

## ACTIVITIES AND ACHIEVEMENTS QUESTIONNAIRE

### 1. Non-Technical Summary

A 1000 word (maximum) summary of the main research results, in non-technical language, should be provided below. The summary might be used by ESRC to publicise the research. It should cover the aims and objectives of the project, main research results and significant academic achievements, dissemination activities and potential or actual impacts on policy and practice and highlight where the project has been successful in building capacity.

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. Poverty, life expectancy, nutritional status, and other living standard measures remain stubbornly low among Vietnam's ethnic minorities despite numerous policies introduced to assist these groups. The ethnic minorities, who tend to live in remote, mountainous rural areas, are estimated to be four to five times more likely to be poor than the majority Kinh and Hoa. The minorities are also more likely to be malnourished, illiterate, and suffering from poor health. In 2004, the ethnic minorities accounted for just over one-eighth of the national population, the minorities accounted but about two-fifths percent of the poor. Some agencies forecast that by 2010, the ethnic minorities will constitute more than half of Vietnam's poor people.

This 14 month ESRC-DFID funded research project has investigated why ethnic minority peoples have failed to share equally in the benefits of Vietnam's recent rapid economic growth, despite the plethora of government programmes designed to assist them. It was conducted by the Institute of Development Studies and Department of Economics at the University of Sussex in collaboration with the Centre for Analysis and Forecasting of the Vietnam Academy of Social Sciences. The project focused on analysing which ethnic groupings have benefited the most from Vietnam's recent economic growth and why the gap in ethnic living standards has increased over time. As this is where the vast majority of ethnic minority people live, this analysis was restricted to rural areas. In addition, a review of the numerous ethnic minority policies and programmes in operation was conducted, focused on three provinces (Lang Son, Son La and Tra Vinh) with substantial ethnic minority populations.

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, the contrasts within the ethnic minorities are also substantial, so the project developed a seven way categorisation of the minorities that distinguishes between the: (1) Kinh (Viet); (2) Hoa (Chinese); (3) Khmer and Cham; (4) Tay, Thai, Muong and Nung; (5) Other Northern Minorities; (6) Central Highland Minorities; and, (7) others. This categorisation aims to be functional and strike a compromise between analysing all 52 ethnic minorities as a whole, and the analysis of individual minority groups (this is problematic because some groups have very small populations). Applying this categorisation to three nationally representative household surveys conducted in 1993, 1998 and 2004 shows that the Kinh have been the primary beneficiaries of the growth. Over this period, the higher expenditures of the traditionally prosperous Chinese have disappeared while the Khmer and Cham have caught-up with the rural average. However, sizeable and persistent gaps in household welfare were found for the other

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four ethnic categories, especially the Central Highlands and Other minorities.

Quantitative analysis using innovative decompositions methods adapted from the recent developments in labour economics and microeconometrics showed that:

- Approximately two-fifths of the mean gap in each year is due to differences in household endowments and community characteristics. Ethnic differences in household structure are more important than education and commune characteristics in explaining the gap. Ethnic differences in landholding patterns decrease the gap.
- At least half the ethnic expenditure gap is due to differences in returns to household's endowments. In academic studies, such differences in returns are usually attributed to 'unequal treatment' of the minorities. However, they may also be due to 'unobservable' differences in endowments and community characteristics.
- The introduction of disaggregated geographic variables reduces the part of the gap due to difference in returns, but a sizeable treatment effect remains. This suggests that the disadvantaged position of Vietnam's ethnic minorities cannot be entirely explained by geography and their concentration in mountainous and remote areas.
- Changes in 'unobservable' characteristics account for about half of the increase in the median ethnic gap. Such characteristics include variables (such as culture, distance, language, the quality of schooling, and distances from commune centres) that have either been omitted or cannot be observed easily in household surveys.

The first three findings are broadly consistent whether one looks at the top, middle or bottom of the rural expenditure distribution

The policy process interviews conducted in three provinces as part of this project suggest that the plethora of national level policies and programmes to promote ethnic minority development are generally well-understood, and have been systematically implemented at the four levels of government. Adjustments based on geography, culture, and communes'/district's level of socio-economic development are, however, often made. In most cases, such adjustments have not resulted in a serious dilution of policies. The most significant differences in local level implementation of policies encountered during project fieldwork occurred in Programme 134's housing component and in the exemptions from school fees and contributions granted to ethnic minority pupils by different provinces. 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. With the possible exception of the price and transportation subsidies paid to poor communes, very few policies address the lower returns to endowments which our quantitative analysis shows the ethnic minorities receive.

The projects emerging findings were discussed in a series of meetings with key government, donor and NGO staff, six informal seminars, and a final synthesis workshop at the Vietnam Academy of Social Sciences. Project outputs include a policy review and policy brief (in English and Vietnamese) plus two academic papers. These are all available on the project's website. In addition, 1,500 copies of the Policy Brief have been distributed, both in Vietnam and internationally, and the two academic papers have been submitted to leading economics journals.

There is evidence that the project's findings are feeding into the policy dialogue on ethnic minority development in Vietnam.

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