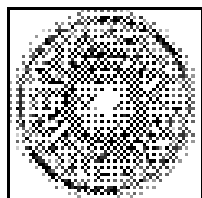


NATIONAL CENTRE FOR SOCIAL SCIENCES AND HUMANITIES



NATIONAL HUMAN
DEVELOPMENT REPORT 2001

Doi Moi and Human
Development in Viet Nam

THE POLITICAL PUBLISHING HOUSE

HANOI, 2001

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

Foreword

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

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

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

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

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

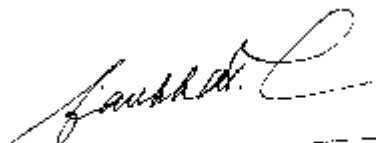
The *Doi moi* process has generated a new position and strength for the country's development and thus helped better and fully perform tasks in support of human development. However, it should be clearly recognized that the country is now entering a new stage of development. In a

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

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

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

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



PHAN VAN KHAI

*Prime Minister of the Government
Socialist Republic of Viet Nam*

Note by Publisher

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

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

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

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

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

We have great pleasure of introducing this publication to readers.

Ha Noi, November 2001

NATIONAL POLITICAL PUBLISHING HOUSE

Message from NHDR Steering Committee Chairperson

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

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

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

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

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

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

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

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

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

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

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

Hanoi November 2001



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

Message from UNDP Viet Nam

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

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

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

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

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

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

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

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

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

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

EDOUARD A. WATTEZ
Resident Representative
UNDP Viet Nam

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

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

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

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

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

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

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Members of the Steering Committee

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Nguyen Tam Chien, *Deputy Minister, MOFA*

Do Nhu Dinh, *Deputy Minister, MOT*

Nguyen Huu Dung, *Director of Institute for Labour, MOLISA*

Phan Hång Giang, *Director, Institute of Culture Research*

Pham Manh Hung, *Deputy Minister, MOH*

Tao Huu Phung, *Deputy Minister, MOF*

Tran Quoc Toan, *Deputy Head, OOG*

Nguyen Tan Phat, *Deputy Minister, MOET*

Nguyen Van Tien, *Vice Director, GSO*

Phan Quang Trung, *Deputy Minister, MPI*

Members of the NHDR Team

Nguyen Dinh Cu, *Vice Director, Population Centre, NEU*

Nguyen Manh Cuong, *MOLISA*

Pham Xuan Dai, *Institute of Sociology, NCSSH*

Nguyen Thi Kim Dung, *Institute of Economics*

Le Bach Duong, *Institute of Sociology, NCSSH*

Tran Hun Giang, *Centre for Women and Family Studies*

Phi Manh Hong, *National University, Department of Economics*

Vu Xuan Nguyet Hong, *CIEM*

Vu Quoc Huy, *UNDP*

Vu Quang Minh, *MOFA*

Dang Kim Son, *Deputy Director, Policy Department, MARD*

Nguyen Dinh Tai, *CIEM*

Bui Tat Thang, *Institute of Economics, NCSSH*

Nguyen Thang, *Institute of Price and Market*

Vo Tri Thanh, *CIEM*

Tran Dinh Thien, *Institute of Economics, NCSSH*

Dao Quang Vinh, *MOLISA*

Editorial Board

Do Hoai Nam, *Principal Editor*

Vu Quoc Huy

Vo Tri Thanh

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ABBREVIATIONS

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

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1. Human Development Index (HDI)
2. Human Poverty Index (HPI)
3. Gender Development Index (GDI)
4. Gender Development
5. Demography
6. Labour
7. Health I
8. Health II
9. Education I
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