Canal Doi - Canal Te, District 8, Ho Chi Minh city. Photo: Adam Patterson

EVEN IT UP

HOW TO TACKLE INEQUALITY IN VIETNAM

OXFAM

LABOR & SOCIAL PUBLISHING HOUSE

Vietnam has a strong record of poverty reduction, but today, increasing inequality is threatening decades of progress. Vietnam's 210 super-rich earn more than enough in one year to lift 3.2 million people out of poverty and end extreme poverty in Vietnam. Economic inequality is reinforced by inequality of voice and opportunity, with the poorest excluded in favor of the rich. Millions of people, ethnic minorities, small scale farmers, migrants and informal workers, and women are more likely to remain poor, excluded from services and political decision making, and continue to face discrimination. To tackle the dangerous gap between rich and poor, Vietnam should urgently implement progressive policies on governance, taxation, public spending, public services, labor rights and civic engagement.

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LIST OF ACRONYMS

ACFID	Australian Council for International Development
ADB	Asian Development Bank
ADBI	Asian Development Bank Institute
ASEAN	The Association of Southeast Asian Nations
CIT	Corporate Income Tax
CSR	Corporate Social Responsibility
DHS	The Demographic and Health Surveys
EADN	The East Asian Development Network
EAP	East Asia and Pacific
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GGC	Great Gatsby Curve
GSO	General Statistics Office
HDI	Human Development Index
HICs	High Income Countries
HIDE	Household Informal Disbursements for Education in Vietnam
JCA	Joint Country Analysis
LGBT	Lesbian, gay, bisexual, and transgender
LMICs	Low middle income countries
MDRI	Mekong Development Research Institute
MOET	Ministry of Education and Training
MOF	Ministry of Finance
OOP	Out of pocket
PAHE	Partnership for Action in Health Equity
PAPI	The Vietnam Provincial Governance and Public Administration Performance Index
PEPFAR	The President's Emergency Plan For AIDS Relief
PIT	Personal Income Tax
SCT	Special Consumption Tax
SDG	Sustainable Development Goal
UMICs	Upper Middle Income Countries
UNDP	United Nations Development Program
UNICEF	The United Nations Children's Fund
USAID	US Agency for International Development
VAT	Value added tax

VHLSS	Vietnam Household Living Standards Survey (VHLSS)
VND	Vietnamese Dong
WiPPA	The Center for Women in Politics and Public Administration
WTO	World Trade Organization

FIGURES

Builders living in a relocated home in Binh Chanh Ward, District 2, Ho Chi Minh City.
Photo: Tran Lam Anh Cuong

SUMMARY

Vietnam has a strong record of growth and poverty reduction, but today, **increasing inequality is threatening decades of progress**. This report examines the complex reality of intersecting inequalities in Vietnam, and presents a case for more ambitious commitments and progressive policies to roll back inequality, and ensure the poorest people are not left behind.

Today the world is facing an unprecedented inequality crisis. Over the last 40 years, there has been a vast increase in the gap between the rich and the rest,[1] as the economic rules have been rigged in favor of rich and powerful elites. In 2015, just 62 people had as much wealth as the poorest half of humanity, and the richest one percent owned more wealth than the rest of the world combined.[2] At the same time, the poorest people are being denied their fair share: since the turn of the century, the poorest half of the world's population has received just one percent of the total increase in global wealth.[3] The same is true in Asia, where the income of poorest 70 percent has decreased, while the richest 10 percent has seen significant gains.[4] Asian Development Bank research found that economic inequality is preventing poverty reduction, estimating that 240 million more people in the region could have been lifted out of extreme poverty in the past 20 years, if growth had not gone hand in hand with rising inequality.[5] Research has also shown that in rich and poor countries alike, high levels of inequality reduce social mobility,[6] leaving the poorest more likely to remain poor for generations.

Vietnam's recent history has been characterized by rising average incomes and a steady and significant fall in the number of people who are living in poverty. Nearly 30 million people have been lifted above the official poverty line[7] since the 1990s[8], and the country's human development index (HDI) has risen significantly.[9] Vietnam attained lower middle-income country status in 2009, and has achieved most of the Millennium Development Goals. Despite these achievements, growth is slowing, and the future is uncertain.

Economic inequality in Vietnam is growing by any measure. World Bank data shows that income inequality in Vietnam has increased in the last two decades,[10] and more importantly, the richest are taking a disproportionate share of income. In 2012, the Palma ratio for Vietnam was 1.74, meaning that the richest 10 percent of people had an income 1.74 times higher than the poorest 40 percent.[11] The gap between the richest 20 percent and the rest has also been widening since 2004,[12] and the number of ultra-wealthy individuals is also on the rise. In 2014, there were 210 super-rich individuals (those with more than $30m) in Vietnam, and their combined wealth was around $20bn;[13] equivalent to 12 percent of the country's GDP, or 1/2 GDP of Ho Chi Minh City. Knight Frank[14] estimates there will be a considerable increase in the number of these super-rich individuals in Vietnam; rising to 403 by 2025.[15]

Oxfam calculations show just how great the economic gap between richest and poorest has become in Vietnam. The richest man in Vietnam earns more in a day than the poorest Vietnamese earns in 10 years,[16] and his wealth is so great that he could spend $1m every day for six years before exhausting it.[17] And with great wealth comes great earning potential from savings and assets. In an hour, the richest Vietnamese can earn from their wealth almost 5,000 times more than what the poorest 10 percent of Vietnamese spend every day on their basic needs.[18]

The impact of multiple inequalities is serious. Economic inequality is further reinforced by poverty of voice and opportunities. In Vietnam, ethnic minorities, small-scale farmers, migrant workers and women are more likely to be poor, excluded from services and political decision making, and to face the most discrimination.

There are significant disparities between ethnic groups, with the Kinh majority and Hoa (Chinese) tending to have high living standards. Other ethnic groups have disproportionately high levels of poverty. They comprise less than 15 percent of the population, but 70 percent of the extreme poor.[19] Evidence also shows that ethnic minority groups have lower social mobility. Between 2010 and 2014, 49 percent of Kinh and Hoa in the bottom quintile moved to a higher income bracket, while just 19 percent of other ethnic groups progressed in the same way.[20] They were also more likely to move down the income ladder than Kinh and Hoa.

There are also clear gender disparities. For generations, female workers have been more likely to be unskilled, untrained, and limited to labor-intensive and low-wage work. Male workers earn on average 33 percent more than their female counterparts.[21] Men also have more control over land and other valuable assets. A lack of women in the top positions in business and politics means that the rules are unlikely to change in their favor. There are 20 ministers in the current Vietnamese government and only one of them is female.

A lack of investment in the education, health, and civic and political engagement of these disadvantaged groups further undermines their prospects for a better future. Education has great potential to improve social mobility and fight extreme inequality, but progress has been unequal. Girls, ethnic minorities and the poorest are disproportionately excluded and under-served, and children from the poorest households have seen little to no improvement in educational outcomes in the last 20 years. Secondary enrolment rates are over 65 percent among the Kinh and Hoa, but fall to as little as 13.7 percent for ethnic minorities.[22] Research also shows that ethnic minority girls are substantially less likely than boys to continue on to secondary school, college and university.[23]

Unequal access to healthcare in Vietnam is also holding back disadvantaged groups. For instance, pregnant women from poor households are three times more likely to go without antenatal care.[24] Regarding health insurance, poor households are provided with health insurance cards free of charge, according to the government policy. In practice, however, poor people still have to pay many other things such as expenses for health consultations and treatment, equipments and medicines. These and other opportunistic costs such as travelling and accommodation have become a great burden for poor families when facing illness and disease.

There are many reasons that make the poor liable for out-of-pocket (OOP) payments, and in 2012, up to 583,724 Vietnamese households were pushed into or further into poverty due to health expenditures.[25] Ethnic minorities also have limited access to health services, in great part due to their lower income, and also to discrimination.[26]

Research shows that disadvantaged groups in Vietnam lack access to information[27] and an understanding of their rights, and have lower levels of participation in voting and other decision making processes.[28] Citizens lack the information and skills to understand tax and budget issues, and feel

they do not have the right to engage in such processes. Women particularly are often excluded from having a say in state budget mobilization, allocation and expenditure.[29] Migrant workers are excluded from planning processes in the areas where they live and work, thus making it more difficult for them to access basic services and social protection.[30] So while the richest and most privileged are able to influence policy in their favor, the poorest and most marginalized citizens are unable to make their voices heard, trapping them at the bottom of the economic and social ladder.

Despite Vietnam's recent history of rapid growth and poverty reduction, policy commitments are falling short of what is needed. The government has made a constitutional commitment to guarantee equality and non-discrimination for all citizens,[31] yet evidence shows that discrimination remains a challenge. Policies designed to reduce poverty among ethnic minorities in the poorest districts have been found to be limited in their effectiveness and efficiency,[32] non-participatory, and not meeting the needs of these groups.[33] There also remains no gender analysis in the state budget.[34] And policy choices are becoming more difficult due to significant budget deficits, a slowing growth rate, and insufficient public revenues to meet public spending needs.

Governance remains a significant challenge. Citizens lack confidence in state institutions, and heavy bureaucracy and corruption are a reality in Vietnam. The World Bank also ranks Vietnam low on transparency.[35] In 2011 the Provincial Governance and Public Administration Performance Index (PAPI) survey showed no improvement in public service delivery and a 'sharp decrease' in four other governance indicators (Participation at Local Levels, Transparency, Vertical Accountability, and Control of Corruption in the Public Sector).[36] More work is needed in this area to underpin progress on inequality and ensure that people's rights are met.

The tax system is another challenge. Vietnam's tax-to-GDP ratio increased from just under 22 percent in 2001 to just above 28 percent in 2010, and on average compared favorably to other developing countries in that period. There is potential for Vietnam to increase tax revenue, and to make it more progressive. Currently, Vietnam relies heavily on CIT, VAT and export and import taxes. VAT is a regressive tax, which places a disproportionate burden on the poorest people, yet it has increased as a proportion of revenue raised to GDP, from 4.02 percent to 7.89 percent between 2001 and 2010. On the other hand, since 2009, Vietnam has reduced corporate tax rates from 28 percent to 20 percent; meaning that company profits are now taxed at a lower rate than workers' incomes. Companies are also receiving public subsidies in the form of tax incentives and tax holidays that further reduce their contributions.

Furthermore, tax avoidance and evasion are also letting the richest multinationals off the hook and sucking money out of the budget. A nationwide investigation into tax evasion found that in 2013, 83 percent of foreign companies used various tricks to minimize their tax liability.[37] According to the Taxation General Department, 720 out of 870 foreign firms in Vietnam engaged in tax fraud in 2013, and these companies have been ordered to pay back nearly VND400 billion ($19m) in taxes and penalties.[38] Vietnam is placing the tax burden on the lower earners in society, and missing the opportunity to tax those with the greatest means to pay. More must be done to make the system more progressive.

The state budget has increased from 20 percent of GDP in 1999 to just under 30 percent in 2014.[39] Evidence suggests that a reasonable share of the budget allocation is pro-poor. Public spending on education has risen dramatically, and Vietnam is one of two countries in Asia that spends more than the global average of 5.2 percent of GDP on education.[40] While spending on recurrent costs such as teacher salaries is high, at 73 percent of the education budget, there is not enough funding for teacher training, resources and materials, which are critical to quality education. Fees also continue to act as a barrier to the poor accessing education. A 2013 survey identified 15 major groups of fees, and estimated that 30 percent of education spending is paid for by families through OOP payments.[41]

Public spending on health has also increased but tends to be 'decidedly pro-rich'.[42] Progressive public expenditure on commune health centers accounts for a small share of total spending, while hospitals and subsidies for health care for wealthier citizens are much larger. To address this, the government plans to increase budget allocations to services for the poorest and other disadvantaged groups, but overall public spending on health is clearly insufficient to meet the need. While health insurance coverage has rapidly increased, a large proportion of total health spending – 48 percent – is still paid out of pocket.[43] 'Socialization' (Xa hoi hoa) of public services is a progressive-sounding label for a range of fees and charges in health and education that is expanding in Vietnam. The abusing of this 'socialization' policy has in fact worsened inequality, caused discrimination[44] and resulted in corruption and bribes that research shows has had negative consequences for services.[45] These fees amount to a regressive tax where the poorest are penalized for accessing their right to education and healthcare.

Since 1990, income from labor has made up a declining share of GDP worldwide; ordinary workers are taking home an ever smaller share of the pie.[46] In Vietnam, among waged workers there is a substantial gap between the highest and lowest earning sectors. In agriculture, waged workers take home an average of VND2.63 million or $125 per month, compared with workers in the finance, banking and insurance sector whose average is more than two and half times that (VND7.23 million or $344 a month). There are also increased rates of underemployment, unemployment, and informal work that come without legal protections. In 2015, 36.6 percent of unemployed people moved into the informal sector.[47] Minimum wages have increased, but do not apply to the majority of unskilled and informal workers.[48] In addition, companies can compensate themselves for wage increases by reducing other benefits to employees, such as overtime pay and bonuses that comprise up to 30 percent of workers' income.[49] The deck is stacked against the poorest workers.

In order to ensure that the next 30 years sees continued improvement in the lives of the poorest people, the government must take all forms of inequality into account – income, opportunity and voice inequality. The government should also analyze its policies to understand their impact on inequality and commit to a new program of action, and progressive policies. This means improved governance and accountability, as well as ambitious commitments on fairer taxation, public spending, public services, and improved labor policies. This will not be possible without improving the voice of disadvantaged groups through participatory structures and improved forms of accountability. The right combination can fight poverty and inequality for the next generation.

1. GLOBAL AND REGIONAL CONTEXT

The global inequality crisis is reaching new extremes. Oxfam research found that in 2010, the 388 richest people owned the same wealth as the poorest 50 percent. This dropped to 80 in 2014 before falling again to just 62 people in 2015, demonstrating how much income concentration is increasing at the very top of the distribution. These 62 people had the same wealth as 3.6 billion people- the poorest half of the world's population. Even within the tiny slice of the top one percent, the gap between the ultra-wealthy and everyone else in that group has grown.[50]

At the same time, shares held by middle- and upper-middle-income groups remain stable across countries and over time.[51] The picture is even less positive for the poorest people. Since the turn of the century, the poorest half of the world's population has received just one percent of the total increase in global wealth, and their share of wealth actually declined significantly in the aftermath of the financial crisis, despite the world economy soon starting to grow again. The average annual income of the poorest 10 percent of people in the world has risen by less than $3[52] each year for almost a quarter of a century.[53] This evidence shows that our economic system is delivering an unfair share of prosperity to the richest.

Without concerted policy changes at national and international levels, this trend in income and wealth polarization could continue, leading to rising extreme inequality and making it harder to tackle poverty. High levels of economic inequality also exacerbate inequalities like gender, class and race, worsening the life chances of those who already suffer the injustice of multiple inequalities.

INEQUALITY ACROSS ASIA

In Asia, the average Gini coefficient (the most commonly used indicator of income inequality) rose at twice the pace of the rest of the world between 1990 and 2013, and even faster in countries with the largest populations such as Indonesia, India and China. Another measurement of income inequality, the Palma ratio,[54] also rose in most Asian countries during this time.[55] The IMF found that the rise in extreme inequality in the region has been largely driven by increases in the incomes of those at the top of the economy.[56] Between 1990 and 2010, the bottom 70 percent of the population's share of income decreased, while the top 10 percent saw large gains.[57] The main driver of this trend was capital-intensive growth, which occurred at the expense of labor-based, wage-led growth and was not accompanied by sufficiently redistributive policies.[58]

This continuing trend of growing inequality across Asia is deeply gendered and further shaped by multiple layers of discrimination, including caste, class, ethnicity and locality. Women's work is undervalued, and women are less likely to be empowered to claim their labour rights. For instance, 75 percent of women's paid work is in the informal sector, without access to benefits such as sick pay, maternity leave or pensions.[59] Women also tend to earn less for doing the same types of jobs as men. In Bangladesh, for example, women earn an average of 23.1 percent less per hour than men for the same kind of jobs. A study in 11 countries found that the application of minimum wage laws is lowest for women from ethnic minorities or indigenous groups.[60]

The evidence also shows that inequality hinders poverty reduction in the region. If inequality had not risen in association with rapid economic growth, the ADB estimates that China's poverty headcount would have fallen to

4.9 per cent (rather than 13.1 per cent), Indonesia's to 6.1 per cent (instead of 16.3 per cent) and India's to 29.5 per cent (instead of 32.7 per cent). Overall, in the region an additional 240 million – 6.5 percent of the total population – would have escaped extreme poverty, had growth not been accompanied by rising inequality in the past 20 years.[61] Since inequality, as measured by both the Gini and Palma ratios, increased in Vietnam in this time, it is probable that poverty reduction would have been even faster, had growth been more equal.

Research shows that high levels of income inequality may hinder the ability of lower-income children to reach their potential. This means not only a lower level of social mobility, but also a slower rate of growth for the overall economy. There is also evidence of links between financial crises and inequality. For example, Christian Aid highlighted that 'the lesson from the east Asian crisis is that policymakers should be particularly focused on the longer term path of inequality, which is likely to have been increased by both the boom and the bust – with implications for poverty [...].'[62] Inequality translates into envy, unhappiness and social conflicts.[63] Some analysis shows that inequality creates further instability, which can help precipitate crises like the financial crisis that began in 2008.[64] Extreme inequality is detrimental to social cohesion and poverty reduction, undermines democratic institutions, and threatens political stability and global security.[65]

Greater inequality reduces equality of opportunity for the next generation, creating a vicious cycle. Creating greater equality of opportunity (information, access, participation, etc.) is a necessary, but not sufficient, condition for ensuring greater equality of outcomes (job, income, promotion, etc.). In this report, we will analyze inequality from a multidimensional perspective. Oxfam believes that in order to overcome poverty, we must address different types of inequality, which manifests itself in disparities in incomes, but also in inequalities of opportunity and voice – the latter concerning rights, access, mobility, participation, and influence . In this report, we highlight the existing inequalities and the ways in which they reinforce each other. Left unchecked, these will worsen, meaning that particular groups will continue to be excluded from Vietnam's growing prosperity. The gap between those with wealth, voice and power, and those without, will only increase.

Vietnam provides positive lessons to other countries, and can contribute to the wider debate about overcoming inequality. It has demonstrated that pro-poor, inclusive and relatively equitable growth can be sustained for a long period of time. Good economic and social policies, including public investment in agriculture, infrastructure and education, have been vital in achieving this. However, important structural inequalities remain in Vietnam, including regional, ethnic and gender inequalities. These need to be tackled by improving internal and external policies, and reforming institutions and governance. This is more urgent today, because economic growth is weakening and increasingly leading to inequality. Unless a revised approach is adopted, this will create a situation where benefits continue to accrue to the wealthy and bypass the poorest.

2. DIMENSIONS OF INEQUALITY IN VIETNAM

BACKGROUND

Vietnam has experienced rapid economic growth in the last 30 years, characterized by rising average incomes and a steady and significant fall in the number of people who are living in poverty. Indeed, nearly 30 million people have been lifted above the official poverty line since the 1990s.[66] GDP per capita income has increased from $100 in 1990 to $2,300 in 2015. Economic growth in Vietnam averaged 5–6 percent in the last three decades, with higher average rates of 6.4 percent in the 2000s. The impact of this rapid growth on most measures of inequality in Vietnam has been more modest than in many other contexts, in part due to positive policies to prevent inequality spiraling. Yet the challenge now is significant: with lower growth and increasing economic inequality and poverty of voice and opportunity, how does Vietnam ensure that it can grow more inclusively so that those in poverty are able to benefit?

The Doi moi reforms, which began in 1986, have led to significant policy changes. Private enterprise has developed, including through investment from foreign companies. Vietnam has become more integrated into the regional and global economy, including becoming a member of ASEAN and the WTO. In 2009, Vietnam attained lower middle-income country status, and has recently achieved most of the Millennium Development Goals. The country's human development index (HDI) has risen from 0.476 in 1990 to the middle category, with a rating of 0.666 in 2014.[67] Progress has also been substantial in other dimensions of well-being, including primary school enrolments (which reached heights of 98.96 percent during 2013–2014[68]), improvements in health status, and reduced morbidity and mortality.[69]

ECONOMIC INEQUALITY

Vietnam's economic growth and the policies pursued in the last three decades have contributed to poverty reduction. However, there is now a growing gap between rich and poor, which will require new policies to ensure that inequality and poverty do not rise in the future.

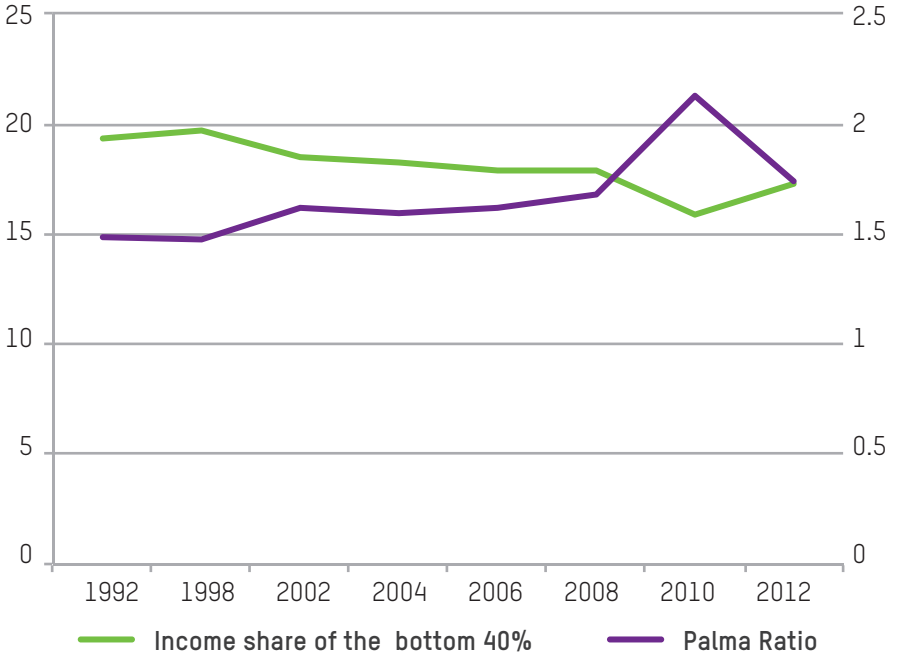
While Vietnam continues to experience sustained structural transformation and poverty reduction, its growth tends to exhibit pro-rich gains, with returns to agriculture and manufacturing increasing only for the top 10th–20th percentiles.[70] Overall, economic inequality has been on the rise in the last two decades.

Although tens of millions of Vietnamese households have incomes above the official poverty line, many do not earn much above this line, and could still be considered poor in a multi-dimensional definition. At the other extreme of the distribution, about one in every million Vietnamese is considered 'super-rich;' defined as possessing assets[71] worth more than $30m. In 2014, there were 210 super-rich individuals in Vietnam, with a combined wealth of around $20bn[72] – equivalent to 12 percent of the country's GDP. Knight Frank, one of the world's largest global property consultancies, estimates there will be a considerable increase in the number of these super-rich individuals in Vietnam; rising to 403 by 2025.[73] Oxfam calculations show that the richest man in Vietnam earns more in a day than the poorest Vietnamese earns in 10 years.[74] In 2014 there were 13 million poor people in Vietnam. The wealth this man possesses, which is $2.3bn, could have helped to lift all of them out of poverty.[75]

According to the World Bank, the Gini index increased from 35.7 to 38.7 in the 20-year period from 1992 to 2012, indicating that income inequality rose in that period.[76] However, the data from sources like this may underestimate inequality in Vietnam for various reasons. For instance, the incomes or expenditures of the rich are under-reported and under-captured in household surveys; therefore, empirical measures of inequality may be downward-biased.[77] Different metrics, time lines and density of measurement may provide different pictures of inequality in Vietnam.

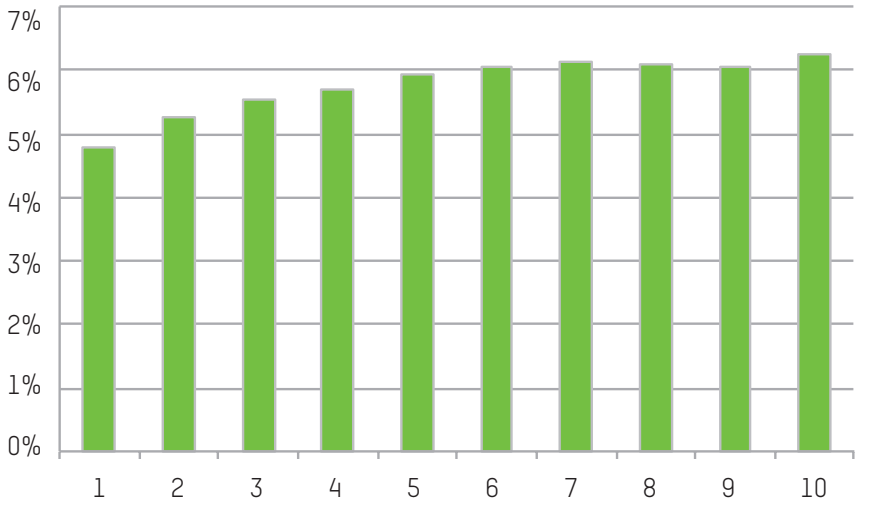
Looking more closely at income distribution, and how different income groups have performed in the last decade, we see that the poorest sections of the population have not benefited as much as the rest. Between 1992 and 2012 the Palma ratio (which measures the ratio between the income share of the top 10 percent to the bottom 40 percent) increased by 17 percent, from 1.48 to 1.74. This trend was mostly driven by a decline in the income share of the bottom 40 percent of the population, which went to from 19.33 percent to 17.28 percent (Figure 1).

FIGURE 1: CHANGES IN INCOME INEQUALITY IN VIETNAM, 1992 TO 2012[78]



Also, as shown in Figure 2, between 1992 and 2012, average consumption growth for the first four deciles of the distribution was always slower than that of the rest of the population. In particular, while consumption by the poorest 10 percent grew by 4.8 percent per year, that of the richest 10 percent grew by 6.3 percent.

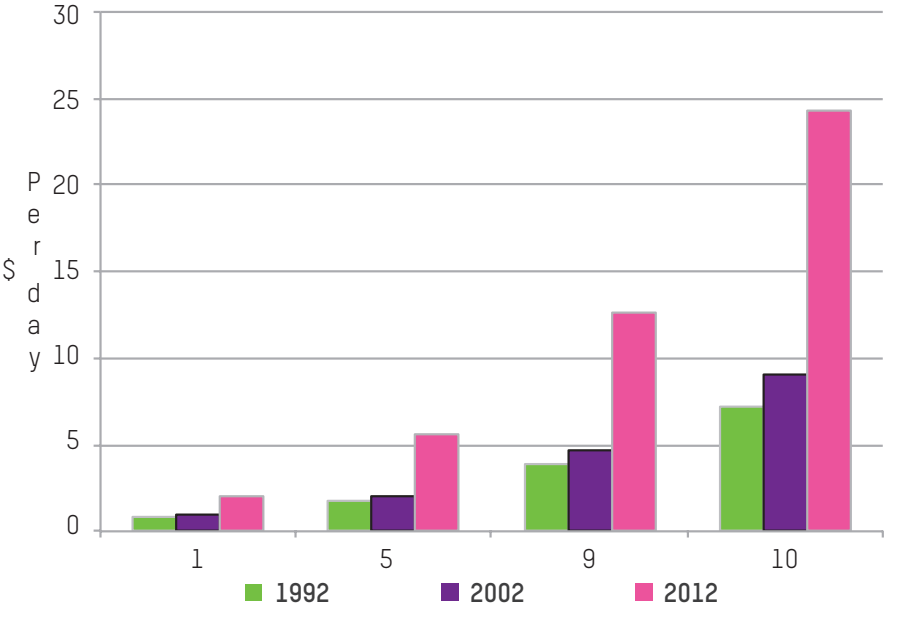
FIGURE 2: ANNUAL AVERAGE CONSUMPTION GROWTH BY DECILES, 1992 TO 2012



Source: PovcalNet (http://iresearch.worldbank.org/PovcalNet/index.htm?0, accessed on 06/09/2016)

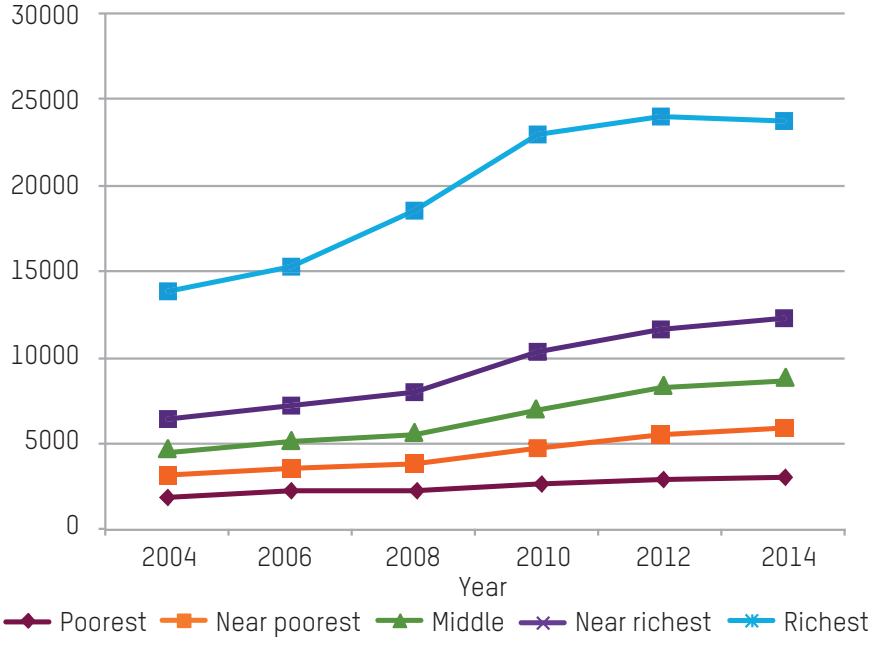
The significance of these growth rates is better appreciated in terms of the absolute value of consumption (Figure 3). In 20 years (between 1992 and 2012), the daily consumption of the poorest decile increased from $0.80 to $2.10, while that of the richest decile rose from $7.20 to $24.30.

FIGURE 3: AVERAGE DAILY CONSUMPTION OF SELECTED DECILES (1992, 2002, 2012)



Source: PovcalNet (http://iresearch.worldbank.org/PovcalNet/index.htm?0, accessed on 06/09/2016)

FIGURE 4: PER CAPITA INCOME, BY INCOME QUINTILES



Source: Nguyen Viet Cuong. Estimates from VHLSS[79]

Further, the distribution of the benefits of growth has become more unequal in recent years. In other words, income distribution has been increasingly polarizing over time. As shown in Figure 4, while there are small income differences between the first four quintiles of the distribution (the bottom 80 percent), there is a large gap between these and the richest quintile (the top 20 percent), and this gap has been widening since 2004.

This is consistent with the results of a social mobility survey conducted by Oxfam in 2016, involving 600 respondents from 12 communes in three provinces. This survey found that income disparity between the 20 percent richest households (Lao Cai, Nghe An, Dak Nong) and the 20 percent poorest households is 21 times; much higher than the disparity identified by VHLSS 2010 (8.5 times) and VHLSS 2012 (9.4 times). While these different results can be partially explained by sampling differences between the surveys, they also suggest that income inequality at village level is significant, and increasing over time – especially in the poorer and remote areas where agriculture is the main source of income.[80] In-depth interviews from Oxfam's recent household survey in three provinces also confirm this situation.[81]

HORIZONTAL INEQUALITIES (ETHNIC AND REGIONAL INEQUALITIES)

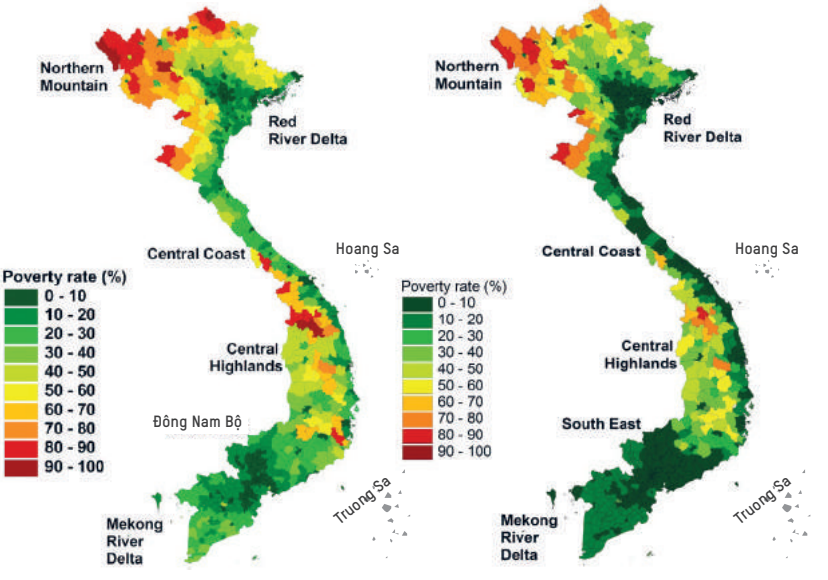
Horizontal or group inequalities are also a significant challenge in Vietnam, and are a constraint to poverty eradication and overall inequality reduction in the country. Significant differences exist between regions and the different ethnic groups that inhabit them.

The first striking difference is between urban and rural areas: according to VHLSS data, in 2012, 5.4 percent of the urban population lived below the national poverty line, compared with 22.1 percent of the rural population. As shown in Figure 5, the absolute per capita income gap between urban and rural households increased from VND4754,000 ($220) in 2004 to VND6344,000 ($310) in 2014. Urban population accounts for only 29.6

percent of the total population, but makes up 51.9 percent of the high-income groups.[82]

There is also evidence that reductions in poverty and dividends from growth have been spread unevenly across Vietnam, increasing income inequality between regions and to some extent within regions.[83] By region, the Red River Delta and the South East are considerably overrepresented in middle-income groups, whereas the Mekong River Delta is overrepresented in the near-poor group. The North West and Central Highlands are the two regions where most of the poor live. According to VHLSS 2012, the South East has the highest monthly income per capita in the country (VND3,016,000 or $150), which is more than three times the average monthly income found in the North West region (VND999,000 or less than $50). Figure 5 shows poverty rates by region in Vietnam in 2010 and 2014.

FIGURE 5: POVERTY RATES BY REGION IN VIETNAM IN 2010 AND 2014



Poverty rate by region 2010 **Poverty rate by region 2014**

Source: World Bank Vietnam 2015. Vietnam Systematic Country Diagnostic – Priorities for Poverty Reduction, Shared Prosperity and Sustainability

Using VHLSS data (2004–2014), recent Oxfam research (2016) shows that households in the South East (the richest region in Vietnam) have the highest income mobility of any region. Compared with households in the Red River Delta (the reference group), households in the North East, South Central Coast, and Central Highlands are less likely to move up from the lowest quintile. Households in the South East are more likely to move up from the lower 40 percent. With downward mobility, households in the North Central Coast and Central Highlands are more likely to move down from the high-income quintiles.

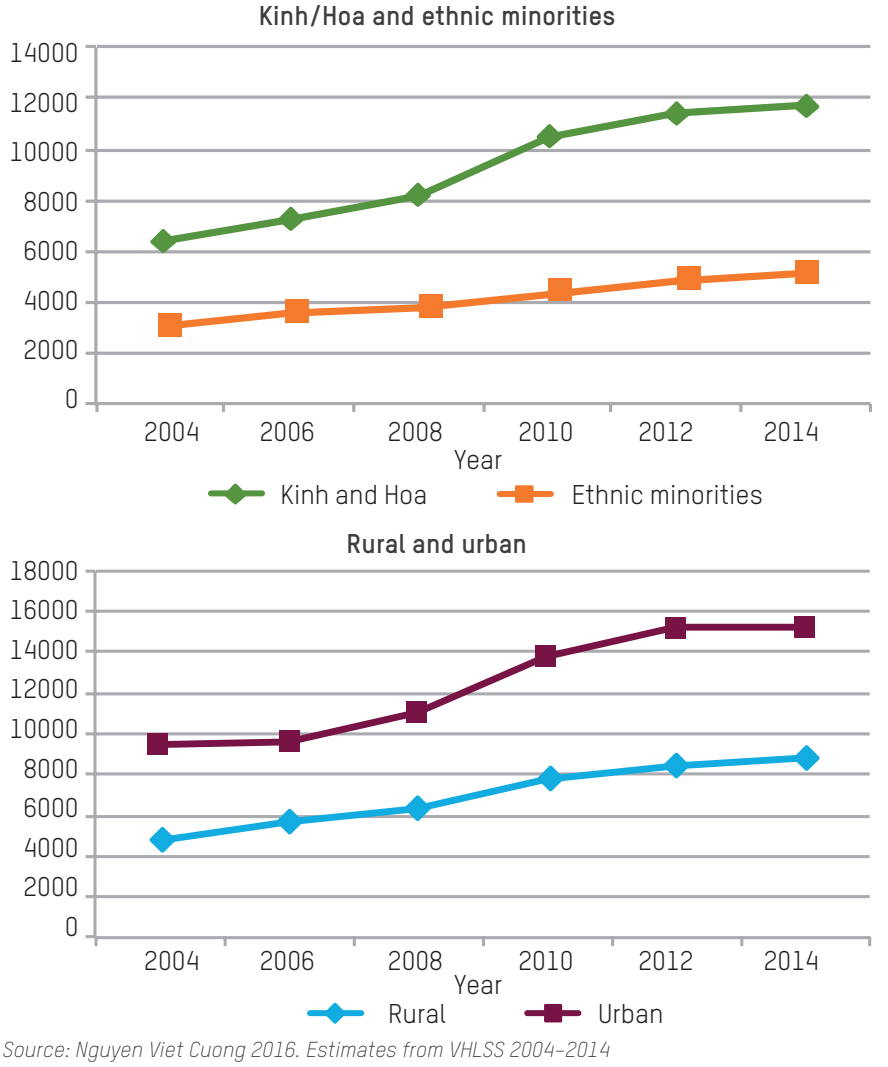
Such regional variation is also the product of ethnic factors in Vietnam.[84] Vietnam is an ethnically diverse country: there are 54 ethnic groups, in which the Kinh majority accounts for 85 percent of the population. Kinh tend to live in delta areas, and have higher living standards than other ethnic minorities. Hoa (Chinese) are also a rich group, and also live in delta areas. Thus Hoa are often grouped together with Kinh in studies on household welfare, although they may face ethnic discrimination in other areas.

Income poverty is disproportionately higher among ethnic minority groups. Members of ethnic minority groups make up less than 15 percent of the country's population but account for 70 percent of the extreme poor. According to the 2014 survey conducted by the Ministry of Labor, Invalids and Social Affairs, the incidence of poverty among ethnic minorities was as high as 46.6 percent, compared to 9.9 percent for the Kinh and Hoa groups. Ethnic minority children face a higher poverty risk (about 62–78 per cent) than Kinh or Hoa children (24–28 per cent).[85] In 2006, for households headed by an ethnic minority in Vietnam, the probability of being in the bottom quintile was 3.2 times that of majority-ethnicity households. This probability increased to 3.5 by 2011.[86]

The gap in income mobility among ethnic groups is also large, and there are signs that this gap has been increasing over time. Between 2010 and 2014, around 19 percent of ethnic minorities in the bottom quintile moved to a higher income quintile, while for Kinh and Hoa, this figure was 49 percent.[87] In addition, ethnic minorities are more likely to move down but less likely to move up, compared with Kinh and Hoa.

Figure 6 shows that both the absolute and relative income gap between Kinh/Hoa and other ethnic groups has increased over time. The ratio of per capita income of Kinh/Hoa to that of other ethnic groups increased from 2.1 in 2004 to 2.3 in 2014.

FIGURE 6: PER CAPITA INCOME BY ETHNICITY AND LOCATION



Source: Nguyen Viet Cuong 2016. Estimates from VHLSS 2004–2014

GENDER AND INTERSECTING INEQUALITIES

Another important source of inequality in Vietnam is discrimination against women in various aspects of economic and social life. For generations, women have been disadvantaged in their ability to access education and to advance their capacity and development opportunities. This is a result of gender norms that relegate them to the roles of mother and housewife. Today, women remain in a disadvantaged position compared with men, despite the fact that there is a legal framework which supports gender equality.

Men dominate control over land and other valuable assets; most land tenure certificates are issued under the name of a male household head. This can lead to the denial of women's rights in cases of divorce or inheritance. Men typically make the decisions about household business investment and use of income. Limited asset possession reduces women's access to credit and investment opportunities. Small-scale farmers, in particular women, face unequal access to knowledge, technology and market; more than 50 percent have not finished primary education.[88] Women make essential contributions to food production and the agricultural and rural economies, but it is impossible to verify empirically the share produced by women. Female farmers, for example, play a key role in buying inputs and selling their products, but are frequently unrecognized as economic actors, both at household level and in value chains.

According to Nguyen Duy Loi et al (2014):[89]

- Despite their huge numbers,[90] female workers are mostly unskilled and untrained, working in labour-intensive sectors such as footwear and textiles (78.5 percent), food manufacturing and processing (66.8 percent), porcelain and glass (59.2 percent).
- There are fewer female wage workers than male wage workers (24.5 percent of women are wage workers, compared with 35.4 percent of men).
- In the formal sector, regularly-paid employment opportunities are equal for men and women. However, in the informal and household economy, women are often excluded from equal employment opportunities. In the informal sector,[91] women have a 64-percent lesser probability of becoming paid workers than men: Female workers have a 12.4 percent chance to become paid employees, while men have a 34.7 percent chance.[92]
- Approximately 60 percent of female workers and 48.9 percent of males work overtime at over four hours per day (amounting to 60 hours per week, although the legal maximum is 40 hours per week). Approximately 23 percent of employees, particularly female employees, are working in hazardous environments.

Multiple sources show that women earn less than men. According to Nguyen Duy Loi et al (2014),[93] male workers earn on average 33 percent more than their female counterparts in all sectors. The income gap between men and women is smallest in the public sector, at seven percent, but quite large in the informal sector (as well as in domestic businesses), at up to 30 percent. However, the difference is biggest (43 percent) in agriculture and foreign

companies. If one were to include unpaid workers, where women comprise a large proportion, it may be even wider. While the wage gap in formal employment has steadily narrowed and is now at 12 percent nationally, estimates suggest that women in the informal economy earn 50 percent of male incomes. Another source shows that the greatest wage gap was found in the FDI sector, where female workers earned only half what male employees were paid.[94]

The inequalities experienced by women in the workplace are another paradox of Vietnam's pattern of economic growth. In fact, Vietnam has one of the highest rates of female work participation in South-East Asia, largely due to high rates of women employment in the export sector. Women migrate at an increasingly young age and constitute an increasing share of the migrant population.[95] This has been an important driver of poverty reduction,[96] and yet, as described above, it has also perpetuated gender inequalities and led to exploitation of certain groups of women, such as young migrant women.

The discrimination faced by women often intersects with and is amplified by disadvantages that come from belonging to other vulnerable and excluded groups, such as ethnic minorities. Gender status differences are larger in some ethnic minority groups, owing to women's traditionally low level of access to education and economic opportunities. Ethnic minority women and girls are generally more disadvantaged because of their low literacy levels, limited access to decent services, long working hours and limited roles in community and family decision making. Indigenous children suffer from various disadvantages in childhood that threaten their capability to achieve in the future. Culturally, they find themselves in the intolerable situation of being 'caught between two worlds' – an identity of the national culture and an identity of the indigenous culture. Such identity dilemma may hinder the voice and agency of these children and young people.[97] Ethnic stigma in remote schools among Kinh students and minority students is serious, and features in different ways: teasing, speaking scornfully, labelling and bullying, as a Muong student shared below:

'I am often teased by friends … they curse my parents as "con nhà nghèo, ăn cứt mèo" [you as daughter of a poor family, eat cat shit] … If I react I will be beaten, therefore I have to keep silent. Last week Quang Linh teased me and beat me to the head … the girlfriends also teased me, saying that I prefer this one or that one, and they isolate me. Every day at school Duong and I [her younger brother] are teased like that.' [After describing this, she turned her head and cried.]

(Poor Muong female, Anh-Thu Phong Primary School)

Women also face discrimination in taking part in economic and political decision making. In politics and business, because most government officials and business leaders are men, the decisions that affect women are made by men. In government departments, the minister and department director have the final say in gender-related policies. However, these positions are held mostly by men. The number of female ministers is one in 20, and the number of female department directors is 89 out of 1048.[98] In addition, many women-led businesses contribute to economic development without public recognition.

INEQUALITIES OF VOICE AND OPPORTUNITY

Inequality of voice

Inequalities in income and access to public services, such as health and education, are compounded and able to persist partly because those who are disadvantaged cannot raise their demands as easily as others. These people start with fewer opportunities, and the cycle is reinforced at a later stage in their lives.

Research shows that disadvantaged groups in Vietnam lack an understanding of their rights, and have severely limited space to voice their rights. These groups lack access to information – on legislation, services, markets and land[99] – are excluded from voting[100] and denied freedom of expression. They are also denied participation and influence in decision making processes, and monitoring the implementations of laws.[101] For example, small-scale farmers lack a voice in markets and political decisions. While there are some organizations providing sponsorship for them, most of them are unable to network or organize themselves to have a collective voice toward other value-chain actors. Overall, they lack the capacity to negotiate with enterprises, leading to big disadvantages in income and livelihood.

Among disadvantaged groups, voice in decision making and political life is very limited. Oxfam research on citizen participation in decision making and political life in Vietnam (2015) shows that participation is relatively low, even concerning land, which is a high topic of public concern. This shows that citizens' concerns are not translating into civic participation, raising questions about levels of trust and consequent apathy. Citizen monitoring of local government performance through vertical accountability structures forms the lowest-performing area of direct participation. Citizen participation is often constrained by bureaucratic rigidities, capacity limitations, entrenched attitudes, and the absence of practical strategies and tools to permit the two-way dialogue described by the laws.[102] Citizens are seen by public servants to be indifferent and non-responsive to information disseminated through the local government system.[103] Opportunities for engagement are present, but may not equate to real influence on governance, although citizen participation in state management and transparency in responding to citizens' opinions has been highlighted in the Constitution 2013 (Article 28). Much direct and indirect participation is 'nominal' or 'on paper only', to varying degrees.[104]

Migrant workers are one of the social groups excluded in the present model of rapid economic growth in Vietnam. Migrant workers constitute 7.7 per cent of the total population (excluding short-term migration). The majority (94 per cent) of this migration is from rural to urban areas, and up to 70 per cent are concentrated in industrial zones.[105]

Administrative procedures and social discrimination add to the exploitation of migrant workers and prevent them from claiming their economic and social rights. Migrant workers and their family members are not included in local planning for socioeconomic development at their destination/working areas, thus the local public services systems are not designed or budgeted to meet their needs and demands. Migrants to urban areas also face stereotyping from local authorities and local people. Many authorities blame migrants for overcrowding, overloaded infrastructure, dirtiness and social problems like theft, drug use and prostitution. Migrants often find it hard to integrate into society at their destinations. Residential registration

(Ho khau) requirements prevent them from accessing public services. Labor law violations by employers are common, but migrant workers dare not raise their voices out of fear of losing their jobs. Many workers do not have contracts and so are unprotected from employment and health and safety risks. They are not able to organize collective negotiation for better payment or compensation in cases of unemployment, sickness or accident.

The main reasons for disadvantaged groups' lack of voice and participation include their limited access to information and awareness of their rights. A large survey shows that 41 percent of Vietnamese don't know about the Constitution, and 89.4 percent raise the need for legal information.[106] Most citizens also have limited awareness about tax policies. Oxfam research on tax justice and budget transparency reveals a prevalent perception that tax revenue and public budgets are important issues for the government only. People feel they do not have the right to demand information or question tax and budget decisions, nor possess the capacity to understand them. Poor people, especially ethnic minorities, have very limited access to tax and budget information, including their entitlements from public services, and tend to be unaware of their rights to access tax and budget information, as stipulated in the Constitution and the Law on State Budget.[107]

Inequality of opportunity

Countries with a high degree of income inequality tend to be characterized by greater discrimination and greater inequality of opportunity.[108] In Vietnam, voice inequality interacts and intersects with overt discrimination and neglect of disadvantaged groups in policy design, and more often, policy implementation. The result is inequality of opportunity, social exclusion and limited social mobility. Those who are born poor are likely to remain poor, and they are also likely to be the same people who benefit less from quality public services, and who find it harder to make their voice heard individually or as part of a group.

The reasons for lack of social mobility vary between countries and over time. But the interconnections between the factors of inequality outlined here indicate that key drivers are policies that limit access, opportunity and voice, and the way in which those policies are decided by leaders who are more influenced by those with high incomes and political power.

Discrimination remains a real challenge in Vietnam, despite commitments to tackle it. Although the Constitution (Article 16) assures non-discrimination to all citizens, many disadvantaged people are stigmatized, leading to exclusion from certain policies and services.[109] Typically, discrimination is based on sexual orientation, ethnicity, religion or disability. A national survey showed that LGBT people, people living with HIV, migrants and ethnic minorities are among the most discriminated against.[110]

Research also shows that levels of social exclusion among ethnic-minority youth experiencing severe poverty are very high, compared with Kinh youth from better-off families. Poor ethnic-minority youth, in particular those coming from the smallest ethnic groups, tend to live with multiple exclusions in terms of services, language, culture, and stigma. Adversities often strike poor ethnic youth groups experiencing education or health problems, resulting in severe negative consequences for their quality of life, well-being and future life chances. They are also the most likely to have parents who experience exclusion. Such exclusion is embedded in

community accountability and governance, institutionalized children's rights, cultural norms, proximity, mobility and networks.[111]

'The King's son will become the King, while a layman's son will end up sweeping fallen banyan tree leaves.'

(Vietnamese proverb)

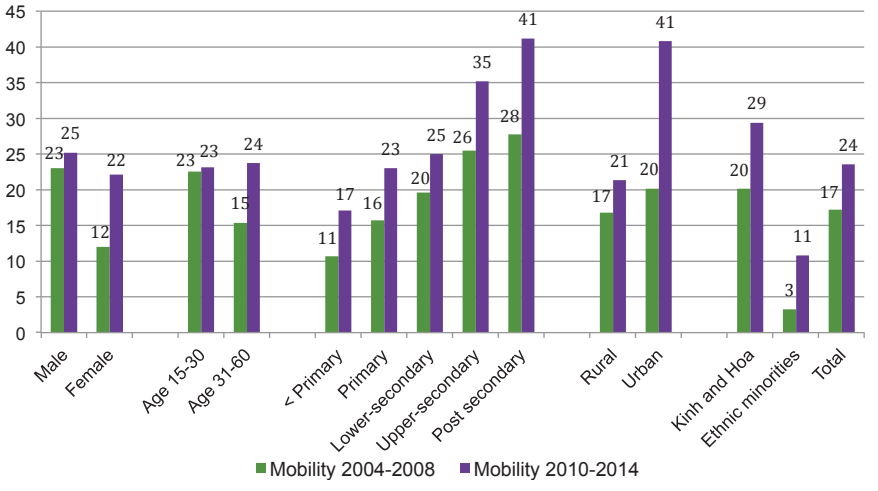
Equality of opportunity is based on the idea that everyone has the chance to move up the social ladder within their lifetime, or from one generation to the next. Recent Oxfam research on social mobility (2016) shows the Great Gatsby Curve (GGC),[112] which describes an inverse relationship between income inequality and intergenerational mobility (Figure 7). The intergenerational elasticity for Vietnam is 0.36, meaning that if parents' income increases by one percent, then children's income will increase by 0.36 percent. This level of intergenerational mobility can be an encouraging fact for better off families but discouraging for the poor.

FIGURE 7: THE ASSOCIATION BETWEEN INCOME INEQUALITY AND SOCIAL MOBILITY (THE GREAT GATSBY CURVE)

Source: Corak 2013; WB 2013; Nguyen Viet Cuong 2016

We have already discussed the limitations to social mobility for ethnic groups; they are less likely to move up into a higher income bracket (and in fact, more likely to move down) than Kinh and Hoa.[113] Figure 8 shows that there is also a large gap in occupational mobility between ethnic groups, as well as between rural and urban residents, and between people with different education levels. Ethnic minorities and rural Vietnamese are less likely to have skilled and non-manual occupations than Kinh, Hoa and urban people, and they are less likely to move up (and more likely to move down) in employment status. Limited mobility appears especially significant for ethnic minorities; in households where parents had skilled or non-manual occupations, 67 percent of ethnic minority children nevertheless have unskilled occupations.

FIGURE 8: PERCENTAGES OF PEOPLE MOVING FROM UNSKILLED TO SKILLED OCCUPATIONS



Vietnamese people are increasingly aware of and concerned by inequalities of voice and opportunity. Oxfam's study on perceptions of inequality (2013)[114] finds that inequalities are of high concern for Vietnamese people of different socioeconomic statuses, and from different parts of the country. It also shows that inequalities which stymie their opportunities to progress, such as access to quality healthcare and education, are of particular concern.[115]

People's acceptance of increasing income inequality depends on their awareness of equal opportunities for social mobility. This was famously labeled by Hirschman the 'tunnel effect'[116]. People are initially tolerant of increased inequality resulting from uneven economic growth because they expect to catch up and benefit in the near future. However, if this does not occur, initial tolerance can turn into a sense of falling behind, envy and grievance, possibly leading to social conflict. Most respondents accepted increasing income inequality, as long as they and their children also had opportunities to move upwards. The concept of 'social equality' is often understood in terms of equality of opportunity, not equality of income.

Although inequality is increasing in multiple forms in Vietnam, public debate on inequality issues is still limited. The term 'inequality' (bất bình đẳng) is rarely used in formal documentation and in public discourse, with the exception of 'gender inequality'. This is rooted in the concern that speaking out about inequality may conflict with the country's socialism-oriented ideology. In addition, public awareness and debate is still focused on 'growth' and 'poverty' rather than 'inequality'. Clearly, awareness of inequality and its impact is still very limited among policy makers and citizens. The term 'inequality' was used for the first time in an official state document in the draft Political Report of the 12th Communist Party Congress in January 2016.

However, inequality issues are slowly increasing in presence in public and political debate, partly under the influence of international development actors. In September 2015, the United Nations adopted the 2030 Agenda with 17 global Sustainable Development Goals (SDGs). Reducing inequality, for the first time, is among the global goals (Goal 10). The Vietnamese president, Truong Tan Sang, attended the conference and confirmed that Vietnam is committed to mobilizing all resources, ministries, localities, institutions, communities and people to successfully implement the 2030 Agenda and the SDGs.

INEQUALITIES IN EDUCATION AND HEALTH

Vietnam has experienced noticeable improvements in education and health outcomes, which have contributed to the poverty reduction observed in the last two decades. However, striking inequalities in health and education persist, reflecting inadequate and unfairly distributed public resources, which reduce access to health and education services for poor, marginalized and excluded groups (especially ethnic minorities, women and children). This situation is reinforced by these groups' lack of voice, and contributes to the perpetuation of opportunity inequalities.

Inequality in education

Vietnam has made remarkable progress in expanding access to primary education. By 2011, only about two percent of the population between 20 and 25 years of age was in extreme educational poverty – meaning they had been in school for less than two years. Another two percent was in moderate educational poverty, having attended school between two and four years of age.[117]

However, progress has not been fast or significant enough to ensure quality education for all. For example, according to a recent UNICEF-MOET report, an estimated one million children between the ages of 5 and 14 had either never attended school or had dropped out, while more than one in 10 children between the ages of 11 and 14 was not in school.[118]

Also, although enrollments are up at every level, enrollment gaps among socioeconomic groups remain. Children from the poorest sections of society and from minority ethnic groups suffer the largest disadvantages in education. In fact, the educational achievement level of children from poor households has not seen significant changes over the past 20 years,[119] meaning that there is a growing gap in achievement between rich and poor. Rates of completion of lower secondary and upper secondary education are much lower for youth from the poorest households and from ethnic minority households. In 2012, the net (or 'right-age') enrollment rate in lower secondary school was 90 percent for the richest quintile, compared with 68 percent for the poorest quintile and 81 percent for the second lowest (or 'near poor') quintile.[120] Enrolment rates in secondary school are above 65 percent among the Kinh and Hoa, but fall to as little as 13.7 percent for ethnic minorities.[121] At upper secondary level, the gap is highest: the enrollment rate of Kinh students is 84.5 percent, 22.8 percent for Khmer, and 13.7 percent for Hmong.[122]

The widening gap in learning opportunities and outcomes is clear not only among different income population groups, but also between urban and rural areas, and between ethnic groups. Regionally, Young Lives found that while in the Red and Mekong River deltas and central coastal areas, all the eight-year-old children they surveyed had attended formal school, five per cent of children in the highlands of northern Vietnam had never received any schooling. Among children between the ages of 11 to 14, children from ethnic minority households are twice as likely not to be attending school.[123]

Ethnic minority girls are the group with the lowest access to education. Ethnic minority girls experience substantially lower enrolment rates and are less likely than boys to continue education in upper secondary school, college and university.[124] Age-appropriate enrollment for female secondary school students from minority households was 69 percent, compared with 87 percent for girls from Kinh and Hoa households.[125]

The most commonly-cited reasons for these differences in access to education experienced by poor and ethnic minority children include both demand and supply side factors, such as cultural values, expense, distance, and decisions to forego studies in favor of work. For decades, the policy of teaching in Vietnamese only has marginalized non-Vietnamese mother tongue speakers, especially 'small size' ethnic groups such as Dzao, Ha Nhi, Mnong and Ede. Unfavourable schooling arrangements, school-related expenses (or 'opportunistic costs'), and stigma and bullying all contribute to make school attendance (especially beyond primary school) more difficult for poor and ethnic minority children.[126] Also, given the centralized curriculum and low quality of education, dropping out may be a rational decision for many students.

Due to poverty, many households cannot maintain school attendance for all children. In many cases, one or two children in a family, often girls, have to 'sacrifice their education', as in the cases of Uyen and Lan below.[127]

Uyen is a 16-year-old Muong girl who stopped her studies after finishing eighth grade. Her mother had thought hard about which child to keep in school, and had pulled Uyen's older sister out of school at ninth grade in order to save money for Uyen to continue her studies. However, Uyen's sister proved to be a strong role model for Uyen, who later decided that she would also stay home to help her mother in the house.

Lan is a Dao student. Her family is so poor that all the family members are hungry for three months a year. Both she and her younger sister are good students, and their parents said they would do their best to ensure that both children finish secondary school. Lan's dream is to attend university, but even if she passes the entrance exam, her family does not have the money to send her to the city. Her sister dreams of becoming an artist, but she knows it won't be possible. After finishing secondary school, she says she will return home to work for hire to support her family.

Inequality in health

Disadvantaged groups face unequal burdens in the health financing system. In 2015, the total planned budget for health in Vietnam almost doubled in cash terms from about VND64,000 billion ($3.2bn) in 2011 to VND117,000 billion ($5.8bn). Total health expenditure as a percentage of GDP increased from 4.9 percent in 1998 to 6.7 percent in 2012, and the health budget as a percentage of the total state budget rose from 8.8 percent in 2011 to 9.4 percent in 2015.[128] However, as much as 90 percent of the health budget is reserved for recurrent costs such as salaries and facility operations. Meanwhile, public service providers have made little progress in improving efficiency, particularly regarding the cost of medical services.

Vietnamese health financing is dependent on private expenditure by households, especially OOP payments. The value of OOP increased from 43.5 percent in 2012 to 48 percent of total health expenditures in 2013 – making OOP the largest type of health expenditure[129] and putting many households (notably women, the rural poor and ethnic minorities) at significant risk of impoverishment. This rate of OOP is much higher than the maximum 30 percent recommended by the WHO, which has recognized that high OOP levels have led to catastrophic health expenditure in many countries.

In Vietnam, the rates of catastrophic health expenditure (an out-of-pocket payment for health care ≥ 40% of a household's capacity to pay) and impoverishment have been high (though decreasing) between 1992–2012, especially among disadvantaged populations such as the poor, people with low educational access and rural residents. According to Minh Hoang Van and Phuong Nguyen Thi (2015), 583,724 Vietnamese households were pushed into or further into poverty due to health expenditures in 2012.[130] Rates of impoverishment as the result of catastrophic expenditure were higher among already poor households and households in rural areas. The ineffectiveness of pro-poor policies and inefficient public health allocation and expenditure are due to the absence of evidence-based policy development, effective health stewardship (including reliable quality-control mechanisms and monitoring) and voices from civil society.[131]

Health insurance coverage has increased over time, up to 65 percent in 2012 and 75 percent in 2015. However, there are still many people in Vietnam without health insurance, which leads inevitably to inequities in access to health care and reliance on OOP payments.[132] Also, at the district and commune levels in remote regions, the low quality of health services and the serious shortage of equipment and health workers – as well as increasing health insurance costs from 2016 – have reinforced inequality in health care.

Unequal access to, and outcomes from, quality services remains a salient feature of the health system. Ill health in Vietnam is concentrated among the poor.[133] The poor utilize health services less than the rich, while higher-income groups are much more likely to use multiple types of inpatient and outpatient services and are more likely to visit hospitals. Lower-income households are more likely to use public health centers, particularly at the commune level. Lower access to health services among ethnic minorities is endemic, caused by factors such as lower income, reliance on OOP spending, a bureaucratic health system, ethnic discrimination, and internal features of minority groups (such as patriarchy, religion, and worldviews).[134] Data indicate that pregnant women from poor households in Vietnam are three times more likely to go without antenatal care.[135] Studies show that increasing accessibility to quality service for ethnic minorities can only be solved if the following factors are taken into account: awareness, opportunity costs, language barriers, mistrust, rituals, culture, taboos, and network habits.[136]

3. POLICIES TO TACKLE INEQUALITY

PROGRESS AND LIMITATIONS

Poverty and inequality are not inevitable. All countries can implement policies to eradicate the number of people living in extreme poverty, and promote economic and social equality. Vietnam is a clear positive example of this. The economic model Vietnam has followed since Doi moi has been remarkably successful in delivering high levels of growth, while also enabling a large proportion of Vietnamese people to rise above the poverty line and enjoy more prosperous lives. Public service policies have played an important role in this process, contributing to the reinforcement of economic growth as well as well-being. The government has demonstrated that it can adjust macroeconomic policies to external conditions, for example by implementing a stimulus package in the wake of the global financial crisis of 2008. The overall legal framework is favorable to the implementation of equitable policies: the Vietnamese Constitution (2013) guarantees the equality and non-discrimination of all citizens.[137]

Recently, the government also has recognized the increasing rich-poor gap and issued a number of policies to narrow this gap, in particular adopting poverty reduction measures to reduce poverty among ethnic minorities and in the poorest districts in the country. However, the effectiveness and efficiency of such policies are still limited.

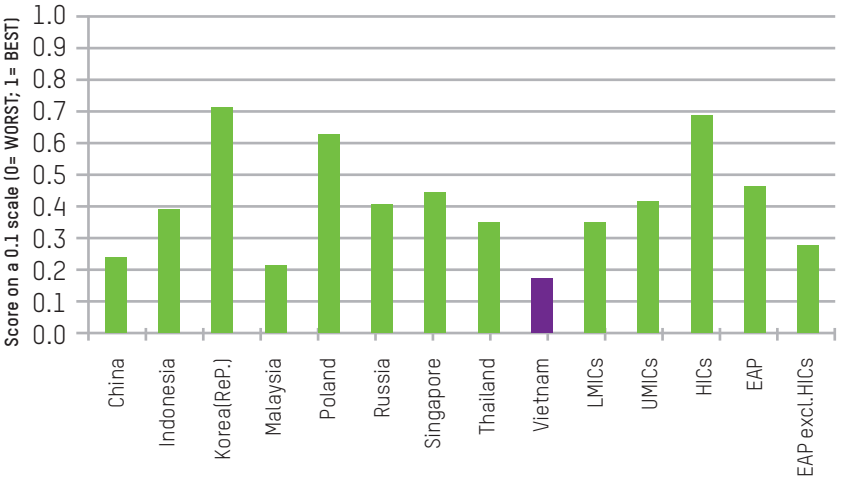
Firstly, policies designed to target and support low income groups exist, but have not been examined from an inequality perspective. A thorough review of development policies in Vietnam shows that while the government has issued a number of policies to support poor households, many of those policies have little relevance to their needs, rights and priorities.[138] Moreover, the lawmaking process is often non-participatory in nature. Research shows that the system has not been functioning well, favouring the better-off and causing negative consequences for disadvantaged people.[139]

Secondly, in Vietnam, citizens lack confidence in state institutions. For instance, 55 percent of people said they would not refer a labour dispute to state agencies, as they did not believe that the problem would be solved. Numerous laws have been enacted to create an enabling environment for better governance, such as the Ordinance on Grassroots Democracy (2007), the Inspection Law (2010), the Law on Organization of Local Government (2015), the State Budget Law (2015), and the Law on Public Investment (2015). Notably, the Public Administration Reform Master Program from 2011–2020 aims to build a system of effective and efficient state administrative agencies from central to grassroots levels, promote democracy and the rule of law, and guarantee the practical exercise of people's democratic rights.[140]

Yet even with such efforts, significant shortcomings remain within the public administration system – including non-transparent decision making, bureaucratic procedures, slow responses and corrupt administration services (land, health, education, etc.). An Oxfam baseline survey in Quang Tri province (central Vietnam) found that 33 out of 435 citizens had paid bribes of $20–$300 for public administration services in September–December 2014 – demonstrating that the system is not functioning as it ought to. Such barriers have also created frustrations and distrust among the public, affecting the welfare of poor people and hindering sustainable development. Thirdly, the evidence shows that insufficient progress has been made. According to the Vietnam Provincial Governance and Public

Administration Performance Index (PAPI) survey, there has been only a slight decrease in public administrative procedures, no improvement in public service delivery and a 'sharp decrease' in four other indicators since 2011 (Participation at Local Levels, Transparency, Vertical Accountability, and Control of Corruption in the Public Sector).[141] The World Bank[142] also shows that Vietnam has a low level of transparency, compared with many other countries (Figure 9).

FIGURE 9: LOW LEVELS OF TRANSPARENCY (GENERAL POPULATION'S OPINION)



Source: World Bank Staff based on Rule of Law Index 2014 and Global Competitiveness Index

There is also no evidence that Gender Responsive Budgeting has been taken up as a long-term or core objective by elected representatives or governmental officials.[143] In fact, no attention is paid to analyzing how the state budget impacts on the lives of different population groups (e.g. women and men), especially in final budget account preparation. Neither gender analysis of expenditure and revenue, nor sex-disaggregated analysis of beneficiaries (such as different social groups of women and men) has been conducted. In education, expenditure is not based on the criterion of the percentage of the population of school age, thus neglecting gender-specific needs in budget allocation. Gender dimensions have not been taken into account in the development of human capital (such as school fee exemptions, vocational training, loans for tertiary education, etc.), in opportunities for raising income (e.g. access to credit, agricultural extension services), or in investments in health, sanitation and community infrastructure.[144]

LOOKING FORWARD

Overall, the existing policy framework is not yet sufficient to eradicate the most entrenched forms of poverty and marginalization, or to address forms of inequality which are becoming more pervasive in Vietnamese society (such as regional and ethnic inequality, and disparities in voice and opportunities). As a result, certain groups are not able to benefit from economic growth as much as others. Furthermore, policy choices are becoming more difficult, not least because Vietnam has had significant budget deficits in recent years. The growth rate is slower than in the 2000s, and public revenues are not rising fast enough to improve the quality and distribution of public services in line with people's expectations or to effectively address inequalities between groups.

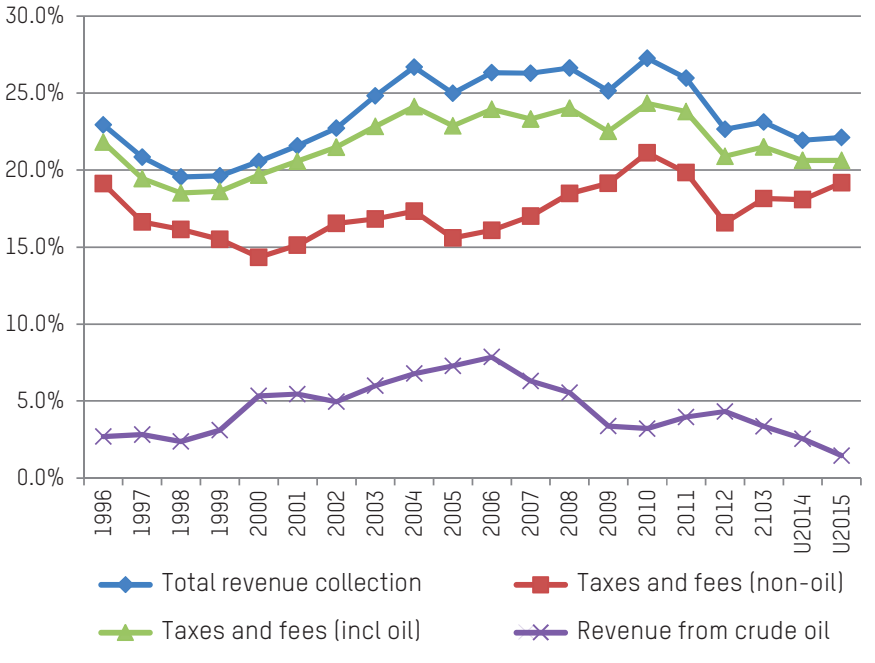
However, despite these challenges, there are many things that the Vietnamese government can do to address poverty and inequality. Government policies for tackling inequality could be improved quite significantly in four policy areas: the tax system, 'socialization' of public services, spending on health and education, and labor policies. Greater efforts in these four pillars of an equitable policy framework would demonstrate the government's commitment to eradicating poverty and extreme inequality.[145] The government's existing policies in these four areas illustrate both strengths and areas for improvement if it plans, implements and monitors its policies in a more targeted way, focusing first on the impacts on groups who have benefited less from economic growth.

THE TAX SYSTEM

Since 2011, all of Vietnam's major tax laws have been amended and supplemented, including the Law on Value Added tax (VAT), the Law on Corporate Income Tax (CIT), the Law on Personal Income tax (PIT) and the Law on Special Consumption tax (SCT). The Law on Export and Import Tax was also issued by the National Assembly in April 2016.

Changes in Vietnam's state revenue as a percentage of nominal GDP are illustrated in Figure 10. Vietnam's tax-to-GDP ratio has increased in recent years, from just under 22 percent in 2001 to just over 28 percent in 2010, of which revenue from taxes and fees (exclusive of crude oil) increased from 15.1 percent to 22.3 percent. On average, the ratio of total revenue collection to nominal GDP in 2001–2010 was 26.7 percent. This compares favourably with other developing countries, many of which have much higher income per capita than Vietnam.

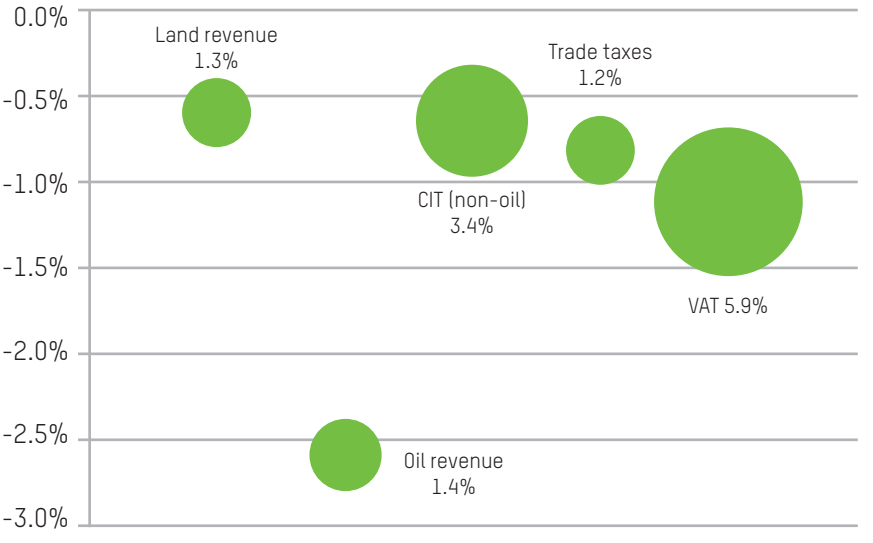
FIGURE 10: STATE BUDGET REVENUE COLLECTION IN VIETNAM (% OF NOMINAL GDP)



Source: Truong Ba Tuan and Le Quang Thuan 2016. Calculated with MOF data (2016)

Decreases in revenue collection have occurred in most major taxes and revenue items. In these, oil revenue, VAT and trade tax revenue accounted for the largest shares of the reduction (Figure 11). The decrease in revenue collection has created a number of problems for Vietnam in maintaining its fiscal position. Fiscal deficits have been alarming for the last years, especially since 2011. The actual fiscal deficit in 2011–2015 is estimated at around 5.34 percent of GDP, which is higher than the average of 5.07 percent of GDP in 2006–2010 and also higher than the target of five percent of GDP set by the government in 2011. One key reason for the increased public deficit is that the government implemented a large fiscal stimulus after 2009 in reaction to the crisis – with notable positive benefits for workers and for the economy overall. In the absence of such a stimulus, there might have been a larger increase in inequality and poverty.

FIGURE 11: STATE BUDGET REVENUE CHANGES IN MAJOR TAXES: 2015 VS. 2011 (% OF GDP)

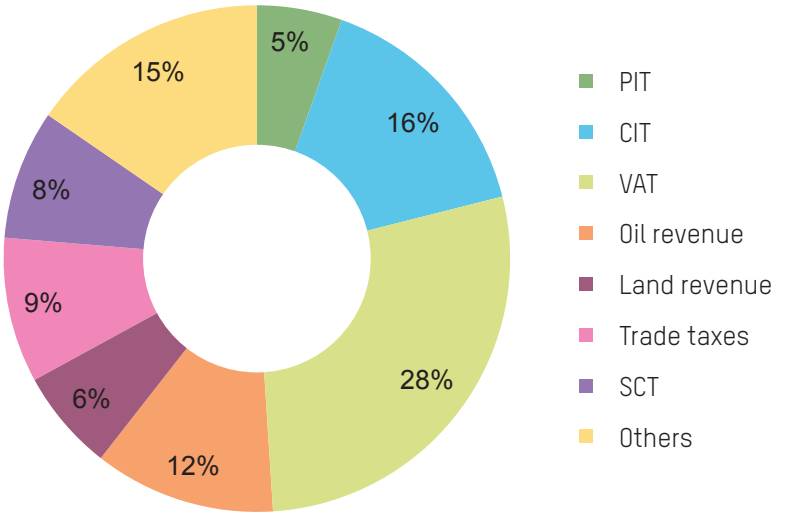


Source: Truong Ba Tuan and Le Quang Thuan 2016. Calculated with MOF data (2016)

In terms of revenue structure, Vietnam relies heavily on CIT, VAT and export and import taxes (Figure 12). Revenue collection from CIT increased from 3.1 percent of GDP to 4.71 percent of GDP (excluding CIT from oil and gas).[146] However, since 2011, there has been a decrease in the size of revenue collection from CIT tax. In 2015, the total revenue collected from CIT tax was estimated at 4.35 percent of GDP.

In 2001–2010, the ratio of revenue collection from VAT to GDP rose from 4.02 percent to 7.98 percent. For SCT, the increase was from 1.58 percent to 2.31 percent. Increased VAT weighs heaviest (proportionately) on the poor, who spend most, or all, of what they earn. Poor people pay relatively more of their income in VAT for the same goods as rich people, since the VAT rate takes no account of the ability of consumers to pay.

FIGURE 12: STATE BUDGET REVENUE STRUCTURE BY TAX CATEGORIES (% OF TOTAL REVENUE, 2014)



Source: Truong Ba Tuan and Le Quang Thuan 2016. Calculated with MOF data (2016)

Tax avoidance and evasion are also serious problems. Research has shown that 720 out of 870 foreign firms in Vietnam engaged in tax fraud in 2013,[147] and 923 local companies engaged in tax evasion.[148] A nationwide investigation into tax evasion[149] found 83 percent of foreign companies used various tricks to minimize their tax liability in 2015. Inspectors from the General Department of Taxation (Ministry of Finance) have ordered 720 out of 870 foreign enterprises to pay nearly VND400 billion ($19m) in back taxes and penalties for tax evasion. In provinces such as Bac Giang, Hoa Binh and Gia Lai, reportedly, 100 percent of foreign corporations are tax violators. The investigation found that the most common tactic for evading taxes was profit-shifting by manipulating transfer pricing to overstate costs when importing from units belonging to the same company in other countries, while understating export values.

Generous tax incentives also generate a high opportunity cost in terms of revenue forgone. The cost of using tax incentives for foreign investors alone in Vietnam is significant, with some estimates ranging up to around 5 percent of total state budget revenue collection.[150] There is a danger that, as their incomes rise, more and more Vietnamese people will pay a higher rate of income tax than companies do, particularly as the CIT rate has been reduced to 20% whilst there are personal income tax bands at 25%, 30% and 35% for higher paid individuals. Furthermore, the various exemptions for companies in the form of tax incentives, tax holidays and specific agreements, mean that many companies receive additional reductions in taxes on their profits, further reducing the progressivity of the tax system overall. This is compounded by the loopholes that allow tax evasion to suck revenue out of the state budget, which could be used for increased progressive spending to further reduce inequality.

Oxfam's research on the tax 'effort' of different countries shows that there is still significant potential for Vietnam to collect further taxes, given the size and structure of the economy. This implies that existing tax rates can be reviewed to enhance progressivity, and that overall, more taxes could be raised.

For example, among the lower rates of CIT, Vietnam reduced its corporate tax rate from 28 percent to 25 percent in 2009, to 22 percent in 2014, and to 20 percent today. Importantly, this means that company profits are now taxed at a lower rate than three bands of personal income tax. The government could do more to increase tax revenues through reviewing tax rates, while at the same time making sure taxation is progressive. Otherwise, there is a danger that the additional revenue required for public services will be raised in increasingly inequitable ways.

"SOCIALIZATION" OF PUBLIC SERVICES

A special feature of Vietnamese social policy is a range of fees and charges (thue va phi) that affect the poor, which is described as 'socialization' (Xa hoi hoa). Despite the progressive-sounding name, in practice, 'socialization' is a means for mobilizing citizens' money to reduce the government's budget deficit, constituting a type of hidden tax. It is also the embodiment of enabling corruption – powerful people essentially extorting money from powerless. Research shows that 'socialization'-related policies negatively impact the poor and people on low incomes.[151] For millions of poor people in Vietnam, *thue va phi* has become a haunting fear:

'If higher taxes are imposed on the rich, they will increase their prices, and the people will suffer at the end of the day. Business people never lose; only farmers do. In particular, the consumers will bear the brunt of higher taxes and higher costs of petrol. If a blow goes to the rich, it will be passed on to farmers.'

(A group of elderly Khmer people, Tra Vinh)

The expansion of socialized public services, by transitioning state schools, clinics and hospitals to 'public service providing enterprises', raises major equity issues. Increased OOP payments and management devolution, in the context of regulation and declining budgets, has inevitably impacted on the poor and those with low incomes. Discrimination is also one of the negative impacts of 'socialization':

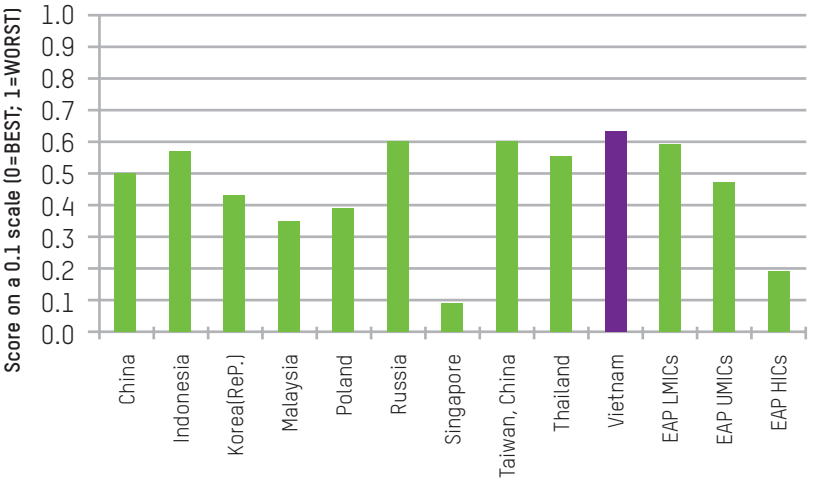
'They say there is no rich-poor discrimination, but when richer households contribute more to a school, their kids are looked after better. [The school administrator] shows us a donation booklet; we cannot donate just a few thousand, it needs to be a few million dong. Poor people dare not say "no" for fear of negative consequences for their kids. So, they agree to contribute and then pay by instalments.'

'There is a different quality of service for insurance policy holders and non-holders. Non-holders are prescribed lower-quality medicines. In hospital, poorer people see richer ones give bribes, then the poor have to follow suit. So, the poor become poorer.'

(Perception Study, 2015)

There is also a culture of informal payments and informal fees-for-services mechanisms. Research shows that Vietnam has a high level of irregular payments and bribes compared to many other countries (Figure 13).

FIGURE 13: IRREGULAR PAYMENTS AND BRIBES (2014–2015 GCI)



Source: WB Staff, based on Worldwide Governance Indicators and Global Competitiveness Index

The pervasiveness of informal and often opaque payment schemes tends to have a gate-keeper effect on access to services and results in unequal and inequitable outcomes. Large-scale and petty forms of corruption in the education and health sectors make matters worse.[152] Informal payments are popular in both health and education services:

'You have to wait for the whole day if you use a health insurance policy [...] My son-in-law had a heart attack. He has a health insurance policy. He was hospitalized. They called his family members in and asked for an advance payment of 40 million dong. His family had no money, so his siblings contributed money to pay so that he could have an operation [...] What if they had no money to contribute? Someone from a poor household would have died. How could they collect money at midnight? [...] Now, you really need money if you want better care from a doctor.'

'I've heard that richer households contribute billions of dong for school construction, and their children get better treatment. [...] The media talks about the ban against extra-curricular coaching, but it is impractical. From the stories of my grandchildren, I'm aware that teachers give kids different marks if they don't attend their extra-curricular coaching sessions. If you don't have money, your kid would be given a low mark. Whether the relationship between a teacher and student is close or not depends on money [...] Teachers argue that they can't survive without extra-curricular coaching. They are frank that living costs and all sorts of contributions have risen, but their salaries have not.'[153]

PUBLIC SPENDING

Public spending can play a critical role in ensuring that all groups in society have equal opportunities to benefit from economic growth, resulting in equitable outcomes in terms of economic and human development. The state budget has increased from 20 percent of GDP (1999) to just under 30 percent in 2014,[154] a level substantially higher than that observed in most other developing countries.[155]

Evidence suggests that a fair share of the budget be allocated to pro-poor uses. The total budget for poverty reduction (both direct and indirect) is

estimated as up by 15.5 percent of total state expenditures during 2005–2012.[156] In 2009, expenditures for social protection reached 4.7 percent of GDP, the highest ratio in South East Asia.[157] Furthermore, from the mid-2000s, important changes have occurred to improve its impact on ethnic minorities, expand health insurance coverage, and respond to the economic and financial crisis. Since 2002, the growing decentralization of government finances has led to higher transfers to poorer areas and an increase in targeted programs for the very poor. This substantial income redistribution has allowed a more flexible and responsive approach to tackling poverty. However, there is also a danger that provinces with less poverty and more capacity to raise funds at local level will benefit most, further increasing regional inequalities. In fact, evidence of an anti-poor bias in the allocation of aid among provinces persists.[158]

Financing education

Public expenditure in education has been an important driver of economic growth and poverty reduction. In the 1990s, substantial investment in education and more generally in human development had already endowed Vietnam with a relatively skilled and low-cost workforce. This has been an important driver of FDI inflows from the start of the reform process, which in turn were an important driver of economic growth and employment creation.

Public spending on education remains high, especially in comparison to other developing countries. In Asia, Vietnam and Malaysia are the only countries which spend more than the global average of 5.2 percent of GDP on education, while other Asian countries remain below average.[159] Researcher Ngoc Anh (2014)[160] shows that public spending on education in Vietnam has risen dramatically, increasing from 3.3 percent of GDP and 15.1 percent of total public spending in 2000 to 5.5 percent of GDP and 19.6 percent of spending in 2012.

Despite high levels of public expenditures, allocation of spending is not necessarily equitable and there are improvements to be made. Education expenditure as a share of total government spending has increased from 15 percent in the late 1990s to 20 percent by 2015, but 73 percent was spent on recurrent costs such as teachers' salaries and building maintenance. Only a low proportion was allocated to education 'software' – curricula, teacher training, classroom resources and educational materials. At the same time, an insufficient amount of resources is employed to reduce the costs faced by the poor in accessing education, which therefore remain a major constrain for a large share of the population. The HIDE Survey[161] identified 15 major groups of fees including: tuition and enrolment, construction and repair, purchasing equipment, class funds, textbooks and stationery, uniforms, canteen, parking fees, supplementary classes at school, extra classes outside school, insurance, parents' association funds, gifts and envelopes for teachers.

As a consequence, private household spending on education remains high. Overall, household education expenditure is substantial and is estimated to accounts for roughly 30 percent of total education expenditure. This increases at higher levels of education. Higher-income households spend more OOP on education than do lower-income households. However, heavier reliance on OOP payments at any given level of education places proportionally higher financial burdens on lower-income households.[162]

According to the State Budget Law, the budget is decided by the government (with approval from the National Assembly) but the actual allocation is decided at local (provincial) level. The way that the education budget is allocated is implemented differently and with different criteria across the provinces. Some provinces allocate education budget based on levels of education, others based on number of students, etc.[163] In addition, monitoring of budget allocation is weak among MOET, other ministries, and local authorities with responsibility for education spending.

Financing health

Health financing is a key driver for health equity and human development. In Vietnam, the government has made great efforts to invest in health. Total health expenditure as a share of GDP increased from 5.2 percent in 1995 to 6.9 percent in 2012; and per capita health expenditure increased from $14 in 1995 to $86 in 2012. Public health expenditure as a percentage of government expenditure rose from 7.4 percent in 1995 to nearly 10 percent in 2012.[164]

Despite such efforts, OOP expenditure on health services in Vietnam remain at high levels, up to fifty percent of total health expenditure, even as insurance coverage has seen a six-fold increase since 1995.[165] Between 2005 and 2012, OOP more than doubled in real terms, even though its share of total and non-public health expenditure declined. OOP on health services in Vietnam was below only Myanmar in the entire East and Southeast Asian region; higher than that observed in the Philippines, Indonesia, and China. Research from World Bank and London (2016)[166] shows that the distribution of public spending on health is 'decidedly pro-rich'. Public expenditure on commune health centers, while found to be progressive, accounts for a small share of total public health spending. By contrast, public spending on hospitals and subsidies for health care are proportionally much larger.

OOP spending in Vietnam is regressive because lower income groups pay disproportionately more of their income, compared with high income groups. As OOP on health services are high, many households in Vietnam incurred catastrophic level of health expenditure and were pushed into poverty (impoverishment) because of health care payments. The proportion of households with catastrophic expenditure in 2012 was 4.2 percent; and the rate of impoverishment in 2012 was 2.5 percent. In Vietnam, the prevalence of catastrophic health expenditure and impoverishment was higher than that for Cambodia in 2007, for Laos in 2008 and for the Philippines in 2009.[167]

Vietnamese households respond to short-term health shocks through a variety of means, but often resort to the sale of assets and loans, and decreased expenditures on education. In case of climatic shocks, health expenditure for rural households has increased by 9–17 percent.[168] This percentage must be higher among ethnic minorities who mostly live in disaster-prone regions (Northwest and Central Highlands).

In order to meet the equity target, the government has planned to increase the budget for healthcare for socially sponsored groups (the poor, the near poor, ethnic minorities, children and other socially disadvantaged groups) from VND15,328 billion ($750m) in 2011 to VND28,489 billion ($1.4bn) in 2015. This represents an increase of 1.9 times.

EMPLOYMENT AND WAGES

About one-third of employed people in Vietnam depend on wages for their livelihoods, compared with the global average of over 50 percent. In 2013, wage workers represented 34.8 percent of total employment. While agriculture provides employment for about 47 percent of the workforce, it only accounts for 10 percent of wage workers. Agriculture also has one of the lowest average monthly wages (VND2.63 million or $125), compared with that of workers in the 'financial intermediation, banking and insurance' sector who earned VND7.23 million ($344) a month, according to the Labour Force Survey 2014. The science and technology and real estate industries also have high average monthly wages (VND6.53 million or $311, and VND6.4 million or $305 respectively). Although the overall gender pay gap in Vietnam is only slightly less than 10 percent, it is most extensive in the low-wage sector of agriculture, where women earn 32 percent less than men.

Minimum wages are set by region, ranging from VND2.15 million–3.1 million ($101–146) across four regions. The minimum wage increased by an average of 67 percent, across all regions, in real terms between 2011 and 2015, as a result of government policy. However, it is only applicable to formal and skilled workers (a small percentage of total workers), not informal and unskilled workers.[169] Furthermore, the minimum wage does not meet the minimum need. While the minimum wage policy aims to meet the minimum living needs of employees and their families, it can only guarantee 60 percent of employees' standard of living.[170]

Increases in the minimum wage have limited long-run effects on company revenues and profits. While the primary objective of minimum wages is to protect low-paid workers, wages of skilled workers often rise in line with minimum wage increments, as collective wage bargaining is rare. A lack of dialogue and negotiation often results in wildcat strikes, through which workers try to achieve improvements in wages and working conditions.

Research shows that even in the case of increasing salaries, enterprises may 'distort the law' by reducing 'soft benefits' or overtime incentives to ensure the total salary paid is not affected. There are increasing rates of bankruptcy (54,000 enterprises in 2014), underemployment and unemployment, and transfers from unemployment to the informal sector (36.6 percent of unemployed people in 2015). In this context, many surviving enterprises have to cut a portion of workers' benefits and 'soft salary' bonuses, which may comprise up to 30 percent of income.[171]

4. ACTIONS TO REDUCE INEQUALITY

Vietnam has demonstrated that it is possible to both achieve a high growth rate and consistently reduce levels of poverty. But there is a significant challenge for the future, due to reduced growth rates and higher budget deficits, which will limit public spending and the ability of existing policies to tackle inequality.

The government must take all forms of inequality into account – not only income inequality, but also opportunity and voice inequality – and implement policies which address the multidimension of inequality. Otherwise, the poorest and the most disadvantaged groups will miss out on rising prosperity and be denied lives with dignity. The government should also analyze its policies, to understand their impact on inequality and to improve service delivery for the poorest and most marginalized. This will not be possible without improving the voice of disadvantaged groups through participatory structures and improved forms of accountability.

OXFAM CALLS FOR:

1. The Vietnamese government, civil society, mass media, and international organizations to monitor the implementation of policies that are known to tackle inequality, and assess their impact; especially policies around taxation, 'socialization', wages and labour rights, public spending, public services, and social safety nets for the di sadvantaged. This requires:

- Media, international organizations and civil society to raise the issues of economic and social inequalities among policy makers and citizens, underlining the negative consequences such as reduced social mobility, slowing growth rates and possible political instability
- The government to make a systematic compilation of inequality-related data from surveys such as PAPI, DHS, VHLSS, as well as data relating to the implementation and impact of SDG Goal 10, and to make this information accessible to citizens and civil society
- The government to reverse the trend of rising inequality, and set clear targets to reduce it over the next five years
- The government to integrate inequality indicators (e.g. Social Mobility index, Justice Index) into national development policies such as the Socioeconomic Development Plan and the New Rural Development Initiative (Nong Thon Moi)
- The government to implement mechanisms for citizens' engagement in and oversight of planning, budget processes and policy making, and to commit to making national policies and regulations available to public scrutiny before they are approved
- The National Assembly, People's Councils, Fatherland Front, and mass organizations to strengthen their monitoring role
- Registered and informal civil society groups to monitor the implementation of policies, and to advocate for improvements
- Media to provide and update information on the implementation of policies and reactions of citizens, including the disadvantaged
- International institutions to measure inequality in all policy assessments, for instance the IMF in Article IV consultations.

2. The Vietnamese government to commit and act to making national taxation more progressive. This requires:

- The government to commit to increasing direct taxes and eliminating tax-dodging practices by multinational and domestic corporations, and moving taxation away from consumption and labor and towards capital, wealth, and income from these assets
- The government to commit to setting up a national body to review existing tax policy and its impacts, and to making all tax incentives public
- The government to revise laws on tax and issue timely decrees for implementation, especially legislations on tax incentives with careful research on cost-benefit analysis, clear criteria and impact assessment
- The National Assembly, the government and local authorities to formally recognize the issues of unfair tax exemption/incentives, corporate tax evasion, and lower tax collection
- The Ministry of Police and Ministry of Finance to work on new legislation to penalize organizations and individuals who violate the tax laws, or assist violators.

3. The Vietnamese government to increase domestic resource mobilization, and balance the state budget, to increase allocations to public services to fight inequality. This requires:

- The government to increase the tax-to-GDP ratio, moving closer to their maximum tax-gathering capacity
- The government to adjust budget spending mechanism on social protection, public health and education systems, and to help reduce OOP payments, fees and cost-sharing that act as a regressive tax on the poorest
- The government, donors and international institutions to provide resources and support to civil society to track and monitor budgets, and to advocate for progressive revenue-raising and spending
- The government to increase budget allocations for public services in the poorest areas, and for the most marginalized groups
- The government to adjust the mechanisms, including strong sanctions, for avoiding the abuse of 'socialization' policies.

4. The Vietnamese government to raise the minimum wage to a living wage level and expand coverage of social protection policies to all workers. This requires:

- The government to provide information on any measures taken or envisaged to raise awareness of the 2012 Labour Code's provisions on wages among workers, employers, and public enforcement officials
- The government to apply necessary measures to enforce Article 91 of the Labour Code 2012 to assure that the minimum wage guarantees the minimum living standards of workers and their families

- All companies to commit to paying increased wages in line with government legislation, to increase worker representation in decision making, and to build freedom of association and collective bargaining into company policy
- The government and all companies to commit to promote Corporate Social Responsibility (CSR) and accountability of trade unions
- The government and all companies to publish details of profits, bonuses and executive rewards
- The government to improve the legal and institutional framework for collective bargaining and democratic representation for workers, including informal and migrant workers, as well as strengthening the capacity of employers' and workers' organizations to engage in effective collective agreements
- The government to join more than 150 other countries in ratifying existing international labour conventions such as the Freedom of Association and Protection of the Right to Organize Convention (1948), the Labour Clauses Convention (1949), the Protection of Wages Convention (1949), the Migration for Employment Convention (1949), and the Collective Bargaining Convention (1981).

5. The Vietnamese government to take action to close the gender wage gap. This requires:

- The government to assure the consistent implementation of the Labour Code 2012 and the National Strategy on Gender Equality (2011–2020)
- The government to provide specific information on any measures taken or envisaged to address the underlying causes of the persistent gender wage gap
- The government to collect and provide more specific statistical data, disaggregated by sex, on the distribution of men and women in different sectors of economic activity, as well as occupational categories and positions, and their corresponding earnings in the private and public sectors
- The government to continue to provide information on the training offered to judges, inspectors and other labour officials, as well as awareness-raising measures provided to social partners
- The government to provide information on any violations detected by the labour inspectorate services, the sanctions imposed and the remedies provided.

6. The Vietnamese government to design specific policies and programs for specific disadvantaged groups, and invest more in supporting disadvantaged workers such as small-scale farmers, ethnic minorities, poor women and migrant laborers. To minimize ethnic inequality, it is not enough to target poor regions, but instead consider needs of specific groups (including providing information in ethnic languages). This requires:

- The government to involve small-scale farmers more in agricultural marketing in the context of social and climate change, and ensure that poor farmers benefit from national programs such as Credit for the Poor and New Rural Development (Nong Thon Moi)
- The government to strengthen agricultural extension for small-scale farmers, with the application of new structures and models that fit local contexts (such as the Commune Development Fund and the Farmers Field School)
- The government to address language barriers that affect ethnic minority learners by improving the quality of the curriculum, recruiting more minority teachers, promoting multilingual education, and promoting a non-discriminatory learning environment (by equipping them with the necessary skills to cope with these adversities). Secondary education and linkage with employment opportunities is significant, taking into account their cultural aspects
- The government to provide an enabling environment for disadvantaged groups to organize and represent their interests
- The government to recognize the roles and status of current networks and coalitions and their contribution to equitable development such as the Equality Working Group, Agriculture Coalition, Forest Land Coalition, Migrant Workers Networks (M-net), Ethnic Minority Working Groups, and others.

7. The Vietnamese government to enhance good governance to create an enabling institutional environment for fairer public policy, with citizens and civil society empowered to claim their rights. This requires:

- The government to increase budget allocations for quality local governance, and reduce budget allocations for infrastructure construction in parallel with promoting the streamlining of some Party and government functions, in particular those relating to public policy
- The government to guarantee the right to information and access to government data for all, decentralization, participatory governance reforms, anti-corruption measures and ensuring access to justice and a free media
- The government to support the work of civil society especially in their initiatives to help the disadvantaged and their monitoring of policy implementation, particularly at commune and village levels
- The government to strengthen the Grassroots Democracy Ordinance (Phap Lenh Dan Chu) with more enforcement measures and penalties for non-compliance.

ACKNOWLEDGEMENTS

This paper was written and coordinated by Nguyen Tran Lam with contributions from Babeth Ngoc Han Lefur, Nguyen Thi Le Hoa, Vu Thi Quynh Hoa, Andrew Wells-Dang, Hoang Lan Huong, Mustafa Talpur, Max Lawson, Kalayaan Pulido-Constantino, Oliver Pearce, Susana Ruiz, Chiara Mariotti and Deborah Hardoon. Oxfam in Vietnam would like to thank Emma Seery for editing the paper and Helen Bunting and Sally Bolton for proofreading and designing. Nguyen Tam Giang translated the report from English into Vietnamese. Other colleagues who contributed to this paper include: Nguyen Viet Cuong, Hoang Xuan Thanh, Nguyen Thi Hoa, Nguyen Thi Dieu Linh, Nguyen Thi Thuy Linh, Pham Thi Le, Vu Hoang Duong, and Nguyen Thu Huong. It is part of a series of papers written to inform public debate on development and humanitarian policy issues.

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The information in this publication is correct at the time of going to press.

Published by Oxfam in Vietnam in January 2017.

Oxfam in Vietnam, 22 Le Dai Hanh, Hanoi, Vietnam.

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No.36 - Hoa Binh 4 - Minh Khai - Hai Ba Trung, Hanoi
T: (04). 36246917 - 36246920
F: (04). 36246915

RESPONSIBLE FOR PUBLISHING
Director: NGUYEN HOANG CAM

RESPONSIBLE FOR CONTENT
Chief Director: VU ANH TUAN

EDITOR
NGUYEN THI ANH

DESIGN
LUCK HOUSE GRAPHICS

Print 300 units, dimension (cm) 29.5 x 20.5 at Luck House Ltd.Co.,
Address: 276 Lang street, Thinh Quang, Dong Da, Hanoi

Publishing registration plan No.: 4209-2016/CXBIPH/07 - 258/LĐXH

Publishing permit No.: 777, issue on 6 December 2016

ISBN: 978-604-65-2828-9

Completed and archived in quarter IV of 2016

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