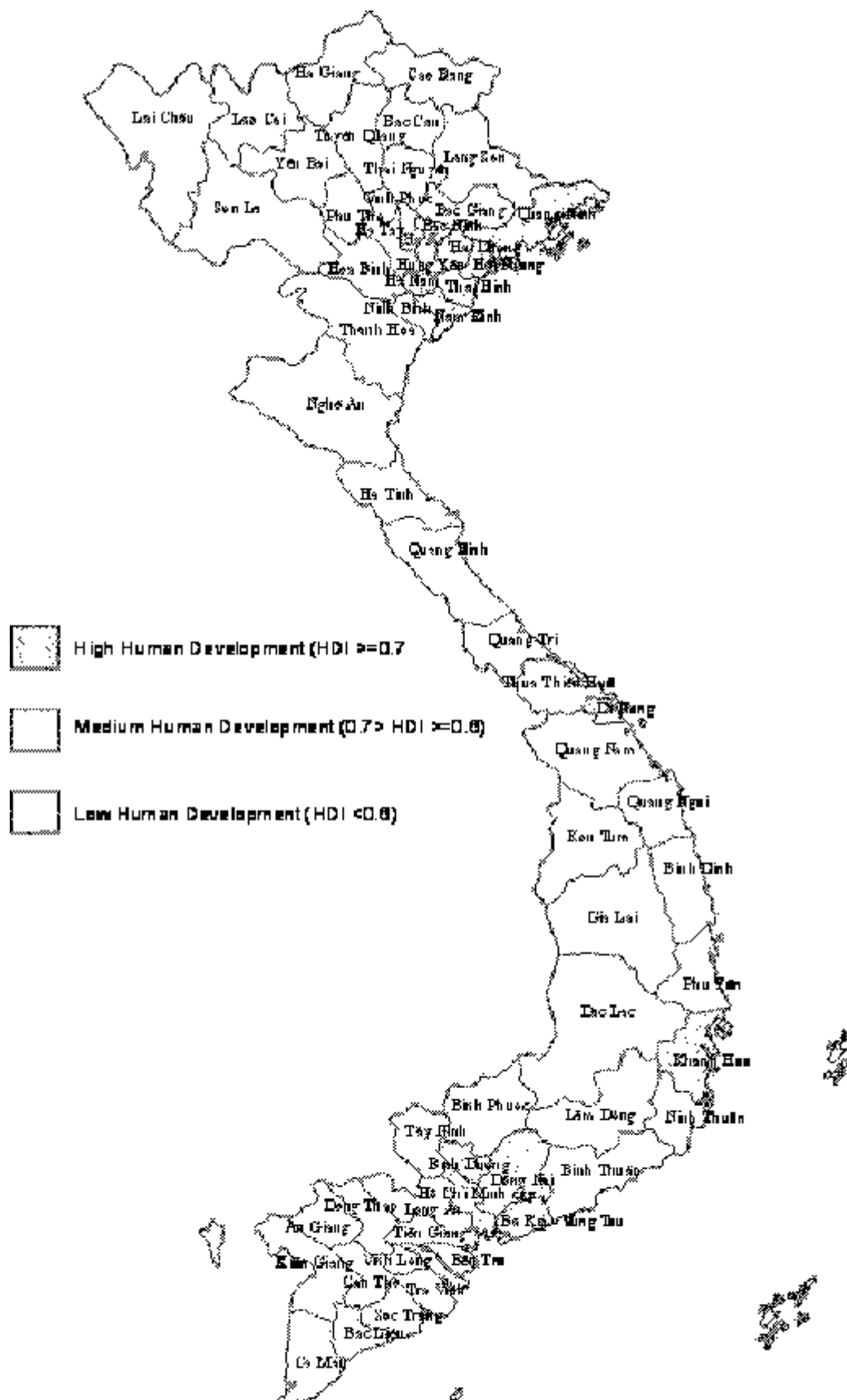
are considerably better off than other regions, especially the North East, North West and Central Highlands. While good performers compare favourably with countries like Hungary and Estonia, poor performers do not score much higher than Laos, Nepal and Bhutan. Secondly, an analysis that focuses on income differentials may lead to different policy conclusions than one that is based on disparities in human development. This is particularly true when policy makers intend to target their support to the poor provinces rather than expecting that overall growth will automatically trickle down to these provinces. In this respect, it is interesting to note that some countries, including Brazil and Bulgaria, have used the HDI in determining the allocation of public funds from the centre to the provinces.

Figure 3.3 provides another perspective on the relationship between income and human development in Viet Nam. When all 61 provinces are placed in different quadrants, depending on their relative rankings in GDP per capita and HDI, we can see how diverse is the situation in different provinces and how this diversification may lead to interesting policy implications. First of all, the first group of provinces led by Ha Noi and Ho Chi Minh City includes provinces that are more advanced in both economic and human development. Here, GDP per capita is high and so are the other social indicators. These provinces are facing a different set of problems that require perhaps different approaches and policy interventions to further improve human development. Poverty may be less severe in these areas but other issues such as environmental protection, security, social safety nets, migration and labour movement should be on the agenda. On the opposite end of the chart, there are a number of less developed provinces such as Lai Chau, Kon Tum, Lao Cai where people are living mostly in remote, mountainous areas, relying basically on agriculture and in some cases at a meagre subsistence level. Here both economic development and human

Map 3.1 Average Income Per Capita in Viet Nam's 61 Provinces



Map 3.2 Human Development Index (HDI) in Viet Nam's 61 Provinces



Map 3.3 Human Poverty Index (HPI) in Viet Nam's 61 Provinces



Map 3.4 Gender-related Development Index (GDI) in Viet Nam's 61 Provinces

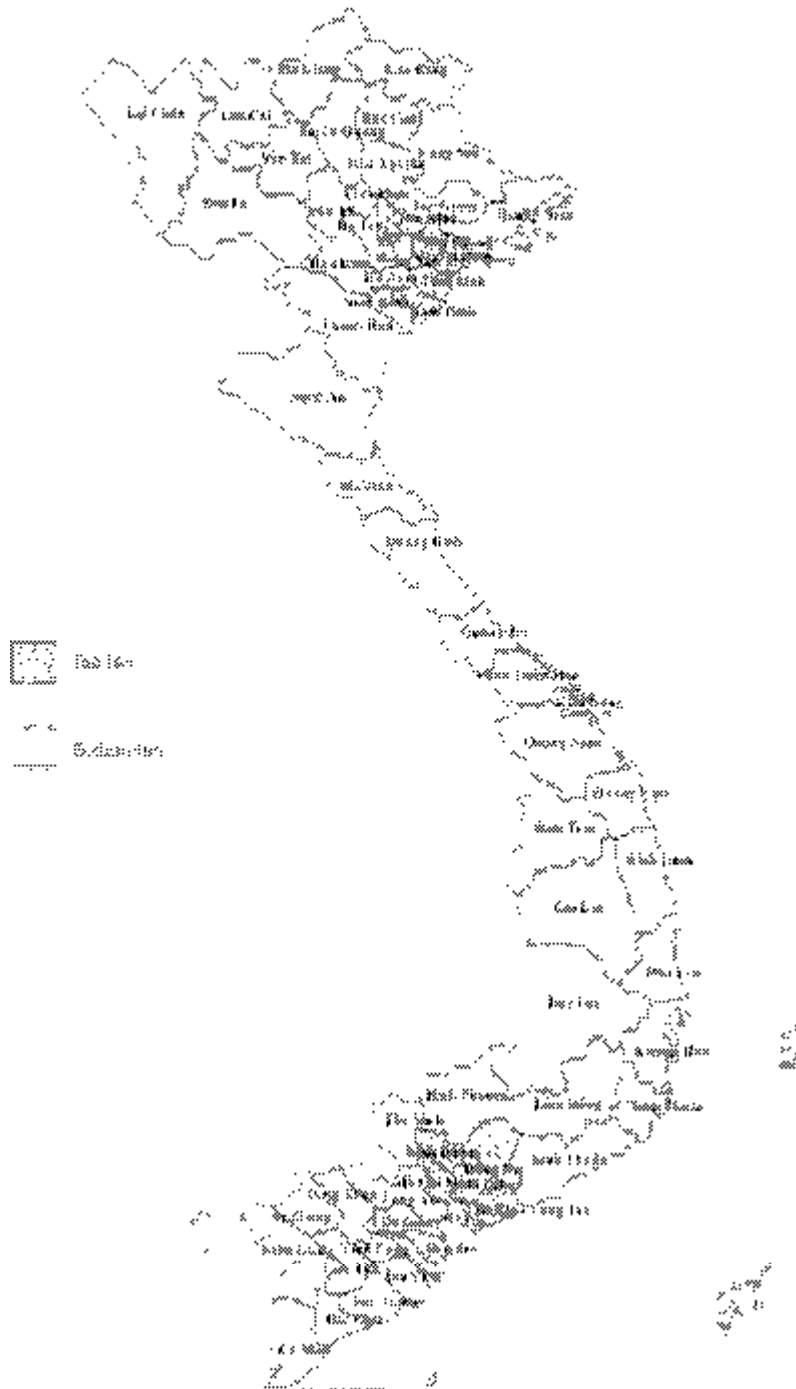
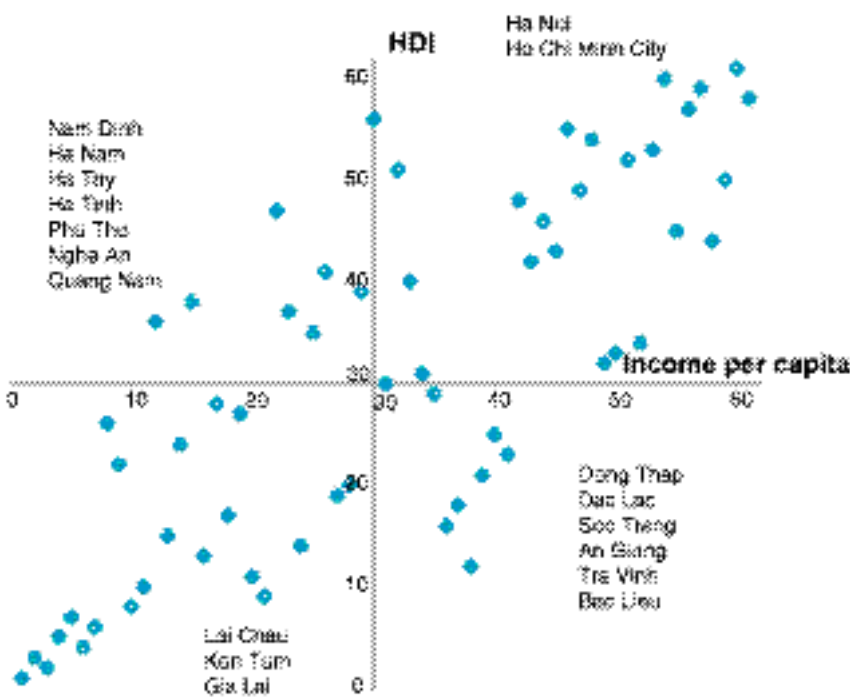


FIGURE 3.6
Great Disparities: Provinces in their HDI and GDP rankings



development are low. The development challenge is enormous and daunting. Basic education and sanitation, primary health-care and infrastructure, resettlement and diversification of production are only few items to mention in the list of priorities on the development agenda for these provinces. During the last couple of years, the Government has been making encouraging efforts to help these areas to overcome poverty and "backwardness". Chapter II already highlighted some of these programs but there are many things that need to be done. These provinces need perhaps both well-targeted support and an overall more enabling environment.

The last two cases where there is a potential gap existing between economic and human development are interesting and deserve more attention. These cases are interesting because it is not so clear why the gap exists and what needs to be done to close the gap. Further research and discussion are obviously needed to understand the phenomenon, but some insights can already be drawn. In contrast to the

first two groups of provinces, a third group includes provinces where economic gains have not been well translated into human development achievements. These provinces are mostly located in the South of Viet Nam, notably in the Mekong River Delta region. Despite relying on agriculture for most of their earnings, the income per capita in these provinces is relatively high since these region have a very good position in producing and exporting diversified agriculture products. Underemployment is rather low and economic growth has been maintained for some years. However, most of social indicators in this region are far from desirable. Inadequate provision of clean water and basic sanitation, low level of education at all levels and unskilled workers prevailing in the labour force, vulnerability due to natural disaster and market fluctuations characterize these provinces which partly explains why these provinces score low in human development ranking and poverty reduction is not sustained. There are some historical and geographical explanations

for this, but there is also much room for policy intervention. Better disaster management, more efficient provision mechanisms to help vulnerable groups to deal with uncertainty and risks are just a few areas for possible actions.

A forth group of provinces present an apparent paradox. These provinces score well in many social development indicators but their economic achievement is rather poor. Despite being relatively poor, these provinces are characterized by a relatively high level of education, fairly good provision of basic social services and highly educated labour forces. Underemployment is among the highest in the country and foreign investors are often reluctant to come to the region, despite the fact that the region is endowed with skilled labour. Off-farm activities are underdeveloped and people often migrate out of the region in the search of better income-generating and employment opportunities. Most of these provinces are in the North of Viet Nam and notably in the Red River Delta. There is some explanation on why these provinces are rather stagnated in economic development, but the business environment plays an important role. Therefore, priority in the development agenda of these provinces should be focus more on providing more of an enabling environment for business development, improving information, access to resources and promoting non-

farming activities for both domestic and international markets.

An alternative measure to capture the human development perspective in quantitative terms is the Human Poverty Index (HPI), also discussed in chapter 2. Map 3.4 depicts the geographical disparities within the country in terms of the HPI and is in line with the maps presented earlier. All maps clearly suggest that when designing new policies to promote people's well-being in Viet Nam, one has to go *broader* (by considering not only income) as well as *deeper* (by looking not only at national averages).

A further inequality that needs addressing concerns gender. Chapter 2 maintained that gender inequality in Viet Nam is modest when compared to other countries. But here again, national aggregates hide regional differences. In fact, Figure 3.5 indicates that gender inequalities vary significantly across the country; they are higher the further provinces lie away from the four major urban areas. A more detailed analysis is presented in Table 3.2 shows this gender inequality in eight regions. Among five selected indicators, women, on average score better than men in only one, that is life expectancy. In all other aspects, women appear disadvantaged in all regions. Women have less access to education, work more hours than man, and in mainly unskilled jobs.

TABLE 3.2
Gender Comparisons

Region	Skilled labour	Employment	Education	Life (expectancy)	Human Development
Red River Delta	1.07	1.20	1.08	0.96	1.03
North East	1.04	1.25	1.11	0.96	1.08
North West	1.03	1.23	1.33	0.99	1.12
North Central Coast	1.05	1.26	1.10	0.95	1.05
South Central Coast	1.08	1.23	1.08	0.98	1.07
Central Highlands	1.07	1.22	1.17	1.01	1.12
Southeastern	1.06	1.28	1.06	0.97	1.02
Mekong River Delta	1.03	1.14	1.07	0.97	1.04
All Viet Nam	1.05	1.22	1.10	0.97	1.06

Source: GSO and our own calculation.

Participation of women in business and other decision making positions is rather modest, especially in remote areas. While this inequality is somehow more serious in the North West and Central Highlands, most disparities lay *within* regions rather than *across* regions.

To help address existing gender gaps, the Vietnamese Government has developed a National Plan of Action for the Advancement of Women 2001-2005. Box 3.3 summarizes its main objectives.

Poverty often exacerbates gender disparities in limiting disadvantaged women and girls to form and use their capabilities and to participate in and benefit from development. In turn, by hindering women and girls to contribute, gender inequalities also impose costs on productivity and economic progress. As the global Human Development Report 1995 aptly puts it: “development that is not engendered is endangered” (UNDP, 1995).

With human poverty reduction as the overarching challenge, the following sections deal with a number of specific challenges that relate to the indirect and direct role of the State in:

- Further integrating into the world economy, especially improving the competitiveness of both the domestic and international sector of the Vietnamese economy (3.2);
- Intensifying the on-going institutional reforms, especially the improvement of the overall business climate for the non-State sector (3.2 and 3.3);
- Creating sustainable jobs, especially in terms of off-farm employment (3.3);
- Upgrading and modernizing the education and science system (3.4);
- Improving the public infrastructure, services and targeted programmes (3.5).

3.2. FURTHER ECONOMIC INTERGATION

At present, Viet Nam has diplomatic relations with 167 countries and trade relations with 154 countries. As discussed in Chapter 2, the open door and economic

BOX 3.3

Key Objectives of the Action Plan for the Advancement of Women (2001-2005)

- Implement women’s equal rights in the area of labour and employment to improve women's economic status and living standards;
- Ensure the realization of women’s equal rights in education and create conditions for women to enhance their qualification levels in all aspects;
- Improve women’s health and increase the quality and quantity of the health care services and family planning services for women;
- Enhance the role and position and increase the participation of women in leadership and decision making, by for example mainstreaming gender in human resource policies;
- Ensure the realization of women's rights and benefits and facilitate women's participation in socio-economic activities;
- Capacity building and effective operation of the National Machinery for the Advancement of Women.

integration policies have strengthened the country’s economic potential and brought substantial benefits to the majority of the people. It is unlikely that Viet Nam could replicate its past growth performance without a deepening of trade and investment relations. Economic integration involves many issues such as lowering tariffs and removing non-tariff barriers, simplifying trade and custom systems, and improving regulations for foreign investment. This section will focus on what is perhaps the biggest challenge: increasing the country’s competitiveness to ensure that it is able to reap the benefits of further integration. Economic integration also reinforces the urgent need for improving the enabling environment for private sector development and SOE-reforms. Still too often, current policies support inefficient import substitution, discourage export-oriented activities, and impose significant direct and indirect costs on other parts of the economy. There is in fact a continued tendency to provide protection and other forms of support on a selective basis to accommodate the lack of competitiveness of certain activities, producers or even whole sectors.

OPEN TRADE POLICIES

Open trade policies are crucial in (a) ensuring efficiency and achieving productivity

Still too often, current policies support inefficient import substitution, discourage export-oriented activities, and impose significant direct and indirect costs on other parts of the economy.

growth by providing access to knowledge and technology; (b) reducing risks through diversification of markets and sources of supply; (c) subjecting foreign and local enterprises to competitive pressure to improve efficiency, and (d) locking in good economic management. Without policies that involve further dismantling of impediments to exports, Viet Nam is unlikely to experience growth of manufacturing and services that can support rapid job creation and income growth in agriculture. Without the continued inflow of foreign investments - targeted at efficient rather than highly protected activities - it will be difficult to achieve the investment and productivity improvements needed for growth. Without growth, the Government's revenues will remain stagnant, unable to support an expansion of social services and infrastructure needed to improve human development (MPI/UNDP, 2001).

Although trade liberalization is expected to bring about long-term benefits for the majority of the population, some groups may suffer from the increased exposure to international markets. It is therefore necessary to put in place appropriate policies and programmes to help people overcome the initial difficulties and to gradually assist their adjustment to the new situation. Such policies and programmes have not yet been considered seriously in Viet Nam, with the possible exception of a planned programme for labour redundancies in relation to SOE-reforms.

WEAK EFFICIENCY AND COMPETITIVENESS OF THE ECONOMY

Although economic growth has picked up

after the Asian crisis, the structure of growth has not changed much. Many other Asian countries carried out significant reforms to improve the investment climate in response to the crisis, but the latter is still poor in Viet Nam in spite of recent progress. There remains a relatively strong focus on industries with low productivity and competitiveness, preserved by high levels of protection. Given that products are mainly consumed in the domestic market, this creates a negative and unsustainable spiral. Compared to the year 1987-1995, productivity appears to have fallen in the period 1996-1999 and lags behind many countries in the region.

THE BUSINESS ENVIRONMENT IS IMPROVING BUT STILL NOT SUPPORTIVE

In recent years, the Government has stepped up efforts to improve the business environment and to attract foreign resources. The enactment of the *New Enterprise Law*, amendments to the *Law on Foreign Investment* and the implementation of the *SME Action Programme* may serve as good examples. Yet, there remains an urgent need to enhance the competitiveness of the economy in general and that of individual enterprises in particular. This can be illustrated by the latest assessment of the World Economic Forum. Compared to other countries in the region as well as to other transition economies, Viet Nam's competitiveness is generally considered as rather low (Table 3.4).

As noted earlier, the process of globalization is driven by lowered transaction costs, as the impediments to trade and the impact of modern ICT is reduced. While the tariff reduction schedule for Viet Nam

Some groups may suffer from the increased exposure to international markets. It is therefore necessary to put in place appropriate policies and programmes to help people overcome the initial difficulties and to gradually assist their adjustment to the new situation

TABLE 3.3
Growth accounting for Viet Nam 1987-1999

	GDP growth	Capital	Labour	Productivity	Productivity growth
1987-95	7.4	42.8	22.1	33.9	2.5
1987-99	7.8	58.1	22.5	18.7	1.4

Source: UNDP/MPI, 2000. *Globalization and International integration*.

is mapped out quite clearly in the framework of AFTA, APEC and the Bilateral Trade Agreement with the US, the capacity and instruments necessary for integration are still rather weak or only in an early stage of formation. There is a need to develop a comprehensive strategy – a “road map” - for implementing the agreements to which Viet Nam has committed itself.

With regard to modern ICT, the situation is improving in Viet Nam, but perhaps still too slowly for the country to take sufficient advantage of the new opportunities. Due to regulations that limit access to Internet and other modern means of communication, the country faces a risk of being left further behind in this area. A recent survey in the textile and garment industry indicates how slow some industrial sectors are in adapting to the new way of doing business (see Box 3.4).

SOE-REFORMS

International economic integration calls for a profound change in the economic structure. Many SOEs have enjoyed protection for a long time and it is doubtful that they could operate normally, let alone successfully compete, in the international and domestic markets once the integration process accelerates and pressure of foreign and domestic competition mounts. SOE-reform will therefore constitute one of the most important issues in the integration process. Although estimates vary, up to 60 per cent of SOEs are generally considered as either inefficient or loss-making. The situation is probably even more severe if all kinds of indirect and direct support by the State were taken into consideration.

In the SOE-sector, ‘asking for request-and-grant’ practices are still common, as part of the legacy of the central planning regime. From the perspective of enterprises, this may be understandable and even rational. Yet, the continuation of direct and indirect subsidies to SOEs is costly and distorts the incentive system of other sectors in the economy. Assigning too many

TABLE 3.4
Competitiveness ranking: Viet Nam and selected economies

Country	1996	1998	2000
South Korea	21	22	26
Thailand	18	30	27
Malaysia	9	16	32
Philippines	34	33	35
Indonesia	15	37	40
India	45	53	45
China	29	32	46
Viet Nam	49	48	52

Source: World Competitiveness Report and EIU, 2000 (for 2000).

objectives, including social objectives to SOEs such as job creation, only adds to the existing distortions and is financially not sustainable in the longer run. At present, it is estimated that approximately 150,000 workers will become redundant as a result of the SOE-reform. Further opening up the economy may generate new employment opportunities, but some groups will be net losers and will need special support.

The State will have to make a hard choice: to continue supporting ineffective enterprises or to take decisive action in regards to reform. One thing is clear. As long as Viet Nam commits itself to liberalizing trade and investment, opening up the domestic market, and moving toward WTO membership, maintaining the current policy of protecting and supporting SOEs becomes increasingly difficult. Moreover, traditional industrial policy tools, applied by many countries to strengthen and to support certain industries, will become more restrained under WTO rules and often involve a high risk of failure (Box 3.5).

3.3 REDUCING UNEMPLOYMENT AND UNDEREMPLOYMENT

Creating sustainable jobs is crucial for the expansion of people’s choices. Unemployment and underemployment will - through the erosion of people’s capabilities - not only reduce the country’s growth potential, but may also involve high costs

The State will have to make a hard choice: to continue supporting ineffective enterprises or to take decisive action in regards to reform.

BOX 3.4**WWW - Weaving Without Web: the Case of the Garment Industry**

Information and Communication Technology (ICT) has become increasingly important for doing business in this fast-globalizing world. E-commerce and M-commerce are not merely fashionable words but are in actual fact profoundly changing the way of doing business all over the world. The real competitiveness of an industry lies in its capacity to cope with and to benefit from this change. However, Viet Nam faces a real danger of being left out of the ICT-revolution. Although the country seems to be largely aware of this risk, the pace of adjustment is slow and a comprehensive strategy to respond to the new opportunities is still missing.

Recently, the Institute of Economics undertook a survey among some 100 garment and textile enterprises. The industry is important in terms of export earnings and seems to have a relatively strong perspective in the world market due to its labour advantages. However, the industry faces a real danger of eroding its competitive edge, since it is not ready for the modern way of doing business.

Less than a quarter of the surveyed enterprises had computers and nearly half of those with computers did not use them for management, marketing and customer services. Furthermore, nearly three-quarters of the surveyed enterprises were not at all familiar with the Internet. In fact, only one out of ten private companies had access to the Internet. High costs of communication due to significant telecommunication costs and numerous regulations to protect monopolies in the IT-sector, together with other administrative measures, which make access to the world's virtual highway difficult and costly.

Source: Institute of Economics: A Study on the Competitiveness of the Textile and Garment Industry, 2000.

BOX 3.5**Industrial Policy and WTO Regulations**

The effectiveness of industrial policy especially in Japan and Korea has been widely debated. Recent studies suggest that although industrial policy in Japan and Korea resulted in certain growth achievements, these were outweighed by the negative effects on the banking system due to various forms of government subsidies and guarantees favouring certain industries. The implementation of industrial policy must therefore be carefully considered. In addition, many instruments of industrial policy used in the past will be less likely or even impossible to be applied within the framework of WTO. This is not only true for support to infant industries but also for export promotion instruments and assistance to the agriculture sector, among others. Developing countries need to focus on creating a sound market system in line with building institutions and infrastructure, supporting research and development activities and implementing competition policy.

Source: Howard Pack. Industrial policy: a stimulus or a poison for economic growth, World Bank, 2000. Bijit Bora, P.J. Lloyd and Mair Pangestu, Industrial policy and WTO, 2000.

for both the individual and society, possibly creating an upward pressure on social welfare expenditures, intensifying social problems as well as endangering socio-economic stability.

Although Viet Nam managed to create

more than a million jobs per year during the 1990s, employment creation remains one of the greatest challenges for the country in the years to come. This is due to a number of reasons. First, the labour force continues to increase at a rate of three per cent annually, which means that every year, another 1.4 million people will enter the labour market. These are young, often unskilled workers with minimal experience, who live in rural areas where land is scarce and opportunities for non-farming jobs are very limited. Secondly, structural reform measures, including the SOE-reforms, will be accompanied by a considerable number of lay-offs. Thirdly, underemployment, of up to 25-30 per cent in rural areas, is also a serious problem in other sectors where the distinction between underemployment and unemployment is often blurred.

GROWTH AND EMPLOYMENT

Generally, economic growth provides better opportunities for employment and income generation. This is also true in the case of Viet Nam. However, high growth rates are necessary but not sufficient for more and better jobs. Whether economic growth is actually translated into employment depends on many factors, including the quality of growth, the structure of the economy, the institutional environment and other policy variables. This may be illustrated by trends in the FDI-sector. For many years, this sector recorded the highest growth rate - with an average growth rate of 19 per cent in the period 1994-1999. Yet, employment in FDI sector is still modest, accounting for less than one per cent of the labour force in 1999. This is largely due to the fact that FDI inflows have been mostly channelled into heavy and capital-intensive industries with highly protected domestic markets but little job creation capacities (Economics Institute, 1999). For instance, 64.1 per cent of the total FDI disbursed in 1998 went to petroleum, heavy industry, real estate and highly protected and capital-intensive industries, whilst

only 12.4 per cent was allocated to the light industries and other sectors which are much more labour intensive and probably more sustainable. Generally policies, either directly or indirectly, are still biased towards the development of capital-intensive industries, a fact that seriously hinders an employment friendly growth process.

The private sector plays a vital role in generating employment. Evidence over recent years has shown that the private sector is the sector that provides most of the new jobs with relatively low levels of investment. In 1998, the private industrial sector accounted for only 22 per cent of output but employed 64 per cent of the total labour force in the industrial sector (Dao Quang Vinh, 2000). Data of employment in the 1990s also shows that most employment growth has come from the non-state sector, especially household and small and medium enterprises. While many industries were severely affected by the Asian economic crisis, the private enterprises weathered the crisis rather well. The difference in job creation in different environments is reflected in the experiences of Hai Phong and Quang Ninh provinces (Box 3.6).

The New *Enterprise Law*, which became effective in January 2000, has bolstered the domestic private sector. The new Law significantly lowers the costs and administrative burden of setting up a private enterprise by simplifying and removing more than a hundred licensing requirements and related fees. During 2000, 14,400 new small and medium sized enterprises and 140,000 household businesses were registered, with 500,000 new jobs created. This growth rate was exceptional, relative to earlier years, and indicates a rising business confidence in the country. However, unequal competition with the State sector, regulatory requirements, as well as problems of access to land, capital, technology and markets continue to limit the potential of the formal private sector. Consequently its overall contribution to employment growth remains small in com-

parison with other Asian countries. Capacity building is another crucial issue. In light of the increasing international competition, it is essential that managers and workers get the opportunity to understand and practice the modern and consumer oriented approach of doing business.

OFF-FARM EMPLOYMENT

The agriculture sector accounts for two-thirds of total employment and total income in rural areas. However, in 1998, unemployment in rural areas stood at 19 per cent of the labour force, while under-employment amounted to some 29 per cent. Due to limited and declining cultivated land per capita, modest absorption of modern technologies, low levels of investment in research and extension, weaknesses of supportive infrastructure and ser-

The private sector plays a vital role in generating employment.

BOX 3.6

A Tale of Two Cities: Employment in Hai Phong and Quang Ninh

Hai Phong and Quang Ninh are two provinces located in the Eastern North of Red River delta. Both provinces belong to the North Triangle of Growth. However, in recent years, the development patterns in these provinces have diverged, leading to notable differences in employment generation.

The private sector has played an important role in Hai Phong. During 1996 and 1997, Hai Phong generated 55,470 jobs, about 30,000 of these in the private sector. In the following year, the private sector was responsible for nearly all job creation, creating ten times as many jobs as the state sector, particularly in the newly emerged shoe industry. In less than 10 years, the industry grew from a negligible size to the city's biggest employer and foreign exchange earner. At present, the industry is the most important employer in the city with close to 30,000 jobs, of which half can be found in the private sector. In the same period, the share of employment rose from about one per cent to over 20 per cent of the industrial labour force in the province. Even during the Asian crisis, both employment and production in this industry increased.

At the same time Quang Ninh, a neighbouring province is facing serious problems with regard to employment generation. The private sector is underdeveloped and labour is mainly employed in the coal sector. The efficiency of this sector remains very weak and labour productivity is low. In 1999, due to upheavals in the international market, the consumption of coal fell back, causing Coal General Corporation - a state-owned monopoly - to suspend its production. The restructuring of the coal sector will inevitably lead to a large number of laid-off workers. Employment generation in other sectors will be a pressing issue that Quang Ninh will have to address urgently.

Source: Adapted and updated from David Dapice, 1998.

Rapid growth in the off-farm sector is urgently needed to create opportunities for employment and to assist rural households to diversify and raise incomes, but is hampered by a number of constraints.

vices, and a lack of agricultural diversification, underemployment is expected to become an even more serious problem. Provinces with the highest levels of underemployment were Quang Tri (57.5 per cent) Hung Yen (59.3 per cent), Hai Duong (67.4 per cent) and Ha Tinh (72.0 per cent, MOLISA, 1999). Policy measures promoting better and more diversified employment in rural areas to ensure people 'leaving farming without leaving village' through rural industry development, providing local services, traditional craft village development, have been implemented with some success. In order to generate more value added, there appears to be a particular need to establish and further develop processing industries in rural areas (see Box 3.7).

Rapid growth in the off-farm sector is urgently needed to create opportunities for employment and to assist rural households to diversify and raise incomes, but is hampered by a number of constraints. Some of them are associated with specific risks and uncertainties in agricultural production and the absence of appropriate mechanisms to handle these risks. Other constraints are

similar to those that the non-State sector generally faces.

QUALITY OF THE LABOUR FORCE

The non-State sector, particularly the corporate private sector, has not yet been able to realise its full potential. Moreover, experiences of other countries in the region indicate that it also needs to move up the value chain in order to avoid being caught in a low cost labour trap. Therefore, the sector does not only need to create more jobs, it will also have to increase the knowledge and skills and hence productivity of the existing and new labour force.

By international standards, the skills level of Viet Nam's labour force is still relatively low, although literacy levels are quite high. In 1998, unskilled labour accounted for 86.7 per cent of Viet Nam's total labour force with corresponding shares in rural areas and urban areas of 91.9 per cent and 66.3 per cent, respectively. There appears to be a rather close correlation between the share of unskilled labour and the underemployment rate. The inadequate vocational training system is one of the main reasons for the insufficiently skilled labour force, and has been neglected in favour of more general forms of education.

NATIONAL PROGRAMMES FOR JOB CREATION

Being aware of the role of job creation for national development, the Government has undertaken great efforts in directly supporting employment. To this aim, the National Programme for Hunger Elimination and Poverty Reduction (HEPR) and the National Program of Employment Promotion have been developed, and were recently merged into one *Programme for Hunger Elimination, Poverty Reduction and Job Creation*. According to MOLISA these programmes may generally be considered as effective, although their implementation has highlighted that some issues that may need further consideration (ILO, 2000). Firstly, these programmes rely mainly on subsi-

BOX 3.7

Processing industries: Capturing the Value Added

The underdevelopment of agricultural product processing and rural industries is one of the "bottlenecks" in rural economic development. The ratio of processed agricultural products is still very low: sugarcane (30 per cent); tea (60 per cent), vegetable and fruits (5 per cent), meat (1 per cent), aqua-products (25 per cent). Processing facilities with modern machinery are scarce; most are long-established, backward-equipment and low-tech processing facilities for rice, tea, vegetables and fruits, and sugar cane. In general, the capacities of the processing industry and after-harvest technology have a long way to go to meet the requirement of agricultural product quality and efficiency. Most of agricultural products are sold as raw or semi-processed materials. Physical conditions of rural industrial facilities and of household business are poor owing to low investment for the area: only 18.6 per cent are housed in concrete buildings, 15.0 per cent are without electricity, and in 63 per cent of the firms, work is done manually. Products of rural industries are mainly domestic market-oriented, except for some traditional crafts and fine arts. Many items are poor in style, quality, package and marketing.

Source: Nguyen Thang, Occasional Paper, 2000.

dized credit. According to international NGOs, subsidized credit (to well below average market interest rates) may actually reduce access by the poor due to competition with more creditworthy borrowers who gain access through indirect means. Subsidized credit may also distort the functioning of the credit market, including the mobilization of new resources, as well as affect the sustainability of the programmes. Secondly, data on the Employment Promotion Programme shows that the investment costs to create new jobs has tended to increase, from 0.7-0.8 million VND in 1992-1994 to 1.4 million VND in 1998 and 2.2 million VND in 1999 (MOLISA, 2000), reflecting a decreasing efficiency. This may be partly related to the fact that many of new jobs are still created in the agricultural sector rather than in off-farm industries. Finally, there seems to be continuous need to strengthen the capacity to implement, monitor and coordinate the programmes in order to render them more effective.

3.4. IMPROVING THE KNOWLEDGE AND INFORMATION SYSTEM

As noted earlier, Viet Nam should not only make use of the advantage of low labour costs, it should also increase the labour productivity by absorbing modern skills, new knowledge and the latest information and communication technologies (ICTs). The continuously changing nature of technologies demands not only new skills, but also creativity in applying new knowledge and flexibility to adjust to changes. This is particularly important for Viet Nam, as it has been a relative latecomer in this area. The weaknesses in the current education and science system need to be given serious attention as they manifest themselves to an increasing extent. There is thus a need for fundamental and comprehensive reform in the education programme, in teaching and learning methods as well as upgrading teachers' capacities and school infrastructure.

EDUCATION AND TRAINING

There are various shortcomings in the education and training programmes. The first and foremost is that education and training programmes generally focus on the provision of 'textbook knowledge' with students being rather passive recipients of knowledge. Also, 'learning' tends to heavily dominate 'practising' rather than to be in balance with each other. Moreover, there is a clear mismatch between supply and demand: the knowledge provided often fails to respond to the demands of the labour market. Many people seem to study only to attain 'degrees' and 'certificates' rather than to acquire relevant and applicable knowledge. More specifically, foreign languages and computer science - the two basic components of a modern education system - are not paid due attention.

Another challenge facing Viet Nam is that teaching staff does not meet the new requirements of a modern education system, both in terms of quantity and quality. In the school year 1998-99, the pupils-to-teacher ratio at primary education was 30.5 at a national level, with significant regional disparities. In cities and deltas this figure is lower, but rural and mountainous areas face a lack of teachers, particularly at high school levels. The most pressing problem, however, pertains to the quality and qualification of teachers. This is partly because the education and training programmes are not appropriate, and partly due to low salary levels, which do not provide enough of an incentive to upgrade qualifications. During the school year 1998-99, only 77.2 per cent of primary school teachers reached the national teaching standards. In rural and mountainous areas this rate is much lower. For example, in the mountainous province of Lao Cai, the figure was only 52.8 per cent. It should be added that the national teaching standards do not fully respond to the demands of a globalizing economy and Viet Nam's ambition to become a knowledge-based economy.

Meanwhile, school infrastructure is still

in poor condition in spite of some improvement over recent years. Firstly, there is an apparent lack of classrooms, which necessitates two shifts a day in most secondary schools, and sometimes even requires a night shift in some colleges and universities. Classes are often over-crowded: there are on average 35.5 pupils per class in primary schools; 41.6 per class in lower secondary schools; and 48.4 per class in upper secondary schools (GSO, 1999). Particularly in rural and remote areas, classrooms are often in very poor condition with leaf roofs, soil walled classrooms and a shortage of tables and chairs.

Secondly, schools at both secondary and tertiary levels lack the normal studying material and experimentation facilities, let alone modern equipment. Only a small number of students in big cities are in a position to use modern tools and equipment for learning foreign language and computer science. In general, budget expenses for schools have been too small and the education programs have been biased towards mostly 'word teaching' rather than the experimental and practising methods.

The huge knowledge and education gaps across the country present another grave problem. The low level of socio-economic development and the poor infrastructure in many isolated rural and mountainous areas hamper people's access to

education, knowledge and technology. In mountainous provinces, illiteracy rates are higher, there are only a few qualified teachers, and enrolment rates at all schooling levels are low (see Table 3.6).

SCIENCE AND TECHNOLOGY

Two salient features characterize the present situation with regard to science and technology in Viet Nam: low capacity within the science and technology sector (see Box 3.8) and weak linkages with other sectors of society. In this respect, it is worthwhile to refer to the experiences of the East Asian countries over the last decades (see Box 3.9).

Viet Nam has designed four Priority Technology Programmes, namely the Programme of Information Technology, the Programme of Biology Technology, the Programme of Material Technology, and the Programme of Automatic Technology. As a relative latecomer and given the financial constraints, it is very important for Viet Nam to decide what to do and how to do it. The Government considers the establishment of a number of high-tech centres as a key step to implement technology programmes as well as an important tool to bridge the gap between science and technology on the one hand and the business sector on the other. This process is still in an initial stage.

TABLE 3.6
The education gap

	Adult literacy rate (1999)	Net enrolment rate (1998/99)	Number of post-graduates
Lai Chau	51.3	28.0	13
Gia Rai	69.3	38.6	51
Binh Phuoc	88.2	43.4	10
Tra Vinh	82.5	42.9	0
Nationwide	90.3	70.0	8,569
Ha Noi	96.9	76.2	5,872
Thai Binh	94.6	67.9	265
Nghe An	92.8	55.7	363
Dong Nai	92.5	54.9	100

Based on: The Population Census in April 1999.

As information and knowledge becomes more widespread, people's access to information and knowledge is basically determined by three following factors: (i) education level; (ii) real income; and (iii) institutions and policies that affect the access to information. All three factors have improved during the doi moi process, but the changes have not kept pace with the spread of information flows and the development requirements.

In respect to education level, the high literacy rate is certainly a favourable condition. However, the majority of the population lives in rural areas and often only have basic education, whilst only those that have mastered the English language can effectively use the Internet. Besides, given low income levels the priority for the most Vietnamese remains to meet basic needs such as food, clothes, housing and transport, as well as to manage risks. The majority of families spend about three-quarters of their income satisfying these demands; only the remainder is available for the study of their children, buying newspapers, radio, television, telephone and a computer, as examples.. In this respect, it should be noted that consumption goods are more costly than necessary due to the relatively high protection of many manufacturing industries. The high price of communication services further hinders people's access to information, especially the Internet. The telephone charges in Vietnam are high in comparison with the average income level and depend on whether calls are within or outside a province or city. Nearly 40 per cent of total telephones are in Hanoi and HCMC, while their population accounts for only ten per cent of the national population. The number of telephones per 1,000 people in Hanoi and Ho Chi Minh City is many times higher than in other provinces. Access to telecommunication is still limited in rural and remote areas (Table 3.7).

BOX 3.8

The Science and Technology Sector in Vietnam

The current situation of science and technology is far from optimistic. Some observations:

Large in number but weak in quality: Viet Nam has numerous workers in science and technology but the quality of workers is rather low. There are biases toward university graduates rather than technicians and towards people with an interest in vocational training. There is a lack of scientific leaders.

A team of old 'guards': The average age of scientists is high: 60 per cent of university graduates are over 45 years old; the average age of professors, associate professors in research institutes is 57 years old. There is no team of young and capable scientific and technological experts to replace the old-aged team.

Concentrated in urban centres: The network of scientific institutions is unequally spread over the country, mostly centralized in two big cities Hanoi and HCMC (80 per cent). A large number of scientific research institutions form a high burden for the state budget with unprofitable investments.

Ill-equipped: The scientific and technological infrastructure is poor; facilities and equipment are out-dated, even worse than those of elite manufacturing enterprises in the same field.

Disconnected: The link between scientific research and the socio-economic life and business activities is weak. Research does not attach to and originate from real demands. Business does not rely much on science and technology due to the undeveloped nature of the competitive environment.

Adapted from "Strategy for scientific and technological development to the year 2010", Ministry of Science, Technology and Environment.

Another final hindrance is that 'gateways' to the Internet are still narrow. This not only hinders information exchanges but also increases the access fees. Consequently, many 'golden' opportunities, for example large-scale e-commerce, are being lost.

3.5. PUBLIC INVESTMENT AND PUBLIC SERVICES

In addition to indirect measures that aim to improve the enabling climate for the expansion of people's choices, the State can also directly contribute to the reduction of poverty through the allocation of public expenditures, that is, financing public infrastructure, providing public services and implementing anti-poverty programmes. In these areas, the State faces a five-fold challenge.

Firstly, there is a general lack of public funds, which is exacerbated by the gradual decline of tax revenues in recent years. In

BOX 3.9

Learning from the Asian Tiger Experience

Although there is no simple blueprint for a technology strategy, the following key principles can be extracted from the successful experience of the Asian tigers:

- Government followed sound macro-economic policies, promoted an export-oriented industrialization and invested heavily in educational and technological infrastructure.
- High initial priority in investing in scientific capacities is not strictly needed for technological advance as science played virtually no role in the East Asian success.
- The learning experience of East Asia was based on competition to manufacture goods for established markets, imitation rather than innovation being the entry point (which can be illustrated by the remarkably low number of patents recorded).
- The low-technology side of high technology industries should not be neglected as leapfrogging from one vintage technology to the other rarely occurs.
- Privately owned SMEs, often in clusters, took the lead in technological diffusion and employment creation, substantially supported by enabling Government policies.
- The relative amount of FDI was small, but it had disproportionate multiplier effects to technological learning, and TNCs often acted as demonstrators and role-models.
- Openness to large international companies is important as they serve as important sources of technology and market information, which producers very much need.
- Policies that build the problem-solving and innovative qualities of the nation's human resources are essential to guarantee continuous incremental innovation.

in insufficient levels of capital investment - seven per cent of all communes do not have roads suitable for cars, 30 per cent of the communes do not have electricity, and only 42 per cent of households have access to fresh water. Moreover, due to insufficient budgetary allocations for operations and maintenance, considerable maintenance gaps have developed. Thirdly, without denying the desirability of a further increase in public spending on social sectors, there is ample room for improving the efficiency of current expenditures in terms of reaching the poorest households. Fourthly, there is a need to improve the equity of public spending. Figure 3.6 illustrates that education expenditures are relatively pro-poor: the central budget expenditures tend to decline with the average level of provincial incomes. The opposite appears to be true for health expenditures from the central budget: poor provinces get less than provinces that are relatively well off, as Figure 3.7 depicts. To make things worse, poor provinces are generally also less capable of raising local revenues in order to complement central budget funding. Consequently, 83 per cent of the health care centres in communes lack good facilities, 43 per cent have insufficient medicine, and 36 per cent are plagued by a lack of staff (NQGDS, 1999). Fifthly, the Government policies of industrialization and modernization need to be reconciled

Source: MPI/UNDP/UNIDO, 2000

light of the expected fall in revenues related to import duties, this trend is not expected to reverse in the near future. Secondly, public investments are being crowded out by current expenditures. This has resulted

TABLE 3.7
Telephones in Viet Nam

	Number of telephones	Number of telephones per 1000 people
Son La	6.5	7
Hanoi	336.4	126
Ha Nam	6.3	8
Ha Tinh	8.6	7
Phu Yen	10.7	14
Kon Tum	4.8	15
HCM City	450.4	89
Tra Vinh	12.6	13
Binh Phuoc	7.4	11

Source: General Department of Statistic, Yearly Statistical Book 1999.

with environment protection, which will probably require an increase in public expenditures in this area.

Obstacles in capital mobilization are contributing factors as to why regional disparities are difficult to resolve. Although the State has had a special programme of infrastructure development in extremely poor communes (accounting for only 9 per cent of all poor), the number of beneficiaries remains small. Capital resources are far below actual needs, and are surely insufficient to cover maintenance costs. Support from international organizations is essential to assist in filling the gaps between the available resources and the actual needs. At the same time, there is ample room to improve the economic efficiency of such programmes.

Another bottleneck is the limited access to credit for production and business activities of the poor, especially in rural areas. Looking at the actual lending and borrowing by households in the VLSS 1997/1998, there is indeed evidence of credit market failure or credit rationing: access to credit is restricted by a lack of collateral and a lack of reputation. It is estimated that in 1999 over 80 per cent of the poor households in need of credit were not able to borrow on the official market. As a consequence, many had to turn to the informal credit markets, where they faced higher interest rates. The credit programmes supported by the State do not seem to offer much solace. Subsidization of interest rates is probably not sustainable and has pushed small credit organizations out of the credit market.

Subsidized credit, however, still constitutes a major component of *the National Target Programme for Hunger Eradication, Poverty Reduction and Job Creation*, being coordinated by the Ministry of Labour, Invalids and Social Affairs (MOLISA). Other components include basic infrastructure, and legal assistance to ethnic minorities, sedentarization, and staff training in public health and education services. It now combines the

National Target Programme for HEPR (Programme 133) and the support to the 1,715 poorest communes in mountainous and remote areas (Programme 135). These programmes have recorded notable achievements in poverty reduction in various regions (MOLISA 1999). This is not to deny that several problems need to be addressed, such as the inability to mobilize diversified resources to sustain programmes; weak co-ordination between

FIGURE 3.4
Per capita expenditure for education from the State budget and the average income in provinces/ cities (1997-98).

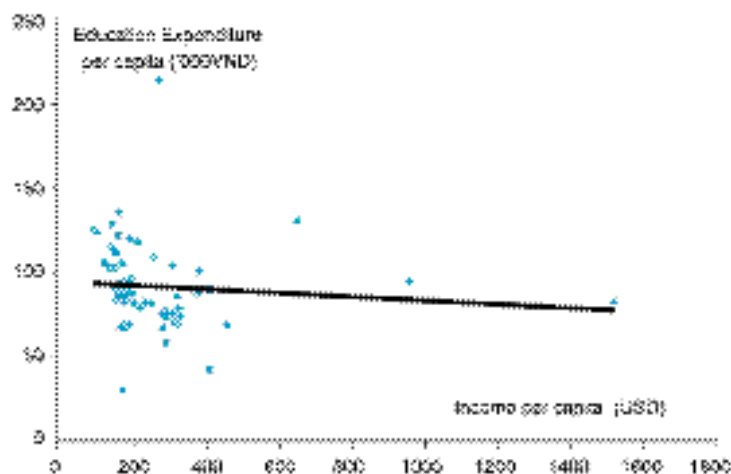
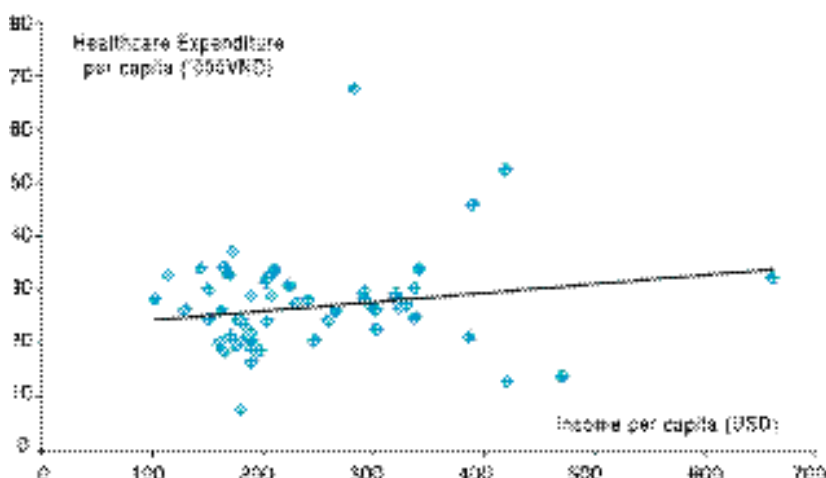


FIGURE 3.5
Per capita expenditure for healthcare from the State budget and the average income in provinces/ cities (1997-98)



Subsidization of interest rates is probably not sustainable and has pushed small credit organizations out of the credit market.

government agencies; insufficient targeting of the support towards those living in extreme poverty; weak implementation capacity at local levels; and a low participation of people.

Finally, there is a need to improve the coverage, effectiveness and efficiency of social safety nets. Although the share of the Government's budget spent on safety nets is relatively high for a low-income country, the main weakness of the system is that the majority of the beneficiaries are not the poor. The reason is that the largest share of the spending is directed towards *Social Security and Special Transfers*, which benefit former State sector employees and war veterans. The only formal protection available for the poor consists of the *Fund for Pre-Harvest Starvation and Disaster* and to a smaller extent the *Fund for Regular Relief*, which receive only limited funding from the central Government. Farmers especially, and those working in the informal sector, are not covered by social insurance and hardly benefit from social relief. In addition to the weak targeting and low coverage of the poor, the grant amount provided under the two Funds reaching the poor is modest, as it depends on limited local budgets. Also, none of the existing safety net mechanisms address in an appropriate way social costs of reforms and community risks.

One typical example of a community risk is natural disasters, particularly floods, which is one of the main causes of poverty of many people in Viet Nam. The policy dealing effectively with risks has to focus on three aspects: preventing risks, minimizing risks and relieving the effect of disasters. Although the warning system for natural disasters is quite strong, and the delivery of emergency relief assistance to mitigate the impacts of disasters on people is relatively efficient, there is still ample room for improvements. One of the most pressing needs is an adequate disaster *rehabilitation* system that could restore people's livelihoods, and rehabilitate social services and infrastructure. Support from

communities and society is in its initial stages, and rather insignificant in regards to the requirements of poor people.

CHALLENGES IN PROTECTING THE ENVIRONMENT

Since the launching of doi moi in 1986, high economic growth rates, high population growth and migration flows have resulted in increased pressure on Viet Nam's natural environment. Evidence of increased environmental degradation is reflected in the following facts:

- *Forest degradation.* Illegal logging, along with war-time defoliation, migration and investment projects, have led to reduced forest cover. Forest cover fell to 28 per cent of the country's area (from 43 per cent in 1943). Despite the Government's efforts to tackle the problem through National Reforestation Programmes such as Programme 327 and the Five Million Hectare Reforestation Programme, forest degradation remains serious.
- *Biodiversity loss.* The degradation of forests, wetlands, and coral reefs and trade in endangered species threaten Viet Nam's unique biodiversity. Over 700 species are listed in the Red Data Book of Viet Nam as threatened, and hundreds of thousands of wild animals are captured every year for illegal wildlife trade. In 1995, about 28 per cent of mammals, ten per cent of birds, and 21 per cent of amphibians and reptiles were at risk.
- *Water resources degradation.* Domestic and industrial wastewater is discharged directly into canals, rivers and lakes. Organic substances, pesticides, fertilisers, heavy metals, toxic chemicals, and oil spills pollute surface and ground waters. The use of chemical substances is high compared to other countries and expected to rise further. About ninety per cent of industries have no wastewater treatment facilities. Groundwater quantity and quality has decreased.

- *Air pollution.* Pollution from vehicles and heavy industry is a serious problem and has a negative impact on health in large cities such as Ha Noi and HCMC. Air pollution levels regularly exceed two to five times accepted standards. Pollutants from industries (e.g., thermal power, chemicals, metallurgy, mining) such as sulfure dioxide (SO₂) are often two to three times higher than permitted.
- *Solid wastes.* Both domestic and industrial solid wastes are being dumped in unprotected sites causing serious pollution, especially in large cities.
- *Degradation of marine resources.* Near-shore fisheries have largely collapsed and fishermen have suffered sharp declines in income. Small-scale dynamite and cyanide fishing has become more widespread.

The need for rapid industrialization and modernization poses many challenges in the field of environment management. GDP is planned to double over the next ten years, the share of industry is targeted to rise from 36-37 per cent in 2000 to 42-43 per cent in 2010, and urbanization is expected to grow from less than a quarter in 2000 to a third by 2010. Great emphasis upon the further development of heavy industries, such as steel, cement, mining and chemicals will put further pressure on the environment. For example, it is estimated that with the current pattern of growth in place, pollution will increase by 3.8 times in ten years, equivalent to a growth rate of fourteen per cent per annum (World Bank, 1996). Expenditure on health care associated with industrial pollution already accounts for 0.3 per cent of GDP. These costs are projected to rise to around 1.2 per cent of GDP in ten years time (WB/UNDP/ADB, 2000). Growing urbanization also puts great pressure on many urban management issues, including urban transportation, waste management, water supply and drainage.

The first challenge is therefore to explore ways to achieve the country's

objectives through a less environmentally damaging pattern of growth. Environmental considerations need to be integrated into economic decision-making, especially with regard to the energy and infrastructure sectors. In all sectors, there is a need to absorb modern technologies, notably ICT. At present, about 76 per cent of machinery and equipment embodies technologies from the fifties and sixties, seventy per cent are worn out and nearly fifty per cent are second-hand or just newly renovated.

Secondly, there is a need to further improve the implementation and enforcement of the Law on Environmental Protection and related documents, as well as to upgrade the capacity of Government staff to engage in sustainable environmental management. Although Viet Nam has committed to various international treaties, including the Convention on International Trading in Endangered Species of Wild Fauna and Flora, the Montreal Protocol, the Basel convention on the Control of Trans-Boundary Movements of Hazardous Wastes and their Disposal, its capacity to implement these agreements is rather weak.

Furthermore, although awareness of environmental issues and sustainable development has increased, it is still low and far from a level that could catalyse much needed actions. The use of economic instruments, such as user charges, may also create incentives for changing behaviour and may be more effective than relying on administrative measures alone. Also, a higher level of public participation should enhance accountability, particularly at the local level.

Finally, financing for the environment is limited in the national budget, and mobilization of international environment funds such as the Global Environment Facility and Montreal Protocol has remained relatively minimal. With the development of the National Environmental Strategy 2001-2010, the Government has made an important step

The need for rapid industrialization and modernization poses many challenges in the field of environment management. Environmental considerations need to be integrated into economic decision-making.

forward in mainstreaming the environment into policy making, building and improving its institutional and legal framework as well as strengthening overall environmental management.

CONCLUDING REMARKS

At the end of the chapter it may be concluded that the human development challenge, particularly poverty reduction, remains urgent in Viet Nam. The country remains one of the poorest countries in the world, while the gap between the rich and the poor tends to widen and regional dis-

parities are considerable. Many causes of poverty have not been overcome in a sustainable manner and the risk that people will remain or fall back into poverty is serious. Moreover, it should be noted that the task of “catching up” with more advanced countries will in fact be very much dependent on the process of poverty reduction. After having discussed the reforms needed in a number of key areas, chapter 4 will discuss the major policy measures that have to be taken in order to fulfil the ambitious target of rapid poverty reduction over the next ten years.



Deepening the Doi moi process

The socio-economic policies that have been pursued in Viet Nam, especially since the launch of the *doi moi* programme, have clearly put people at the centre of development. Before *doi moi*, the centrally planning mechanism provided only weak incentives and limited opportunities for people to form and use capabilities and hence to enlarge their choices. *Doi moi* however brought remarkable achievements through promoting a multi-sector economy with diversified forms of ownership, moving towards a more open and market-oriented economy, proactively engaging in international economic integration as well as expanding and upgrading public services.

This is not to deny that *doi moi* has been and still is a complicated process, especially given the fact that Viet Nam remains a poor and populous country in transition. As highlighted in the *Ten Year Socio-Economic Development Strategy 2001-2010*, the country aims to substantially improve the quality of people's life over the decade to come, which is very much supported by the international community. One of the most difficult tasks will be to overcome the institutional constraints that limit the mobilization and effective utilisation of resources for development, harm the country's competitiveness and affect the quality of growth. Such tasks are more challenging, as they need to be taken up in the context of globalization with unprecedented technological changes and rapidly growing interdependencies. Therefore, consolidating and deepening the *doi moi* process will play a decisive role in establishing the industrialized and

modernized country Viet Nam aspires to be by 2020.

Based on the analysis in previous chapters, this chapter will focus on five key components of a comprehensive strategy to enhance human development in Viet Nam: (i) accelerating institutional reforms particularly for the effective implementation of policies and laws; (ii) furthering economic restructuring; (iii) promoting rural development; (iv) reforming education and training, science and technology; and (v) expanding and improving public services. Policy recommendations in these five areas are briefly discussed below.

ACCELERATING INSTITUTIONAL REFORMS

Over the last twenty years, institutional reforms have led to profound changes in nearly all sectors of the economy, including agriculture, private households and external trade. Further reforms will be more complicated since they will touch upon many fundamental issues related to land, SOEs, the financial sector, State management, social policies and people's participation. Deepening the *doi moi* process therefore requires not only new ways of thinking but also determination to carry out reforms by the Vietnamese leadership and people.

Reforming economic institutions first of all calls for further improvement of the legal framework, clarifying the 'rules of the game' in an open, market-oriented economy. This includes the development of markets such as the labour market and the real estate market. Also imperative is to establish a truly *level playing field* for all economic sectors. Rather than making

Deepening the doi moi process therefore requires not only new ways of thinking but also determination to carry out reforms by the Vietnamese leadership and people.

Wider participation of the public into social, economic and political life needs to be promoted.

amendments to the various laws that regulate business activities of the different sectors, a unified law for all businesses should be made. Furthermore, there is an urgent need to review laws such as the Land Law, Labour Code, Bankruptcy Law, and the Law on Banking and Financial Institutions, while new laws will have to be developed, including a Competition Law, Law on Intellectual Property Rights, and a Law on E-commerce. These new laws should be consistent with existing laws, international standards and bilateral and multilateral commitments. Taken together, this demands a comprehensive review of the existing system of regulations pertaining to international trade and investment.

Improving the legal system alone cannot guarantee a better business climate and a level playing field. Laws need to be enforced effectively, which should be part of bigger package of public administration reforms. At present, the State's intervention in commercial areas is still heavy, with cumbersome administrative procedures and low quality business support services. Moreover, corruption has become of increasing concern to both the Party and Government. In some important areas transaction costs and risks of doing business have increased. Rent-seeking behaviour ultimately undermines the dynamic development of the business sector and the economy's overall competitiveness. Major directions in public administration reforms will therefore include streamlining administrative procedures, reducing 'giving-asking' practices, increasing transparency and accountability of the State, fighting corruption, as well as improving the quality of public sector and public services.

At the same time, *wider participation of the public into social, economic and political life* needs to be promoted. This is worth pursuing for its own sake - in empowering people - but also to encourage improvements in the capacity and quality of the State apparatus. However, public participation will only be effective if it is organized in an open, equitable and transparent manner. A prime task is thus to accelerate pub-

lic administration reform and to implement grassroot democracy. This will help to realize the *doi moi* principle 'people know, people discuss, people do and people review'. The role of associations and mass organizations as representatives of different social groups and stratas of society should be promoted further.

The effectiveness of people's participation not only depends on opportunities, but also on people's capabilities to participate. Awareness raising and public education are essential to ensuring that people better understand their rights, entitlements and obligations. It would also help mitigate bureaucracy, reduce corruption, and discourage "undemocratic behaviour".

FURTHERING ECONOMIC RESTRUCTURING

Economic reforms include a comprehensive set of policy measures in areas of SOEs, the financial sector, and external trade as well as measures to promote private sector development.

Further *SOE-reforms* are necessary to increase the efficiency of the sector and buttress the competitiveness of the whole economy. The Government plans to equitize, divest or close a third of the 5300 SOEs in the years 2001-2003. This will free up capital, land, and skilled labour for the private sector. The remaining SOEs will need to be subjected to greater discipline and transparency through the enforcement of hard budget constraints and the use of external audits. Furthermore, the Government should promote a level playing field through a revision of its investment and subsidy policies and a removal of other forms of SOE-protection.

In parallel, the *financial sector* is in need of a major overhaul. A sound and effective financial sector is critical for maintaining macroeconomic stability as well as mobilising and wisely using resources for development. There is a need to implement comprehensive reforms that could substantially increase the independence and supervisory capacities of the

State Bank, restructure State-owned and joint-stock banks, separate “policy” from commercial objectives in banking activities and foster fair competition in the banking sector.

By signing *multilateral, regional and bilateral trade agreements*, Viet Nam has made commitments to gradually move to an environment of uniform and low tariff rates. These agreements, however, have an impact that goes well beyond trade. The Government should therefore work out a comprehensive Economic Integration Action Plan to implement the agreements to which Viet Nam is or will become party to. It should focus on policy, legislation and institutional issues as well as dealing with the profound fiscal and social consequences. As to the latter, the Government should consider a careful sequencing of trade and investment reforms which the poor particularly depend upon. A concrete example would be to give priority to liberalization of inputs for farmers such as fertilizers and seeds, while still respecting deadlines in already signed trade agreements. Such sequencing would enable farmers to cushion the possible negative impact of liberalization that they will have to face in other areas.

The private sector will have a bigger role to play in successfully implementing Government policies to attain the ambitious targets Viet Nam has set for itself. Although the New Enterprise Law has considerably contributed to a better environment for the private sector, efforts need to be stepped up to ensure that the Law is properly implemented at the local level throughout the whole country, together with further deregulation and other initiatives.

PROMOTING RURAL DEVELOPMENT

As discussed in chapter 3, boosting agricultural productivity, diversifying production and promoting non-farm business activities are crucial to ensure food security, increase incomes and reduce people’s vulnerability

in rural areas. The enactment of the new *Land Law* - realizing land use rights for farmers - will be an important measure to achieve these aims. The effective enforcement of these rights, including the right to transfer and the right of mortgage, also requires that proper administrative conditions be put in place. Special consideration needs to be given to *women entrepreneurs*. They have more difficulty than men in raising capital because they are less likely to be named as the owner of assets used for collateral, e.g. land and housing.

Other institutional measures include the elimination of State monopolies and lowering entry barriers of agricultural markets. This would make the market more competitive and improve the bargaining power of small farmers. Carefully selected price or income support systems as well as commodity insurance schemes might also be considered to assist individual farmers to cope with price volatilities. The Government should also further support farmers through the provision of information, better extension services, promotion of new technologies, improved infrastructure and rural-urban transport and higher quality of other supporting services, especially in more remote areas.

Further promotion of estate farming is warranted. This relatively new form of production organization has already brought about visible and encouraging results: better utilization of resources, especially land in remote areas, providing new jobs and income to many. In addition to existing encouragement by the Government and the above-mentioned general support to the sector, there is a need for further clarification of many issues to provide much better conditions for this new form to develop, including more clear and enforceable regulations on land, taxation, and labour recruitment.

REFORMING EDUCATION AND TRAINING, SCIENCE AND TECHNOLOGY

The development of education and training as well as science and technology is not only important for the successful implemen-

The private sector will have a bigger role to play in successfully implementing Government policies to attain the ambitious targets Viet Nam has set for itself.

While the Government has a responsibility to ensure universal primary and lower secondary education, private parties may play a constructive role in the provision and financing of higher level education and vocational training.

tation of the modernization and industrialization strategies but also directly reinforces the people-centred development approach that Viet Nam has chosen over the last decades.

As in other sectors, there is a need to better define the roles and responsibilities of the State and non-State sectors. While the Government has a responsibility to ensure universal primary and lower secondary education, private parties may play a constructive role in the provision and financing of higher level education and vocational training. As to the latter, an important role for the State sector would remain in encouraging the market to work and in ensuring and monitoring the quality and accessibility of the services provided. In this respect, there is a need to review the current policy of socialization, which disproportionately affects the poor. The Government might consider introducing explicit measures to ensure access to scholarships for higher education for students from poor families.

With regard to the quality of the education system, the Government should define a clear national set of service standards for basic education that can be guaranteed to every pupil or specify a minimum performance level for each school. The regular measurement of the performance of schools against such standards would result in an improved quality of services provided. Furthermore, the basic education curriculum could be modernized by moving away from static learning to a modern dynamic and flexible knowledge system that encourages creative and innovative thinking and makes use of the latest information technologies. In parallel, links between the education system and demand for skilled labour need to be enhanced through more involvement of the business sector.

The idea of building a knowledge-based economy is new from both a theoretical and practical point of view. First of all, it requires a high sense of urgency among policy-makers to abandon the reluctance to remove the regulatory con-

trols, reduce telecommunication tariffs and to allow competition among Internet service providers. Secondly, there is a need to establish a real market for science and technology that bridges the gap between researchers, scientists, producers and entrepreneurs. Due to the dominance of supply-led approaches, costly mismatches between supply and demand occur frequently. To remedy this weakness, more incentives and market opportunities are needed, such as trade fairs, incubators, clustering and networking. This would not only enhance interaction between the institutions, but also promote sound competition.

The experience of the Asian tigers shows that the critical mass of demand comes from new and often clustered SMEs, whereas the technology transfer by multinational corporations has also been supportive. In Viet Nam, however, the number and quality of SMEs is still too limited to be able to bring the country up the value chain, which underscores the importance of speeding up the development of the private sector as discussed earlier. Among other challenges in this sector is the recruitment of young and competent experts, whilst it is also important to promote democracy within the science and technology community and to encourage creativity, open discussion and better access to new information and knowledge.

EXPANDING AND IMPROVING PUBLIC SERVICES

Although in many sectors the role of the State will need to gradually change towards facilitating and away from trying to both "steer and row", it will need to maintain direct responsibility for the provision of public goods and public services, notably education, health and social safety nets. In spite of the progress made during the *doi moi* process, there are major challenges to be faced. The following focuses on health and social safety nets.

First of all, like for education, health services need expansion and upgrading, particularly at the commune and district

levels. Efforts need to be undertaken to improve the technical quality of services through in-service training, supervision, quality assurance mechanisms, and the like. This must be accompanied by measures that make public health services more client-friendly, and requires a wide range of activities promoting professional ethics and a culture of service. Equally important as a rise in the number of health workers are efforts to increase the quality and motivation of health workers, together with appropriate salaries and measures to eliminate the demand for unofficial fees.

Precise information on the health status of the population and particularly on regional and socio-economic disparities in health should be improved in order to constitute the basis for setting health priorities. This would also enable the Government to formulate region specific targets, which would allow for more realistic and tailored programs for disadvantaged regions, especially in the light of the significant territorial disparities in health. In view of the severity of the problem, HIV/AIDS needs special attention through public education and measures to reduce stigmatization.

In relation to this, the availability and accessibility of services needs to be enhanced. To avoid overburdening of the poor, the current exemption system is to be improved together with an expansion of the coverage of the health insurance scheme. Involvement of private parties in the health sector should be encouraged but with close supervision of the State. Furthermore, health targets related to problems which lead to premature and avoidable mortality, such as childhood illnesses, abortion, malaria and traffic accidents would help to concentrate attention upon the appropriate interventions.

In order to repond to these challenges, it is essential to increase Government spending on health care and preventive activities focusing on more disadvantaged and isolated regions such as Northern Mountains, Central Highlands, and the Mekong River Delta. Such programmes would include primary health care service and preventive

measures for common diseases, the maintenance and further development of local health care networks, programmes for clean water, environmental protection and food safety. With regard to the environment, the Government should speed up the implementation of the National Environmental Strategy in an attempt to reconcile industrialization and modernization with environment protection, which will probably also require an increase in public expenditures in this areas.

In the field of *reproductive health*, the Government should pursue its move towards better preventive measures, such as counselling and information, education and communication practices, a wider choice of contraceptive methods and the improvement of staff. Also worth pursuing is a further integration of demographic and population planning into the socio-economic planning. Important demographic aspects such as rapid urbanization, increasing migration, ageing population and changes in population structure should be incorporated in socio-economic policy preparation.

To cope with the downsides of trade liberalization and economic restructuring as well as to manage the risks associated with national disasters, there is a need to strengthen the social safety net for the most vulnerable groups. Firstly, the Government's HEPR-programme could be improved in a number of ways, i.e. through more clear institutional arrangements, a better division of responsibilities between ministries; more appropriate targeting of assistance, more close monitoring and evaluation, increased participation and decentralization and less emphasis on subsidized credits. Secondly, the targeting of existing social safety nets should be improved considerably, while the coverage is to be expanded. Thirdly, there is a need to design special programme support to the poor who face frequent risks, natural disasters and unforeseen events. While a better earlier warning system to prevent and minimize losses is essential, direct support

To cope with the downsides of trade liberalization and economic restructuring as well as to manage the risks associated with national disasters, there is a need to strengthen the social safety net for the most vulnerable groups.

through an Emergency Relief Programme with a wide coverage, high quality services and greater responsiveness is highly desirable. Developing an insurance scheme and a well-targeted Contingency Fund would help people, especially the poor to better cope with risks and uncertainties, as will an adequate disaster rehabilitation system.

IN NEED FOR A COMPREHENSIVE HUMAN DEVELOPMENT STRATEGY

Given their interlinkages, the above policy recommendations demand a comprehensive strategy. For example, the ease with which the private sector firms can create new jobs and the level of education and health of the poor are important determinants of whether trade reforms will create employment and lead to higher incomes of poor households. Private sector development, in turn, crucially depends on the

public administration reforms, while the latter requires a bigger role of the people themselves in the formulation, implementation and monitoring of public policies and public services, especially at the grassroot's level. Such a comprehensive strategy would enhance human development and reduce poverty by creating an environment in which there are more opportunities for the poor to earn a living or to work their way out of poverty, and by giving people more voice in decisions that have a bearing on their lives. Without deepening the *doi moi* process, the human development achievements of the past are at risk and Viet Nam's ambitions for the future might turn illusionary. But with it, Viet Nam will continue to walk along a path of success in regards to the promotion of human development.

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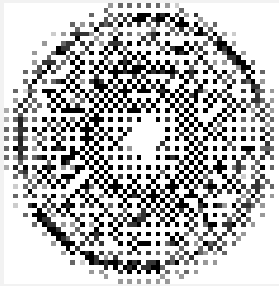
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Human Development Indicators

Note on Statistical Data Used in Vietnam Human Development Report-2001

In this Report, a comprehensive socio-economic data base on human development has been compiled for 61 provinces and urban authorities, and regrouped in 8 regions according to GSO classification. Difficulties in data collection, processing and interpretation of disaggregated human development indices have been widely recognized in most developing countries and Viet Nam is no exception. The lack of and/or inconsistency and unreliability of data in Viet Nam has been even more acute, especially at the provincial level. Even in more advanced countries with more reliable data sources applying and interpreting human development indices is not an easy task and often a cause for intensive debate. Despite all these possible shortcomings and controversies, establishing a comprehensive set of human development indicators at the provincial level is an exercise that has been very worthwhile, since apart from using it for monitoring human development progress, the system of indicators can help to better understand how and why the gaps between different provinces and regions exist, hence facilitating policy direction to deal with these gaps and related socio-economic consequences.

All statistical data in this Report are grouped in 14 Tables in the Human Development Indicator section. Three key human development indices that is Human Development Index (HDI), Human Poverty Index (HPI) and Gender Development Index (GDI) have been cal-

culated for all 61 provinces, for the first time. Data used in these indices are mainly from Government sources. For example, data on income are taken from GSO's Annual Statistical Yearbook, or through various series of Results of the Households' Living Standards and Economic Condition Survey. Other key data have been taken from other government publications such as Results of the 3% sample of the Population and Housing Census, Labour and Employment Survey.

It is necessary to note that in many cases, data used in this Report may differ from those used in other publications. The choice of data source was largely determined by the need to make provincial comparisons as well as timeliness. For instance, life expectancy at birth used in this NHDR is much higher than that used in UNDP's latest global Human Development Report, since this NHDR uses an estimation from the 3% sample of the 1999 Population Census. Other examples include poverty incidence used in Table 2. In that Table, the national poverty line was used in all but 11 provinces where, for some reasons, a more 'localised' poverty line was used. In some cases, due to lack of appropriate data at a more disaggregated provincial level, a proxy has been used, subject to some assumptions. The income gap between male and female labour in non-farming activities at the region level based on data from Viet Nam Living Standard Survey, for example has been used for all provinces in the region¹.

1. A similar approach is used in the Global Report for the same indicator, when the income gap of 755 is used for all developing countries, including Viet Nam where such a detailed data for this indicator are not available.

Income data have been transformed into PPP values to enable comparability and allow for possible international comparisons. It is worth noting that, although standard international comparable formulae have been applied to all indices, interpretation of results should be handled carefully and cautiously especially when they are used at more disaggregated levels, due to the appropriateness of the formula in use and the reliability of data.

MAIN DATA SOURCES USED IN THE REPORT

LIFE EXPECTANCY AT BIRTH AND THE PROBABILITY OF PEOPLE NOT EXPECTING TO SURVIVE TO AGE OF 40.

These two indicators are needed to calculate HDI and HPI (See Appendix xx)

In general, these data can be extracted directly from the Population Census or based on Results of Population Projections. In this Report, data for these two indicators have been estimated from Results of the 3% sample of the 1999 Population and Housing Census, and therefore differ from what were used in the Global Human Development Report.

ADULT LITERACY.

Adult literacy classified by age and province are also taken from Results of the 3% sample of the 1999 Population and Housing Census. Once again these data may not necessarily coincide with data used elsewhere.

ENROLLMENT RATIOS BY EDUCATION LEVEL

Enrollment ratios by education level are used in compiling HDI and GDI and also drawn from Results of the 3% sample of the 1999 Population and Housing Census. In principle, a more accurate estimate for these indicators could be taken from a more regular data sources through the MOET statistical network, for example. However, in order to calculate the enrollment ratios, data on population by age

cohort are needed. That's why results from Population Census are used to ensure the consistency of two sets of data. In the future, it would be good if these two sources of data could somehow be combined in subsequent Reports.

INCOME PER CAPITA (MEASURED IN PPP)

This indicator is indispensable for many human development indices. In the Global Reports, income per capita by country is measured in purchasing power parity, applying a methodology that was developed by United Nations and the World Bank. The conversion of income per capita measure in domestic currencies into \$US PPP is necessary for international comparisons. At the national level, use of income per capita in PPP instead of in domestic currency, at the first glance, seems to be redundant, because all the regions within a country have the same unit of account. Nevertheless, if income in domestic currency were used for calculating human development indices, it would require appropriate goalpost values which are very difficult to determine. Therefore using income per capita in PPP has a clear advantage: using universal formula with well-recognised goalposts. Furthermore, using income per capita in PPP also allow for international comparison. The final values of human development indices seems to be quite robust to reasonably small changes in the conversion ratio. In this Report this conversion ratio of 2.745 based on the World Bank Development Indicators 1999 has been used.

HUMAN POVERTY INDEX.

This index is calculated for the first time for all 61 provinces. The formula used in this Report is the extended standard one (See Technical Note). Five basic indicators are used, namely the probability of people not expected to survive to age 40, the adult illiteracy rate, the proportion of the population not having access to clean water and basic sanitation and under-five malnutri-

tion rate. Except for the latter one, based on data provided by UNICEF and Ministry of Health, all other data have been taken from Results of the 3% sample of the 1999 Population and Housing Census. It is worth while to note that the Census uses a specific definition of 'clean water sources' and 'sanitation', that may cause the results in this Report to deviate from those available from other sources. The reason for using the Population Census is to ensure data consistency across provinces.

GENDER DEVELOPMENT INDEX

Available data from different sources are basically sufficient to calculate the Gender Development Index, one of most important and useful indices for all provinces. The aggregate income data and income gaps between male and female labour in non-farming activities remains one of most difficult data problems that needs to be solved in compiling this index. This lack of data is quite serious. Therefore as a resolution, a number of assumptions have been made in the Global Report for countries where official data are not available. Male-female income gap for Viet Nam in the Global Report 2001 is assumed at 4:3 ratio e.g. the average earnings by female worker is as much as 75 percent of that by male worker. In this Report, an estimation of income

gaps between male and female workers for regions has been obtained using data from Viet Nam Living Standards Survey and this regional data is then applied to all provinces that belong to this region. The income gap at the national level, using this method is 81 percent which is quite close to the level used in the Global Report.

AGGREGATED INDICES FOR REGIONS AND HUMAN DEVELOPMENT GROUPS.

As previously mentioned, in this Report, provinces are grouped in eight regions according to the GSO's classification. These provinces are also classified in three groups according to their HDI performance. In the High Human Development group, there are provinces that recorded HDI at least as high as 0.7. The Medium Human Development group consists of all provinces whose HDI range from 0.6 to 0.7. Provinces in the Low Human Development group are those whose HDI is below 0.6. Human Development Indices for each aggregated group (by region and by HDI grouping) have been calculated in this Report. These indices for different groups are calculated as weighted-average from that of provinces in the group with appropriate weights applied. Results are represented in each Table.

Human Development Index

HDI rank	Province	Combined 1st, 2nd and 3rd level gross enrolment ratio (%)1999	Combined 1st, 2nd and 3rd level gross enrolment ratio (%)1999	Adult literacy rate (%) 1999	GDP per capita in VND ('000) 1999b	GDPper capita in PPP(\$US)	Life expectan- cy index	Education index	Income Index	HDI	Gap between GDP and HDI ranking
High Human Development		77.9	74.4	94.2	9104	3243	0.89	0.78	0.58	0.749	
1	Ba Ria-Vung Tau *	70.5	74.3	92.6	40620	14470	0.85	0.82	0.83	0.835	0
2	Ha Noi	91.8	75.7	96.9	10071	3588	0.95	0.85	0.60	0.798	1
3	Tp. HCMinh	77.1	75.7	94.0	14622	5209	0.88	0.84	0.66	0.796	-1
4	Da Nang	86.0	75.6	94.7	6219	2215	0.92	0.84	0.52	0.760	1
5	Hai Phong	78.2	73.4	95.4	5469	1948	0.90	0.81	0.50	0.733	2
6	Binh Duong	71.6	71.8	92.4	7268	2589	0.85	0.78	0.54	0.726	-2
7	Dong Nai	71.1	71.5	92.5	6119	2180	0.85	0.77	0.51	0.714	-1
8	Thai Binh	75.6	76.5	94.6	3084	1099	0.88	0.86	0.40	0.714	18
9	Hai Duong	78.6	73.7	94.8	3621	1290	0.89	0.81	0.43	0.711	13
10	Khanh Hoa	70.0	72.3	91.4	5250	1870	0.84	0.79	0.49	0.707	-2
11	Quang Ninh	75.9	71.1	92.8	4626	1648	0.87	0.77	0.47	0.703	-1
12	Nam Dinh	76.5	75.3	94.3	2734	974	0.88	0.84	0.38	0.700	24
Medium Human Development		68.2	70.2	90.3	3195	1138	0.83	0.75	0.41	0.663	
13	Vinh Long	68.3	73.3	90.1	4228	1506	0.83	0.80	0.45	0.695	2
14	Hung Yen	75.3	72.0	93.5	3390	1208	0.87	0.78	0.42	0.691	10
15	Ha Nam	76.9	74.0	93.4	2685	956	0.88	0.82	0.38	0.691	23
16	Long An	61.4	72.2	90.9	4460	1589	0.81	0.79	0.46	0.686	-3
17	Vinh Phuc	75.0	72.2	94.0	2920	1040	0.88	0.79	0.39	0.685	11
18	Tien Giang	62.4	72.5	90.8	4101	1461	0.81	0.79	0.45	0.684	-1
19	Bac Ninh	73.3	71.4	94.0	3008	1072	0.87	0.77	0.40	0.680	8
20	Ca Mau	56.4	71.1	92.9	4546	1619	0.81	0.77	0.46	0.680	-9
21	Kien Giang	57.6	72.1	88.4	4660	1660	0.78	0.78	0.47	0.678	-12
22	Ha Tinh	77.4	72.1	94.1	2454	874	0.89	0.78	0.36	0.677	25
23	Phu Tho	73.9	71.0	95.0	2694	960	0.88	0.77	0.38	0.675	14
24	Can Tho	60.2	70.8	87.9	4427	1577	0.79	0.76	0.46	0.670	-10
25	Ha Tay	78.1	69.9	92.2	2825	1006	0.88	0.75	0.39	0.669	10
26	Nghe An	76.3	70.6	92.8	2639	940	0.87	0.76	0.37	0.669	15
27	Ben Tre	64.2	70.0	89.7	3959	1410	0.81	0.75	0.44	0.668	-8
28	Tay Ninh	61.9	70.3	90.1	3864	1376	0.81	0.75	0.44	0.666	-8
29	Quang Nam	76.3	71.0	90.1	2682	955	0.86	0.77	0.38	0.666	10
30	Ninh Binh	76.3	71.4	93.4	2138	762	0.88	0.77	0.34	0.663	26
31	Lam Dong	68.0	70.8	91.1	2872	1023	0.83	0.76	0.39	0.662	-1
32	Thai Nguyen	73.4	69.6	95.4	2359	840	0.88	0.74	0.36	0.660	19
33	Thanh Hoa	76.0	69.4	91.2	2657	946	0.86	0.74	0.38	0.659	7
34	Binh Dinh	67.1	70.0	92.2	2854	1017	0.84	0.75	0.39	0.659	-3
35	Thua Thien-Hue	71.0	71.6	85.6	2901	1033	0.81	0.78	0.39	0.658	-6
36	Tra Vinh	64.6	70.0	82.5	4210	1500	0.77	0.75	0.45	0.656	-20
37	Soc Trang	58.6	69.6	86.7	4050	1443	0.77	0.74	0.45	0.654	-19
38	An Giang	54.3	69.8	85.4	4497	1602	0.75	0.75	0.46	0.653	-26
39	Bac Lieu	59.0	69.7	86.0	3719	1325	0.77	0.75	0.43	0.649	-18
40	Dong Thap	55.3	71.7	85.7	3259	1161	0.76	0.78	0.41	0.648	-15
41	Dac Lac	68.9	65.6	92.2	3504	1248	0.84	0.68	0.42	0.647	-18
42	Quang Ngai	75.4	69.8	86.2	2450	873	0.83	0.75	0.36	0.645	6
43	Quang Tri	75.5	68.5	86.5	2638	940	0.83	0.73	0.37	0.643	-1
44	Quang Binh	69.2	67.9	92.7	2458	876	0.85	0.71	0.36	0.642	2
45	Binh Thuan	58.3	70.7	89.7	2592	923	0.79	0.76	0.37	0.642	-2
46	Hoa Binh	74.9	67.3	92.0	2180	777	0.86	0.70	0.34	0.637	9
47	Binh Phuoc	61.6	69.7	88.2	2416	861	0.79	0.74	0.36	0.632	2
48	Bac Giang	66.5	67.4	93.5	2204	785	0.85	0.71	0.34	0.632	6

Human Development Index

HDI rank	Province	Combined 1st, 2nd and 3rd level gross enrolment ratio (%)1999	Combined 1st, 2nd and 3rd level gross enrolment ratio (%)1999	Adult literacy rate (%) 1999	GDP per capita in VND ('000) 1999b	GDPper capita in PPP(\$US)	Life expectancy index	Education index	Income Index	HDI	Gap between GDP and HDI ranking
49	Phu Yen	67.0	66.1	89.8	2853	1016	0.82	0.68	0.39	0.631	-17
50	Lang Son	69.8	65.2	89.4	2846	1014	0.83	0.67	0.39	0.628	-17
51	Tuyen Quang	70.8	66.8	87.2	2245	800	0.82	0.70	0.35	0.621	1
52	Ninh Thuan	55.5	69.1	81.2	2838	1011	0.73	0.74	0.39	0.616	-18
53	Yen Bai	66.9	67.2	84.8	2205	785	0.79	0.70	0.34	0.612	0
Low Human Development		59.2	63.0	68.9	2073	739	0.66	0.63	0.33	0.541	
54	Bac Can	68.3	66.6	85.5	1618	576	0.80	0.69	0.29	0.594	6
55	Cao Bang	68.6	62.4	76.6	2503	892	0.74	0.62	0.37	0.576	-10
56	Lao Cai	58.2	66.0	69.3	2107	751	0.66	0.68	0.34	0.559	1
57	Son La	56.3	66.1	69.5	1823	649	0.65	0.69	0.31	0.549	2
58	Gia Lai	57.7	61.8	69.3	2575	917	0.65	0.61	0.37	0.546	-14
59	Kon Tum	66.3	57.2	73.2	2372	845	0.71	0.54	0.36	0.534	-9
60	Ha Giang	63.0	58.8	68.1	1521	542	0.66	0.56	0.28	0.503	1
61	Lai Chau	46.9	63.7	51.3	1847	658	0.50	0.64	0.31	0.486	-3
-											
	Red River Delta	79.3	73.7	94.5	4536	1,616	0.89	0.81	0.46	0.723	
	North East	70.2	68.2	89.3	2641	941	0.83	0.72	0.37	0.641	
	North West	59.9	65.9	73.3	1951	695	0.69	0.68	0.32	0.564	
	North Central Coast	75.2	70.2	91.3	2635	939	0.86	0.75	0.37	0.662	
	South Central Coast	72.8	70.7	90.6	3476	1,238	0.85	0.76	0.42	0.676	
	Central Highlands	65.2	63.5	83.0	3093	1,102	0.77	0.64	0.40	0.604	
	Southeastern	69.5	72.9	92.1	10692	3,809	0.85	0.80	0.61	0.751	
	Mekong River Delta	59.6	71.1	88.1	4200	1,496	0.79	0.77	0.45	0.669	
	All Viet Nam	69.8	70.9	90.3	5221	1,860	0.83	0.76	0.49	0.696	

* The HDI rank for Ba Ria-Vung Tau should be interpreted with care, since most of GDP of this province came from oil and gas revenues that accrue largely to the central Government.

Human Poverty Index

HDI rank	Province	HPI rank	People not expected to survive to age 40 (as % of total population-1999)	Adult illiteracy rate (% - 1999)	Population without access to safe water (% - 1999)	Population without access to sanitation (% - 1999)	Underweight children under age five (%) 1998	HPI	GDP per capita (PPP\$) Poorest 20% (1999)	GDP per capita (PPP\$) Richest 20% (1999)	GDP per capita (PPP\$) Richest 20% to Poorest 20% 1999	Population below income poverty line (% - 1999)
High Human Development			6.3	5.9	9.3	6.0	29.4	15.0	672	4276	8.3	7.74
1	Ba Ria-Vung Tau	6	8.6	7.4	6.1	15.4	34	15.54	626	4531	10.5	7.90
2	Ha Noi	2	4.1	3.1	1.4	2.8	21.1	11.07	615	4726	9.1	1.47
3	Tp. HCMinh	1	5.0	6.0	1.2	2.3	18.1	10.59	1149	8329	11.0	10.92
4	Da Nang	3	5.5	5.3	4.8	14.8	27.6	13.47	384	2146	8.0	11.98
5	Hai Phong	5	6.5	4.6	7.4	1.8	33.9	15.49	541	3154	7.5	7.28
6	Binh Duong	8	6.3	7.6	6.8	13.9	34.5	15.64	698	3107	8.5	5.41
7	Dong Nai	4	7.2	7.5	6.0	9.8	32.2	15.02	556	3993	10.0	5.12
8	Thai Binh	12	6.4	5.4	10.0	1.4	34.8	16.30	527	2363	6.0	7.01
9	Hai Duong	10	7.4	5.2	8.7	0.9	35.1	16.13	435	1940	7.0	5.08
10	Khanh Hoa	22	10.5	8.6	11.1	38.2	36.4	17.43	519	3265	7.3	9.99
11	Quang Ninh	17	10.0	7.2	12.9	7.5	33.3	17.01	665	3234	7.0	13.01
12	Nam Dinh	16	5.0	5.7	8.4	2.9	39.3	16.91	420	1949	6.5	7.42
Medium Human Development			10.4	9.7	25.5	18.6	38.7	21.13	450	2635	7.1	14.66
13	Vinh Long	57	8.0	9.9	83.5	0.7	33.7	33.02	514	2608	7.2	11.65
14	Hung Yen	15	6.7	6.5	6.4	2.8	39.8	16.70	435	1940	6.6	12.76
15	Ha Nam	19	6.4	6.6	13.6	4.2	34.9	17.20	420	1949	6.5	11.61
16	Long An	34	7.9	9.1	33.4	17.6	29.9	20.73	519	3295	8.3	7.69
17	Vinh Phuc	7	7.6	6.0	3.6	3.6	37.7	15.63	438	2086	7.2	11.42
18	Tien Giang	45	9.3	9.2	48.2	1.3	31.5	24.49	438	3322	8.5	12.31
19	Bac Ninh	9	6.3	6.0	7.2	6.4	36.7	16.12	476	2767	6.5	8.27
20	Ca Mau	32	13.5	7.1	23.8	8.4	33.5	19.86	446	3506	8.5	16.50
21	Kien Giang	39	10.2	11.6	37.8	21.0	30.6	22.21	580	4541	8.5	11.20
22	Ha Tinh	28	8.6	5.9	9.5	14.7	44.2	18.47	391	1719	6.0	18.94
23	Phu Tho	18	10.8	5.0	7.0	4.9	39.8	17.14	438	2086	6.9	16.39
24	Can Tho	49	11.0	12.1	66.9	1.0	32.5	29.16	512	2837	8.3	10.51
25	Ha Tay	14	8.1	7.8	10.4	10.8	34.5	16.57	430	2339	6.5	5.83
26	Nghe An	31	11.7	7.2	12.7	19.8	45.1	19.71	369	2419	7.5	17.26
27	Ben Tre	54	10.2	10.3	79.9	2.6	33.7	32.27	491	2168	5.5	22.34
28	Tay Ninh	13	5.7	9.9	8.5	20.2	34.9	16.30	560	2827	7.0	7.27
29	Quang Nam	26	9.0	9.9	10.8	43.9	39	17.90	384	2146	6.5	26.00
30	Ninh Binh	24	10.7	6.6	11.8	6.8	36.5	17.52	372	2035	7.1	9.30
31	Lam Dong	20	8.8	8.9	12.8	15.8	34.4	17.23	418	3883	12.0	8.96
32	Thai Nguyen	11	9.0	4.6	5.8	8.4	37.8	16.21	482	2297	7.0	10.93
33	Thanh Hoa	30	9.7	8.8	12.0	7.8	41.3	18.63	399	2298	6.7	16.12
34	Binh Dinh	21	9.7	7.8	8.1	68.5	39.9	17.40	431	2306	6.7	10.71
35	Thua Thien-Hue	23	9.0	14.4	9.6	31.7	34.7	17.49	449	2583	6.1	27.41
36	Tra Vinh	46	10.8	17.5	46.9	35.0	31.8	25.18	440	2745	7.1	21.67
37	Soc Trang	36	7.6	13.3	30.3	18.9	33.9	21.32	498	2845	7.5	21.02
38	An Giang	52	8.4	14.6	72.7	20.1	32.8	30.61	583	2950	8.1	9.56
39	Bac Lieu	33	13.0	14.0	24.0	31.4	31.9	20.14	446	3506	8.2	18.05
40	Dong Thap	58	8.9	14.3	86.6	4.0	31.8	33.49	513	3854	7.7	13.59
41	Dac Lac	37	19.2	7.8	8.2	14.3	51.1	21.48	344	4288	13.8	11.43
42	Quang Ngai	40	15.7	13.8	19.8	63.2	45.1	22.33	403	1766	5.2	22.88
43	Quang Tri	35	12.2	13.5	22.7	26.1	39.2	21.21	429	2178	5.6	27.63
44	Quang Binh	44	13.1	7.3	27.0	14.0	51.5	24.42	373	1880	6.3	37.97
45	Binh Thuan	27	7.7	10.3	13.5	48.1	39.1	18.45	529	2495	5.5	11.64
46	Hoa Binh	41	9.3	8.0	28.3	7.0	43.3	22.62	381	1898	6.9	17.87
47	Binh Phuoc	29	9.5	11.8	10.3	14.4	41.5	18.57	698	3107	6.0	16.96
48	Bac Giang	25	11.8	6.5	6.0	7.9	42.3	17.66	476	2767	6.3	13.91

Human Poverty Index

HDI rank	Province	HPI rank	People not expected to survive to age 40 (as % of total population - 1999)	Adult illiteracy rate (% - 1999)	Population without access to safe water (% - 1999)	Population without access to sanitation (% - 1999)	Underweight children under age five (%) 1998	HPI	GDP per capita (PPP\$) Poorest 20% (1999)	GDP per capita (PPP\$) Richest 20% (1999)	GDP per capita (PPP\$) Richest 20% to Poorest 20% 1999	Population below income poverty line (% - 1999)
49	Phu Yen	42	26.4	10.2	12.1	58.7	41.3	23.19	435	2252	5.7	9.35
50	Lang Son	48	14.5	10.6	50.6	28.9	42.5	27.91	473	2227	5.4	14.50
51	Tuyen Quang	38	8.5	12.8	26.8	19.1	40.9	22.06	303	1661	6.5	6.89
52	Ninh Thuan	47	11.2	18.8	42.0	66.7	39.8	26.06	445	2226	6.0	15.05
53	Yen Bai	43	12.9	15.2	31.3	19.9	40.6	23.59	436	2040	5.4	17.27
Low Human Development			19.0	30.9	58.3	41.6	43.6	33.42	360	2135	6.9	23.50
54	Bac Can	51	10.6	14.5	59.4	27.5	43.2	30.01	482	2298	4.3	26.46
55	Cao Bang	56	18.5	23.4	66.0	46.6	41.5	32.73	404	2460	6.9	20.06
56	Lao Cai	55	13.9	30.7	54.2	42.6	45.5	32.55	418	2097	6.5	22.21
57	Son La	59	16.9	30.5	68.7	21.9	39.4	34.25	367	2033	6.6	23.82
58	Gia Lai	53	22.8	30.7	41.7	54.6	46.7	31.62	279	2527	10.4	22.41
59	Kon Tum	50	28.6	26.8	30.8	37.3	44.2	29.83	300	1944	6.9	23.84
60	Ha Giang	60	20.6	31.9	63.5	37.9	43	34.70	389	1671	6.0	22.02
61	Lai Chau	61	19.0	48.7	76.7	57.4	43.2	42.79	287	1876	7.0	28.94
Red River Delta			6.5	5.5	7.9	3.9	33.5	15.5	480	2640	7.0	6.49
North East			11.3	10.7	22.3	15.6	40.1	20.9	460	2342	6.3	14.40
North West			14.9	26.7	57.1	26.2	41.7	31.4	352	1945	6.9	23.15
North Central Coast			10.5	8.7	13.4	16.1	42.9	19.3	394	2244	6.4	20.38
South Central Coast			12.3	9.4	11.4	50.8	39.2	18.4	425	2293	6.6	16.00
Central Highlands			21.3	17.0	21.2	29.5	48.9	24.9	317	3420	10.4	16.19
Southeastern			6.7	7.9	7.2	14.3	30.0	14.8	799	5406	8.6	9.61
Mekong River Delta			9.7	11.9	55.6	12.3	32.2	26.5	505	3178	7.8	13.92
All Viet Nam			9.7	9.7	22.9	16.4	36.7	20.1	507	3070	7.3	13.21

**Gender
Development
Index**

HDI rank	Province	Female population share (as % of total population-1999)	GDP/PPP	Income gap	Combined first-, second- and third-level gross enrolment ratio (%)1999- Female	Combined first-, second- and third-level gross enrolment ratio (%)1999- Male	Life expectancy at birth (years, 1999) Male	Life expectancy at birth (years, 1999) Female	Adult illiteracy rate (% - 1999) Male	Adult illiteracy rate (% - 1999) female	GDI	GDIRANK
High Human Development		51.0	3243	81.1	84.7	87.5	71.1	77.2	3.1	8.3	0.764	
1	Ba Ria-Vung Tau	50.0	14470	85.6	80.0	75.8	69.1	77.7	4.8	9.9	0.837	1
2	Ha Noi	50.0	3588	88.5	102.3	98.1	72.6	78.4	0.9	5.1	0.806	2
3	Tp. HCMinh	51.9	5209	85.6	84.4	86.1	71.5	79.1	3.8	7.9	0.802	3
4	Da Nang	50.9	2215	63.7	96.0	94.2	74.5	76.3	2.1	8.3	0.765	4
5	Hai Phong	50.7	1948	88.5	88.3	85.2	70.5	75.7	1.7	7.2	0.740	5
6	Binh Duong	51.6	2589	85.6	79.9	79.5	67.1	75.9	5.2	9.7	0.733	6
7	Dong Nai	50.1	2180	85.6	80.8	77.3	70.4	73.6	5.0	9.8	0.726	7
8	Thai Binh	52.2	1099	88.5	86.7	82.6	72.8	79.1	2.6	7.9	0.720	8
9	Hai Duong	51.7	1290	88.5	90.1	83.2	69.5	77.9	1.6	8.3	0.719	9
10	Khanh Hoa	50.5	1870	63.7	77.4	76.6	67.9	74.5	5.2	11.8	0.706	12
11	Quang Ninh	49.0	1648	61.8	84.8	81.9	69.5	72.6	4.1	10.4	0.708	11
12	Nam Dinh	51.3	974	88.5	89.2	80.8	72.8	77.9	2.0	9.0	0.710	10
Medium Human Development		50.9	1138	73.4	72.9	78.8	66.6	73.4	6.0	13.0	0.661	
13	Vinh Long	51.5	1506	81.3	79.3	72.1	69.6	75.9	7.0	12.5	0.699	15
14	Hung Yen	51.7	1208	88.5	89.2	78.8	68.1	77.4	2.0	10.4	0.704	14
15	Ha Nam	51.5	956	88.5	89.2	82.4	71.0	78.8	2.3	10.4	0.705	13
16	Long An	51.0	1589	81.3	69.3	66.9	70.2	74.0	5.7	12.3	0.692	16
17	Vinh Phuc	51.3	1040	61.8	89.7	78.6	68.8	73.8	2.6	8.9	0.686	20
18	Tien Giang	51.6	1461	81.3	72.4	66.6	67.9	76.8	5.6	12.5	0.690	17
19	Bac Ninh	51.4	1072	61.8	87.1	77.2	67.6	75.5	2.3	9.3	0.686	19
20	Ca Mau	50.7	1619	81.3	64.6	59.8	68.1	72.8	5.6	8.5	0.682	22
21	Kien Giang	50.7	1660	81.3	64.9	62.3	69.3	75.8	9.1	13.9	0.687	18
22	Ha Tinh	50.9	874	74.7	88.9	83.2	67.2	75.0	2.5	8.9	0.680	23
23	Phu Tho	50.9	960	61.8	85.5	78.0	67.3	74.7	2.3	7.6	0.679	24
24	Can Tho	50.9	1577	81.3	68.7	63.7	68.0	73.7	8.7	15.3	0.676	27
25	Ha Tay	51.3	1006	88.5	91.5	82.0	66.3	75.6	3.3	11.8	0.684	21
26	Nghe An	50.8	940	74.7	87.1	82.9	63.6	74.0	3.8	10.2	0.667	32
27	Ben Tre	51.6	1410	81.3	70.2	70.1	66.0	75.8	6.9	13.3	0.678	26
28	Tay Ninh	50.9	1376	85.6	69.8	68.5	67.9	74.4	7.9	11.7	0.679	25
29	Quang Nam	51.6	955	63.7	88.7	81.3	68.9	72.6	4.7	14.4	0.670	29
30	Ninh Binh	51.1	762	88.5	87.7	83.5	67.3	72.8	2.9	10.0	0.665	34
31	Lam Dong	49.6	1023	85.6	76.1	74.9	68.6	74.8	5.4	12.3	0.675	28
32	Thai Nguyen	50.2	840	61.8	85.2	79.8	65.3	73.7	2.1	7.1	0.666	33
33	Thanh Hoa	51.1	946	74.7	87.5	81.7	66.3	73.8	5.3	12.0	0.670	30
34	Binh Dinh	51.5	1017	63.7	80.0	70.1	65.0	72.3	3.3	11.8	0.656	38
35	Thua Thien-Hue	50.7	1033	74.7	83.2	75.4	69.2	72.3	7.8	20.4	0.660	37
36	Tra Vinh	50.1	1500	81.3	76.9	66.7	67.5	74.9	11.6	23.0	0.669	31
37	Soc Trang	51.3	1443	81.3	69.1	61.4	67.0	73.0	9.9	16.3	0.663	36
38	An Giang	50.8	1602	81.3	61.1	58.5	67.9	73.1	11.7	17.3	0.663	35
39	Bac Lieu	51.0	1325	81.3	67.4	61.7	66.6	73.3	11.5	16.2	0.655	39
40	Dong Thap	51.0	1161	81.3	63.9	58.9	67.8	74.5	10.6	17.6	0.650	40
41	Dac Lac	49.2	1248	58.8	80.3	75.1	62.2	66.3	4.8	10.8	0.646	41
42	Quang Ngai	51.3	873	63.7	84.9	80.1	63.0	71.7	8.8	18.2	0.635	49
43	Quang Tri	50.8	940	74.7	87.8	78.8	64.7	71.0	7.4	19.0	0.645	43
44	Quang Binh	50.6	876	74.7	82.1	72.0	62.9	70.5	4.0	10.5	0.642	45
45	Binh Thuan	50.1	923	85.6	67.0	64.3	68.2	71.9	7.6	12.8	0.646	42
46	Hoa Binh	50.4	777	81.2	86.3	81.5	64.3	70.0	4.7	11.2	0.645	44
47	Binh Phuoc	49.0	861	85.6	70.4	66.8	66.4	72.2	7.2	16.3	0.638	47
48	Bac Giang	50.6	785	61.8	81.4	69.6	66.3	69.9	3.3	9.6	0.642	46

Gender Development Index

Xếp hạng HDI	Tỉnh/thành phố	Tỷ lệ	GDP bình	Khoảng	Tỷ lệ	Tỷ lệ	Tuổi	Tuổi	Tỷ lệ	Tỷ lệ	GDI (1999)	Xếp hạng GDI
		đân số nữ (%- 1999	quân đầu người (PPP-USD) 1999	cách thu nhập giữa nam và nữ (%) 1999	nhập học các cấp giáp đục (%) 1999	nhập học các cấp giáp đục (%) 1999			thọ (năm, 1999)	thọ (năm, 1999)		
49	Phu Yen	50.5	1016	63.7	77.8	71.4	62.1	70.4	6.1	14.0	0.637	48
50	Lang Son	50.4	1014	61.8	79.0	77.0	60.7	69.7	6.2	14.7	0.634	50
51	Tuyen Quang	50.6	800	61.8	82.0	76.2	63.4	69.9	8.2	17.2	0.625	51
52	Ninh Thuan	50.7	1011	85.6	61.9	59.0	64.4	72.8	14.2	23.0	0.618	52
53	Yen Bai	50.1	785	61.8	78.0	70.0	63.9	70.4	10.6	19.7	0.616	53
	Low Human Development	50.0	739	65.7	60.0	70.1	60.0	66.3	21.8	40.1	0.536	
54	Bac Can	50.0	576	61.8	76.7	75.7	62.6	69.1	9.6	19.3	0.595	54
55	Cao Bang	51.1	892	61.8	78.6	74.0	56.3	66.4	17.0	29.4	0.573	55
56	Lao Cai	50.1	751	61.8	68.4	58.9	63.1	69.2	23.7	37.5	0.560	56
57	Son La	49.9	649	81.2	70.2	54.0	65.6	67.4	17.9	42.9	0.551	57
58	Gia Lai	49.5	917	58.8	67.2	60.5	59.4	65.4	22.4	38.8	0.551	58
59	Kon Tum	49.7	845	58.8	76.9	68.0	56.8	60.6	18.3	35.1	0.544	59
60	Ha Giang	50.5	542	61.8	74.2	62.9	54.6	63.6	20.9	42.4	0.503	60
61	Lai Chau	49.5	658	81.2	59.1	42.6	58.5	67.7	36.9	60.2	0.479	61
	Red River Delta	51.2	1,616	84.5	85.1	91.6	70.3	77.2	2.1	8.6	0.726	
	North East	50.5	941	60.5	74.6	82.2	64.9	71.4	6.8	15.0	0.638	
	North West	49.9	695	81.4	60.4	72.6	63.3	68.3	18.5	36.6	0.559	
	North Central Coast	50.9	939	72.1	80.7	86.7	65.6	73.5	4.8	12.2	0.658	
	South Central Coast	51.1	1,238	60.9	78.0	83.7	66.6	72.8	5.1	13.4	0.669	
	Central Highlands	49.3	1,102	60.4	69.7	75.8	60.8	65.4	11.7	22.2	0.599	
	Southeastern	50.9	3,809	82.7	77.7	78.4	69.6	76.1	5.5	10.5	0.752	
	Mekong River Delta	51.0	1,496	78.1	63.7	68.3	68.0	74.5	8.7	14.9	0.668	
	All Viet Nam											

Gender Development

HDI rank	Province	Life expectancy at birth (years, 1999)		Adult illiteracy rate (% - 1999)		Female tertiary students (as % of total students - 1998) ^a		Female labors as % of total labors (% - 1998)		Unemployment rate (% - 1998)		Labors with higher grade of education and above (%- 98)		Labors with higher grade of education and above (%- 98)		Women in the Tenth National Assembly (% , 1997- 2002)		Women in government at provincial people's council (1999- 2004)	
		Male	Female	Male	female					Female	Female	Female	Female	Female	Female	Female	Female	Female	
High Human Development		71.0	77.2	3.2	8.4	44.4	49.1	80.5	84.2	6.1	5.4	22.8	21.3	24.6	22.0				
1	Ba Ria-Vung Tau	69.1	77.7	4.8	9.9	0.0	46.6	88.9	90.7	3.1	2.8	11.2	9.4	20.0	24.4				
2	Ha Noi	72.6	78.4	0.9	5.1	43.6	50.2	58.9	63.9	18.3	16.2	13.9	11.5	30.0	24.7				
3	Tp. HCMinh	71.5	79.1	3.8	7.9	39.1	45.9	70.9	75.5	9.3	9.0	9.5	7.8	16.0	24.7				
4	Da Nang	74.5	76.3	2.1	8.3	34.8	49.1	74.6	80.7	10.9	9.4	12.7	10.9	20.0	24.4				
5	Hai Phong	70.5	75.7	1.7	7.2	40.3	50.6	78.7	82.6	4.9	3.6	23.4	18.6	33.3	12.7				
6	Binh Duong	67.1	75.9	5.2	9.7	32.4	47.2	83.7	88.7	3.4	2.8	10.8	9.4	40.0	22.2				
7	Dong Nai	70.4	73.6	5.0	9.8	68.8	47.2	88.7	90.6	3.0	2.5	26.2	22.7	30.0	32.4				
8	Thai Binh	72.8	79.1	2.6	7.9	60.6	52.8	91.7	94.4	1.4	1.1	24.9	22.6	20.0	17.5				
9	Hai Duong	69.5	77.9	1.6	8.3	59.7	53.4	92.8	95.2	1.0	1.1	63.5	61.6	22.2	27.9				
10	Khanh Hoa	67.9	74.5	5.2	11.8	40.7	47.1	87.2	90.3	3.7	3.4	29.8	28.5	16.7	6.5				
11	Quang Ninh	69.5	72.6	4.1	10.4	44.8	49.1	76.4	81.9	4.0	3.1	16.2	14.0	33.3	21.4				
12	Nam Dinh	72.8	77.9	2.0	9.0	45.8	51.9	90.0	91.7	2.4	2.2	33.2	33.0	30.0	23.5				
Medium Human Development		66.5	73.4	6.0	13.0	47.5	50.4	91.5	93.4	1.8	1.5	27.3	24.9	27.6	20.2				
13	Vinh Long	69.6	75.9	7.0	12.5	53.3	48.0	92.0	93.0	2.2	2.3	20.5	20.8	16.7	15.6				
14	Hung Yen	68.1	77.4	2.0	10.4	52.8	53.5	93.4	94.6	1.0	0.9	57.4	56.3	16.7	21.3				
15	Ha Nam	71.0	78.8	2.3	10.4	69.4	52.4	89.1	90.9	2.7	2.1	36.2	32.9	20.0	22.2				
16	Long An	70.2	74.0	5.7	12.3	71.8	49.0	88.9	91.2	2.1	1.8	16.5	15.3	57.1	21.2				
17	Vinh Phuc	68.8	73.8	2.6	8.9	68.2	53.9	92.1	95.3	1.2	1.0	14.4	9.4	16.7	12.8				
18	Tien Giang	67.9	76.8	5.6	12.5	64.9	50.8	92.9	94.4	1.4	1.4	34.7	32.5	44.4	23.3				
19	Bac Ninh	67.6	75.5	2.3	9.3	16.1	53.4	90.3	94.1	1.7	1.1	30.6	29.2	16.7	24.4				
20	Ca Mau	68.1	72.8	5.6	8.5	0.0	44.8	94.3	95.3	0.8	0.5	25.5	24.6	33.3	22.4				
21	Kien Giang	69.3	75.8	9.1	13.9	54.6	48.5	94.0	96.1	1.2	0.9	27.1	26.6	25.0	27.6				
22	Ha Tinh	67.2	75.0	2.5	8.9	55.7	52.9	91.9	93.0	1.7	1.2	68.5	66.2	28.6	19.2				
23	Phu Tho	67.3	74.7	2.3	7.6	42.4	53.6	90.4	92.8	1.9	1.8	27.1	21.9	14.3	18.7				
24	Can Tho	68.0	73.7	8.7	15.3	40.9	49.2	92.5	94.2	2.3	2.3	18.4	16.0	20.0	17.2				
25	Ha Tay	66.3	75.6	3.3	11.8	37.0	52.8	85.9	89.9	2.6	2.6	30.7	28.0	38.5	29.3				
26	Nghe An	63.6	74.0	3.8	10.2	66.0	52.9	90.3	92.8	1.3	0.9	27.5	23.7	20.0	20.0				
27	Ben Tre	66.0	75.8	6.9	13.3	62.0	48.2	93.7	93.9	1.3	1.4	31.2	27.0	28.6	24.5				
28	Tay Ninh	67.9	74.4	7.9	11.7	67.4	47.0	90.9	92.5	1.7	1.6	27.7	24.7	16.7	13.3				
29	Quang Nam	68.9	72.6	4.7	14.4	0.0	51.7	90.9	93.2	2.6	2.2	26.2	21.5	42.9	20.0				
30	Ninh Binh	67.3	72.8	2.9	10.0	72.0	52.5	89.7	91.1	2.2	1.8	41.7	40.0	16.7	26.7				
31	Lam Dong	68.6	74.8	5.4	12.3	53.9	48.8	91.7	93.9	1.9	1.6	7.6	6.8	33.3	15.9				
32	Thai Nguyen	65.3	73.7	2.1	7.1	38.9	50.3	84.7	86.4	3.2	2.9	21.6	19.9	33.3	20.8				
33	Thanh Hoa	66.3	73.8	5.3	12.0	50.7	51.7	92.2	93.6	1.5	1.3	22.9	17.2	23.5	16.5				
34	Binh Dinh	65.0	72.3	3.3	11.8	45.1	52.1	91.5	95.1	1.3	0.9	19.7	18.7	25.0	19.6				
35	Thua Thien-Hue	69.2	72.3	7.8	20.4	54.0	50.7	88.6	91.1	4.3	4.0	21.3	19.4	16.7	10.9				
36	Tra Vinh	67.5	74.9	11.6	23.0	0.0	51.3	95.5	97.4	1.0	0.6	22.6	21.6	50.0	6.7				
37	Soc Trang	67.0	73.0	9.9	16.3	0.0	47.4	96.7	98.2	0.7	0.5	31.7	30.6	28.6	20.4				
38	An Giang	67.9	73.1	11.7	17.3	61.6	45.4	92.4	93.9	2.4	2.0	18.6	17.8	30.0	28.2				
39	Bac Lieu	66.6	73.3	11.5	16.2	55.1	48.1	95.0	95.7	0.7	0.5	28.6	25.8	20.0	17.8				
40	Dong Thap	67.8	74.5	10.6	17.6	57.5	47.9	89.9	92.2	2.4	1.7	25.5	23.8	25.0	18.6				
41	Dac Lac	62.2	66.3	4.8	10.8	47.4	47.4	90.3	92.5	2.4	2.0	21.5	20.1	28.6	0.0				
42	Quang Ngai	63.0	71.7	8.8	18.2	60.1	52.7	93.4	96.3	1.4	1.2	38.0	34.8	28.6	18.9				
43	Quang Tri	64.7	71.0	7.4	19.0	68.2	51.4	92.3	95.3	1.6	1.0	51.2	47.4	20.0	17.8				
44	Quang Binh	62.9	70.5	4.0	10.5	62.1	51.2	90.2	93.4	2.6	1.9	23.6	22.3	20.0	20.0				
45	Binh Thuan	68.2	71.9	7.6	12.8	0.0	44.6	87.2	89.9	3.1	2.6	20.8	17.4	33.3	17.4				
46	Hoa Binh	64.3	70.0	4.7	11.2	60.4	51.1	92.2	92.8	2.0	2.1	17.4	15.7	60.0	19.0				
47	Binh Phuoc	66.4	72.2	7.2	16.3	0.0	45.7	89.7	92.4	1.2	0.9	12.9	12.6	20.0	21.2				
48	Bac Giang	66.3	69.9	3.3	9.6	52.8	52.2	95.2	96.3	0.7	0.6	33.8	30.3	25.0	26.7				

Gender Development

HDI rank	Province	Life expectancy at birth	Life expectancy at birth	Adult illiteracy rate	Adult illiteracy rate	Female tertiary students (as % of total students - 1998) ^a	Female labors as % of total labors (% - 1998)	Unskilled labors (% - 1998)	Unskilled labors (% - 1998)	Labors with higher grade of education and above (%- 98)	Labors with higher grade of education and above (%- 98)	Underemployment rate (% - 1998)	Underemployment rate (% - 1998)	Women in the Tenth National Assembly (% , 1997-2002)	Women in government at provincial people's council (1999-2004)
		(years, 1999) Male	(years, 1999) Female	(% - 1999) Male	(% - 1999) female										
49	Phu Yen	62.1	70.4	6.1	14.0	68.4	49.3	91.1	93.3	1.9	1.3	32.9	29.6	20.0	13.3
50	Lang Son	60.7	69.7	6.2	14.7	67.7	50.6	92.7	93.0	1.2	1.2	7.1	6.4	20.0	26.8
51	Tuyen Quang	63.4	69.9	8.2	17.2	0.0	51.0	90.1	89.2	2.6	2.5	22.7	21.5	40.0	33.3
52	Ninh Thuan	64.4	72.8	14.2	23.0	0.0	47.2	91.8	94.1	1.7	1.4	14.6	13.4	20.0	20.0
53	Yen Bai	63.9	70.4	10.6	19.7	61.3	51.1	93.5	94.4	1.5	1.3	34.3	33.2	20.0	29.6
	Low Human Development	60.0	66.3	21.6	39.8	28.7	50.5	89.1	90.8	1.9	1.5	13.9	12.6	22.0	24.2
54	Bac Can	62.6	69.1	9.6	19.3	0.0	50.7	92.8	92.1	1.0	0.8	20.0	19.0	20.0	22.2
55	Cao Bang	56.3	66.4	17.0	29.4	0.0	51.5	90.4	90.4	2.0	2.0	7.4	7.2	20.0	26.7
56	Lao Cai	63.1	69.2	23.7	37.5	0.0	50.6	88.5	90.1	2.5	1.3	14.6	13.2	20.0	30.0
57	Son La	65.6	67.4	17.9	42.9	54.9	50.4	83.4	85.5	2.6	2.4	8.4	7.2	33.3	31.3
58	Gia Lai	59.4	65.4	22.4	38.8	68.8	50.1	87.1	91.8	1.9	1.3	15.0	12.5	20.0	30.4
59	Kon Tum	56.8	60.6	18.3	35.1	0.0	50.4	86.8	89.0	3.9	2.7	12.2	11.5	20.0	20.0
60	Ha Giang	54.6	63.6	20.9	42.4	0.0	50.2	93.4	93.6	0.9	0.8	17.0	15.9	20.0	27.5
61	Lai Chau	58.5	67.7	36.9	60.2	0.0	50.4	94.4	95.5	1.0	0.7	21.0	19.5	20.0	0.0
	Red River Delta	70.3	77.2	2.0	8.5	48.5	52.1	84.0	87.2	4.8	4.1	33.6	31.7	27.3	23.0
	North East	64.9	71.4	6.6	14.6	38.8	51.7	89.9	91.8	1.9	1.6	22.0	19.6	23.0	24.5
	North West	63.3	68.3	17.8	35.3	45.0	50.7	89.4	90.7	2.0	1.9	14.9	13.4	37.5	18.1
	North Central Coast	65.6	73.5	4.8	12.3	58.2	52.0	91.1	93.1	1.9	1.5	31.1	27.3	21.8	17.6
	South Central Coast	66.6	72.8	5.1	13.4	37.8	50.7	89.5	92.8	2.9	2.4	27.1	24.5	26.3	17.3
	Central Highlands	60.8	65.4	11.8	22.2	49.2	48.8	88.7	91.8	2.4	1.8	18.1	16.2	23.5	15.9
	Southeastern	69.6	76.1	5.3	10.2	39.7	46.5	81.6	85.0	5.3	4.9	15.0	12.9	23.3	21.9
	Mekong River Delta	68.0	74.5	8.7	14.9	50.5	48.2	92.9	94.4	1.7	1.4	24.9	23.3	31.5	20.8
	All Viet Nam	67.4	74.0	6.0	13.1	45.6	50.0	88.2	90.6	3.1	2.6	25.2	23.2	26.2	21.1

Demography

HDI rank	Province	Total Population (1989) ^a	Total Population (1999)	Annual population growth rate (%; 1989-1999) ^b	Life expectancy at birth (years) 1999	Female population share (as % of total population-1999)	Urban population (as % of total -1999)	Migration 84-89	Migration 94-99
High Human Development		17,846,682	20,932,439	1.5	74.3	51.0	43.53	140,403	482,230
1	Ba Ria-Vung Tau	618,689	800,572	2.6	74.3	50.0	41.56	16728	23740
2	Ha Noi	2,086,954	2,672,125	2.5	75.7	50.0	57.59	6404	114617
3	Tp. HCMinh	4,095,818	5,037,151	2.1	75.7	51.9	83.47	82388	410553
4	Da Nang	591,317	684,131	1.5	75.6	50.9	78.63	32036	24692
5	Hai Phong	1,510,867	1,672,992	1.0	73.4	50.7	33.96	-3504	-14207
6	Binh Duong	547,928	716,424	2.7	71.8	51.6	32.57	25139	41327
7	Dong Nai	1,683,328	1,989,540	1.7	71.5	50.1	30.52	116080	45221
8	Thai Binh	1,686,681	1,785,601	0.6	76.5	52.2	5.78	-46288	-41428
9	Hai Duong	1,551,753	1,649,780	0.6	73.7	51.7	13.80	-41733	-63221
10	Khanh Hoa	855,198	1,031,261	1.9	72.3	50.5	36.36	1468	-561
11	Quang Ninh	850,032	1,004,453	1.7	71.1	49.0	44.14	-2329	-4433
12	Nam Dinh	1,768,117	1,888,409	0.7	75.3	51.3	12.40	-45986	-54070
Medium Human Development		44,477,636	50,676,245	1.3	70.1	50.8	15.29	(146,072)	(558,004)
13	Vinh Long	993,545	1,010,493	0.2	73.3	51.5	14.37	-2858	-21801
14	Hung Yen	990,184	1,068,704	0.8	72.0	51.7	8.66	-9826	-14886
15	Ha Nam	749,708	791,619	0.5	74.0	51.5	6.09	-20904	-24578
16	Long An	1,161,800	1,306,205	1.2	72.2	51.0	16.46	-12176	6895
17	Vinh Phuc	970,098	1,091,981	1.2	72.2	51.3	10.17	-1427	-15491
18	Tien Giang	1,539,628	1,605,147	0.4	72.5	51.6	13.29	-11444	-30743
19	Bac Ninh	846,478	941,393	1.1	71.4	51.4	9.37	-10219	-29282
20	Ca Mau	942,003	1,119,258	1.7	71.1	50.7	18.69	-1608	-4155
21	Kien Giang	1,242,399	1,494,425	1.9	72.1	50.7	22.09	7529	8314
22	Ha Tinh	1,214,290	1,269,017	0.4	72.1	50.9	8.89	-23766	-51993
23	Phu Tho	1,147,857	1,261,505	0.9	71.0	50.9	14.18	-1445	-15679
24	Can Tho	1,674,791	1,811,139	0.8	70.8	50.9	21.28	-2458	-958
25	Ha Tay	2,115,999	2,386,772	1.2	69.9	51.3	7.99	-8803	-27087
26	Nghe An	2,518,510	2,858,263	1.3	70.6	50.8	10.21	-49144	-61823
27	Ben Tre	1,260,769	1,296,914	0.3	70.0	51.6	8.47	-15558	-34816
28	Tay Ninh	819,724	965,236	1.6	70.3	50.9	12.92	156	-10161
29	Quang Nam	1,216,849	1,372,425	1.2	71.0	51.6	14.27	-46667	-35969
30	Ninh Binh	792,437	884,074	1.1	71.4	51.1	12.83	-21347	-24073
31	Lam Dong	693,714	996,221	3.7	70.7	49.6	38.67	87936	56061
32	Thai Nguyen	854,268	1,046,159	2.0	69.6	50.2	20.93	-1794	-17845
33	Thanh Hoa	3,127,235	3,467,610	1.0	69.4	51.1	9.18	-45247	-94487
34	Binh Dinh	1,286,915	1,461,046	1.3	70.0	51.5	24.00	-29586	-25804
35	Thua Thien-Hue	921,220	1,045,130	1.3	71.6	50.7	27.58	-19790	-19329
36	Tra Vinh	883,817	965,708	0.9	70.0	50.1	12.94	-2858	-9615
37	Soc Trang	1,107,815	1,173,821	0.6	69.6	51.3	17.89	-1628	-14304
38	An Giang	1,842,123	2,049,024	1.1	69.8	50.8	19.68	-6254	-17523
39	Bac Lieu	681,040	736,327	0.8	69.7	51.0	24.53	-6252	-16149
40	Dong Thap	1,378,457	1,564,973	1.3	71.7	51.0	14.50	-4639	-45232
41	Dac Lac	1,085,880	1,776,333	5.0	65.6	49.2	20.01	177300	128171
42	Quang Ngai	1,077,199	1,190,006	1.0	69.8	51.3	10.97	-24772	-35052
43	Quang Tri	473,221	573,332	1.9	68.5	50.8	23.49	-10189	-14611
44	Quang Binh	664,877	793,864	1.8	67.9	50.6	10.83	-14348	-27642
45	Binh Thuan	816,943	1,047,041	2.5	70.7	50.1	23.45	2483	-12155
46	Hoa Binh	693,309	757,645	0.9	67.3	50.4	13.84	-2786	-11541
47	Binh Phuoc	450,639	653,640	3.8	69.7	49.0	15.17	32081	52741
48	Bac Giang	1,322,702	1,492,191	1.2	67.4	50.6	7.43	-6076	-17409
49	Phu Yen	669,903	786,969	1.6	66.1	50.5	18.93	1153	-3659

Demography

HDI rank	Province	Total Population (1989) ^a	Total Population (1999)	Annual population growth rate (% , 1989-1999) ^b	Life expectancy at birth (years) 1999	Female population share (as % of total population-1999)	Urban population (as % of total -1999)	Migration 84-89	Migration 94-99
50	Lang Son	641,148	704,642	0.9	65.2	50.4	18.68	-28968	-9672
51	Tuyen Quang	594,720	675,108	1.3	66.8	50.6	11.05	-5557	-6540
52	Ninh Thuan	407,400	505,205	2.2	69.1	50.7	23.63	1238	-6428
53	Yen Bai	606,022	679,680	1.2	67.2	50.1	19.61	-5554	-1694
	Low Human Development	3,898,682	4,719,235	1.9	63.0	50.0	16.39	2646	77947
54	Bac Can	225,146	275,253	2.0	66.6	50.0	14.47	64	637
55	Cao Bang	588,388	490,657	-1.8	62.4	51.1	10.88	-33685	-6721
56	Lao Cai	479,991	594,632	2.2	66.0	50.1	17.13	-4493	-415
57	Son La	724,151	881,379	2.0	66.1	49.9	12.77	633	2779
58	Gia Lai	698,366	971,922	3.4	61.8	49.5	24.91	35382	61220
59	Kon Tum	236,392	314,040	2.9	57.2	49.7	32.12	11972	9077
60	Ha Giang	485,472	602,683	2.2	58.8	50.5	8.45	-4536	5566
61	Lai Chau	460,776	588,669	2.5	63.6	49.5	12.26	-2691	5804
	Red River Delta	13,252,700	14,800,076	1.1	73.7	51.2	21.06	-191987	-148933
	North East	9,612,322	10,860,337	1.2	68.2	50.5	15.99	-106019	-118978
	North West	1,878,236	2,227,693	1.7	65.9	49.9	13.00	-4844	-2958
	North Central Coast	8,919,353	10,007,216	1.2	70.2	50.9	12.31	-162484	-269885
	South Central Coast	5,697,381	6,525,838	1.4	70.6	51.1	26.65	-66368	-76353
	Central Highlands	2,020,638	3,062,295	4.2	63.5	49.3	22.80	224654	198468
	Southeastern	10,134,183	12,711,030	2.3	72.9	50.9	49.97	364229	600899
	Mekong River Delta	14,708,187	16,133,434	0.9	71.1	51.0	17.07	-60204	-180087
	All Viet Nam	66,223,000	76,327,919	1.4	70.9	50.8	23.48	1279363	1992657

Labour

HDI rank	Province	Labour (as	Labour (as	Local	Local	Unskilled	Unskilled	Labors	Labors	Long-term	Underempl
		% of total population) 96	% of total population) 98	labor (as labor force) 96	labor (as labor force) 98	labor (% - 1996)	labor (% - 1998)	with high- er grade of educa- tion and above (per1000 labors) 96	with high- er grade of education and above (per1000 labors) 98	Unemploy ment rate (from 6 months and above) % - 1998	oyment rate (% - 98)
	High Human Development	50.1	49.2	127.6	127.5	82.3	52.0	79.6	64.5	1.9	22.5
1	Ba Ria-Vung Tau	44.5	44.4	0.86	0.88	86.4	88.9	35	31	1.04	11.2
2	Ha Noi	50.1	47.8	3.13	3.11	64.2	58.9	138	183	3.37	13.9
3	Ho Chi Minh City	48.6	46.7	6.50	6.36	79.3	70.9	68	93	3.18	9.5
4	Da Nang	44.5	43.3	0.81	0.79	76.8	74.6	92	109	4.15	12.7
5	Hai Phong	49.9	50.9	2.29	2.34	78.2	78.7	44	49	1.14	23.4
6	Binh Duong	49.8	47.6	0.88	0.85	88.6	83.7	27	34	1.55	10.8
7	Dong Nai	50.0	49.4	2.63	2.69	88.5	88.7	30	30	1.29	26.2
8	Thai Binh	54.0	54.5	2.73	2.72	91.4	91.6	21	14	0.34	24.9
9	Hai Duong	52.0	52.1	2.42	2.42	92.2	92.8	15	10	0.24	63.5
10	Khanh Hoa	49.8	49.3	1.34	1.33	86.5	87.2	38	37	1.80	29.8
11	Quang Ninh	52.0	51.9	1.33	1.33	78.2	76.4	37	40	2.64	16.2
12	Nam Dinh	51.6	51.7	2.71	2.70	87.5	90	24	24	1.11	33.2
	Medium Human Development	48.3	48.2	66.3	66.4	91.8	15.8	91.4	18.2	0.9	27.0
13	Vinh Long	46.7	47.8	1.41	1.44	91.5	92	23	22	0.96	20.5
14	Hung Yen	51.7	49.6	1.54	1.47	92.3	93.4	10	10	0.09	57.4
15	Ha Nam	51.9	51.1	1.16	1.14	92.7	89.1	15	27	0.37	36.2
16	Long An	52.2	49.9	1.85	1.77	90.6	88.9	14	20	0.73	16.5
17	Vinh Phuc	50.0	49.1	1.47	1.45	92.3	92.1	14	12	0.26	14.4
18	Tien Giang	50.1	52.8	2.35	2.49	91.9	92.9	19	14	0.30	34.7
19	Bac Ninh	52.2	50.5	1.33	1.28	93.2	90.3	15	17	0.41	30.6
20	Ca Mau	46.4	44.9	1.36	1.32	94.1	94.3	7	8	2.11	25.5
21	Kien Giang	46.0	48.4	1.80	1.91	95.3	94	5	12	1.31	27.1
22	Ha Tinh	44.0	42.9	1.63	1.57	94.2	91.9	11	17	0.89	68.5
23	Phu Tho	49.8	51.1	1.73	1.78	89.1	90.4	17	19	0.77	27.1
24	Can Tho	46.2	50	2.39	2.60	90.3	92.5	21	23	1.59	18.4
25	Ha Tay	51.1	50.6	3.28	3.23	90.0	85.9	21	26	0.23	30.7
26	Nghe An	45.4	43.8	3.54	3.40	91.0	90.3	17	13	0.56	27.5
27	Ben Tre	49.5	48.6	1.87	1.85	93.2	93.7	12	13	1.59	31.2
28	Tay Ninh	46.9	48.1	1.19	1.21	91.5	90.9	12	17	0.74	27.7
29	Quang Nam	48.5	47.7	1.81	1.80	90.6	90.9	18	26	0.63	26.2
30	Ninh Binh	49.4	48.7	1.21	1.19	91.5	89.6	14	22	0.26	41.7
31	Lam Dong	48.8	46.7	1.11	1.09	90.0	91.7	22	19	0.41	7.6
32	Thai Nguyen	48.8	50.7	1.32	1.38	82.9	84.7	34	32	1.11	21.6
33	Thanh Hoa	49.1	48.4	4.73	4.67	92.1	92.2	14	15	0.55	22.9
34	Binh Dinh	50.8	50.3	2.04	2.03	90.2	91.5	13	13	1.55	19.7
35	Thua Thien-Hue	46.6	45.9	1.32	1.30	88.5	88.5	42	43	0.92	21.3
36	Tra Vinh	49.1	47.5	1.34	1.30	93.2	95.5	15	10	0.42	22.6
37	Soc Trang	49.0	48.3	1.67	1.65	96.1	96.7	6	7	2.02	31.7
38	An Giang	47.8	47	2.67	2.64	93.9	92.4	10	24	0.78	18.6
39	Bac Lieu	48.0	47	1.02	1.00	95.0	95	9	7	1.97	28.6
40	Dong Thap	46.7	50	1.98	2.12	93.3	89.9	12	23	1.06	25.5
41	Dac Lac	41.5	40.7	1.49	1.53	91.3	90.3	22	24	0.99	21.5
42	Quang Ngai	48.5	50.2	1.62	1.69	92.6	93.4	17	14	0.97	38.0
43	Quang Tri	45.4	41.7	0.69	0.63	92.6	92.3	15	16	1.42	51.2
44	Quang Binh	45.6	46.1	0.99	1.00	90.9	90.2	20	26	1.08	23.6
45	Binh Thuan	43.9	43.2	1.12	1.11	90.4	87.2	22	31	2.02	20.8
46	Hoa Binh	52.4	52.1	1.09	1.08	91.8	92.2	19	20	0.84	17.4
47	Binh Phuoc	43.7	46.5	0.65	0.70	87.5	89.7	16	12	1.93	12.9
48	Bac Giang	53.0	53.5	2.12	2.14	94.7	95.2	7	7	0.42	33.8

Labour

HDI rank	Province	Labor (as % of total population) 96	Labor (as % of total population) 98	Local labor (as % of total labor force) 96	Local labor (as % of total labor force) 98	Unskilled labor (% - 1996)	Unskilled labor (% - 1998)	Labors with higher grade of education and above (per1000 labors) 96	Labors with higher grade of education and above (per1000 labors) 98	Long-term Unemployment rate (from 6 months and above) % - 1998	Underemployment rate (% - 98)
49	Phu Yen	50.5	49.7	1.05	1.04	92.5	91.1	19	19	0.47	32.9
50	Lang Son	51.5	51.7	1.02	1.03	92.5	92.7	14	12	0.51	7.1
51	Tuyen Quang	47.5	47.4	0.87	0.87	89.0	90.1	18	26	1.31	22.7
52	Ninh Thuan	46.6	47.4	0.61	0.62	87.8	91.8	17	17	1.32	14.6
53	Yen Bai	47.6	47.5	0.89	0.89	94.2	93.5	11	15	0.72	34.3
	Low Human Development	49.0	48.6	6.0	6.1	92.8	11.5	89.0	19.3	0.6	14.0
54	Bac Can	43.0	52.3	0.37	0.45	92.4	92.8	12	9	0.77	20.0
55	Cao Bang	59.3	51.6	0.91	0.78	88.9	90.4	19	20	0.58	7.4
56	Lao Cai	48.1	49.1	0.76	0.79	94.1	88.5	12	25	0.32	14.6
57	Son La	47.8	47.9	1.10	1.11	93.6	83.4	10	26	0.20	8.4
58	Gia Lai	47.8	46.4	1.07	1.09	91.4	87.1	9	19	0.54	15.0
59	Kon Tum	45.1	44.4	0.33	0.33	92.4	86.8	18	39	0.98	12.2
60	Ha Giang	51.5	51.9	0.79	0.80	95.3	93.4	8	9	0.18	17.0
61	Lai Chau	45.8	47.5	0.69	0.72	94.8	94.4	8	10	1.55	21.0
	Red River Delta	51.3	50.8	20.48	20.31	85.3	84	40	48	0.95	33.6
	North East	50.7	50.8	14.91	14.96	90.2	89.9	17	19	0.78	22.0
	North West	49.0	49.2	2.88	2.91	93.2	89.4	13	20	0.77	14.9
	North Central Coast	46.7	45.6	12.91	12.59	91.6	91.1	18	19	0.72	31.1
	South Central Coast	49.0	48.8	8.67	8.68	89.2	89.5	27	29	1.39	27.1
	Central Highlands	44.0	43.1	2.89	2.95	91.5	88.7	17	24	0.82	18.1
	Southeastern	47.8	46.9	15.55	15.52	84.9	81.6	42	53	2.04	15.0
	Mekong River Delta	48.1	48.8	21.71	22.08	93.0	92.9	13	16	1.18	24.9
	All Viet Nam	48.8	48.6	100.00	100.00	89.2	88.2	26	30	1.14	25.2

Health I

HDI rank	Province	Infant mortality rate (IMR) (%o 1999)	People age over 65 (% - 1999)	Crude birth (%o) 1993	Crude birth (%o) 1995	Crude birth (%o) 1998	Public health expenditure 1991 (VND/per capita)	Public health expenditure 1993 (VND/per capita)	Public health expenditure 1998 (VND/per capita)	Public health expenditure as % of GDP (% - 1998)	Public health expenditure as % of total local government expenditure (% - 1998)
High Human Development		19.7		23.1	21.0	17.0	7067	19256	27212	0.3	5.4
1	Ba Ria-Vung Tau	18.8	4.6	25.4	25.3	21.0	2777	18323	26398	0.1	3.1
2	Ha Noi	11.0	6.5	20.0	18.6	15.0	10230	24641	39247	0.4	4.4
3	Tp. HCMinh	10.5	5.1	21.0	19.5	15.3	24773	41715	41479	0.3	6.0
4	Da Nang	19.0	6.1	19.9	19.2	16.0	8805	20565	33306	0.6	5.5
5	Hai Phong	20.8	7.1	23.5	21.4	15.5	12810	22835	25442	0.5	6.3
6	Binh Duong	15.7	5.0	29.1	27.9	16.5	5178	14761	19440	0.3	3.3
7	Dong Nai	21.1	4.6	26.2	24.5	19.3	6677	16981	22748	0.4	5.6
8	Thai Binh	25.4	8.5	20.5	17.7	15.5	3782	7601	18559	0.6	8.1
9	Hai Duong	26.1	6.3	24.0	20.3	18.7	4572	9301	17541	0.5	7.3
10	Khanh Hoa	38.3	5.4	29.0	27.0	20.9	11452	14258	24755	0.6	4.5
11	Quang Ninh	31.1	4.8	24.1	21.7	18.6	15499	18486	24885	0.6	3.8
12	Nam Dinh	26.1	7.8	25.3	20.5	18.5	3254	8347	18878	0.8	8.7
Medium Human Development		35.8		28.3	26.0	21.2	4812	12353	23138	0.8	6.3
13	Vinh Long	26.2	5.7	25.8	24.5	18.0	3279	10204	21746	0.6	5.9
14	Hung Yen	25.9	7.7	24.1	20.9	19.8	5106	10387	19565	0.7	6.7
15	Ha Nam	26.0	8.8	25.7	20.4	18.2	3772	9675	21792	1.0	7.1
16	Long An	24.6	5.6	29.2	27.5	20.5	5080	13561	20225	0.5	5.1
17	Vinh Phuc	22.1	6.4	25.8	24.9	17.4	3836	9771	22235	0.9	7.0
18	Tien Giang	24.9	5.9	26.9	25.3	18.9	4382	9890	18363	0.5	5.5
19	Bac Ninh	31.0	5.5	22.7	20.5	19.0	5870	6874	19909	0.8	7.0
20	Ca Mau	41.0	3.7	28.6	27.2	21.4	4747	10150	24739	0.6	6.9
21	Kien Giang	37.4	4.1	27.1	26.0	23.0	4206	10164	22158	0.5	5.5
22	Ha Tinh	30.5	8.4	29.1	23.0	23.2	3773	8982	22961	1.1	7.4
23	Phu Tho	34.0	7.0	26.3	24.7	16.1	3878	9878	22470	0.9	7.2
24	Can Tho	39.2	4.9	25.5	24.1	18.6	4391	13235	22059	0.5	6.2
25	Ha Tay	41.7	7.7	24.9	22.3	17.4	2701	8532	18226	0.8	6.7
26	Nghe An	30.7	6.5	31.5	29.0	22.5	3864	13856	22499	0.9	7.6
27	Ben Tre	40.8	6.2	26.0	26.4	17.1	3763	9764	19368	0.6	7.2
28	Tay Ninh	17.9	5.0	23.5	23.0	19.4	4997	13736	20768	0.6	4.4
29	Quang Nam	34.2	7.2	24.8	23.5	22.2	6121	14297	23029	1.0	6.2
30	Ninh Binh	26.3	7.5	26.5	22.7	16.8	4504	11362	22072	1.1	6.8
31	Lam Dong	23.8	3.7	24.3	23.0	25.3	6570	16365	31425	1.0	5.4
32	Thai Nguyen	30.9	4.8	28.1	25.9	17.2	4702	12198	25924	1.1	7.9
33	Thanh Hoa	41.7	7.0	29.9	25.4	21.3	3659	10054	21240	0.9	8.2
34	Binh Dinh	39.6	6.9	32.1	30.0	21.5	5209	11828	22233	0.9	7.5
35	Thua Thien-Hue	30.3	7.1	32.2	29.2	26.0	3360	13794	22389	0.8	5.8
36	Tra Vinh	37.0	4.9	27.0	26.1	21.9	3057	9514	21836	0.6	6.5
37	Soc Trang	37.8	4.7	24.6	23.3	23.6	4448	8953	20992	0.6	6.5
38	An Giang	32.2	5.3	26.8	25.4	20.6	6452	14461	19556	0.5	5.3
39	Bac Lieu	38.5	4.4	27.5	26.6	21.1	4555	9739	23707	0.8	5.9
40	Dong Thap	45.7	5.2	24.9	23.4	21.2	4711	9306	19928	0.7	6.0
41	Dac Lac	57.3	3.3	40.1	39.0	31.6	5685	13341	31622	0.8	6.9
42	Quang Ngai	53.2	7.3	31.1	28.2	20.9	4242	10171	21899	1.0	6.8
43	Quang Tri	50.6	6.6	36.4	28.0	26.3	4736	11185	26687	1.1	4.8
44	Quang Binh	45.5	5.8	33.5	29.2	24.6	3847	8115	23150	1.1	5.8
45	Binh Thuan	24.0	4.7	32.1	29.7	23.4	5967	10740	24778	1.0	6.4
46	Hoa Binh	57.6	4.7	30.0	28.0	22.8	4271	10761	27840	1.3	6.1
47	Binh Phuoc	23.7	2.9	29.5	28.1	29.1	6837	19490	25729	1.0	5.3
48	Bac Giang	30.0	5.3	27.5	20.9	21.1	6274	7347	21136	1.0	8.2

Health I

HDI rank	Province	Infant mortality rate (IMR) ((‰ 1999)	People age over 65 (% - 1999)	Crude birth (‰) 1993	Crude birth (‰) 1995	Crude birth (‰) 1998	Public health expenditure 1991 (VND/per capita)	Public health expenditure 1993 (VND/per capita)	Public health expenditure 1998 (VND/per capita)	Public health expenditure as % of GDP (% - 1998)	Public health expenditure as % of total local government expenditure (% - 1998)
49	Phu Yen	43.0	5.6	33.4	31.4	24.8	5356	11835	22201	0.8	6.7
50	Lang Son	65.1	5.2	31.5	29.0	19.8	5299	16398	30369	1.2	4.9
51	Tuyen Quang	31.6	4.5	30.8	27.8	22.1	5416	16398	30304	1.5	6.0
52	Ninh Thuan	30.8	4.4	33.3	32.0	25.5	5609	19644	24964	0.9	6.2
53	Yen Bai	41.7	4.7	32.5	31.7	21.8	5635	13535	30496	1.6	6.4
	Low Human Development	61.8		37.4	34.6	30.7	5936	16389	37976	2.1	6.6
54	Bac Can	40.1	4.6	30.7	26.9	23.2	6416	16645	35645	2.8	5.5
55	Cao Bang	62.1	6.1	36.0	33.1	24.2	5054	16654	37931	2.0	6.3
56	Lao Cai	53.6	3.6	41.3	38.7	31.8	5429	17623	34908	1.8	6.0
57	Son La	53.3	4.4	37.0	32.4	28.7	5148	4005	36099	2.1	8.3
58	Gia Lai	73.5	4.0	37.0	35.6	33.8	5945	14203	33088	1.3	7.0
59	Kon Tum	82.6	3.4	31.1	36.2	36.3	5884	21932	47992	1.9	5.1
60	Ha Giang	65.8	3.8	37.4	32.4	29.4	5388	21057	39788	2.9	6.0
61	Lai Chau	64.5	3.7	43.0	39.5	37.3	7590	16589	40523	2.1	6.7
	Red River Delta	25.2	7.4	23.4	20.4	17.0	5810	13015	23055	0.6	6.1
	North East	38.0	5.3	29.2	26.3	20.6	6074	12862	26867	1.1	6.2
	North West	57.7	4.3	36.0	32.7	28.8	5439	9595	34335	1.8	7.1
	North Central Coast	36.7	6.9	31.1	26.9	22.9	3775	11276	22390	0.9	7.1
	South Central Coast	39.0	6.6	28.8	26.9	21.3	6554	13308	23850	0.8	6.1
	Central Highlands	65.0	3.5	38.0	37.5	32.9	5798	14625	33913	1.0	6.6
	Southeastern	17.2	4.7	24.8	23.4	19.1	13386	26302	31345	0.4	5.4
	Mekong River Delta	35.3	5.1	26.6	25.4	20.4	4542	11027	20942	0.6	6.0
	All Viet Nam	33.1	5.8	27.5	25.1	20.6	6495	14336	25132	0.6	6.1

Health II

HDI rank	Province	Under one-year-old fully immunized (%) 1998 against BCG	One-year-old fully immunized (%) 1998 against measles	Malaria cases (per 100 000 people) 1998	Tuberculosis cases (per 100 000 people) 1998	HIV cases (per 100 000 people) 1998 ^a	Doctors (per 100 000 people) 1995	Doctors (per 100 000 people) 1998	Nurses (per 100 000 people) 1995	Nurses (per 100 000 people) 1998
High Human Development		91.6	95.3	136	122	34	44	50	64	60
1	Ba Ria-Vung Tau	91.2	100.0	115	127	15	33	38	40	39
2	Ha Noi	100.0	100.0	7	71	21	34	58	76	69
3	Tp. HCMinh	74.6	84.7	23	169	53	58	66	94	89
4	Da Nang	79.0	97.3	45	183	26	81	81	62	71
5	Hai Phong	98.8	100.0	82	83	33	58	56	79	83
6	Binh Duong	91.7	94.3	268	134	9	30	36	39	40
7	Dong Nai	98.9	100.0	240	142	20	26	27	44	35
8	Thai Binh	100.0	99.5	63	102	3	48	48	39	30
9	Hai Duong	97.1	100.0	73	103	10	30	33	45	38
10	Khanh Hoa	98.7	98.1	935	127	58	33	34	41	42
11	Quang Ninh	90.7	93.5	135	110	166	40	42	42	59
12	Nam Dinh	99.4	96.4	236	89	2	42	41	65	53
Medium Human Development		93.9	96.9	506	109	9	28	31	41	41
13	Vinh Long	86.3	96.8	93	145	11	23	25	30	26
14	Hung Yen	99.4	100.0	503	83	3	26	28	26	28
15	Ha Nam	100.0	98.7	335	111	2	29	32	87	78
16	Long An	88.1	98.2	43	140	6	22	28	42	40
17	Vinh Phuc	99.9	100.0	196	58	3	23	24	37	30
18	Tien Giang	87.9	100.0	46	144	7	25	25	30	37
19	Bac Ninh	98.5	99.1	140	90	20	32	39	36	40
20	Ca Mau	98.9	95.5	2263	81	11	26	29	26	32
21	Kien Giang	98.6	100.0	189	138	13	29	29	30	28
22	Ha Tinh	99.7	99.5	703	97	1	25	26	39	45
23	Phu Tho	98.8	96.6	684	117	2	34	35	42	41
24	Can Tho	98.3	99.6	33	167	18	28	30	52	51
25	Ha Tay	99.2	99.1	39	62	2	27	28	41	34
26	Nghe An	93.8	94.4	479	74	8	25	26	68	66
27	Ben Tre	80.2	91.2	96	104	5	25	24	43	39
28	Tay Ninh	92.0	100.0	40	205	9	37	40	53	50
29	Quang Nam	91.4	94.8	1759	113	2	35	37	52	54
30	Ninh Binh	98.1	98.1	324	69	1	40	43	44	40
31	Lam Dong	85.5	98.4	1007	45	20	43	45	48	41
32	Thai Nguyen	88.1	91.1	235	98	12	44	46	30	41
33	Thanh Hoa	95.6	95.4	397	88	1	24	29	25	28
34	Binh Dinh	96.7	99.9	217	143	11	23	28	40	39
35	Thua Thien-Hue	99.4	98.3	359	101	5	35	40	33	27
36	Tra Vinh	81.3	90.2	240	125	8	16	22	32	37
37	Soc Trang	100.0	98.9	305	156	3	19	20	36	30
38	An Giang	87.1	95.6	17	189	36	28	31	39	38
39	Bac Lieu	88.2	93.8	1350	103	8	23	30	22	28
40	Dong Thap	82.3	100.0	38	189	11	26	29	27	33
41	Dac Lac	98.0	93.7	1817	35	12	39	44	39	35
42	Quang Ngai	88.6	96.0	454	97	1	21	24	47	46
43	Quang Tri	95.6	98.2	1014	99	1	42	45	68	68
44	Quang Binh	93.9	99.2	1392	115	1	19	19	42	39
45	Binh Thuan	98.5	97.3	621	142	16	26	33	38	36
46	Hoa Binh	99.3	96.0	718	65	4	28	38	55	72
47	Binh Phuoc	94.3	100.0	2053	97	21	18	24	38	43
48	Bac Giang	97.5	97.5	188	89	10	27	30	32	37

Health II

HDI rank	Province	Infant mortality rate (IMR) ((‰ 1999)	People age over 65 (% - 1999)	Crude birth (%‰) 1993	Crude birth (%‰) 1995	Crude birth (%‰) 1998	Public health expenditure 1991 (VND/per capita)	Public health expenditure 1993 (VND/per capita)	Public health expenditure 1998 (VND/per capita)	Public health expenditure as % of GDP (% - 1998)	Public health expenditure as % of total local government expenditure (% - 1998)
49	Phu Yen	98.4	97.0	380	103	5	31	38	55	43	
50	Lang Son	96.0	96.0	244	93	67	42	43	63	60	
51	Tuyen Quang	90.6	91.8	629	32	1	39	41	42	37	
52	Ninh Thuan	100.0	97.8	429	171	9	26	32	41	43	
53	Yen Bai	82.8	91.5	1386	65	2	48	49	71	69	
	Low Human Development	95.3	93.1	2086	47	4	31	34	73	76	
54	Bac Can	85.0	93.8	2134	29	1	39	43	42	57	
55	Cao Bang	96.8	91.7	1737	55	7	49	51	73	64	
56	Lao Cai	90.5	94.9	2022	33	1	33	45	83	100	
57	Son La	92.1	86.3	982	36	2	26	26	78	76	
58	Gia Lai	96.4	90.4	2003	64	8	25	27	60	68	
59	Kon Tum	99.7	92.7	5321	104	12	37	44	110	114	
60	Ha Giang	99.9	100.0	2268	30	0	24	25	56	64	
61	Lai Chau	100.0	100.0	2294	42	1	28	34	94	78	
	Red River Delta	99.2	99.2	136	83	10	37	42	56	50	
	North East	94.4	95.6	683	78	25	35	38	46	50	
	North West	96.6	93.2	1239	47	2	27	32	74	75	
	North Central Coast	95.8	96.4	570	90	3	26	29	44	44	
	South Central Coast	92.8	97.2	700	125	16	34	37	48	48	
	Central Highlands	97.7	92.6	2235	51	11	34	39	54	55	
	Southeastern	86.6	93.2	325	147	30	41	47	64	60	
	Mekong River Delta	90.0	97.1	304	146	13	25	27	35	36	
	All Viet Nam	93.3	96.2	502	109	16	42	44	65	60	

Education I

HDI rank	Province	Adult literacy rate (% - 1999)	Net primary enrolment rate (% - 1999)	Net secondary enrolment rate (% - 1999)	Net high school enrolment rate (% - 1999)	people having a university graduate and postgraduate (per100 000 people) 1999	Tertiary enrolment rate (as % total students - 1995)	Tertiary enrolment (as % of total tertiary) (per 100 000 people) 1995	Tertiary enrolment rate (as % total students - 1998)	Tertiary enrolment (as % of total tertiary) (per 100 000 people) 1998
High Human Development		94.2	92.3	61.3	40.5	2851	6.0	177	5.0	235
1	Ba Ria-Vung Tau	92.6	90.1	48.2	28.7	1310	1.47	151	1.39	220
2	Ha Noi	96.9	95.1	72.6	60.9	8965	12.12	385	8.32	403
3	Tp. HCMinh	94.0	91.7	56.6	41.1	3531	11.87	181	10.09	233
4	Da Nang	94.7	93.1	67.2	50.5	3566	4.77	522	1.99	345
5	Hai Phong	95.4	94.1	69.1	45.1	2286	2.89	124	3.50	240
6	Binh Duong	92.4	91.9	50.5	28.1	1174	1.23	141	1.38	244
7	Dong Nai	92.5	88.9	46.9	28.9	961	2.80	107	3.50	202
8	Thai Binh	94.6	93.5	71.3	38.9	892	2.47	97	2.99	189
9	Hai Duong	94.8	93.7	68.7	39.2	828	2.92	123	2.18	148
10	Khanh Hoa	91.4	89.1	51.3	31.3	1664	1.74	128	1.87	218
11	Quang Ninh	92.8	89.2	55.0	38.3	1800	1.22	94	1.41	173
12	Nam Dinh	94.3	93.6	67.0	32.6	732	3.30	124	2.54	154
Medium Human Development		90.3	89.6	44.7	23.9	667	1.5	70	1.7	128
13	Vinh Long	90.1	89.9	44.0	23.2	556	1.04	68	1.06	110
14	Hung Yen	93.5	95.2	61.0	32.3	638	0.00	0	1.35	143
15	Ha Nam	93.4	93.5	71.0	37.3	896	0.00	0	0.97	137
16	Long An	90.9	88.6	41.4	19.3	488	1.31	73	1.27	113
17	Vinh Phuc	94.0	92.8	59.0	33.7	670	0.00	0	1.19	127
18	Tien Giang	90.8	89.5	44.1	21.3	439	1.80	76	1.67	112
19	Bac Ninh	94.0	93.5	64.5	36.4	641	2.57	200	1.38	172
20	Ca Mau	92.9	78.9	21.2	8.0	386	0.00	0	0.56	60
21	Kien Giang	88.4	82.3	27.0	12.0	391	0.91	46	0.97	78
22	Ha Tinh	94.1	90.0	47.1	29.7	653	1.23	66	1.55	134
23	Phu Tho	95.0	92.3	56.4	36.7	1161	2.55	145	1.70	153
24	Can Tho	87.9	84.9	30.7	13.7	884	1.48	57	1.50	91
25	Ha Tay	92.2	94.7	62.8	39.3	709	3.59	111	3.32	163
26	Nghe An	92.8	91.2	48.1	27.7	797	3.06	78	3.16	128
27	Ben Tre	89.7	89.7	39.7	20.7	449	1.33	70	1.32	109
28	Tay Ninh	90.1	89.1	39.0	21.3	728	1.08	84	1.09	137
29	Quang Nam	90.1	90.4	58.2	32.3	507	0.00	0	2.48	207
30	Ninh Binh	93.4	93.2	61.1	32.2	850	1.08	87	1.15	148
31	Lam Dong	91.1	89.2	44.0	25.6	1028	1.67	148	2.30	310
32	Thai Nguyen	95.4	93.7	53.8	27.6	1642	1.22	89	1.32	152
33	Thanh Hoa	91.2	93.9	48.6	25.1	710	3.86	79	3.61	118
34	Binh Dinh	92.2	90.8	51.0	23.0	586	2.25	111	2.34	183
35	Thua Thien-Hue	85.6	85.9	47.2	29.1	1540	1.99	139	1.60	177
36	Tra Vinh	82.5	86.3	30.2	12.2	322	0.40	29	0.58	67
37	Soc Trang	86.7	81.1	23.4	10.4	205	0.49	29	0.51	47
38	An Giang	85.4	78.7	26.7	13.3	552	1.12	40	1.18	66
39	Bac Lieu	86.0	81.9	24.7	10.8	456	1.10	104	0.53	78
40	Dong Thap	85.7	82.6	30.3	13.4	363	1.36	64	1.25	92
41	Dac Lac	92.2	90.8	41.7	22.5	563	1.67	94	1.92	161
42	Quang Ngai	86.2	86.9	47.7	28.2	555	2.11	125	1.93	181
43	Quang Tri	86.5	87.8	54.3	36.2	944	0.67	87	0.96	199
44	Quang Binh	92.7	88.0	43.8	23.8	731	0.82	74	0.94	136
45	Binh Thuan	89.7	145.5	59.5	31.1	414	1.02	80	1.06	130
46	Hoa Binh	92.0	92.6	46.4	26.5	793	0.84	80	0.69	105
47	Binh Phuoc	88.2	50.6	22.3	8.1	332	0.00	0	0.72	151
48	Bac Giang	93.5	93.3	51.7	22.8	608	0.00	0	1.45	114

Education I

HDI rank	Province	Adult literacy rate (% - 1999)	Net primary enrolment rate (% - 1999)	Net secondary enrolment rate (% - 1999)	Net high school enrolment rate (% - 1999)	people having a university graduate and postgraduate (per 100 000 people) 1999	Tertiary enrolment rate (as % total students - 1995)	Tertiary enrolment (as % of total tertiary) (per 100 000 people) 1995	Tertiary enrolment rate (as % total students - 1998)	Tertiary enrolment (as % of total tertiary) (per 100 000 people) 1998
49	Phu Yen	89.8	89.7	48.8	27.7	572	1.14	108	1.14	171
50	Lang Son	89.4	90.9	32.2	16.3	826	0.32	32	0.39	61
51	Tuyen Quang	87.2	90.1	40.7	19.4	584	0.36	39	0.44	76
52	Ninh Thuan	81.2	77.7	34.4	19.6	605	0.58	88	0.58	138
53	Yen Bai	84.8	85.0	42.3	27.3	941	0.47	50	0.50	83
	Low Human Development	68.9	73.5	24.8	13.7	646	0.4	44	0.5	83
54	Bac Can	85.5	86.6	38.1	21.9	867	0.00	0	0.17	61
55	Cao Bang	76.6	82.4	27.4	17.9	956	0.19	25	0.20	40
56	Lao Cai	69.3	73.7	26.9	17.5	770	0.20	25	0.50	99
57	Son La	69.5	70.6	19.6	11.4	505	0.39	33	0.35	47
58	Gia Lai	69.3	74.2	27.7	13.7	722	1.08	97	1.06	142
59	Kon Tum	73.2	75.9	28.5	15.4	693	0.49	132	0.35	148
60	Ha Giang	68.1	78.3	21.2	10.1	519	0.09	12	0.27	55
61	Lai Chau	51.3	56.5	18.7	8.7	353	0.28	37	0.31	65
	Red River Delta	94.5	94.1	67.4	41.3	2430	28.37	141	26.32	207
	North East	89.3	89.1	47.4	27.3	951	9.19	62	10.90	116
	North West	73.3	73.6	28.4	15.9	563	1.51	51	1.35	72
	North Central Coast	91.3	91.0	48.1	27.3	830	11.62	83	11.82	135
	South Central Coast	90.6	89.8	53.2	30.5	1045	12.01	134	11.76	208
	Central Highlands	83.0	84.3	35.9	18.9	627	3.24	99	3.33	153
	Southeastern	92.1	89.0	47.2	30.3	1910	21.72	135	22.12	210
	Mekong River Delta	88.1	84.1	31.7	14.9	477	12.34	54	12.40	86
	All Viet Nam	90.3	88.5	46.9	27.3	1265	100.00	97	100.00	153

Education II

HDI rank	Province	Public Education expenditure per capita (VND - 1991)	Public Education expenditure per capita (VND- 1993)	Public Education expenditure per capita (VND- 1998)	Public education expenditure as % of GDP (% - 1998)a	Public education expenditure as % of total local government expenditure (% - 1998)b
High Human Development		12486	34502	125685	1.6	22.9
1	Ba Ria-Vung Tau	6533	30437	160988	0.8	19.2
2	Ha Noi	15977	49275	197120	2.1	22.3
3	Tp. HCMinh	17204	46622	139121	1.1	20.2
4	Da Nang	10858	33103	125332	2.3	20.6
5	Hai Phong	9687	31120	107557	2.2	26.7
6	Binh Duong	11518	31512	136921	2.1	23.2
7	Dong Nai	12748	28888	118531	2.2	29.3
8	Thai Binh	9658	24236	89057	3.0	38.9
9	Hai Duong	8346	22324	80174	2.4	33.3
10	Khanh Hoa	14935	31530	123943	2.8	22.4
11	Quang Ninh	13415	34290	121910	2.8	18.5
12	Nam Dinh	7209	20914	70618	2.8	32.4
Medium Human Development		9394	25592	98436	3.5	27.2
13	Vinh Long	7403	24266	77695	2.2	20.9
14	Hung Yen	8347	22325	79686	2.8	27.4
15	Ha Nam	7210	20913	74777	3.3	24.4
16	Long An	11712	30408	91872	2.2	23.2
17	Vinh Phuc	10982	31711	96590	3.7	30.4
18	Tien Giang	10900	23967	89228	2.5	26.9
19	Bac Ninh	8551	25992	86273	3.4	30.1
20	Ca Mau	7862	19909	96768	2.3	27.0
21	Kien Giang	10173	24232	107717	2.4	26.8
22	Ha Tinh	9386	25104	90436	4.3	29.1
23	Phu Tho	7850	22668	101791	4.2	32.4
24	Can Tho	6990	20555	76091	1.8	21.5
25	Ha Tay	6819	25446	83682	3.6	30.8
26	Nghe An	9614	24341	95637	4.0	32.3
27	Ben Tre	7505	26395	87180	2.5	32.4
28	Tay Ninh	9782	26738	106956	2.8	22.6
29	Quang Nam	10859	33103	112571	4.7	30.1
30	Ninh Binh	9138	25155	97831	4.7	30.3
31	Lam Dong	13349	32512	133785	4.2	22.8
32	Thai Nguyen	10033	33511	130882	5.5	39.7
33	Thanh Hoa	9828	26928	98597	4.2	38.2
34	Binh Dinh	8958	24196	91363	3.6	30.8
35	Thua Thien-Hue	10000	25186	98648	3.5	25.7
36	Tra Vinh	6511	19686	72221	2.0	21.5
37	Soc Trang	7080	20114	79128	2.2	24.4
38	An Giang	8843	20634	88355	2.1	24.1
39	Bac Lieu	7863	19909	89095	2.9	22.4
40	Dong Thap	15052	23466	88609	3.0	26.6
41	Dac Lac	12199	32983	147879	3.7	32.5
42	Quang Ngai	8593	22050	87466	4.1	27.2
43	Quang Tri	9654	27514	108006	4.4	19.5
44	Quang Binh	9302	24777	113739	5.4	28.5
45	Binh Thuan	9216	25969	92918	3.6	24.0
46	Hoa Binh	9197	39973	154559	7.4	33.8
47	Binh Phuoc	11520	31511	92916	3.7	19.3
48	Bac Giang	8551	25992	87523	4.2	34.0

Education II

HDI rank	Province	Public Education expenditure per capita (VND - 1991)	Public Education expenditure per capita (VND- 1993)	Public Education expenditure per capita (VND- 1998)	Public education expenditure as % of GDP (% - 1998)a	Public education expenditure as % of total local government expenditure (% - 1998)b
49	Phu Yen	11120	25659	91676	3.4	27.7
50	Lang Son	10255	36364	134161	5.3	21.7
51	Tuyen Quang	11189	16398	160290	7.8	31.8
52	Ninh Thuan	8674	23218	94161	3.4	23.6
53	Yen Bai	10915	34254	134127	7.1	28.2
	Low Human Development	9394	25592	98436	3.5	27.2
54	Bac Can	10031	33511	135373	10.6	21.0
55	Cao Bang	9170	30397	121394	6.4	20.3
56	Lao Cai	10519	31068	132990	6.9	22.7
57	Son La	11302	57405	136324	8.0	31.4
58	Gia Lai	10780	35360	130659	5.0	27.7
59	Kon Tum	10672	38657	188376	7.5	19.9
60	Ha Giang	11129	34456	146010	10.5	22.0
61	Lai Chau	13431	33604	127720	6.6	21.1
	Red River Delta	9449	28199	103502	2.6	27.5
	North East	10005	29332	116322	4.9	26.7
	North West	11070	45166	140516	7.4	28.9
	North Central Coast	9675	25640	98402	4.1	31.1
	South Central Coast	10647	27885	103595	3.4	26.4
	Central Highlands	11529	34451	146395	4.3	28.5
	Southeastern	13384	35981	126623	1.5	21.9
	Mekong River Delta	9178	22870	87129	2.3	24.8
	All Viet Nam	10311	28679	107263	2.6	26.0

Economy I

HDI rank	Province	GDP at current price ('000 VND) 1998 ^a	As % of total GDP (% - 1998)	GDP per capita (USD)1998 ^c	GDP annual growth rate (% - 1995-1998, USD) ^b	Consumer's price index compared with previous year (% - 1998)	Investment by Province as of April, 2000 Investment Capital (Mil. USD)	Foreign investment capital per capita (USD) 04 april 2000
High Human Development		11,547,202	49.2	538	8.8	108.5	64349.3	1393.6
1	Ba Ria-Vung Tau	1,190,929	5.1	1600	11.9	109.1	1298.47	1621.9
2	Ha Noi	1,713,500	7.3	705	10.5	105.9	8102.34	3032.2
3	Tp. HCMinh	4,750,467	20.2	933	7.5	109.0	9780.67	1941.7
4	Da Nang	278,163	1.2	409	8.1	108.3	437.92	640.1
5	Hai Phong	632,330	2.7	368	6.2	110.6	1342.63	802.5
6	Binh Duong	326,954	1.4	491	108.7	108.7	1981.66	2766.0
7	Dong Nai	809,968	3.5	398	9.5	108.7	4479.02	2251.3
8	Thai Binh	416,587	1.8	223	3.1	105.0	4.43	2.5
9	Hai Duong	425,148	1.8	245	6.5	108.0	479.22	290.5
10	Khanh Hoa	329,747	1.4	326	6.2	110.9	354.07	343.3
11	Quang Ninh	311,939	1.3	326	8.9	108.4	889.11	885.2
12	Nam Dinh	361,471	1.5	185	4.9	109.3	20.97	11.1
Medium Human Development		11,259,135.6	47.9	218	6.4	108.6	5944.2	117.3
13	Vinh Long	295,931	1.3	263	3.4	109.5	10.81	10.7
14	Hung Yen	231,873	1.0	209	8.7	104.2	75.30	70.5
15	Ha Nam	141,938	0.6	170	5.6	108.7	6.32	8.0
16	Long An	406,837	1.7	307	5.8	107.6	309.42	236.9
17	Vinh Phuc	212,551	0.9	193	11.3	107.2	304.08	278.5
18	Tien Giang	464,944	2.0	264	5.1	106.9	74.16	46.2
19	Bac Ninh	176,845	0.8	187	8.4	108.2	141.84	150.7
20	Ca Mau	351,445	1.5	318	6.1	107.8	5.08	4.5
21	Kien Giang	489,558	2.1	332	6.6	108.9	420.00	281.0
22	Ha Tinh	213,207	0.9	156	4.3	112.3	25.67	20.2
23	Phu Tho	233,861	1.0	179	6.1	105.8	118.67	94.1
24	Can Tho	599,186	2.6	308	5.4	110.9	129.55	71.5
25	Ha Tay	415,874	1.8	174	5.9	105.0	589.17	246.8
26	Nghe An	524,055	2.2	180	5.4	110.9	247.03	86.4
27	Ben Tre	367,035	1.6	258	5.9	108.0	8.48	6.5
28	Tay Ninh	263,703	1.1	280	11.6	108.0	185.44	192.1
29	Quang Nam	251,908	1.1	178	5.9	108.9	58.92	42.9
30	Ninh Binh	140,760	0.6	154	6.2	107.3	78.55	88.9
31	Lam Dong	208,040	0.9	238	13.9	111.3	848.46	851.7
32	Thai Nguyen	179,310	0.8	176	3.9	108.3	63.97	61.1
33	Thanh Hoa	636,469	2.7	176	4.7	106.4	443.99	128.0
34	Binh Dinh	287,912	1.2	191	6.4	109.0	30.66	21.0
35	Thua Thien-Hue	225,281	1.0	212	3.7	106.8	154.42	147.8
36	Tra Vinh	281,360	1.2	275	4.4	113.1	7.85	8.1
37	Soc Trang	344,025	1.5	269	6.3	108.6	0.78	0.7
38	An Giang	670,258	2.9	320	5.2	109.7	19.55	9.5
39	Bac Lieu	184,880	0.8	231	5.7	108.2	14.98	20.3
40	Dong Thap	348,466	1.5	219	5.4	110.2	5.18	3.3
41	Dac Lac	424,451	1.8	302	12.6	108.2	22.83	12.9
42	Quang Ngai	202,137	0.9	161	6.3	112.2	1328.22	1116.1
43	Quang Tri	105,331	0.4	185	6.3	110.6	3.95	6.9
44	Quang Binh	128,957	0.5	158	5.7	111.1	16.88	21.3
45	Binh Thuan	185,948	0.8	193	9.0	107.2	76.23	72.8
46	Hoa Binh	120,307	0.5	155	8.8	109.2	15.36	20.3
47	Binh Phuoc	104,532	0.4	186	6.7	108.5	13.00	19.9
48	Bac Giang	233,534	1.0	156	5.4	108.3	1.72	1.2

Economy I

HDI rank	Province	GDP at current price ('000 VND) 1998 ^a	As % of total GDP (% - 1998)	GDP per capita (USD) 1998 ^a	GDP annual growth rate (% - 1995-1998, USD) ^b	Consumer's price index compared with previous year (% - 1998)	Investment by Province as of April, 2000 Investment Capital (Mil. USD)	Foreign investment capital per capita (USD) 04 april 2000
49	Phu Yen	158,420	0.7	202	7.2	112.1	16.12	20.5
50	Lang Son	139,122	0.6	187	6.8	104.6	9.36	13.3
51	Tuyen Quang	106,368	0.5	154	5.9	111.9	12.20	18.1
52	Ninh Thuan	103,066	0.4	209	4.7	107.2	41.53	82.2
53	Yen Bai	99,455	0.4	142	6.1	107.4	8.46	12.4
	Low Human Development	671,433	2.9	144	7.0	109.6	64.1	13.6
54	Bac Can	30,379	0.1	95	3.0	104.9	0.00	0.0
55	Cao Bang	80,276	0.3	141	6.3	103.2	0.00	0.0
56	Lao Cai	86,186	0.4	144	2.9	105.5	14.70	24.7
57	Son La	110,275	0.5	127	9.3	109.3	19.57	22.2
58	Gia Lai	170,380	0.7	194	10.1	110.3	27.85	28.7
59	Kon Tum	52,453	0.2	187	9.0	113.0	0.00	0.0
60	Ha Giang	59,613	0.3	103	8.2	108.8	0.50	0.8
61	Lai Chau	81,871	0.3	145	3.8	119.0	1.50	2.5
	Red River Delta	4,479,479	19.1	299.58	6.94	...	10698.93	722.9
	North East	1,949,439	8.3	176.82	6.7	...	1564.61	144.1
	North West	312,453	1.3	141.43	7.5	...	36.43	16.4
	North Central Coast	1,833,299	7.8	177.26	4.9	...	891.94	89.1
	South Central Coast	1,508,286	6.4	226.68	6.6	...	2225.91	341.1
	Central Highlands	647,284	2.8	252.39	11.5	...	50.68	16.5
	Southeastern	7,943,606	33.8	642.15	9.9	...	18704.48	1471.5
	Mekong River Delta	4,803,924	20.5	283.48	5.5	...	1005.84	62.3
	All Viet Nam	23,477,771	100.0	304.69	7.6	109.2	35178.82	460.9

Economy

II

HDI rank	Province	GDP annual growth rate (% - 1995- 1999) ^a	Agricultu re (as % of GDP) 1995	Industry (as % of GDP) 1995	Services (as % of GDP) 1995	Agricultu re (as % of GDP) 1998pre.	Industry (as % of GDP) 1998pre.	Services (as % of GDP) 1998pre.	Total Investme nt (as % of GDP) (1998)	Domestic invest- ment (as % of GDP) (1998)	Budget revenues (% of GDP- 1998)	Governm ent bud- get	
												expendi- ture in local areas (as % of GDP) (1998)	Budget surplus / deficit in local areas (as % of GDP) (1998)
High Human Development		8.8	12.8	39.6	47.6	10.5	46.7	42.9	33.6	20.4	34.6	7.2	27.4
1	Ba Ria-Vung Tau	11.9	4.2	77.2	18.6	3.4	84.6	12.1	12.9	9.1	69.0	3.9	65.1
2	Ha Noi	10.5	5.3	30.8	63.8	4.0	35.2	60.8	58.5	27.0	45.8	9.4	36.4
3	Ho Chi Minh City	7.5	3.0	34.8	62.2	2.2	39.9	58.0	37.6	24.7	35.9	5.5	30.4
4	Da Nang	8.1	11.2	33.0	55.8	8.7	39.4	51.9	21.8	16.9	37.1	11.1	26.0
5	Hai Phong	6.2	18.0	28.7	53.2	16.4	35.5	48.1	45.3	31.6	25.3	8.2	17.1
6	Binh Duong (*)	13.7	26.7	44.8	28.5	20.1	55.3	24.5	8.3	8.1	18.4	9.0	9.4
7	Dong Nai	9.5	33.3	39.0	27.7	24.1	51.7	24.2	34.2	12.1	16.6	7.6	9.0
8	Thai Binh	3.1	63.9	12.8	23.3	59.6	11.8	28.6	3.9	3.9	7.1	7.6	-0.5
9	Hai Duong	6.5	37.9	37.9	241.9	33.4	37.7	28.8	27.1	23.6	11.9	7.3	4.6
10	Khanh Hoa	6.2	29.6	31.4	39.0	29.4	33.7	36.9	31.1	12.7	18.5	12.7	5.8
11	Quang Ninh	8.9	11.4	38.4	50.2	9.7	46.3	44.0	8.5	8.5	46.4	15.1	31.3
12	Nam Dinh	4.9	44.6	19.8	35.6	42.3	21.1	36.6	12.2	12.2	3.9	8.8	-4.9
Medium Human Development		6.4	55.7	16.2	28.1	50.8	19.3	29.9	18.8	15.9	8.1	12.0	-3.9
13	Vinh Long	3.4	61.1	11.3	27.6	56.0	12.6	31.4	25.7	25.5	9.7	10.5	-0.8
14	Hung Yen	8.7	65.1	11.4	23.4	51.5	23.5	25.0	24.2	20.3	5.2	10.4	-5.2
15	Ha Nam	5.6	51.8	16.5	31.7	45.0	25.7	29.3	38.3	38.3	5.2	13.5	-8.3
16	Long An	5.8	55.4	15.6	29.0	51.7	20.2	28.1	17.7	12.4	9.7	9.6	0.1
17	Vinh Phuc	11.3	53.9	12.5	33.6	36.5	29.7	33.8	13.8	11.0	5.5	12.3	-6.8
18	Tien Giang	5.1	63.5	11.8	24.7	53.5	12.8	33.8	23.6	23.0	9.9	9.4	0.5
19	Bac Ninh	8.4	47.3	24.2	28.5	40.6	31.4	28.0	55.3	27.4	7.4	11.4	-4.0
20	Ca Mau	6.1	64.6	19.7	15.6	57.9	21.3	20.8	6.0	6.0	5.2	8.4	-3.2
21	Kien Giang	6.6	60.8	20.6	18.6	54.2	23.9	22.0	29.6	20.3	11.1	9.0	2.1
22	Ha Tinh	4.3	56.6	10.1	33.3	50.2	12.4	37.4	10.2	8.5	13.4	14.9	-1.5
23	Phu Tho	6.1	35.9	30.9	33.3	30.1	36.8	33.1	22.1	21.7	8.6	13.1	-4.5
24	Can Tho	5.4	47.4	19.4	33.1	39.9	25.8	34.3	22.9	22.9	9.2	8.6	0.6
25	Ha Tay	5.9	49.0	25.5	25.5	43.7	28.9	27.4	4.4	4.4	6.9	11.6	-4.7
26	Nghe An	5.4	48.5	14.5	37.0	43.9	17.1	38.9	12.6	10.0	7.8	12.3	-4.5
27	Ben Tre	5.9	65.2	13.2	21.7	66.6	13.1	20.3	14.4	14.4	5.8	7.8	-2.0
28	Tay Ninh	11.6	51.5	16.6	31.9	47.5	20.7	31.8	20.2	5.9	11.4	12.6	-1.2
29	Quang Nam	5.9	53.4	16.0	30.6	44.0	21.2	34.8	12.0	10.7	5.9	15.7	-9.8
30	Ninh Binh	6.2	54.0	19.0	27.0	51.4	22.0	26.6	9.3	9.3	5.4	15.7	-10.3
31	Lam Dong	13.9	57.7	16.0	26.3	67.9	13.1	19.0	19.6	18.4	12.8	18.4	-5.6
32	Thai Nguyen	3.9	38.5	33.3	28.2	39.2	31.9	28.9	17.9	17.9	7.8	14.0	-6.2
33	Thanh Hoa	4.7	45.1	21.9	33.0	40.7	24.9	34.4	38.5	23.2	6.6	10.9	-4.3
34	Binh Dinh	6.4	51.6	14.8	33.6	49.6	17.3	33.1	10.8	10.4	7.4	11.6	-4.2
35	Thua Thien-Hue	3.7	30.5	25.7	43.8	21.2	30.0	48.8	29.2	17.8	13.1	13.5	-0.4
36	Tra Vinh	4.4	75.7	7.2	17.0	72.4	6.7	20.9	4.9	4.9	4.5	9.1	-4.6
37	Soc Trang	6.3	70.1	11.8	18.0	64.2	15.7	20.1	18.8	18.8	5.3	9.0	-3.7
38	An Giang	5.2	53.2	11.5	35.3	44.1	13.8	42.1	6.5	6.5	7.0	8.6	-1.6
39	Bac Lieu	5.7	65.0	16.7	18.2	59.3	19.9	20.8	17.5	17.5	6.4	12.9	-6.5
40	Dong Thap	5.4	75.0	7.5	17.5	68.2	9.9	21.9	6.4	6.4	9.8	11.3	-1.5
41	Dac Lac	12.6	72.7	9.0	18.3	76.2	8.1	15.7	14.7	14.7	6.8	11.3	-4.5
42	Quang Ngai	6.3	51.2	15.4	33.4	45.6	19.6	34.8	36.3	36.3	6.6	14.9	-8.3
43	Quang Tri	6.3	44.8	10.0	45.2	45.3	12.8	41.9	18.0	16.8	31.7	22.4	9.3
44	Quang Binh	5.7	41.0	18.6	40.3	35.9	24.5	39.6	42.6	42.6	7.0	18.8	-11.8
45	Binh Thuan	9.0	51.5	19.8	28.7	47.2	21.4	31.4	12.0	12.0	10.2	15.0	-4.8
46	Hoa Binh	8.8	60.3	6.4	33.3	50.9	16.8	32.3	25.5	25.5	6.6	22.0	-15.4
47	Binh Phuoc	6.7	74.9	3.4	21.7	66.8	8.5	24.7	8.3	8.3	9.8	19.3	-9.5
48	Bac Giang	5.4	53.5	17.3	29.2	54.5	12.9	32.6	5.2	5.2	3.9	12.3	-8.4

Economy II

HDI rank	Province	GDP annual growth rate (% - 1995- 1999) ^a	Agricultu re (as % of GDP) 1995	Industry (as % of GDP) 1995	Services (as % of GDP) 1995	Agricultu re (as % of GDP) 1998pre.	Industry (as % of GDP) 1998pre.	Services (as % of GDP)199 8pre.	Total Investme nt (as % of GDP) (1998)	Domestic invest- ment (as % of GDP) (1998)	Budget revenues (% of GDP- 1998)	Governm ent bud- get	
												expendi- ture in local areas (as % of GDP) (1998)	Budget surplus / deficit in local areas (as % of GDP) (1998)
49	Phu Yen	7.2	46.9	14.0	39.1	39.6	23.0	37.5	45.9	45.1	7.3	12.2	-4.9
50	Lang Son	6.8	62.2	8.0	29.8	53.9	11.6	34.4	21.6	21.5	8.3	24.6	-16.3
51	Tuyen Quang	5.9	55.9	15.8	28.2	53.7	17.3	29.0	25.7	25.7	15.4	24.3	-8.9
52	Ninh Thuan	4.7	55.6	12.0	32.4	54.4	13.8	31.8	15.8	15.8	7.0	14.3	-7.3
53	Yen Bai	6.1	51.7	26.4	21.9	46.3	26.5	27.2	14.2	14.2	6.2	25.0	-18.8
	Low Human Development	7.0	59.8	13.9	26.3	56.1	15.8	28.1	40.0	40.0	7.6	29.8	-22.2
54	Bac Can	3.0	74.9	5.5	19.6	64.5	8.8	26.7	41.1	41.1	2.8	50.6	-47.8
55	Cao Bang	6.3	67.9	6.8	25.3	58.1	13.0	28.9	14.2	14.2	5.7	31.7	-26.0
56	Lao Cai	2.9	50.8	22.1	27.1	49.6	17.9	32.6	23.0	23.0	7.7	30.4	-22.7
57	Son La	9.3	73.0	9.7	17.3	63.6	10.1	26.2	11.3	11.3	6.4	25.5	-19.1
58	Gia Lai	10.1	54.2	18.5	27.3	55.9	21.2	22.9	87.9	87.9	11.0	18.2	-7.2
59	Kon Tum	9.0	56.1	9.6	34.3	57.4	11.3	31.3	21.9	21.9	14.0	37.8	-23.8
60	Ha Giang	8.2	69.3	14.6	16.2	56.5	18.6	24.9	33.2	33.2	5.5	47.9	-42.4
61	Lai Chau	3.8	48.6	14.1	37.3	46.4	17.8	35.8	38.0	38.0	3.3	31.2	-27.9
	Red River Delta	6.9	30.8	25.9	43.5	26.2	30.2	43.6	35.8	21.3	24.4	9.4	15.0
	North East	6.7	50.9	20.1	29.0	45.2	23.5	31.2	19.7	16.8	13.4	18.4	-5.0
	North West	7.5	60.3	9.9	29.8	53.8	14.9	31.3	23.8	23.8	5.7	25.6	-19.9
	North Central Coast	4.9	41.1	20.6	38.1	36.2	24.5	39.1	25.8	18.1	10.0	13.3	-3.3
	South Central Coast	6.6	37.7	22.8	39.5	33.7	27.5	38.9	24.6	19.3	14.9	12.9	2.0
	Central Highlands	11.5	66.2	11.5	22.3	69.4	11.6	19.0	34.6	34.6	8.5	15.2	-6.7
	Southeastern	9.9	11.7	42.9	45.3	10.7	50.4	39.2	30.0	19.0	35.4	6.7	28.7
	Mekong River Delta	5.5	61.5	14.3	24.2	55.3	17.0	27.6	16.5	15.0	8.1	9.3	-1.2
	All Viet Nam	7.6	34.8	27.6	37.6	30.2	33.3	36.5	26.9	18.9	21.5	10.1	11.4

Note:(*) Data for Binh Duong is of 1996

Agriculture and Food Security

HDI rank	Province	Agriculture (as % of GDP) 1998pre.	Annual agriculture growth rate at fix price 1994) (% - 1995- 1997)	Planted area of food crops (ha per 1000 peo- ple) 1995	Planted area of food crops (ha per 1000 peo- ple) 1998	Planted area of paddy (ha per 1000 people) 1995	Planted area of paddy (ha per 1000 people) 1998	Yield of paddy (quintal/ha) 1995	Yield of paddy (quintal/ha) 1998	Food per capita(kg) 1995	Food per capita (kg) 1998
High Human Development		10.5	3.1	66.0	61.5	54.9	52.6	41.73	45.58	261	265
1	Ba Ria-Vung Tau	3.4	3.5	68.2	64.1	32.6	30.2	26.83	31.20	182	203
2	Ha Noi	4.0	3.6	32.7	29.1	25.2	22.3	31.57	37.01	96	99
3	Ho Chi Minh City	2.2	2.9	17.5	14.8	17.2	14.5	29.91	30.69	52	45
4	Da Nang	8.7	2.8	29.5	22.8	20.7	18.1	40.15	41.95	98	85
5	Hai Phong	16.4	3.4	61.5	58.0	57.0	55.1	42.26	46.35	254	263
6	Binh Duong	20.1	5.1	63.6	46.7	48.7	38.8	24.62	26.20	154	113
7	Dong Nai	24.1	2.9	77.1	69.6	36.3	36.2	32.28	31.99	238	218
8	Thai Binh	59.6	1.9	107.5	100.5	93.6	92.0	55.46	56.43	561	546
9	Hai Duong	33.4	3.4	102.0	93.7	88.8	85.1	44.75	52.78	438	476
10	Khanh Hoa	29.4	3.4	46.4	50.1	39.4	40.6	37.37	41.02	173	185
11	Quang Ninh	9.7	4.1	63.8	63.2	49.3	49.3	25.88	32.29	158	189
12	Nam Dinh	42.3	2.7	96.7	91.8	87.0	84.9	48.15	57.50	447	506
Medium Human Development		50.8	3.6	128.2	133.2	112.8	117.4	36.04	39.14	441	492
13	Vinh Long	56.0	3.2	193.7	206.1	190.6	203.2	41.83	42.43	814	869
14	Hung Yen	51.5	3.3	99.0	91.9	83.5	80.6	44.16	52.96	412	462
15	Ha Nam	45.0	3.5	105.7	104.2	90.9	89.0	41.07	48.37	408	473
16	Long An	51.7	4.2	260.2	304.3	256.5	301.7	31.19	35.00	807	1058
17	Vinh Phuc	36.5	2.8	95.1	94.0	68.7	67.1	30.12	35.45	263	301
18	Tien Giang	53.5	3.0	163.0	162.6	160.3	159.9	44.25	46.89	714	755
19	Bac Ninh	40.6	4.9	100.4	98.1	86.7	87.0	31.74	42.75	304	393
20	Ca Mau	57.9	2.5	181.2	213.4	179.7	212.1	28.42	30.67	513	652
21	Kien Giang	54.2	3.5	273.0	344.0	273.6	343.0	38.45	37.56	1052	1291
22	Ha Tinh	50.2	4.1	99.8	92.6	80.8	75.1	28.78	29.79	267	254
23	Phu Tho	30.1	3.1	75.5	74.2	56.5	54.0	26.15	30.65	196	213
24	Can Tho	39.9	2.6	219.5	224.2	217.7	218.6	42.58	44.56	930	977
25	Ha Tay	43.7	2.6	89.7	84.9	73.3	70.2	38.48	46.96	326	370
26	Nghe An	43.9	3.2	93.1	88.2	67.5	63.3	30.41	33.01	239	259
27	Ben Tre	66.6	4.2	71.2	72.4	68.6	71.0	34.44	33.57	243	242
28	Tay Ninh	47.5	5.1	158.2	166.2	140.6	150.4	24.19	27.89	428	455
29	Quang Nam	44.0	2.6	107.2	94.9	79.6	72.5	28.98	32.39	282	285
30	Ninh Binh	51.4	2.8	104.9	101.5	91.6	89.2	39.45	49.67	385	474
31	Lam Dong	67.9	7.8	61.1	59.5	37.7	35.9	26.84	30.22	174	194
32	Thai Nguyen	39.2	2.7	79.8	88.9	60.9	64.4	30.30	34.36	211	274
33	Thanh Hoa	40.7	3.8	96.3	92.8	72.8	70.2	33.88	38.33	292	319
34	Binh Dinh	49.6	3.6	92.7	89.4	82.7	79.8	33.95	36.38	299	316
35	Thua Thien-Hue	21.2	3.3	62.3	58.5	47.9	46.9	34.35	37.67	192	198
36	Tra Vinh	72.4	3.1	179.2	211.9	222.7	197.7	29.75	36.81	680	745
37	Soc Trang	64.2	3.0	231.2	272.3	226.6	268.7	39.48	40.21	904	1089
38	An Giang	44.1	2.6	201.2	207.7	196.1	204.8	48.30	47.64	978	986
39	Bac Lieu	59.3	3.0	250.3	294.3	172.7	213.3	30.31	39.68	659	849
40	Dong Thap	68.2	2.7	240.4	267.9	238.2	266.0	44.78	45.67	1073	1222
41	Dac Lac	76.2	5.6	78.4	72.0	55.0	41.9	27.81	30.46	216	222
42	Quang Ngai	45.6	2.0	93.0	86.6	73.1	69.7	28.79	34.92	247	270
43	Quang Tri	45.3	5.0	100.2	93.7	77.7	75.1	28.61	28.27	259	241
44	Quang Binh	35.9	3.0	80.3	71.4	58.6	54.5	27.17	27.39	187	176
45	Binh Thuan	47.2	3.9	94.0	101.9	72.3	81.2	32.04	35.08	276	338
46	Hoa Binh	50.9	2.7	100.7	98.2	58.5	51.0	29.59	31.57	230	222
47	Binh Phuoc	66.8	5.3	68.8	48.8	47.9	34.4	15.28	16.17	113	84

Agriculture and Food Security

HDI rank	Province	Annual agriculture growth		Planted area of food crops	Planted area of food crops	Planted area of paddy (ha per 1000 people)	Planted area of paddy (ha per 1000 people)	Yield of paddy (quintal/ha)	Yield of paddy (quintal/ha)	Food per capita (kg)	Food per capita (kg)
		(as % of GDP) 1998pre.	rate at fix price 1994 (% - 1995- 1997)	(ha per 1000 peo- ple) 1995	(ha per 1000 peo- ple) 1998	1995	1998	1995	1998	1995	1998
48	Bac Giang	54.5	3.8	103.6	98.3	76.9	76.5	26.20	32.86	254	302
49	Phu Yen	39.6	3.0	88.7	86.8	79.0	77.5	43.57	44.19	362	355
50	Lang Son	53.9	3.7	89.3	74.0	64.6	62.1	28.30	33.10	233	265
51	Tuyen Quang	53.7	3.5	89.6	88.0	61.3	62.9	33.18	39.12	265	306
52	Ninh Thuan	54.4	2.7	82.2	79.2	64.5	61.0	41.46	43.67	290	292
53	Yen Bai	46.3	4.1	82.9	81.6	58.0	60.2	31.35	30.28	237	239
Low Human Development		56.1	4.4	134.4	134.5	76.0	72.6	19.70	21.16	247	264
54	Bac Can	64.5	2.3	76.6	112.9	59.0	56.8	27.90	33.65	214	267
55	Cao Bang	58.1	2.2	132.1	111.0	60.2	58.4	24.92	28.43	285	281
56	Lao Cai	49.6	4.3	105.0	103.2	58.5	55.4	24.92	28.43	228	242
57	Son La	63.6	3.7	102.8	112.0	53.3	49.5	22.80	23.40	220	262
58	Gia Lai	55.9	6.5	113.3	100.8	69.7	62.7	21.15	20.85	231	215
59	Kon Tum	57.4	5.8	118.7	119.2	73.6	67.5	21.19	22.96	285	300
60	Ha Giang	56.5	2.4	138.5	133.9	53.7	51.5	27.95	33.64	253	297
61	Lai Chau	46.4	3.1	284.0	298.4	188.3	189.3	10.00	10.00	284	298
Red River Delta		26.2	2.9	84.7	79.2	73.0	70.0	44.36	51.26	355	385
North East		45.2	3.5	92.9	90.9	64.0	63.5	28.45	34.06	237	275
North West		53.8	3.2	148.3	154.9	89.6	85.8	17.50	17.54	240	258
North Central Coast		36.2	3.7	91.4	86.3	69.0	65.6	31.38	34.19	253	266
South Central Coast		33.7	3.0	81.8	77.0	66.8	63.8	33.48	36.85	253	262
Central Highlands		69.4	5.9	94.9	87.0	62.1	51.8	24.37	25.41	229	228
Southeastern		10.7	4.5	58.1	54.1	41.9	40.1	28.30	30.76	164	163
Mekong River Delta		55.3	3.1	204.4	228.1	200.9	221.0	39.31	40.91	806	910
All Viet Nam		30.2	3.5	111.0	112.8	94.2	96.2	36.19	39.32	378	413

Infrastructure

HDI rank	Province	Population without access to safe water (% - 1999)	Population without access to sanitation (% - 1999)	Population without access to electricity (% - 1999)	Share of tele-phones in total (% 1998)	Number of tele-phones (per 1000 people) 1998	Share of mobile phone in total (%) 1998	Mobiles (per 1000 people) 1998	Internet use (%) 1998	Internet connection (per 1000 people) 1998	Energy consumption (as % of total) 1998	Energy use per capita (kWh) 1998
High Human Development		9.3	6.0	7.7	60.50	51.7	74.53	2.5	96.13	0.817	59.36	525.5
1	Ba Ria-Vung Tau	6.1	15.4	15.3	1.75	44.1	1.57	1.5	1.01	0.253	1.47	384.3
2	Ha Noi	1.4	2.8	0.1	17.86	138.1	23.23	7.0	31.56	2.429	11.60	930.4
3	Ho Chi Minh City	1.2	2.3	1.5	23.96	88.4	34.11	4.9	58.12	2.134	23.93	915.6
4	Da Nang	4.8	14.8	2.9	2.09	57.7	1.89	2.0	1.79	0.491	1.28	367.4
5	Hai Phong	7.4	1.8	0.7	2.94	32.1	3.43	1.5	1.10	0.120	3.46	392.1
6	Binh Duong	6.8	13.9	15.6	1.25	35.4	1.37	1.5	0.43	0.120	1.89	553.5
7	Dong Nai	6.0	9.8	26.4	3.13	28.9	2.85	1.0	1.04	0.096	5.70	545.3
8	Thai Binh	10.0	1.4	2.2	0.83	8.3	0.45	0.2	0.00	0.000	1.51	158.0
9	Hai Duong	8.7	0.9	0.8	1.21	13.1	0.59	0.3	0.00	0.000	2.19	246.2
10	Khanh Hoa	11.1	38.2	7.8	1.97	36.6	1.26	0.9	0.95	0.175	2.03	391.3
11	Quang Ninh	12.9	7.5	14.8	1.72	33.7	2.55	1.9	0.14	0.028	1.82	370.8
12	Nam Dinh	8.4	2.9	0.7	1.03	10	0.60	0.2	0.01	0.001	1.87	187.2
Medium Human Development		25.5	18.6	26.9	36.92	13.8	23.99	0.3	3.79	0.014	38.92	150.6
13	Vinh Long	83.5	0.7	51.9	0.77	12.8	0.63	0.4	0.00	0.000	0.60	103.7
14	Hung Yen	6.4	2.8	2.6	0.48	8.1	0.24	0.2	0.00	0.000	0.89	155.6
15	Ha Nam	13.6	4.2	0.7	0.34	7.5	0.28	0.2	0.03	0.006	1.11	259.4
16	Long An	33.4	17.6	25.3	1.12	15.9	0.44	0.2	0.06	0.008	1.34	197.4
17	Vinh Phuc	3.6	3.6	2.4	0.57	9.7	0.48	0.3	0.01	0.002	0.97	170.4
18	Tien Giang	48.2	1.3	15.0	1.27	13.5	0.77	0.3	0.12	0.012	1.34	148.1
19	Bac Ninh	7.2	6.4	0.2	0.74	14.7	0.67	0.5	0.02	0.003	1.57	323.2
20	Ca Mau	23.8	8.4	70.4	0.86	14.6	1.31	0.9	0.03	0.005	0.49	86.7
21	Kien Giang	37.8	21.0	57.3	1.54	19.7	0.73	0.4	0.24	0.030	1.26	167.1
22	Ha Tinh	9.5	14.7	7.6	0.46	6.3	0.22	0.1	0.01	0.001	0.63	90.2
23	Phu Tho	7.0	4.9	24.0	0.67	9.7	0.51	0.3	0.01	0.002	1.68	251.0
24	Can Tho	66.9	1.0	38.0	2.01	19.5	2.12	0.8	0.67	0.064	1.82	182.1
25	Ha Tay	10.4	10.8	2.6	1.54	12.2	0.36	0.1	0.07	0.006	2.71	221.6
26	Nghe An	12.7	19.8	9.1	2.27	14.7	1.22	0.3	0.13	0.008	2.04	136.9
27	Ben Tre	79.9	2.6	47.3	1.02	13.6	0.39	0.2	0.02	0.003	0.57	78.2
28	Tay Ninh	8.5	20.2	21.8	1.06	21.2	0.94	0.7	0.09	0.017	0.87	181.3
29	Quang Nam	10.8	43.9	22.0	0.80	10.6	0.29	0.1	0.16	0.021	0.78	107.4
30	Ninh Binh	11.8	6.8	3.2	0.38	7.8	0.30	0.2	0.01	0.001	0.87	185.1
31	Lam Dong	12.8	15.8	31.5	1.57	33.7	0.78	0.7	0.52	0.112	0.80	177.2
32	Thai Nguyen	5.8	8.4	18.0	0.71	13.1	0.34	0.2	0.05	0.009	1.70	325.1
33	Thanh Hoa	12.0	7.8	16.9	1.23	6.4	0.48	0.1	0.00	0.000	2.77	149.5
34	Binh Dinh	8.1	68.5	14.7	1.35	16.9	0.45	0.2	0.09	0.011	1.25	161.2
35	Thua Thien-Hue	9.6	31.7	25.5	1.25	22.1	0.39	0.3	0.80	0.140	1.19	217.7
36	Tra Vinh	46.9	35.0	71.1	0.67	12.3	0.47	0.3	0.01	0.001	0.34	65.6
37	Soc Trang	30.3	18.9	62.3	0.81	11.9	0.69	0.4	0.02	0.002	0.59	90.3
38	An Giang	72.7	20.1	33.3	1.85	16.6	2.05	0.7	0.03	0.002	1.26	117.1
39	Bac Lieu	24.0	31.4	71.3	0.62	14.6	0.88	0.8	0.00	0.000	0.32	77.0
40	Dong Thap	86.6	4.0	39.8	1.04	12.3	0.85	0.4	0.05	0.006	0.94	115.6
41	Dac Lac	8.2	14.3	48.0	1.39	18.6	1.24	0.6	0.27	0.036	0.73	101.0
42	Quang Ngai	19.8	63.2	24.9	1.00	14.9	0.46	0.3	0.01	0.001	0.73	113.8
43	Quang Tri	22.7	26.1	21.5	0.60	19.8	0.13	0.2	0.05	0.018	0.41	141.2
44	Quang Binh	27.0	14.0	18.0	0.54	12.6	0.15	0.1	0.02	0.004	0.62	148.5
45	Binh Thuan	13.5	48.1	28.6	1.25	24.5	0.52	0.4	0.11	0.022	0.63	127.8
46	Hoa Binh	28.3	7.0	37.4	0.38	9.3	0.07	0.1	0.01	0.001	0.36	89.5
47	Binh Phuoc	10.3	14.4	70.6	0.39	13.2	0.31	0.4	0.00	0.000	0.28	98.0
48	Bac Giang	6.0	7.9	8.9	0.76	9.5	0.40	0.2	0.02	0.003	0.97	125.7

Infrastructure

HDI rank	Province	Population without access to safe water (% - 1999)	Population without access to sanitation (% - 1999)	Population without access to electricity (% - 1999)	Share of tele-phones in total (% 1998)	Number of tele-phones (per 1000 people) 1998	Share of mobile phone in total (%) 1998	Mobiles (per 1000 people) 1998	Internet use (%) 1998	Internet connection (per1000 people) 1998	Energy consumption (as % of total) 1998	Energy use per capita (kWh) 1998
49	Phu Yen	12.1	58.7	30.0	0.57	13.7	0.33	0.3	0.06	0.014	0.53	131.9
50	Lang Son	50.6	28.9	39.8	0.60	15.2	1.12	1.1	0.00	0.000	0.38	99.2
51	Tuyen Quang	26.8	19.1	46.2	0.27	7.4	0.11	0.1	0.00	0.000	0.37	103.8
52	Ninh Thuan	42.0	66.7	14.4	0.56	21.4	0.37	0.6	0.04	0.014	0.43	172.1
53	Yen Bai	31.3	19.9	32.2	0.35	9.4	0.13	0.1	0.00	0.000	0.38	105.1
	Low Human Development	58.3	41.6	51.6	2.58	10.4	1.48	0.2	0.07	0.003	1.72	71.8
54	Bac Can	59.4	27.5	41.7	0.11	6.3	0.11	0.2	0.00	0.000	0.06	38.0
55	Cao Bang	66.0	46.6	52.8	0.24	8	0.20	0.3	0.00	0.000	0.14	46.4
56	Lao Cai	54.2	42.6	41.3	0.41	13	0.29	0.4	0.00	0.000	0.41	133.9
57	Son La	68.7	21.9	52.3	0.35	7.5	0.14	0.1	0.00	0.000	0.21	48.2
58	Gia Lai	41.7	54.6	46.0	0.77	16.4	0.42	0.3	0.04	0.008	0.49	107.5
59	Kon Tum	30.8	37.3	44.8	0.26	17.2	0.06	0.2	0.01	0.004	0.15	102.1
60	Ha Giang	63.5	37.9	60.0	0.22	7	0.14	0.2	0.03	0.010	0.15	51.5
61	Lai Chau	76.7	57.4	69.1	0.23	7.7	0.13	0.2	0.00	0.000	0.11	37.0
	Red River Delta	7.9	3.9	1.4	26.60	33.5	29.48	1.4	32.78	0.410	26.22	341.9
	North East	22.3	15.6	23.9	7.37	12.6	7.06	0.5	0.28	0.005	10.59	187.2
	North West	57.1	26.2	51.6	0.96	8.2	0.33	0.1	0.01	0.000	0.68	59.8
	North Central Coast	13.4	16.1	14.8	6.36	11.6	2.59	0.2	1.00	0.018	7.66	144.6
	South Central Coast	11.4	50.8	17.6	7.78	22	4.68	0.5	3.04	0.086	6.60	193.4
	Central Highlands	21.2	29.5	47.1	2.42	17.7	1.72	0.5	0.32	0.023	1.36	103.3
	Southeastern	7.2	14.3	17.2	34.93	53.1	42.81	2.5	61.35	0.927	36.01	567.2
	Mekong River Delta	55.6	12.3	45.2	13.59	15.1	11.32	0.5	1.23	0.014	10.88	125.1
	All Viet Nam	22.9	16.4	22.9	100.00	24.4	100.00	0.9	100.00	0.243	100.00	253.0