

Research Report

ETHNIC MINORITY UNDERDEVELOPMENT IN VIETNAM

ESRC-DFID Award Number: RES-167-25-0157

1 Background

The rapid economic growth experienced in Vietnam since 1990 has resulted in unprecedented reductions in poverty. The 54 officially recognized ethnic groups within Vietnam's diverse society have not, however, shared equally from the benefits of this growth (Dang et al, 2000; Poverty Working Group, 1999). Despite numerous policies and programmes to assist them, the poverty headcount among the ethnic minorities has fallen modestly from 86% in 1993 to 61% in 2004.¹ School enrolments, nutrition indicators and life expectancy among the minorities also remain stubbornly low (Swinkels and Turk, 2006). In 2004, the ethnic minorities accounted for just over one-eighth of the national population but for almost two-fifths percent of Vietnam's poor (VASS, 2007). Some agencies forecast that by 2010, the ethnic minorities will constitute more than half of Vietnam's poor people. (MOLISA, 2005).

Government, donors and NGOs increasingly recognise that economic growth alone cannot be relied upon to achieve poverty reduction and the MDGs among the ethnic minorities in Vietnam. Previous research (Van de Walle and Gunewardana, 2001; Baulch et al., 2004; Hoang et al., 2007) based on household survey data indicates that these ethnic minority groups are being left behind by the rapid economic growth experienced by the urban and coastal areas of Vietnam, experience unequal treatment, and constitute a growing share of the extreme poor. However, previous studies on ethnic disparities in Vietnam did not investigate if the gap in living standards between the *Kinh* and other ethnic groups has been increasing over time or whether the extent of unequal treatment varies across the welfare distribution. Relatively little is also known about the extent to which tiered structure of government results in the dilution of national level policies toward the ethnic minorities. This project aimed to address these knowledge gaps.

2 Objectives

The objectives of this research project were to investigate why the ethnic minority peoples of Vietnam have failed to share in the benefits of Vietnam's economic growth, and identify which policies could promote ethnic minority development in the future. In particular, the project investigated four research questions:

1. Which ethnic groups have benefited the most and which have benefited the least from Vietnam's recent economic growth?
2. Why has the gap in ethnic living standards increased over time?

¹ This compares to a fall in the poverty headcount from 54% to 14% for the majority Kinh and Hoa.

3. Do ethnic minority groups experience unequal treatment: (i) on average; and, (ii) at different points in the welfare distribution?
4. Which policies have succeeded and which have failed in promoting ethnic minority development in Vietnam?

The four research questions outlined above were to be investigated using innovative quantitative methods drawn from the recent literature on labour market micro-econometrics and four rounds of household survey data from the 1990s and early 2000s. The quantitative analysis was to be supplemented by a qualitative review of the policy implementation process, both nationally and in three provinces with substantial ethnic minority populations in the Northeast, Northwest and Central Highlands of Vietnam. In addition, the project aimed to adopt an extensive user engagement strategy which would stimulate a policy dialogue among key stakeholders in Vietnam, and assist in the design of policies to narrow the ethnic gap

As will be seen from the Section 4, 5 and 6 below, these objectives have mostly been achieved successfully. It was, however, necessary to make three adjustments to the project design to make the research (i) more politically acceptable, and (ii) to address data problems revealed during initial analysis of the household survey data.

First, on the advice of our Vietnamese host organisation, we modified the title of the project from “Ethnic minority underdevelopment in Vietnam” to “Ethnic minority development in Vietnam”. We also modified the project’s final research question to read ‘Which policies and programmes have been most successful at promoting ethnic minority development in Vietnam?’ (from ‘Which policies and programmes have succeeded, and which have failed, to promote ethnic minority development in Vietnam?’). These rewordings may seem minor but made the project summary more acceptable to government officials and researchers, especially when the project outline was translated into Vietnamese.

Second, the location of the third province for fieldwork/policy process interviews was shifted from the Central Highlands to the Mekong River Delta. This was primarily because it proved impossible for the project to obtain the necessary research permissions to work in the Central Highlands. Most foreigners, in particular researchers, experience serious difficulties in obtaining government permission to conduct research in the four provinces in the politically sensitive Central Highlands. After several months of trying to obtain permission to conduct policy processes in the Central Highlands (including approaches to the small number of NGOs with permission to work in one of the Central Highland provinces), the Principal Investigator was advised that our local counterpart institution was not prepared to push the matter further, and that an alternative less sensitive region should be chosen. So an alternative province (Tra Vinh in the Mekong River Delta region) which has a substantial ethnic minority (Khmer) population was selected. Permission to conduct research there was forthcoming. The ESRC were notified and agreed to this change in the province/region selection in advance.

Finally, although the original project proposal specified that it would analyse “the 1993 and 1998 Vietnam Household Living Standards Surveys, and the 2002, 2004 and (if available) 2006 Vietnam Household Living Standards Surveys (VHLSS)”, in practice our analysis has focused on the 1993, 1998 and 2004 surveys. This was for two reasons. Firstly, our analysis of ethnic differentials using the 2002 VHLSS were inconsistent with the results of 1993, 1998 and 2004 surveys. This inconsistency seems to be related to the

presence of large non-sampling errors in the 2002 survey which, in turn, were related to its larger sample size and 2002 being the first year the VHLSS had been fielded. Secondly, although a preliminary and incomplete version of the 2006 VHLSS was made available to some researchers (including the Principal Investigator) by the World Bank in late 2007, the final version of the 2006 data had still not been officially released by the end of the project.

3 Methods

The four research questions outlined above were investigated using innovative quantitative methods drawn from the recent literature on labour market micro-econometrics, supplemented by a qualitative review of the policy implementation process at Vietnam's four tiers of government. The data for the quantitative analysis was drawn from the two Vietnam Living Standards Surveys and the Vietnam Household Living Standards Surveys of 2004.

To investigate which ethnic groups have benefited the most and the least from Vietnam's recent economic growth (research question 1), the project constructed kernel densities to give a graphic representation of the distribution of per capita expenditures and their development over time for both the majority Kinh-Hoa and the ethnic minorities. An index was also constructed which shows how far the mean living standards of seven ethnic categories differed from the weighted mean in each of the survey years. This approach, originally due to Krueger and Summers (1988), is commonly used in the inter-industry literature but has not to date been applied to ethnic differentials in living standards.

Previous quantitative studies in Vietnam (Van de Walle and Gunewardena, 2001; Baulch et al, 2004); Hoang et al., 2007), have investigated the static gap in living standards between the Kinh-Hoa and minority groups using the Blinder-Oaxaca decomposition but have not explored whether and how this gap has changed over time. The classic Blinder-Oaxaca decomposition apportions the mean gap in living standards between two groups at a single point in time into two components (Blinder, 1973; Oaxaca, 1973). The first component represents differences in endowments (for example, in education, household size or landholdings) between different groups, while the second represents differences in the returns to these endowments, which is often explained by reference to 'unequal treatment'. We extended the Blinder-Oaxaca decomposition in four different ways.

First, we identified four sub-sets of variables (household demographics, educational attainments, landholding patterns, and community characteristics) and identified the relative contributions of these to endowments differentials and differences in returns. This is a well-known technique in the labour market literature, but had not been applied to the ethnic gap in Vietnam before.

Second, to analyse why the gap in ethnic living standards has increased over time (research question 2) we adapted the methodology developed by Juhn, Murphy and Pierce (1991), hereafter JMP, for decomposing the racial wage gap in the USA. JMP's approach, like the Blinder-Oaxaca one, decomposes living standards at group means into a component that is due to (changes in) endowment differentials and a component that is due to (changes in) returns to those endowments. But it also identifies a third component

representing the change over time in the overall gap in living standards between groups, and a fourth component, representing changes in the residual dispersion of living standards of the majority group. The application of the JMP approach to the ethnic gap in Vietnam allowed the relative importance of these four components in the evolution of the ethnic gap to be assessed.

Third, to analyse Vietnam's ethnic minority groups experience differing levels of unequal treatment across selected points of the expenditure distribution (the second part of research question 3), a quantile regression approach was adopted (see Koenker and Bassett, 1978; Deaton, 1997). This involved estimation of separate quantile regressions by ethnic groups and the decomposition of the ethnic gap at selected quantiles of the conditional expenditure distribution using the methodology originally suggested by Gardeazabal and Ugidos (2005) and refined by Machado and Mata (2005). This approach shows whether the returns received by different ethnic groups vary across the expenditure distribution and whether 'glass ceilings' or 'sticky floors' exist for certain minority groups.² It, therefore, provided an appealing way to unpack whether the unequal treatment that ethnic minorities experience, diminishes or amplifies as households move up the (conditional) expenditure distribution. Our tentative hypothesis (which turned out to be unfounded, at least in rural areas) was that unequal treatment was most severe at the lower end of the distribution. Then for analysing changes in the ethnic gap over time, the dynamic quantile decomposition proposed by Pham and Reilly (2008) was utilised. Unfortunately, except for at medians, the results of these dynamic quantile decompositions proved to be fairly unstable.

Finally, to investigate which policies had been most successful in promoting ethnic minority development, a thorough review of national level policies and programmes was conducted. This involved interviews with selected government agencies, together with a careful review of the numerous government decisions, decrees and circulars that have established, modified and operationalised the Government's ethnic minority policies. The national level review was followed by policy processes interviews in three selected provinces with substantial and contrasting ethnic minority populations (Lang Son in the Northeast, Son La in the Northwest, and Tra Vinh in the Mekong Delta). In each of these provinces, officials of key departments (provincial level), offices (district level) and peoples' committees (commune level) were interviewed. These semi-structured interviews aimed to discover whether the various policies introduced to assist Vietnam's ethnic minorities have functioned as intended. Three important sub-questions nested within this overall question are whether the interventions introduced by different national programmes have been consistent with each other, whether particular ethnic groups had been able to capture the benefits of particular programmes, and whether Vietnam's four-tier structure of government has led to 'policy dilution' at the commune and district levels?

4 Results

This section describes the results corresponding to each of the project's four research questions.

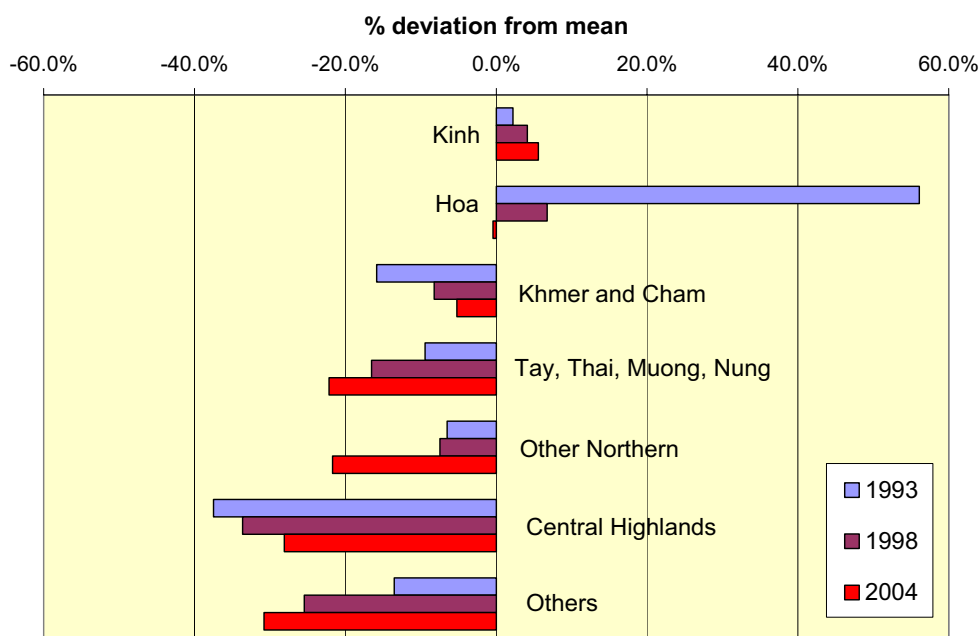
² 'Glass ceilings' are barriers which prevent minorities from obtaining high paying jobs at the top of the income distribution, while 'sticky floors' prevent the poorest from progressing up the occupation and income distribution

4.1 Evolution of Living Standards over Time

Most previous quantitative analysis of ethnic minority issues in Vietnam has focused on comparing the Kinh and Hoa with the other 52 ethnic minority groups. However, previous work by the Principal Investigator and others (Baulch et al., 2004) suggests that the contrasts between Vietnam's ethnic minorities are also substantial. So the project developed a seven way categorisation of ethnic minorities that distinguishes between the: (1) Kinh (Viet); (2) Chinese (Hoa); (3) Khmer and Chăm; (4) Tày, Thái, Muong, Nùng; (5) Other Northern minorities; (6) Central Highland minorities; and, (7) 'others'³. This categorisation aims to be functional and was based on discussions with Vietnamese anthropologists and local NGOs. It aimed to strike a compromise between analysing the ethnic minorities as a whole and analysis of individual minority groups, which is very difficult because of very small numbers belonging to some of these groups.

Applying these seven ethnic categories to three household surveys conducted by the General Statistics Office in 1993, 1998 and 2004 showed that the Kinh have been the primary beneficiaries of the growth *Doi moi* reforms (Figure 1). The living standards of Kinh headed households widened sharply relative to the rural average over the period 1993 to 2004. This is true whether one looks at the poorest, richest or average Kinh-headed households. Meanwhile, the higher expenditures that were enjoyed by the traditionally more prosperous Hoa have disappeared over time.⁴ The Khmer and Chăm have also experienced a modest improvement in their relative position in recent times, and by 2004 are found to be statistically indistinguishable from the rural average. However, sizeable and persistent inter-ethnic gaps in household welfare are found to remain for the other four categories, with the Central Highland and Other minorities being particularly disadvantaged.

**Figure 1: Inter-Ethnic Welfare Differentials for Rural Vietnam 1993-2004
Using Mean Regressions Models**



³ 'Others' is a miscellaneous category comprising the smaller ethnic groups located in the North Central and South Central Coasts.

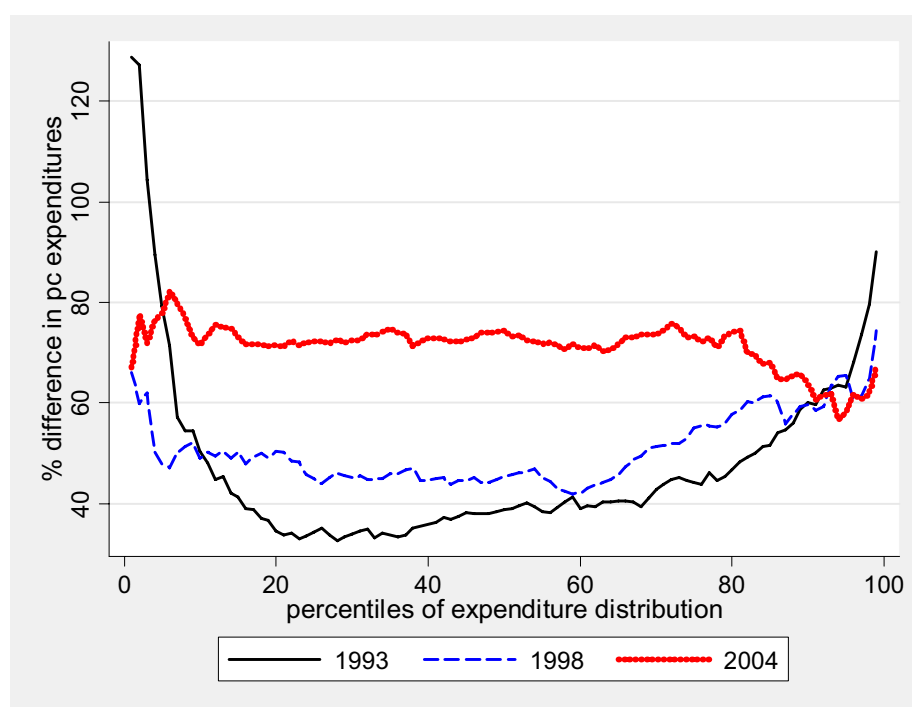
⁴ Part of this may be attributable to a process of 'self-identification' with the Kinh undertaken by the better-off Hoa households

These findings are similar whether or not we control for household endowments (such as the size and composition of families, their education level and land holdings), commune characteristics (whether the commune in which households live have roads, public transport, post offices, daily markets and factories) and the geographic type of commune (whether the commune is located in a coastal, delta, midland or mountainous area). The findings from this analysis show that controlling for the type of commune in which households live together with their access to roads, schools and other public services explains no more than 7% of the variation in expenditures between ethnic groups. IN addition the impact of geographic variables has been declining over time.

4.2 Size and Decomposition of the Ethnic Gap

Between 1993 and 2004, the gap between the Kinh-Hoa and minority expenditures increased by 14.6 percent (VND 687,000), with most of this rise occurring during the 1998-2004 period (Figure 2). The percentage increase in the ethnic expenditure gap has, however, been more or less constant across the rural expenditure distribution. There is nothing to suggest that the gap is wider (in percentage terms) at the top, middle or bottom of the expenditure distribution. So, at least in rural areas using this welfare measure, there is little evidence of ‘glass ceilings’ or ‘sticky floors’ affecting the advancement of the ethnic minorities as a whole.

Figure 2: The Majority-Minority Gap in Per Capita Expenditures
Rural Areas, 1993-2004



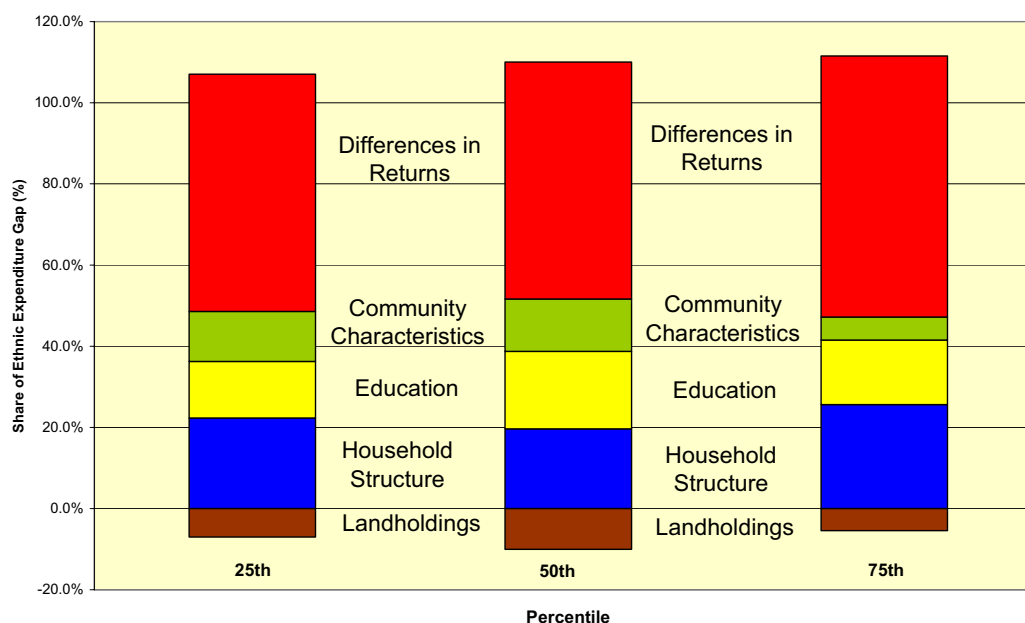
A number of static decomposition exercises were undertaken to explore why the ethnic gap exists. The results, which look at both the average gap between Kinh-Hoa and ethnic minority households and the gap at selected points of the expenditure distribution show:

- Approximately two-fifths of the mean gap in each year is due to differences in household endowments and community characteristics, with differences between

majority and minority households' demographic structure being more important than differences in their education levels and commune characteristics in explaining the gap.

- Differences in landholding patterns decrease the ethnic gap. This is because ethnic minority households tend to have larger total landholdings than Kinh ones, and know how to farm upland and mountainous land more efficiently.
- At least a half of the ethnic expenditure gap is due to differences in returns to household endowments. In academic studies, such differences in returns are usually attributed to 'unequal treatment' of the minorities but they may also be due to unobserved differences in household endowments and community characteristics. For example, if ethnic minority households live further from commune centres than the Kinh, they will benefit less from the construction of roads, schools and markets.⁵
- When the geographical type of commune in which households live and their access to roads, public transport, daily markets, post offices, and other commune characteristics are controlled for, one-third to two-thirds of the ethnic gap may be attributed to commune characteristics. Differences in the returns to commune characteristics are more important than differences in the commune characteristics themselves, which have narrowed over time.
- These findings are broadly consistent whether one looks at the top, middle or bottom of the rural expenditure distribution (Figure 3).

Figure 3: Decomposition of the Ethnic Gap in Rural Areas, 2004



⁵ Similarly, if the quality of agricultural land which ethnic minorities cultivate differs from Kinh households (e.g., it is less likely to be irrigated) this will reduce its productivity. The quality of education which ethnic minority students receive is less than Kinh ones, may also affect the ability to obtain wage jobs.

4.3 Why has the Ethnic Gap been Increasing over Time?

In a separate decomposition exercise we looked at the reasons why the ethnic expenditure gap has been increasing over time focusing on the median rather than the mean.⁶ Our temporal decomposition results show that:

- Around a third the increase in the median gap between 1993 and 2004 is due to the observable endowments of the Kinh and Hoa, together with the characteristics of the communes in which they live, improving more rapidly than those of the minorities. Household structure and education are again the most important groups of variables explaining the increase in the ethnic gap, with landholdings acting to decrease it.
- Changes in the returns which majority households receive for their endowments and community characteristics, plus the difference between the returns which the majority and minority receive, have contributed relatively little to the increase in the median expenditure gap between these years
- Changes in unobservable factors account for about half of the increase in the median ethnic gap. Such factors include variables, such as culture, distance, language, the quality of schooling and the spatial pattern of settlements that have either been omitted or cannot be observed easily in household surveys.
- Supplementary analysis using additional variables for culture, distance and language that were only collected in some survey years, suggests that membership of the Central Highlands minorities, lack of ability in Vietnamese, and distance to commune and district centres increase the expenditure gap between the majority and minority groups.⁷ Membership of the Khmer and Cham minorities and being a Christian diminish it. However, these results are not well-determined and vary from year to year.

4.4 Review of Policies and Programmes

Vietnam has a large number of policies and programmes specifically designed to assist ethnic minority development. This review of ethnic minority policies and programmes conducted by this project found that these interventions have paid attention to a wide range of socio-economic issues, and are targeted in different ways. Some programmes (e.g., the infrastructure component of Programmes 135 and 143, the water systems component of Programme 134) have focused on the construction of hard infrastructure target in extremely difficult (Region 3) areas. There are also price and transportation subsidies targeted to remote and difficult communes. Other programmes and policies (such as the extension component under Programme 143, the training component of Programme 135, exemptions and reduction for health and fees, and the housing component of Programme 134) have provided support for farming techniques, skills, health, knowledge, and housing targeted to poor or ethnic minority households. A third type of programme, typified by the Programme to Support Ethnic Minority Households in Especially Difficult Circumstances and some provincial initiatives, targets specific ethnic minority groups (typically those having very low populations and living standards).

⁶ We do this because of the presence of extreme data points, especially in the 1993 survey data, which distort the temporal decompositions when they are conducted using means.

⁷ These additional variables include matrilinearity and religion, whether the survey was conducted via an interpreter (a proxy for poor Vietnamese language competence), distance from the hamlet or village to the nearest commune or district centre, and which of the seven ethnic categories mentioned above the household belonged to. Note these variables have not been collected consistently in different rounds of the Living Standards Surveys.

Over time, as economic growth raises living standards throughout Vietnam, a shift away from location based targeting, to policies and programmes in which the ethnic minorities and other poor groups are specifically targeted is occurring.

The policy process interviews, conducted in three provinces with substantial ethnic minority populations, suggest that these national level policies are generally consistent and well-understood, and have been systematically implemented at all levels of government. Adjustments based on geography, culture, and the district or commune's level socio-economic development are, however, made frequently. In most cases, such adjustments have not resulted in serious dilution of policies. The most significant differences in the local level implementation of policy that we encountered during our fieldwork occurred in Programme 134 and in the exemptions from school fees and contributions granted to ethnic minority pupils. The project discovered substantial differences in the way in which different provinces implement Programme 134's housing component, with the cost of the dwellings built being three times higher in some provinces than others. Similarly, some provinces have interpreted the exemption from school fees that national circulars give to 11 categories of pupils as providing exemptions for all ethnic minority pupils, while others have not. Most provinces also have their own small programmes aimed at promoting agricultural livelihoods among the ethnic minorities. Significant gaps between the required and actual budgets for many policies and programmes are common at provincial, district and commune levels.

With the possible exception of the price and transportation subsidies paid in poor communes, all these policies and programmes focus on improving the endowments of ethnic minority households and the communes in which they live. Very few policies or programmes address the lower returns to endowments which our empirical analysis shows the ethnic minorities receive.

5 Activities

In addition to conducting the research, the project made great efforts to discuss its objectives in a series of face-to-face meetings with key government, donor and NGO staff in the early stages of the project. In particular, the Principal Investigator and Vietnam-based research officer developed good working relations with the Committee for Ethnic Minorities, a number of the main NGOs working on ethnic minorities issues, and the VUFU-NGO Resource Centre's ethnic minorities working group.⁸ The project's emerging findings were then discussed in further meetings with stakeholders, six informal seminars in Hanoi, and a final synthesis workshop at the Vietnam Academy of Social Sciences.

These activities were facilitated by the Principal Investigator's presence in the country for several extended periods during the project (together with our Vietnamese host organisations network of contacts in Vietnam).

⁸ The Committee for Ethnic Minorities (CEM) is a government body established in 1993 with the role of coordinating government policy towards the ethnic minorities. The Chairman of CEM has had ministerial rank, chairs a number of inter-ministerial committees, and reports its results directly to the National Assembly.

In the UK, seminars were conducted at the University of Sussex (Department of Economics) and University of Reading (joint Department of Agricultural Economics and Department of Rural Sociology seminar).

Finally, approximately 1,500 copies of the Policy Brief have been distributed, both in Vietnam and internationally, two papers have been submitted to leading international economics journals, and another to a widely read Vietnamese economics journal.⁹

6 Impacts

As mentioned above, the project adopted an extensive policy engagement and dissemination strategy involving numerous face-to-face meetings with key government, donor and NGO staff, six seminars to discuss the projects emerging findings in Hanoi, and a final synthesis workshop at the Vietnam Academy of Social Sciences (at which the Directors of two key Government Departments were discussants). This strategy helped to ensure greater appreciation and 'buy-in' of the project's objectives and findings.

To ensure greater readership within Vietnam, both Vietnamese and English language versions of the Policy Brief and the Review of Ethnic Minority Policies and Programmes were made available on the project website¹⁰. Since they appeal to a more narrow readership, most of whom can read English, the two more technical papers have only been made available in English, although abstracts in Vietnamese were also prepared and posted on the website. Shortened versions of these two papers have been submitted to the *Journal of Comparative Economics* and the *Economic Journal*. A revised version of the Policy Brief has been submitted Vietnam's *Socio-Economic Development*, a widely read dual language journal published by the Vietnam Academy of Social Sciences and Vietnam Economic Association.

A research highlight, based on the project findings was included in the *id21 Global Issues* main pages (<http://www.id21.org/society/s7bbb2g1.html>) in April 2008, and in *id21 news*, an email newsletter and fast-track research reporting service with over 12,000 subscribers) in May 2008.

Multiple copies of the Policy Brief have been given to a number of key organisations in Vietnam including the Committee for Ethnic Minorities, the Ministry of Labour Invalids and Social Assistance, the National Assembly's Council for Nationalities, and VUFU-NGO Resource Centre plus the ADB, DFID, UNDP and World Bank country offices. The Vietnam Development Information Centre (which is located in Hanoi) is also distributing copies of the Policy Brief and has sent copies of it to its Public Information Centre's in Can Tho, Danang, Ho Chi Minh City, Hue and Thai Nguyen. Further copies have been delivered or mailed to interested individuals in donor's head offices, and to a range of academic and research institute inside and outside Vietnam (see Annex for details).

Evidence of the success of this extensive policy engagement and dissemination strategy includes:

⁹ Approximately 500 copies of the Policy Brief are still to be distributed.

¹⁰ <http://www.ids.ac.uk/go/research-teams/vulnerability-team/projects-and-outputs/ethnic-minority-development-in-vietnam/>

1. The project first paper's empirical findings were cited in several places in the *Vietnam Development Report 2008*, which was released at the main Consultative Group (CG) meetings held in Hanoi in December 2007. Since the CG meetings are attended by senior Government Ministers, donor representatives and ambassadors (and was this year co-chaired by the Vietnamese Prime Minister and the Director of the World Bank in Vietnam), this should be regarded as a major success for the project's engagement strategy.
2. Dr Baulch was invited to make a presentation to the UK House of Commons' International Development Committee (IDC) on 29 April 2007. His presentation entitled 'Vietnam's Development Since 1990: Successes and Challenges 2007' formed part of the IDC's briefing prior to a visit to Vietnam (which was itself part of a parliamentary enquiry into the effectiveness of DFID's aid programme in Vietnam) and, therefore, needed to be relatively broad. However, the presentation provided an opportunity for Dr Baulch to highlight the challenges posed by the underdevelopment of Vietnam's ethnic minorities to a group of influential parliamentarians.
3. During the project, three members of the project team (Dr Baulch, Dr Pham and Ms Nguyen) were invited to help write the ethnic minority chapter of the *2008 Vietnam Poverty Assessment* (under a separate project funded by Asian Development Bank, Ford Foundation, Vietnamese Government, and the World Bank). The *Poverty Assessment* (previously known as the *Poverty Update Report*) is a biennial national report prepared for the Government of Vietnam by the Vietnamese Academy of Social Sciences, with contributions and support from international donors and NGOs. The opportunity to contribute, and hopefully shape, this chapter of the report provides a major opportunity mainstream the project's findings and to influence the policy dialogue on ethnic minority issues in Vietnam. Work on this chapter, which will update and extend the project's empirical analysis using data from the 2006 Vietnam Household Living Standards Survey, will be in earnest as the dataset is officially released.

7 Outputs

Three papers and a policy brief have been produced by the project. The three papers are:

- "Ethnicity and household welfare in rural Vietnam: empirical evidence from 1993 to 2004" by Bob Baulch, Hung Pham and Barry Reilly
- "A review of ethnic minority programmes and policies in Vietnam" by Nguyen Thu Thi Phuong and Bob Baulch (in English and Vietnamese)
- "Decomposing the ethnic gap in living standards in rural Vietnam, 1993-2004" by Bob Baulch, Hung Pham and Barry Reilly

Shortened versions of the first and third papers have been submitted to the *Journal of Comparative Economics* and the *Economic Journal*, respectively.

The policy brief produced by the project was entitled:

- "The economic development of ethnic minorities in Vietnam"

A modified version of the Policy Brief has also been submitted to the dual-language journal *Vietnam's Socio-Economic Development*.

As the quantitative analysis conducted by the project used existing household surveys, no publically available datasets have been generated by the project.

8 Capacity Building

While the project proposal did not have a specific capacity building components, the twinning of two experienced senior researchers (Drs Baulch and Reilly) with two younger Vietnamese researchers (Mr, now Dr, Pham and Ms Nguyen) has meant that a considerable amount of 'on-the-job' training occurred during the project. In addition, following their active involvement in the policy process interviews conducted in Lang Son and Son La, an informal seminar/training workshop was conducted for the staff from the Centre for Sustainable Development in the Mountains (a local NGOs which works in five provinces in Northeast and Northwest of Vietnam, and which is run by two Thai women.)

The quantile decomposition techniques used to analyse and decompose the ethnic gap have not been used in this context before (and dynamics quantile decomposition techniques are themselves relatively new), so there may also be wider methodological lessons from this project for research in other developing countries with disadvantaged ethnic (or indigenous) populations.

9 Project Linked Doctoral Studentships

The project did not have any linked doctoral studentships, although one of the project's two research officers (Pham Thai Hung) completed his DPhil in economics at the University of Sussex, while working part-time on the project.

10 Future Research Priorities

The major puzzle remaining from this project is what are the main drivers and maintainers of the disadvantages faced by Vietnam's ethnic minorities. The project has demonstrated that less than half of the ethnic gap can be attributed to minorities' poorer endowments and their residence in remote mountainous areas. However, either 'unobservable' factors (such as the quality of education or land, distance from the commune centre) or differences in the returns which the ethnic minorities obtain from their endowments relative the Kinh could explain the other half of the ethnic gap. Unfortunately, the auxiliary regressions analysis we conducted to try and explain variation in treatment effects across the minority groups was not conclusive or well-determined. So we are left to conjecture whether unobserved factors or unequal treatment, which probably interact with each other, is the main explanation for the substantially lower returns which the ethnic minorities experience. While further quantitative analysis may shed some light on this question, in-depth qualitative analysis will also be important in

uncovering the cultural norms and values that underlie the increasingly disadvantaged position of many ethnic minority groups.¹¹

These issues, together with an updating of the static decompositions and policy review conducted by the project, are being conducted as part of preparing of the ethnic poverty gap for the 2008 Vietnam Poverty Assessment, in which three members of the research team are involved (see Impacts section above)

¹¹ The collection of GPS coordinates for the households sampled in the Vietnam Living Standards Surveys would also help to resolve these issues, as it would allow distances from the household to the commune centre to be measured.

References

- Baulch, B., Truong, C., Haughton, D. and Haughton, J., 2004, 'Ethnic minority development in Vietnam: a socio-economic perspective', Chapter 8 in Glewwe, P., Agarwal, N., and Dollar, D. (eds), 2004, *Economic Growth, Poverty and Household Welfare in Vietnam*, World Bank Regional and Sectoral Studies, Washington DC: World Bank.
- Blinder, A.S. 1973, 'Wage discrimination: reduced form and structural variables', *Journal of Human Resources* 8(4): 436-55.
- Dang, N.V., Son, Chu., T.S., and Lu, H., 2000, *Ethnic Minorities in Vietnam*, Hanoi: The Gioi Publishers.
- Deaton, A., 1997, *The Analysis of Household Surveys: A Microeconometric Approach to Policy*, Baltimore: John Hopkins University Press.
- Hoang, H., Pham, G., Tran, M., and Hansen, H., 2007. 'Ethnicity and poverty reduction' in Nguyen, T. and Hansen, H. (eds) *Markets, Policy and Poverty Reduction in Vietnam*, Hanoi: Vietnam Academy of Social Sciences/National Political Publishing House.
- Gardezabal, J. and Ugidos, A., 2005, 'Gender wage discrimination at quantiles', *Journal of Population Economics* 18: 165-175
- Juhn, C., Murphy, K. and Pierce, B. 1991. "Accounting for the slowdown in black-white wage convergence." in *Workers and Their Wages*, ed. M. Koster. DC: American Enterprise Institute Press.
- Koenker, R. and G. Bassett, 1978, 'Regression quantiles', *Econometrica*, Vol. 46: 33-50.
- Krueger, A. and Summers, L., 1988, 'Efficiency wages and the inter-industry wage structure', *Econometrica* 56(2): 259-293
- Machado, J. and J. Mata, 2005, 'Counterfactual decomposition of changes in wage distributions using quantile regression models', *Journal of Applied Econometrics*, 20: 445-465.
- MOLISA, 2005, 'A new poverty line for Vietnam', Mimeo, Ministry of Labour, Invalids and Social Affairs, Hanoi.
- Oaxaca, R., 1973, 'Male-female wage differentials in urban labour market', *International Economic Review*, 9(3):693-709.
- Pham, T.H. and Reilly, R. (2008), 'Ethnic wage inequality in Vietnam', *International Journal of Manpower*, forthcoming.
- Swinkels, R. and Turk, C., 2006, 'Explaining ethnic minority poverty in Vietnam: a summary of recent trends and current challenges', Background paper for CEM-MPI meeting on ethnic minority poverty, World Bank, Hanoi.
- Van de Walle, D. and Gunewardena, D., 2001, 'Sources of ethnic inequality in Vietnam', *Journal of Development Economics*, 65: 177-207.
- Vietnam Academy of Social Sciences, 2007, *Vietnam Poverty Update Report: Poverty and Poverty Reduction in Vietnam, 1993-2004*, Hanoi: National Political Publishing House.

Annex: Distribution List for Hard Copies of Policy Brief on “The Economic Development of Ethnic Minorities in Vietnam”

Note: Eng = English; Vnese= Vietnamese language version)

Funders

ESRC: Susan Burke (8 copies), ESRC Society Today, Lyndy Griffin, Katie Wright (1 Eng + 1 Vnese_

DFID: Kirsty Mason (Social Development Advisor, Hanoi – 10 Eng, 10 Vnse), Mark Lowcock (Director of Policy and Finance, London), Michael Schulz (Chief Social Development Advisor, London, Tony Venables (Chief Economist), DFID library

Government of Vietnam (distributed by CAF)
(Vnse unless otherwise stated)

CEM: Dr Tran Van Thuat (Director, Policy Dept)-10 copies-Vnese; Dr Hoang Van Phan (Deputy Director General, International Cooperation Dept – 10 copies); DEMs in Lang Son, Son La and Tra Vinh, Institute of Ethnic Minority Affairs – each 5 copies)

CIEM: Chu Tien Quang (Head, Department for Rural Economic Development Policies) Nguyen Van Huong (Deputy Director, Centre for Consultancy and Training)

GSO: Nguyen Phong (Director, Social and Environmental Statistics Department), Nguyen Bui Linh (Statistician, Social and Environmental Statistics Department), Le Thi Thanh Loan (Deputy Director, PSO-HCMC), √ Francois Roubard/Jean-Pierre Kling/Mireille Razafindrakoto (Advisors, Institute of Statistical Sciences-Eng)

IPSARD: Dr Kim Dang So’n (Director), Do Anh Tuan (Deputy Director, CAP) Phung Duc Tung (Senior Researcher) + 1 Vnese/1 Eng for library

MARD: upland agriculture unit

MOET: Dr Bui Thi Ngoc Ngiep, Director, Research Centre for Ethnic Minority Education

MOLISA: Dr Nguyen Hai Huu (Director, Social Protection Bureau), Dr Lan Huong (Vice Director, ILSA) – 5 copies each

MONRE: (forestry people); Paula Williams of Forestry partnership (Eng)

National Assembly: Ksor Phuc (Chair, Council for Nationalities): 10 copies

Southern Institute of Development Studies, HCMC: 10 Vietnamese + 2 English

CRES: Hoang Van Thang (Director), Nghiem Phuong Tiem (Researcher), Le Trong Cuc (retired Professor)

Donor Agencies_(distributed by CAF within Vietnam, IDS internationally)

Asian Development Bank: Ayumi Konishi (Country Director, Hanoi) Nguyen Nhat Tuyen (Social Development and Gender Officer, Hanoi), Karin Schelzig Bloom (Social Development Specialist, Manila), Nigel Billany (Consultant/Team Leader, Secondary Education for the Most Disadvantaged Regions Project, Hanoi), library

AusAid: Andreas Zurbrugg (Hanoi); Alwyn Chilver (Chilver, Chief Rural Advisor) Jim Gilling (Principal Economist, Canberra), Paul Kelly (Head, Mekong Region)

EU: Anne-Claire Leon (First Secretary, Development Cooperation, Hanoi – 2 Eng, 3 Vnese)

IFC-MPDF: Nguyen Quynh Trang (Country Manager, Hanoi), Ken Key (Programme Manager, HCMC), Karla Quizon (Social Development Specialist, HCMC)

IFAD: Atsuko Toda (Country Manager, Hanoi)

Irish Aid: John Hoy (Head of Development)

JICA: Hiroaki Nakagawa (Resident Representative, Hanoi)

SDC: Marcus Valdvogel (Country Director, Hanoi), Elaine Darbellay (Programme Officer, Berne)

SIDA: Rolf Samuelson, Molly Lien (Hanoi), Samuel Eggero (Stockholm)

UNDP: Nguyen Phong (Head, Social Development Unit), Jonathan Pincus (Head, Economics Unit), Koos Neefjees (One UN Unit)

UNICEF: Marjahetta Tolvannen (Senior Nutrition Advisor), Van Anh, Lan (Hanoi), Geetanjali Narayanan

UNODC: Patrick Griffiths (Hanoi)

World Bank:

Hanoi: Carrie Turk (Senior Poverty Specialist), Martin Rama (Lead Economist), Vo Thanh Son (Economist); Nguyen Thi Lan (Social Development Phnom Penh) Tim Conway (Senior Poverty Specialist), Vientiane): Helene Carlsson-Rex (Senior Gender Specialist); Washington DC): Nina Bhatt (Social Development Specialist), Dominique Van de Walle (Lead Economist), Harry Patrinos (Principal Economist), Francisco Ferriera (Principal Economist), Do Quy Toan (Senior Economist), Robin Mearns (Social Development Department)

Vietnam Development Information Centre + Public Information Centres:
40 Vnese + 40 English (via Tran Anh Quang)

NGOs (distributed by Bob Baulch and via EMWG)

NGO Resource Centre: Trine Glue-Doan (Co-Director), Dang Bao Nguyet
+ 20 Vnese /20 English (library/publications)

Action Aid: Phan Van Ngoc (Country Director), Le Thi Thu Huong (Head, Central Highlands Program)

CRS: Andrew Dang-Wells (Deputy Country Representative)

CECI: ??? (Country Director, Hanoi), Kathleen McLaughlin (Montreal)

CRP: Pham Anh Tuan (Director), Tran Nhu Trang

CSDM: Luong Thi Truong (Director), Luong Tui Oanh (Principal Researcher/MD),
Nguyen Nguyen (Programme Officer, Lang So'n)

Ford Foundation; William Smith, Mike d'Greggorio (Programme Officers)
+ 1 Vnese/1 Eng (library)

GRET: Patrice Laballe (Country Director), Olivier Renard (Agronomist)

GVI: Sherman Chau, Country Director

Hapel Foundation: Dr Ngo Huy Liem (Country Representative)

Helevetas: Lam Giang, Graham Edu

IDE: Trang An Bui (Programme Coordinator, Hue)

Oxfam America: Annaka Carvalho (Country Director, Hanoi)

Oxfam GB; Steve Price-Thomas (Country Director), Le Thi Mai Huong, Le Thi Sam

Oxfam India: Nisha Agrawal (Country Director)

Oxfam HK: Le Quang Binh (Programme Development Advisor), Brynn Tucknott (Rural Livelihoods Advisor),

Pathfinder International: Ton van der Velden (Senior Advisor)

Population Council; Duong Bich Hanh, Puk Teerewichitchainon (Post-doctoral Research Fellows)

Prosperity Initiative: John Marsh (Executive Director), Nigel Smith (Manager, Regional Sector Development Program) + 1 Vnese/1 Eng (library)

Rockefeller Foundation: Stefan Nachuk (Programme Officer, New York)

RTCCD: Dang Ngoc Quang (Director)

Save the Children (UK): Jez Stoner (Country Director)

Save the Children (US): Karin Lapping (Regional Nutritional Advisor)

Save the Children/Radda Barnen (Sweden):

SMV: Nico Janssen (Marketing Advisor, Son La), Chiranjibi Tiwari (Practice Area Leader, Hanoi)

World Vision: Dang Thu Hai (Hanoi), Mark Kelly (Los Angeles)

Independent Consultants (distributed by Bob Baulch)

Adam McCarthy (Mekong Economics), Gus Edgren, Elke Forster, Nguyen Tam Giang,
Sarah Bales, Paulette Castel, Suzi Gardner, Karen Lo, Natasha Pairaudeau, Edwin Shanks

Academia

Vietnam (distributed by Bob Baulch/CAF)

Vnese unless otherwise stated

ACIAR: Geoff Morris (Country Programme Manager)-Eng

National Economics University (Hanoi): Vu Thieu (Professor), Pham Kham Minh (MDE coordinator)

Universities of Dalat, Danang, Hue (for MSc in rural development funded by Sweden) and Thai Nguyen

U of HCMC: Truong Kim Chuyen (Head, Department of Geography), Bui (Fulbright Teaching Programme in Economics) 2 x Vnese/Eng

RMIT (Hanoi): Bernice Lee-Eng

VASS:

Institute of Anthropology: Pham Quang Hoan (Director), Vuong Xuan Tinh (Editor, Anthropology Review), Ta Long

Institute of Economics: Vu Tuan Anh (Editor, Vietnam's Socio-Economic Development)

Institute of Sociology: Vu Manh Loi (Professor)

International (distributed by IDS-Eng)

Arizona State University: Pam McElwee (Dept of Anthropology)

Australian National University: Li Tana, Phillip Taylor (Professors, School of Pacific Studies)

Colorado State University: Steve Leisz (Assistant Professor, Dept Geography)

CPRC: Tim Braunholz-Speight (Research Officer, London), Caroline Harper (Associate Director, London), Andrew Shepherd (Director, London), David Hulme (Associate Director, Manchester), Sam Hickey Theme Coordinator-Adverse Incorporation and Social Exclusion), Armando Barrientos (Theme Coordinator-Vulnerability and Social Protection), Karen Moore (Research Officer, Manchester)

Humboldt University, Berlin: Thomas Sikor (Assistant Professor): To Xuan Phuc (doctoral candidate, Dept of Anthropology:

IDS: Deborah Shenton (Team Coordinator- 5 copies), Sarah Cook (Fellow), Robert Chambers (Research Associate), Patricia Justino (Director, Households in Conflict Network-Boston), Abu Bash-Taqi (doctoral candidate), Kattie Lussier (doctoral candidate); Stephanie Watson (library); Gary Edwards (Information Dept- 5 copies),

IFPRI; Nick Minot (Senior Research Fellow, Washington DC), Agnes Quisumbing (Senior Research Fellow, Boston), Purnima Menon (Research Fellow, Delhi)

Institute for South East Asian Studies: David Koh, Stan Tan

ODI: Simon Maxwell (Director), Priya Deshingkar (Research Fellow), Cecilia Luttrell (Research Fellow), library

Oxford U: Frances Stewart (Professor and Director, CRISE) Jo Boyden (Director, Young Lives Project), Stefan Dercon (Professor and Young Lives Project), Adrian Wood (Professor), library

University of British Columbia: Jeffrey Hainsworth (Director Centre for SE Asian Studies- -3 copies)

U of East Anglia: Richard Palmer-Jones (Reader, School of Development Studies), Alexandra Winkels (Lecturer, School of Development Studies)

U of Bath: Peter Davis (Lecturer, Dept of Economics & International Development)

U of California (Berkeley); Jennifer Sowerwine (Assistant Professor, Dept Anthropology)

U of California (Davis); Jeffrey Williams (Professor), Scott Rozelle (Professor, both Dept of Ag & NR Resource)

U of Hawaii: Neil Jamieson (Researcher, East-West Center)

U of Laval: John Cockburn (Fellow, CIRPEE), Jean Michaud

U of London (SOAS): John Sender (Professor, Dept of Economics), John Weeks (Professor, Dept of Economics)

U of Minnesota; Paul Glewwe (Professor, Dept of Ag & Applied Econ), Linh Vu (doctoral candidate, Dept of Ag & Applied Econ)

U of Montreal: Sarah Turner (Professor, Geography)

U of Reading; Garth Holloway (Reader, Dept of Ag Econ)

U of Toronto: Loren Brandt (Professor, Dept of Economics), Dwayne Benjamin (Associate Professor, Dept of Ag Economics), Hy Van Luong (researcher, Department of Economics)

U of Washington: Charles Hirschman, (Professor Emeritus, Depts of Anthropology and Sociology), Hoang Cam (doctoral candidate, Dept. of Anthropology)

U of Wisconsin: Michael Carter (Professor, Dept of Ag Econ), Thi Minh Phuong (Postdoctoral researcher, Dept of Ag Econ)

UoS: James Fairhead (Head of Dept of Anthropology); Jock Stirrat (Professor, Dept of Anthropology), Andy Newell (Head of Dept of Economics, UoS library)

Vrije Universiteit Amsterdam: Oscar Saleminck (Professor, Dept of Anthropology)