

Social Security in New Conditions: Some Theoretical and Practical Issues in Vietnam's Focal Northern Economic Region

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Abstract

Social security is an issue of evolution, adaptation, and promotion of socio-economic development, in line with the new situation of the world. This article presents a comprehensive and systematic approach to social security through theoretical research and practical review. Based on the concept of human development, this article contributes the views on social security in the interaction with economic development when Vietnam is transitioning to a new stage of development. The article also analyzes the adverse effects of natural disasters and epidemics, which requires the formation of a Social Security Reserve Fund to proactively respond to contingencies and coordinate across regions. By empirical analysis based on data of the provinces of the Northern Focal Economic Region in the period 2015-2020, the study detects some signs of a multidimensional correlation between development and social security

Keywords: Social Security, Economic Development, Northern Focal Economic Region, Vietnam.

(Continued from Issue 108, Number 4, VSED)

3. Analysis of social security in the Northern Focal Economic Region

3.1 Overview of socio-economic situation in the region

3.1.1. General information

The Northern Focal Economic Region (NFER) is formed from seven Northern provinces and cities, including Hanoi, Hai Phong, Quang Ninh, Bac Ninh, Hai Duong, Hung Yen and Vinh Phuc.

Table 1: Area, population, density of NFER in 2020

	Total area (km²)	Total population (1000 persons)	Density (persons/km²)
Viet Nam	331236	97583	295
Red River Delta	21261	22920	1078
Northern Focal Economic Region	15756	17414	1105
Coastal sub-region	7740	3391	438
Quang Ninh	6178.2	1337.6	217
Hai Phong	1561.8	2053.5	1315
Ha Noi sub-region	8016	14023	1749
Ha Noi	3358.6	8246.6	2455
Vinh Phuc	1235.9	1171.2	948
Bac Ninh	822.7	1419.1	1725
Hai Duong	1668.2	1916.8	1149
Hung Yen	930.2	1269.1	1364

Source: Authors' compilation from Vietnam's Statistical Yearbook 2020, page 93.

The NFER can be divided into two sub-regions: (1) The coastal sub-region includes Hai Phong and Quang Ninh; and (2) The Hanoi sub-region comprises of Capital of Hanoi and four neighboring provinces, namely: Vinh Phuc, Bac Ninh, Hai Duong, and Hung Yen. The NFER has a population density nearly four times higher than that of the whole country, even the population density of Hanoi is eight times greater than the whole country. In the NFER, the distribution of both workers and residents is more rationally among sub-regions, between urban and rural areas,

contributing to the socio-economic development and effective implementation of social security policy.

Table 2: Population in NFER's urban and rural areas (1000 person) in 2020

Viet Nam	Population	Share	Urban		Rural		Urbanization share
	97582.7	100.0	35932.7	36.8%	61,650	63.2%	36.8%
Northern Focal Economic Area	17413.9	100.0	7480.3	43.0%	9933.7	57.0%	
Rate	17.8%	100.0	20.8%	100.0	16,1%	100.0	43.0%
Coastal sub-region	3391.1	19.5%	1794.4	24.0%	1596.6	16.1%	52.9%
Hai Phong	2053.5	11.8%	932.5	12.5%	1120.9	11.3%	45.4%
Quang Ninh	1337.6	7.7%	861.9	11.5%	475.7	4.8%	64.4%
Ha Noi sub-region	14022.8	80.5%	5685.9	76.0%	8337.1	83.9%	40.5%
Ha Noi	8246.6	47.4%	4061.1	54.3%	4185.5	42.1%	49.2%
Vinh Phuc	1171.2	6.7%	351.0	4.7%	820.3	8.3%	30.0%
Bac Ninh	1419.1	8.1%	446.6	6.0%	972.6	9.8%	31.5%
Hai Duong	1916.8	11.0%	617.5	8.3%	1299.3	13.1%	32.2%
Hung Yen	1269.1	7.3%	209.7	2.8%	1059.4	10.7%	16.5%

Source: Vietnam's Statistical Yearbooks of Vietnam and the provincial Statistical Yearbooks 2020, pages 96, 102, 104.

The population and labor in urban areas of the Northern Focal economic region have increased rapidly. In 2020, the urbanization proportion of the region reached 43%, compared with the share of 36.8% of the whole country, creating favorable conditions for acceleration of the industrialization process in the direction of modernization and urbanization. Meanwhile, rural areas rapidly transform to comprehensive development and shift agricultural labor and income from "genuine" agriculture. In addition, in this area, there have been improved the quality of agricultural development, expanded non-agricultural jobs, and created new rural areas.

Hanoi, Hai Phong, Quang Ninh, with their many industrial parks and investment projects, have attracted a sizable number of laborers, including experts and foreign workers. The urbanization proportion of the whole region in 2020 was 43%, of which the coastal sub-region was 52.9%, Hanoi sub-region was 40.5%, Quang Ninh was 64.4%, Hanoi: 49.2% and Hai Phong: 45.4%. Vinh Phuc, Hai Duong, Hung Yen, Bac Ninh, with a large proportion of agriculture in the early stages of development had hardly attracted domestic labor due to low job opportunities and outflow of migrant workers to neighboring provinces. Therefore, at present, the urbanization share of these provinces has been increased gradually.

3.1.2. Creation of decent works

Creating decent works in the market economy is an important pillar of social security to generate resources for the State and society and to prevent, mitigate the risks from abnormalities in life, natural disasters, and epidemics.

It is important noting that the NFER has a rapidly increasing number of young and trained workers, including highly technical workers, working in large-scale and high-tech investment projects of domestic and foreign-invested enterprises (FIEs).

In the condition of a "golden population structure", the number of unemployed and underemployed workers is mobilized and reallocated to different investment projects. However, the labor-to-population ratio is gradually decreasing, reflecting the situation that the "golden population structure" (one worker ought to feed less than one dependent relative) will soon end in the region. A reason behind this situation is that life expectancy increases, meanwhile, the natural birth growth rate has basically remained unchanged. As such, the total number of people to be nurtured has increased rapidly, nearly exceeding the total number of workers.

Analysis of the population and labor structure of the NFER shows that the high demand for social security occurs in all provinces/cities, when the country still has to deal with the risks of natural disasters, epidemics of all kinds and uncertainties in the country's economic life affect workers and their families adversely. In most provinces/cities, the labor size increased as localities took their comparative advantages to attract more qualified workers, including reallocating within the region. According to the results of the 2019 Labor Census of General Statistics Office (GSO), Bac Ninh province has an out-migration rate of 3-5%, but the in-migration rate was high from 16% in 2015, increasing to 41% in 2020 due to the lack of labor within the province. Even in the "genuine" agricultural province of Hung Yen, the migration rate is below 5% during the period 2015-2020, but it also rapidly increased the immigration rate from 3.5% in 2015 to 4.5% in 2019 and reached 8.7% in 2020, to meeting the needs of laborers working on new projects. This event partly explains Hung Yen's economic growth rate of above 11%-14%/year in the period 2015-2020, although its urbanization ratio is still low.

Table 3: The size and ratio of laborers aged 15 years old to population

Region	2015	2019	2020	Growth during 2015-2020
Viet Nam				
Total number of employees (thousand persons)	54266	55767	54843	+577
Labor to Population Ratio (%)	57.6	56.7	54.9	-3.7%
Red River Delta (thousand persons)	12268	12438	12182	-86
Labor to Population Ratio (%)	56.0	54.1	52.2	-3.8
Northern Focal Economic Area (thousand persons)	8912	9187	9044	+132
Labor to Population Ratio (%)	56.1	53.6	51.9	-4.2
Coastal sub-region (thousand persons)	1765	1846	1772	+7
Labor to Population Ratio (%)	57.0	56.1	53.1	-3.9
Quang Ninh (thousand persons)	718	735	694	-24
Labor to Population Ratio (%)	55.4	54.1	50.4	-5.0
Hai Phong (thousand persons)	1047	1111	1078	+41
Labor to Population Ratio (%)	56.3	53.6	51.4	-4.9
Ha Noi sub-region (thousand persons)	7147	7341	7272	+125
Labor to Population Ratio (%)	56.4	53.3	51.9	-4.5
Ha Noi (thousand persons)	4005	4118	4125	+120
Labor to Population Ratio (%)	52.0	50.0	49.0	-3.0
Vinh Phuc (thousand persons)	634	647	635	+1
Labor to Population Ratio (%)	57.2	55.2	53.1	-4.1
Bac Ninh (thousand persons)	718	778	775	+57
Labor to Population Ratio (%)	57.7	55.1	53.5	-4.2
Hai Duong (thousand persons)	1074	1071	1015	-59
Labor to Population Ratio (%)	57.8	55.6	52.2	-5.6

Hung Yen (thousand persons)	716	727	722	+6.0
Labor to Population Ratio (%)	59.3	56.8	55.6	-3.7

Source: Authors' calculation from Vietnam's Statistical Yearbook 2020, pages 148, 158.

In particular, Hai Duong has continuously reduced net emigration, ranging from (-)10.5 to (-)2.3 in the years 2015-2020, associated with properly reallocated intra-provincial labor to take advantage of investment and business opportunities.

Table 4: Growth rate and structure of trained labor in the years of 2015-2020, %

Region	2015-2020 growth rate			Structure of trained labor force		
	Population	Labor	Trained labor	2015	2017	2020
Viet Nam	1.1	2.2	5.9	20.4	21.60	24.1
Northern Focal Economic Area	1.4	0.2	6.1	31.4	35.2	37.4
Coastal sub-region	0.9	0.3	4.9	33.7	36.9	36.0
Hai Phong	0.9	0.2	3.3	31.8	33.8	34.7
Quang Ninh	0.9	0.3	6.8	36.6	32,9	38.7
Ha Noi sub-region	1.5	0.2	6.5	30.8	34.8	37.7
Ha Noi	1.8	0.2	7.2	38.5	44.1	48.5
Bac Ninh	2.8	0.9	6.1	23.0	25.4	27.8
Vinh Phuc	1.2	0.0	5.4	22.5	25.0	28.6
Hai Duong	0.6	-0.4	4.6	18.8	20.7	24.8
Hung Yen	0.5	0.7	2.9	21.5	22.5	26.4

Source: Authors' calculation from 2020 Vietnam's Statistical Yearbooks, page 162.

It is noteworthy that young, well-trained labor is an important advantage of NFER to help increase labor productivity. However, the disadvantage of trained workers is that the percentage of trained workers is still lower than the rate of high-level workers (although the rate of primary training increased from 3.3% in 2015 to 4.7% in 2020), but workers with a university degree or

higher accounted for 8.7% of the workforce in 2015 compared to 11.1% in 2020 (Statistical Yearbook 2020 of GSO). Therefore, along with trained workers with certificates of more than three months being recruited, businesses in NFER also focus on retraining skills to meet the needs of users at different locations. This "on-jobs" retraining situation temporarily meets the needs of each individual project. But when employees leave the project, the "skills" learned on the spot are almost impossible to apply due to the difference project types and retraining methods are mainly "on-the-job" training, "hands-on" and the retraining time is too short.

The total product in NFER at 2010 constant prices and actual prices are all increasing rapidly thanks to a qualified workforce, which helps exploit comparative advantages and quickly deploy new investment projects.

Table 5: Gross Regional Product (GRDP) at current prices, billion VND

	2015	2016	2017	2018	2019	2020
Viet Nam	4192826	4502733	5005975	5542332	6037348	6293145
Northern Focal Economic Area	1265790	1385992	1560023	1759253	1982087	2119583
Share of overall Vietnam, %	30.19	30.78	31.16	31.74	32.83	33.68
Coastal sub-region	245222	276813	317250	376566	469798	535785
Quang Ninh	113908	127229	143068	166271	194132	219378
Hai Phong	131314	149584	174182	210295	275666	316407
Ha Noi sub-region	1020568	1109179	1242773	1382687	1512289	1583798
Ha Noi	672949	730935	806296	883102	973363	1020000
Vinh Phuc	78644	86267	95334	107625	118341	123575
Bac Ninh	128673	137165	168488	193903	200073	209227
Hai Duong	81296	89462	99805	114937	127939	131121
Hung Yen	59006	65350	72850	83120	92573	99875

Source: Processed from Statistical Yearbooks of the years of Vietnam and provinces.

Bearing in mind that the gross regional product (GRDP) at real prices will be used to compare economic development with actual annual social security income and expenditure. NFER

in the past 5-10 years has had the fastest GRDP growth rate in the country, with an average rate of over 11% per year. The share of NFER's GRDP compared to the country's overall GDP has increased continuously from 30% in 2015 to 34% in 2020, despite the region being heavily affected by market factors and the Covid-19 pandemic in 2020. The size of GRDP per capita also increases rapidly thanks to its higher speed of growth.

The high growth rate of the region has important contribution of the coastal region, accounting for over 15%/year in the period 2015-2019. This, to a significant extent, thanks to the fact that this sub-region has implemented many large-scale investment projects, high technology, and effective services from domestic and FIEs (Hai Phong has increased by 17% on average, Quang Ninh experienced more than 14% annually).

While the coastal sub-region has grown strongly, the economy of other provinces/cities in Hanoi's sub-region has grown moderately, even falling behind. Hanoi's growth is slow because it has a large agricultural area and not many new and large-scale projects.

Table 6: GRDP in USD per capita (actual prices)

Region	2016	2017	2018	2019	Average growth rate (%)
Northern Focal Economic Region	3938	4223	4625	4853	7.2
Coastal Sub-region	3938	4326	5016	5114	9.1
Hai Phong	3483	3897	4613	4438	8.4
Quang Ninh	4653	4994	5640	6356	11.0
Ha Noi sub-region	3937	4198	4527	4788	6.7
Ha Noi	4442	4655	4936	5216	5.5
Vinh Phuc	3597	3834	4182	4448	7.3
Bac Ninh	5033	5802	6413	6295	7.7
Hai Duong	2250	3236	2707	3154	11.9
Hung Yen	2499	2201	2960	3169	8.0

Source: Statistical yearbook of provinces and converted at official exchange rate.

Bac Ninh development has experienced ups and downs, although its GRDP per capita is the highest in the region, equivalent to over USD 6,000/person. A reason behind the fact is that the province's industrial output relies on 95% of FDI enterprises, meanwhile the production of high-

tech products has wildly fluctuated (cell phones, screens, phone batteries, and laser printers saw the highest increase in the years 2017-2019 and a decrease in 2020 due to the pandemic's impact and market factors). Recent high growth of Hai Duong and partly Hung Yen, has been due to the attraction of many new investment projects, high technology, and the use of highly specialized labor, *etc.* To analyze the development and implementation of social security in NFER, it is also significant to use indicator of the GRDP in USD per capita (converted to official exchange rate) to reflect the level of development the GRDP per capita at World Bank threshold of 4000 USD/person¹ and to clarify the relationship between the level of development and social security and make it internationally comparable (Table 6).

Thanks for the economic achievements, NFER has sufficient conditions to implement a number of fields of insurance (social insurance, health insurance and unemployment insurance) and those of social protection, including subsidies for people with meritorious services and sustainable poverty reduction thanks to economic growth associated with productive job creation.

3.1.3. Insurance

Insurance is the mainstay of social security to mitigate damage immediately after events happened to employees and their families. Besides its contributions, insurance activities also have many shortcomings to expand coverage and improve insurance quality. It should be noted that actual indicators of insurance expenditure (social insurance, health insurance and unemployment insurance) reflect the actual implementation of social security in the region affecting the economy, people, and businesses.

In the numerical analysis, the actual annual insurance expenditure is used and correlated with GRDP at current prices (Table 7).

Table 7: Insurance in the Northern Focal economic region, 2019

(Current prices)

2019	Total insurance revenue	Social insurance	Health insurance	Unemployment insurance	Actual pay for insurance	Social insurance	Health insurance	Unemployment insurance
Vietnam	406,947	280,960	103,849	22,138	388,359	263,031	105,259	20,069
Northern Focal economic region	83762.8	58875.2	19299.3	5589.3	98517.8	68047.4	28342.8	2035.6
Coastal sub-region	16019.8	11066.2	4125.3	828.3	19273.8	15186.4	3606.8	480.6
Quang Ninh	5485.8	3691.2	1523.3	271.3	8033.8	6139.4	1788.8	105.6

Hai Phong	10534	7375	2602	557	11240	9047	1818	375
Ha Noi sub-region	67743	47809	15174	4761	79244	52861	24736	1555
Ha Noi	43278	30607	10298	2373	58752	38674	18885	1193
Vinh Phuc	4589	3130	1221	238	3160	2031	1011	118
Bac Ninh	8020	6009	460	1552	5321	3721	1508	0
Hai Duong	7305	4982	1954	369	7306	5535	1628	143
Hung Yen	4551	3081	1241	229	4705	2900	1704	101

Table 8: Insurance in the Northern Focal economic region, 2015*(Current prices)*

2015	Total insurance revenue	Social insurance	Health insurance	Unemployment insurance	Actual pay for insurance	Social insurance	Health insurance	Unemployment insurance
Viet Nam	217755	148375	59670	9710	201533	147615	49035	4883
Northern Focal economic region	46505	31850.8	11422.5	3232.7	58847.2	48598	9565	682.2
Coastal sub-region	8887	5935.8	2488.5	462.7	13065.2	10703	2228	134.2
Quang Ninh	3684	2449.8	1037.5	196.7	5535.2	4459	1042	34.2
Hai Phong	5203	3486	1451	266	7530	6244	1186	100
Hanoi sub-region	37618	25915	8934	2770	45782	37895	7337	548
Ha Noi	24582	17039	6183	1360	32604	27628	4587	389
Vinh Phuc	2301	1534	656	111	2436	1819	576	41
Bac Ninh	4204	2995	222	987	2720	2180	540	0
Hai Duong	4095	2717	1183	195	5187	4077	1033	76
Hung Yen	2436	1630	690	117	2835	2191	601	42

Source: Provincial Statistical Yearbooks 2015, 2019.

The source of contributions for insurance funds must be regulated based on the actual situation of economic development. Therefore, it is necessary to analyze the actual using insurance funds (size, structure, and growth rate) and the correlation between insurance spending and economic development through the ratio between real insurance spending and the GRDP at real prices.

The insurance fund for NFER is growing, diversified in structure and has a rapid growth rate (5-25% annually). The growth rate varies among localities, is instable, with the average growth rate of the whole region accounting for 10-17% annually. Moreover, increasing local insurance spending is separate from the scale and the economic growth rate is needs to be adjusted. Hanoi has the slowest average growth rate in the region, with insurance spending accounting for 6% of GRDP, the highest in NFER. In contrast, Bac Ninh province continuously spends low, only less than 2.5% of its GRDP. The ratio of real insurance spending compared to GRDP is unstable, causing the total insurance spending to increase in the whole region, mainly due to Hanoi's increase in the use of the Insurance Fund, which exceeds revenue with the highest rate in the region. This reflects the fact that regulations of the Vietnam Social Insurance Agency need to be reviewed and adjusted.

Table 9: Insurance growth over the years 2016-2019, %

Insurance growth	2016	2017	2018	2019
Northern Focal Economic Region	11.4	17.0	11.5	10.0
Coastal sub-region	9.2	11.3	7.2	8.0
Hai Phong	8.0	14.1	5.2	8.0
Quang Ninh	10.9	12.6	9.8	8.0
Ha Noi sub-region	18.7	18.5	18.7	11.0
Ha Noi	10.6	19.4	12.2	12.0
Vinh Phuc	14.7	15.3	18.5	(-1.24)
Bac Ninh	21.7	25.8	12.9	11.0
Hai Duong	10.8	12.7	10.8	3.7
Hung Yen	16.6	11.4	22.6	4.1

Source: The authors' calculation from the Statistical Yearbook of the provinces 2015-2019.

Table 10: Ratios of insurance expenditure to GRDP, %

	2016	2017	2018	2019	Growth in 2016-2019
Northern Focal Economic Region	4.73	5.15	5.10	4.99	+0.26
Coastal Sub-Region	5.15	5.09	4.60	4.24	-0.89
Hai Phong	5.44	5.32	4.64	4.32	-1.12
Quang Ninh	4.82	4.81	4.56	4.14	-1.30
Ha Noi Sub-Region	4.63	5.17	5.24	5.21	+0.58
Ha Noi	4.93	5.76	5.91	6.04	+1.11
Vinh Phuc	3.24	3.36	3.57	2.67	-0.57
Bac Ninh	2.41	2.55	2.51	2.66	0.25
Hai Duong	6.54	6.60	6.13	5.30	-1.24
Hung Yen	5.06	5.06	5.44	5.08	0.02

Source: Statistical Yearbooks of the provinces.

Analysis of real insurance spending in the period 2015-2019 shows the follows:

- The expenditures on insurance have continuously increased in both size and speed with an increasingly diversified structure. Therefore, when the life of employees and their families is at risk, the Insurance Fund contributes to reducing risks and making society stable.
- For provinces with high economic growth (such as Bac Ninh), insurance has a large surplus. Unemployment insurance money is collected but not spent because of the great job demand. There are no unemployed people in the period 2015-2019.
- Economic development in the region has had a positive impact on insurance and social security in general. However, due to the increasing diversity of social security needs and the weaknesses in the fund management and regional linkage, the budget balance of some provinces in the region often has deficits for many years. As such, the national reserve must be used under the "please-give" mechanism. Coordination of insurance implementation through the Insurance Coordination Fund for NFER has not yet been formed.

3.1.4. Social protection

Social protection aims to overcome medium and long-term damage caused by risks in social life, including social protection activities for the vulnerable people. Social protection funds have two sources: from the state budget, the private sector, and the social community.

Table 11: Social insurance spending in social security in 2017

2017	GDP/GRDP (thousands VND)	Total Social Security spending	Of which		Share of Social Security spending to GDP, %	Of which	
			Social Protection spending from State Budget	Social Security spending from people		Social Protection from State Budget	Social Security from people
Vietnam	5.005.975	377.631	131.104	246.527	7.54%	2.6%	4.9%
Northern Focal Economic Region	1.349.842	90.116	9.281	80.834	6.68%	0.7%	6.0%
Coastal Sub- region	95.398	18.660	2.125	16.535	6,32%	0.7%	5.6%
Hai Phong	165.764	10.417	1.142	9.275	6.28%	0.7%	5.6%
Quang Ninh	12.934	8.243	983	7.260	6.36%	0.8%	5.6%
HaNoi Sub- region	1.054.444	71.456	7.156	64.300	6,78%	0.7%	6.1%
Ha Noi	658.590	49.579	3.099	46.480	7.53%	0.5%	7.1%
Bac Ninh	162.024	4.754	450	4.304	2.93%	0.3%	2.7%
Vinh Phuc	85.338	4.325	1.086	3.239	5.07%	1.3%	3.8%
Hai Duong	90.408	8.606	2.014	6.592	9.52%	2.2%	7.3%
Hung Yen	58.084	4.192	507	3.685	7.22%	0.9%	6.3%

Source: 2017 Statistical Yearbooks of the provinces.

For the budget source: the proportion of tax collection accounts for about 10% of the GRDP of NFER, contributing to a steady increase in the budget source, helping to better handle the issues of budget spending on beneficiaries and sustainable poverty reduction spending from public financial sources.

The source mobilized from private sector (socialized) for social protection is very large, but the statistics on this source are incomplete with some disclosed activities when there occurred natural disasters and epidemics. Information on private sector assistance is not included in the Statistical Yearbooks of the localities, and even the social protection expenditures from the budget are not fully reflected.

Social protection of NFER in 2017 from the budget was only 0.7% of GRDP, less than one-third of the rate of 2.6% of GDP of the whole country. Meanwhile, the private contribution to insurance in the region is 7% of GRDP, the whole country is 4.9% of GDP.

Analysis of 2017 data shows that, Bac Ninh's economy has the highest growth rate, reaching GRDP per capita equivalent to USD 6,000 per capita, however, its spending on social protection accounts only for 0.3% of its GRDP. While the GRDP per capita income of Hai Duong or Hung Yen is only about USD 2000 per capita, the ratio of its social protection expenditure increased to 0.9% GRDP. The ratio of Hai Duong is highest, accounting for 2.2% GRDP.

Table 12: Multidimensional poverty reduction movement, 2015-2017

	Multidimensional Poverty (household number)			Comparison of NFER with		
	2015	2016	2017	2015	2016	2017
Vietnam	2.351.463	1.986.697	1.642.489	7.6%	5.9%	5.0%
Red River Delta	266.600	186.163	144.928	67%	63%	60%
Northern Focal Economic Region	178.877	117.257	86.711	100%	100%	100%
Hai Phong	20.805	15.525	11.611	11.6%	13.2%	13.4%
Quang Ninh	15.340	11.582	7.783	8.6%	9.9%	9.0%
Bac Ninh	10.897	8.266	6.739	6.1%	7.0%	7.8%
Vinh Phuc	14.412	11.901	9.368	8.1%	10.1%	10.8%
Ha Noi	53.194	24.215	17.465	3.0%	20.7%	20.1%
Hai Duong	40.348	29.107	21.105	2.3%	24.8%	24.3%
Hung Yen	23.881	16.661	12.640	13.3%	14.3%	14.6%

Source: Ministry of Labor, Invalids and Social Affairs 2017, 2018.

Vietnam currently has 9.2 million of people with meritorious services to the national revolution such as war veterans and Vietnamese heroic mothers. The Party and State have had

preferential policies and have been adjusted to perfection, but official statistics are lacking. Decree No. 75/2021/ND-CP stipulates the levels of allowances, allowances, and preferential regimes for people with meritorious services to the revolution from the central budget. The Ordinance on Incentives for People with meritorious services to the revolution is arranged in the annual state budget estimate of regular expenditures of the Ministry of Labor, War Invalids and Social Affairs.

Table 13: Per capita income in 2020 and quality indicators

	Average	Quintile (Thousand VND)					Comparison	
		Poorest N1	Near poor N2	Middle class N3	Near rich N4	Riche N5	Rich/Po or N5/N1 (times)	40% poorest
Vietnam	6491	1139	2491	3528	4896	9193	8.1	17.1%
Red River Delta	5085	1938	3251	4244	5615	10385	5.4	20.4%
Northern Focal Economic Region	5403	1619	3077	4299	5439	8687	5.4	20.3%
Coastal Sub- Region	4939	2053	3430	4487	5662	9099	4.4	22.2%
Quang Ninh	4539	1514	2992	4253	5385	8587	5.7	19.8%
Hai Phong	5199	2404	3716	4640	5843	9432	3.9	23.5%
Ha Noi Sub- Region	5515	1797	3569	4572	6234	11117	6.2	19.7%
Ha Noi	6205	2084	3829	5145	7087	12913	6.2	19.0%
Vinh Phuc	4190	2009	3063	2608	4542	8277	4.1	24.7%
Bac Ninh	5439	2424	3659	4674	6117	10366	4.3	22.3%
Hai Duong	4388	2059	3151	3873	4797	8082	3.9	23.7%
Hung Yen	4043	1712	2879	3604	4551	7488	4.4	22.7%

Source: Authors' calculation from 2020 Statistical Yearbooks of Vietnam.

The coefficient reflecting the income ratio of the poorest 40% of the poorest people in the Northern Focal Economic Region accounts for over 17% in 2020 is a level that, according to the World Bank, reflects an acceptable inequality, compared to the national rate of 17.1%, the NFER: 20.3%; coastal sub-region: 22.2%; Hanoi sub-region: 19.7%; Hanoi: 19% (the lowest) and Vinh

Phuc: 24.7% (the highest). The achievement of high and equitable economic growth has been improved largely thanks to good governance of income distribution and redistribution. At the same time, the ratio of households receiving basic social services has also improved significantly

The GINI coefficient, an indicator of income inequality of the NFER, decreased sharply compared to the Red River Delta and the whole country over the past few years (Table 14), due to the economic achievement, including income's increase.

Table 14: Basic social services, 2016, 2020

	2016	2020
Electricity	The percentage of households with electricity use reached 99.9%, higher than the average of the country and other regions (2016: 98.8%).	The percentage of households with electricity use reaches nearly 100%, higher than the national average and other regions (2020: 99.5%).
Wastewater	The proportion of industrial parks with wastewater treatment systems is more than 70.3%, but almost no actual operation.	The proportion of industrial parks with wastewater treatment systems is more than 92%, but there are few actual activities.
Clean water	Concentrated clean water: Red River Delta 82.7% compared to the whole country in 2016 is 83.5% (Pure water with hygienic rate is 99.4% and 93.4%, respectively).	Concentrated clean water: Red River Delta 96.4% compared to the whole country in 2020 is 91.4% (clean water with hygienic rate is 99.9% and 97.4%, respectively).
Hygienic toilet	The Red River Delta reached 97.8% in 2016, compared to the whole country's 83.3%.	The Red River Delta reach 99.8% in 2020, compared to 94% of the whole country.
Durable goods	The percentage of households with durable goods reached 99.9% in 2016 in the Red River Delta.	The percentage of households with durable goods reach 100% by 2020 in the Red River Delta.
Solid housing	The percentage of households with permanent houses (20-25m ²) in the Red River Delta reached 92.9%, compared to the national rate of 49.7%. It is worth noting that the rapid growth of some localities such as Bac Ninh is 90.2%, Quang Ninh is 93.1%.	The percentage of households with permanent houses (20-25m ²) in the Red River Delta reaches 92%, compared to less than 50% of the national rate. It is remarkable that the rapid development of some localities such as Bac Ninh is 92.6%, Quang Ninh is 94%.

Source: Processing from Vietnam Statistical Yearbook 2016, 2020.

Table 15: GINI for Northern Focal Economic Region, 2014-2020

	2014	2016	2018	2020
Viet Nam	0.430	0.431	0.425	0.375
Red River Delta	0.407	0.401	0.390	0.327
Northern Focal Economic Region	0.303	0.325	0.308	0.263

Source: Authors' calculation from Vietnam Statistical Yearbook 2020.

Despite the remarkable increase in income, historical factors and the unequal working scope, the male/female income gap ratio in the region was 14% in 2010 (Male 100%, Female 86%), decreased to 12% in 2020 (Male 100%, Female 88%), but higher than the national disparity. The increased income has also affected spending behavior.

In a nutshell, achievements in social security in the Northern Focal Economic Region (productive job creation, insurance and social protection) are remarkable. The scale of social security sees continuous increase. The economic structure tends to diversify. The income growth rate is high, keeping in line with the rapid economic development of the region.

However, the biggest drawback is that the coordination within the region is still poor, although it has improved during the COVID-19 pandemic.

3.2. Assessment of the correlation between insurance spending in social security and economic growth

3.2.1. Correlation of insurance spending with economic growth

In this sub-section, the correlation between real insurance spending and economic growth will be examined, given the lack of comprehensive data on social security.

The economic growth rate in the period 2016-2019 of provinces and sub-regions varies from 3-21%/year, but the general trend is that GRDP per capita has increased continuously, especially in coastal sub-regions and other regions. Below will analyze the correlation between the ratio of insurance spending/GRDP with economic size and growth rate.

The achievements in regional economic growth have created more opportunities for enhancing the contributions to the Insurance Fund (social insurance, health insurance and unemployment insurance), although there are some provinces with insurance fund deficits.

Table 16: Ratio of insurance expenditure to GRDP in relation with GRDP per capita in 2016-2019 (two-way relationship)

GRDP per capita (USD)	< 3000	3000-3999	4000-4999	5000-5999	> 6000
Insurance expenditure to GRDP					
6%	5.06-5.06 5.44 HY 6.13 HD	6.13-6.54 HD		6.04 HN	
5%	5.03 HD	5.32-5.44 HP	5.76-5.91 HN		
4%	4.80 HY	4.32-4.64 HP	4.11-4.81- 4.82 QN 4.93 HN	4.56 QN	
3%		3,63-3.57, 3.36-3.24 VP			
2%		2.67 VP		2.41-2.55 BN	2.51-2.66 BN

Notes: BN stands for Bac Ninh; HD: Hai Duong; HN: Ha Noi; HP: Hai Phong; HY: Hung Yen; QN: Quang Ninh; VP: Vinh Phuc. The provincial data for 2016-2019. All figures standing before each abbreviated letters of province indicate the ratio(s) of this province in different years.

Source: Authors' calculation from 2016-2020 Statistical Yearbooks of Vietnam.

Data on the ratio of insurance expenditures to GRDP fluctuate wildly, ranging from 2% to 6% for the localities with per capita income below USD 4000 (corresponding to low-income economies). For the whole region, there are also some differences in data among provinces/cities with the same income level, partly due to the difference in the policy application. Bac Ninh experienced a continuous economic growth from 2010 to 2020, in both scale and growth rate, so, it should allocate more sources for insurance. This province currently has no unemployed workers, with many job opportunities, so there is a continuous surplus of the Insurance Fund, especially Unemployment Insurance Fund. Meanwhile, a number of provinces/cities have continuously suffered a deficit of the Insurance Fund for many years, implying that insurance policies in the

region lack effective direction from the Vietnam Social Insurance Agency and also lack coordination among provinces/cities in the NFER. Ratios of insurance expenditure to GRDP (two-way, three-way relationship) are presented in Table 16, and Table 17).

Table 17: Ratio of insurance expenditure to GRDP in relation with GRDP per capita and Economic growth rate in 2016-2019 (three-way relationship)

GRDP per capita (USD)	Less 3000	3000-3999	4000-4999	5000-5999	Over 6000
Economic Growth rate					
More 20%	5.03 HD	4.64HP			
15-19.9%	6.13 HD	4.32-5.32 HP	4.81 QN	4.56 QN	2.51 BN
10-14.9%	4.80-5.06- 5.06-5.44 HY	6.13-6.54 HD 3.36-3.57 VP 5.44 HP	5.91 HN	4.11 QN 2.55 BN	
5-9.9%		2.67-3.24 VP	4.93-5.76 HN 4.82 QN	2.41 BN	
Less 5%				6.04 HN	2.66BN

Notes: BN: Bac Ninh; HD: Hai Duong; HN: Ha Noi; HP: Hai Phong; HY: Hung Yen; QN: Quang Ninh; VP: Vinh Phuc. The provincial data for 2016-2019. All figures, standing before each abbreviated province indicate the ratios of this province in different years.

Source: Authors' calculation from 2016-2020 Statistical Yearbooks of Vietnam.

3.2.2. The elasticity of insurance spending relative to economic growth

There is a relationship between social security and economic growth. Nguyen Thi Tam (2014) demonstrates both theoretically and empirically this relationship and believes that this proportional relationship is positive and correct in terms of direction, but it does not seem to fully reflect the diversity when considering a whole period with a dynamic development of focal economic region or other poor regions.

Our study shows that Nguyen Thi Tam's idea is good, but it needs to be deepened with many different territories to have appropriate policies for the diversity of development. In this

study, we tried to analyze the elasticity under different situations, in the NFER. The elasticity between insurance spending compared to the region's GRDP and the region's economic growth rate is the figure, showing an increase in one percentage of the economic growth can entail an increase (in percentage) of insurance spending compared to GRDP.

The insurance collection regime depends on the economic scale (not on economic management), the ratio of insurance expenditures compared to the current GRDP price is investigated for the sake of preventing huge differences among the localities rather than the comparison in absolute term. When disaggregated by level of development, the region is divided according to GRDP per capita (converted in USD at current prices) to meet the classification of the World Bank. This is convenient for international comparison, especially less and more the per capita income threshold of USD 4000.

Our empirical analysis shows that the elasticity varies around a positive relationship and has a wide variation, from negative value (for the case of Vinh Phuc in 2019) to maximum value of 3.46 (Bac Ninh in 2019) (Table 18). This wide variation is influenced by economic governance of decentralization for the localities.

Table 18: The elasticity of insurance/GRDP with GRDP growth rate, %

	2016	2017	2018	2019
Ha Noi Sub-region	2.15	1.16	1.64	1.68
Ha Noi	1.23	2.05	1.28	1.17
Vinh Phuc	1.52	1.43	1.58	(0.13)
Bac Ninh	3.29	1.78	0.86	3.46
Hai Duong	1.08	1.10	0.88	0.18
Hung Yen	1.54	0.99	1.60	0.36
Coastal Sub-region	0.71	0.82	0.41	0.45
Hai Phong	0.58	0.72	0.25	0.44
Quang Ninh	0.93	0.92	0.70	0.48

Source: Authors' calculation from 2016-2020 Statistical Yearbooks of Vietnam.

Some initial indicators of the elasticity between economic growth and insurance spending compared to GRDP are as follows:

First, the correlation is positive but tends to slowdown. The elasticity is positive but varies widely: The average elasticity of the NFER is 0.61% for 4 years in 2016-2019, the lowest is 0.48% (in 2018) and the highest is 0.84% (in 2016), showing that insurance spending relative to GRDP grew slower than economic growth did, therefore, the region has more backup resources.

Second, the management of insurance expenditure differs among localities due to the lack of coordination. The elasticity variation among localities depends on the insurance spending in the absence of regional regulation. However, this situation has improved with support among localities, in the face of the impact of the COVID-19 pandemic.

It is noteworthy that our finding is, to a significant extent, similar with the idea of Nguyen Minh Tam (2014) in long term, the elasticity tends to be below 1 because the NFER has experienced the high, steady economic growth rate in long term, and, logically, the elasticity maybe exceeds 1 in the difficult localities. The economic institutional reforms are expected to help bolster deployment of empirical studies to clarify the correlation of social security and economic growth in different regions

4. Conclusions and recommendations

4.1. Conclusion

Our analysis and research findings show that: (1) the conceptual and practical issues of social security should be approached with a systematic, comprehensive, and open perspective, with a long-term vision. Here, the role and guidance of the State are crucial and the wide participation of the community and businesses are very important, taken into account the international practices; (2) the ratio of insurance expenditure/GRDP per capita in NFER generally tends to decrease gradually despite the increase in per capita GRDP and insurance scale; however, there are some exemptions. This trend, to a significant extent, reflects the different ways of insurance policy application among the localities, and needs to be thoroughly investigated; and (3) when the provincial economies grow, insurance spending tend to increase, however, in long term, the elasticity tends to be below 1 because the NFER has experienced the high, steady economic growth rate; and the elasticity maybe exceed 1 in the difficult localities. This relationship also needs to be further examined.

In summary, it is necessary to conduct more vigorous studies on the correlation between social security and economic development, in line with the Vietnam's Communist Party's viewpoints and guidance on inclusive development and sustainable development. This research is a small contribution to forming a systematic, comprehensive, open view on social security and effective implementation in practice.

4.2. Key implications

It is necessary to continue to investigate more vigorously five following topics: (1) theoretical issues on human development and social security in a new context, consistent with the concept of inclusive development; (2) the system of insurance funds in social security; (3) integrated approach to social protection issues in Vietnam's conditions, including poverty

reduction policies and policies with people with meritorious services, and so on, with the participation of the community and business; (4) creation of decent, sustainable jobs in the context of swift technological advancement, innovation and population aging, and so on; and (5) formulation of minimum social security norms for each locality and allocation for the general social security fund of the region for contingent spending and inter-regional support.

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