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The Growing Role of International Remittances in the Vietnamese Economy: Evidence from the Vietnam (Household) Living Standard Surveys¹

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Introduction

In detailing the situation of overseas remittances to Vietnam in the 1990s and 2000s, this paper investigates an important aspect of globalization in the Asia-Pacific region. Indeed, overseas remittances are playing an increasingly important role in the Vietnamese economy. Hernandez-Cross (2005) reports that remittances from overseas totalled \$1.2 billion (USD) in 1999. By 2003, they grew to \$2.6 billion. In terms of Gross Domestic Product (GDP), this represents a growth from 4.4 percent of GDP in 1999 to 7.4 percent of GDP in 2003. Since 2000, overseas remittances have been larger than Overseas Development Assistance and at a comparable level to Foreign Direct Investment. Foreign remittances are undoubtedly impacting the Vietnamese economy in numerous ways and deserve a strong research focus.

In an attempt to fill some of these research needs, this paper seeks to quantify the impact and the evolution of foreign remittances on the people of Vietnam by using the Vietnam (Household) Living Standards Surveys in 1992/93, 1997/98, 2002, and 2004. The objectives of this study include, first, to characterize international remittance receipts and their evolution over time. We will determine where they come from, what percentage of households receive them, and what portion of household expenditures they represent. We also analyze the socioeconomic and demographic characteristics of those households receiving remittances from abroad, as well as how the remittance sender is related to the receiver, and how the funds are spent by households. Finally, we consider the relation between remittances and inequality in Vietnam. To accomplish these goals, we firstly review the existing studies on foreign remittances. Then, we present our data and methodology, as well as advantages and limitations of the data. This is followed by our analysis. The last part will present concluding remarks and directions for further studies.

Our findings include that overseas remittances come from throughout the world, but are dominated by the United States as a main source. Also, over time, the destinations of foreign remittances are becoming more diverse as they move away from Ho Chi Minh city and other urban areas, in particular, to other regions and to rural areas. Nonetheless, the percentage of households receiving overseas remittances as held steady at around 5 to 7 percent of the population. Also, widows, the elderly, female headed households, and households where the head does not work disproportionately receive foreign remittances. This helps to ensure that foreign remittances actually improve

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equality in Vietnam with regard to per-capita household expenditures, though the improvements are quite small. Nonetheless, the improvements to income equality caused by overseas remittances are becoming more substantial over time. We also determine that overseas remittances are used primarily for consumption, and they are mainly provided by close family members including children, spouses, and siblings.

Previous Studies About Overseas Remittances

A few studies about remittances in Vietnam are available to researchers. For instance, Le and Nguyen (1999) use the 1992/93 VLSS to study domestic and international remittance flows in Vietnam. Their main interest is to determine the impact of remittances on the income distribution, and they find that while internal remittances tend to reduce inequality, the flow of remittances from overseas tend to go more toward high-income households and thus exacerbate inequality. They also build regression models to delineate who receives remittances and how big these remittances will be.

Another study by Donald Cox (2004) uses the 1992/93 and the 1997/98 VLSS surveys. Cox considers the issue of private interhousehold transfers in Vietnam, which includes both remittances and loans. He examines the characteristics associated with transfer receipt, the impact of transfers on inequality, and the flow of transfers between generations. His particular interest is the elderly and whether private transfers are able to help the elderly sufficiently, in spite of the weak public insurance system. By using the panel data links between the surveys, he presents evidence that private transfers, primarily remittances, do act as a type of insurance responding to events such as retirement or widowhood. He also compares the role of remittances that flow within regions, between regions, and from overseas sources, and he finds remittances to be a main source of income redistribution that are more than twice the size of public transfers.

Another more recent study that includes coverage of remittances is Babieri (2006). This study uses the 3 percent public use sample of the 1999 Census and the Vietnam Living Standard Survey (VLSS) 1997/8 to analyze rates of coresidence and flows of remittances between the elderly and their children. The paper develops a regression model to explain what characteristics determine whether an elderly person can expect to receive remittances from their children. Though the paper is not specifically about international remittances, it seeks to test whether the intensification of migration accompanying economic reform in Vietnam is leading to the breakdown of intergenerational family support in the country. Babieri concludes that children continue to support their parents and that “geographic distance between adult children and their elderly parents should not be interpreted as a sign of indifference” (page 27).

More broadly, we can also find a large literature on the theoretical and empirical impacts of remittances. Much of the theoretical literature seeks to explain a two-step process: first people must migrate and then they must send remittances home. In particular, the theory cannot be clear about whether international remittances will lead to greater income equality or to a more unequal distribution of income. Ravallina and Robleza (2003) summarize the theoretical literature very well. On the one hand, perhaps only the wealthiest people will be able to afford the education and training and the costs of migration for family members, in order to make the receipt of international

remittances possible. In this scenario, remittance receipts would lessen income equality. On the other hand, perhaps the wealthiest members of the society are content, and it is only those in weaker positions who will make the sacrifices needed to send family members overseas. Then, the receipt of remittances would tend to promote income equality in the home society.

Beyond the issues of migration, the relationship between remittances and inequality remains unclear. One could expect remittances to flow from the well-off to the less well-off as a type of insurance mechanism that could play an important role in countries with weak social insurance systems. Remittances could also promote economic growth by providing funds for human capital and infrastructure development. These factors would tend to promote equality, or to at least improve the situations of most people in the country. At the same time, remittances could produce greater inequality by having a narrow impact of creating a well-off group of recipients who enjoy increased consumption from year to year without feeling a need for work.

Empirical work about the impact of remittance receipts on the income distribution has now been completed for a number of countries. For example, Adams (1991) found that while international remittances did reduce poverty in Egypt by a small amount, their overall impact on the income distribution was negative. Adams repeats this analysis for Pakistan in 1992, Guatemala in 2004, and Ghana in 2006, and he generally finds that international remittances had a negligible or slightly negative impact on the income distribution.

Data and Methodology

[Table 1]

The surveys are organized by household, but they also include some characteristics for each individual in the household, such as age, gender, relationship to household head, marriage status, working status, salary, health, and education. Table 1 shows the number of households and individuals interviewed for each survey. At the household level, the surveys provide extensive data on sources of income, business and agricultural enterprises, detailed household expenditures, ownership of consumer durables, poverty incidence, poverty alleviation programs, and housing conditions. The households are representative of the entire Vietnamese population, both urban and rural, and across the regions.

Remittances are defined in the surveys as the amount of money and monetary value of in-kind benefits received by a household from people not living in the household, which do not require repayment. With respect to information about remittances, we can think of the two surveys from the 1990s as similar to one another, but different from the two surveys in the 2000s. And generally speaking, the information about remittances in the 1990s surveys is much more thorough than in the 2000s surveys. For the 1990s, we know specific details about each remittance a family receives. This information includes which family member received it, the relationship of the remittance sender to the receiver, the gender of the sender, and where the sender lives, including which country if the remittance came from overseas. The 1990s surveys also include

details about both remittances received and sent by each household, which allows a researcher to determine whether the household is a net receiver or sender, though this detail is not important for the analysis of overseas remittances, since very little is sent out of Vietnam. For 1997/98, we even know how the household spent the remittances it received. Not all of these details are included in the 2002 and 2004 surveys, though. For the later surveys, we only know the total amount of remittances received by each household, divided into domestic and international remittances. Thus, in the later surveys we cannot discuss the relationship between the sender and receiver, whether the household is a net sender or receiver, and from which country the remittance came.

Other general limitations of the data that bear some relevance to the topic of this paper include that we generally only have information about relatives who live in the same household (particularly in the later surveys), and therefore it is difficult to identify other relatives who may be living nearby or migrating to other areas. Thus, we cannot identify which households have family members living overseas and which do not, in order to identify the potential for international remittances. For instance, while we know about receipt of remittances from children, we cannot say what percentage of non-coresident children provide them. Furthermore, besides wages, most income sources are only identified at the household level, so it is not clear which member is the source of the income. Wealth data is also only available at the household level. This limits the analysis of intra-household sharing.

In this paper, we will analyze our research objectives by using data tabulations for each survey to observe trends over time. We use the individual and household weights so that the tabulations are representative for the entire Vietnamese population. Thus, we can observe changes in overseas remittance flows during a time period in which the Vietnamese population experienced profound social and economic changes.

Results

In this section, overseas remittances to Vietnam will be analyzed along different aspects, in order to gain a better understanding of their impacts on Vietnamese households.

Characteristics of Remittance Flows in Vietnam

The role of remittances in the Vietnamese economy is growing, both in terms of the percentage of households receiving them, and in the overall size of remittances. Though this paper is primarily concerned with international remittances, we will first provide some evidence of the overall situation of remittances in Vietnam. Remittances can flow either within the same province, between different provinces, or from overseas.

[Table 2]

Data for the origin of remittances is much more extensive for the 1990s surveys than for the 2002 and 2004 surveys. This information is in Table 2. Before going into greater detail about the 1990s, we can see the overall time trend of rapid growth in the proportion of domestic remittances. In 1992/93, 71.7 percent of the total value of

remittance flows came from overseas sources, and this amount gradually reduced to 36.8 percent in 2004. With this in mind, we can say much more about the 1990s. In 1992/93, 18.9 percent of the value of remittances moved between households within the same province, 9.4 percent between provinces, and 71.7 percent from overseas. Five years later, in 1997/98, international remittances represented only 57.3 percent of the total remittance value, while remittances flowing within a province represented 27.8 percent of remittance value, and those between provinces represented 17 percent of the total value. The most popular source for overseas remittances was the United States, which provided 41.1 percent of the overseas total in 1992/93, and 57.7 percent in 1997/98. By continents, in both surveys, North America lead with the most remittances, followed by Europe, Australia, and Asia. The “other” category was also particularly substantial in 1992/93, representing 19.2 percent of overseas remittances, but no additional details were provided to indicate which countries are represented.

[Table 3]

As noted, this time period was characterized by a growing fraction of the remittance totals coming from domestic sources. One may wonder whether this indicates an increase in the absolute value of domestic remittances, or a decrease in value of overseas remittances. To help answer this, Table 3 demonstrates that the percentage of households (weighted by household size) receiving remittances from domestic sources and foreign sources. The percentage of households receiving international remittances does not increase much during the time period, moving from 5.6 percent of households in 1992/93 to 7.25 percent of households in 2004. Meanwhile, the percentage of households receiving domestic remittances explodes, particularly between the 1997/98 and 2002 surveys. In 1992/93, only 16.11 percent of households received domestic remittances, but this grew to 77.31 percent of households in 2002 and 86.65 percent of households in 2004. Further down Table 3, we can see that even for households receiving overseas remittances, it became more common during this time period to also receive domestic remittances.

Socioeconomic and Demographic Characteristics of Households with Remittances

Table 4 describes the socioeconomic characteristics of those receiving international remittances. We examine various characteristics of the household, including its regional location, urban/rural status, marital status, gender, and age of the household head, and whether the household head is employed. For each survey year, there are three columns. First, the percentage of Vietnam’s population represented by each category is shown. Then, we see the percentage of overseas remittances received by the category group. The third column then shows the ratio of foreign remittances received to the portion of population represented by the group. If the ratio is above 1, then the group receives a disproportionate share of remittances from overseas, while those with a ratio less than 1 receive a relatively smaller share. This table demonstrates that recipients of remittances do not represent a random sample of Vietnam’s population, and helps to elucidate those who are more likely to receive such remittances.

[Table 4]

First, by region, Table 4 shows that the South East region of the country consistently receives the most remittances from overseas (for reader's reference, Figure 1 provides a map of Vietnam's regions). Throughout the time period, the South East contained about 15 percent of Vietnam's population. Meanwhile, at the low point in 2002, the South East received 29.2 percent of the total international remittances, and in 1997/98, the South East received 49.1 percent of the total international remittances. The South East includes Ho Chi Minh City, which is particularly known as a home for families who have relatives overseas. After the South East, no region can consistently claim a relatively large proportion of international remittances; though there are regions that consistently receive fewer remittances relative to their populations. For the Central Highlands and North East, the ratio of foreign remittances to population is at its highest of 0.5 in 2002, and the North West also reaches its peak in 2002 with a ratio of 0.4.

[Figure 1]

Regarding urban/rural status, urban areas consistently claim a larger share of remittances from overseas, though rural areas have been consistently gaining ground over time. In 1992/93, rural areas contained 80 percent of Vietnam's population, but only received 20.9 percent of the total foreign remittance amount. By 2004, the rural areas lost some population so that they represented 74.1 percent of the country's people, while the portion of foreign remittances grew to 49.9 percent. Thus, just as the share of remittances going to the South East region decreased over time, we are able to see evidence of growing geographic diversity in terms of where foreign remittances flow in Vietnam.

The next categories in Table 4 are the marital status and gender of the household head. Across the years, households with a married head tend to receive relatively smaller remittances. Instead, these remittances tend to flow more to widows and those otherwise not married. Similarly, while males tend to head about 78 percent of Vietnamese households (weighted by household size), such households only receive about 55 percent of the foreign remittances over time. By 2004, females headed 21.7 percent of households, and their households accounted for 47.9 percent of foreign remittances. Actually, increasing remittances to female-headed households can be observed over time, as in 1992/93 females headed 22.7 percent of households and received 42.5 percent of the value of overseas remittances. Contrary to the earlier hypothesis that international remittances would reinforce the wealth of otherwise well-off households, the tendency for overseas remittances to flow to unmarried and female-headed households provides some initial evidence that remittances may be helping to equalize incomes. This is an issue we will turn to again in later sections.

The next grouping in Table 4 is by the age of the household head. Here we can see evidence of overseas remittances being used to support elderly family members, though unlike before, this is a trend that weakens rather strengthens over time. Nonetheless, these numbers do not provide the full story because we do not know about who else is living with the household head for the purposes of this table. For instance, if a child moves from overseas back to Vietnam to take care of elderly parents directly

instead of providing remittances, then the table would show declining remittance flows to the elderly without properly characterizing the shift in type of support. Giang and Pfau (2007) provide some evidence regarding this matter by characterizing elderly households as those who are dependent on younger family members and those who are not. They find that the number of elderly living as dependents is declining in favor of elderly living alone. This would imply that a breakdown is occurring as elderly also receive less overseas remittances, and so further research is needed in this area using the panel aspects of the dataset.

Finally, Table 4 shows that regarding work status, the tendency is for the head of households to not be working when they receive international remittances. In 1992/93, 10.7 percent of household heads were not working, and these households received 32.3 percent of the overseas remittance flows. By 2004, 15.3 percent of household heads were not working, and they received 35.8 percent of the remittance value. However, this correlation does not reveal the underlying causation. It could be that households who can receive international remittances become lazy and less likely to work, or it could be that such household heads are unable to work and thus their family members are more willing to sacrifice to provide them with remittance income. The aging of the population as well as the flows to widows and others indicates the second scenario is likely, but it could be that both possibilities are playing a role.

Relationship Between the Senders and Receivers of International Remittances

[Table 5]

Using the 1990s surveys, we can get an idea about the relationship between the senders and receivers of international remittances. As mentioned before, this analysis is not possible with the 2002 and 2004 surveys, because such details are missing from the survey questions. These details are provided in Table 5. In both the 1992/93 and 1997/98 surveys, children were the largest source of international remittances, providing 40.2 and 36.7 percent of the total value for those years. Next, the category of siblings and nieces/nephews was also an important source, providing 38.7 percent of the remittances in 1992/93 and 33.2 percent in 1997/98. Parents and spouses also provided some remittances, as well as other categories. Table 5 also shows the distribution of remittances by relationship status, depending on the age of household head. For households with a head aged 20 to 29, spouses are the biggest source of international remittances, followed by the sibling category. But for households aged 30 and older, spouses are not a noticeable source. For those households with a head aged 30 to 49, the sibling category is most important, and for those aged 50 and above, children become the most important source. The “other” category is rather small, consisting of 5.1 percent of the total in 1992/93 and 14.7 percent in 1997/98. It is worth noting that in addition to other distant relatives, the “other” category includes all remittances from non-relatives, demonstrating that most foreign remittances are sent to family members in Vietnam.

Evidence on Spending Patterns for Remittances

How remittances are spent is an important question that can help to characterize the impact of international remittances on the Vietnamese economy. For instance, are they used to purchase food, shelter, or other consumption goods, or for education, or for business investment? It is an important question, though it is only addressed in the 1997/98 survey.

In this survey, there are 497 reports of international remittance receipt, going to 377 different households. For each of the 497 reports, the interviewee was asked to identify up to three different ways that the remittance was spent. In all 497 cases, a first use was reported, while a second use was reported in 56 cases, and a third use in only 7 cases. For the first use, 86.7 percent (431 cases) identified consumption, 0.4 percent (2 cases) identified education, 3 percent (15 cases) identified investment in non-farm production, 1.2 percent (6 cases) identified investment in farm production, 4.6 percent (23 cases) used the funds to build a house, and 4 percent (20 cases) identified the use as “other.” Regarding the identification of a second use, 40 of the 56 who responded identified a second use beyond consumption. These include 12 cases for education, 11 cases for non-farm investment, 1 case for home building, and 18 cases for “other.” This only leaves 14 other cases of second uses, and 9 of these 14 identified consumption as the second use.

While these numbers cannot be used to pinpoint the exact percent breakdown of spending, because they do not identify the proportions spent on each category, let us ignore second and third uses and assume all of the remittance was spent toward the first use. In this case, the remittances for consumption tended to be smaller, because once we weigh for the size of the remittance, spending on consumption represented about 73 percent of the value of international remittances. Meanwhile, house construction received 14.4 percent of the remittances, non-farm investment received 6 percent of the flows, and education and spending on farm investment are essentially nonfactors as most of the rest goes to the “other” category. Unfortunately, such information is only included in the 1997/98 survey, but we do find evidence in this case that remittances have a tendency to be consumed, especially if we add home construction to consumption expenditures, and perhaps surprisingly, very little of education expenses are funded with remittances from overseas.

Impact of International Remittances on Income Inequality in Vietnam

[Table 6]

Here we explore the relationship between remittances and income inequality in Vietnam. First, Table 6 provides details about the distribution of international remittances to different income groups. For each survey year, we show the share of the total foreign remittances received by a subgroup of the population, the mean amount of foreign remittances and mean amount of per-capita expenditures measured in thousands of Vietnamese Dong (VND), the mean amount of per-capita expenditures minus foreign remittances, and the amount of remittances as a percentage of expenditures. The population subgroups include households not receiving foreign remittances, households

receiving foreign remittances, and then these recipients divided into five quintiles, sorted by the total per-capita expenditures of the household.

For recipients of foreign remittances, we observe that, with an implicit assumption that remittances are consumed and that households would not be able to adjust their expenditures in the counterfactual situation where they do not otherwise receive foreign remittances, such remittances account for between 40 and 60 percent of household expenditures. The percentage was the highest in 1992/93, where remittances accounted for 57.1 percent of expenditures. Actually, this year also holds the distinction as the only year that the mean amount of foreign remittances (1391.7 thousand Dong) for recipients actually exceeded the mean per-capita expenditures of non-recipients (1255.3 thousand Dong). Among households receiving foreign remittances, we can also observe that in all years the mean foreign remittance exceeded Vietnam's poverty-line for per-capita expenditures. Finally, with regard to the income distribution divided into five quintiles, we find that the most well off quintile receives a disproportionate share of the foreign remittances, though their share lessens over time from 84.7 percent of the total in 1992/93 to 69.3 percent of the total in 2004. Also, while the absolute level of remittances tends to increase as one moves up the income distribution, there is not as clear of pattern regarding the percentage of expenditures represented by remittances. [Table 7]

Table 6 seems to imply that international remittances lead to greater inequality, especially as recipients on average tend to enjoy about double the per-capita expenditures of non-recipients. However, Table 7 disputes this conclusion with the use of Gini coefficients. These numbers measure the impact of remittances on the income distribution, where the income distribution is defined separately as both per-capita expenditures and per-capita income (household income is only available in the 2002 and 2004 surveys). A Gini coefficient shows the degree of equality in which income or expenditures are divided in a society, with a measure of 0 showing perfect equality and a measure of 1 showing that one household holds all resources in society. The conclusion of Table 7 is that both domestic and foreign remittances are contributing to greater equality in Vietnam. This is done by first removing all remittances receipts from the income measure of the household, and then calculating the Gini coefficient. Then, domestic remittances are added to the income measure to find another Gini coefficient. Then, domestic remittances are removed and foreign remittances are added to the income measure to find the Gini coefficient in the third column. The fourth column includes the Gini coefficient with all remittances included.

We observe that the Gini coefficients are smaller after including the remittances that show greater equality. For instance, in 1992/93, foreign remittances help to reduce the Gini coefficient from 0.3580 to 0.3344. In 1997/98, Vietnam is tending toward greater overall inequality, but foreign remittances nonetheless help to reduce the Gini coefficient from 0.3645 to 0.3583. In 2002 and 2004, we have Gini coefficients for both income and expenditures. The Gini coefficients for income tend to be larger than for expenditures, because wealthier families tend to save more so that overall expenditures are closer. For income, 2002 shows the only instance of increased inequality, as foreign remittances increase the Gini coefficient from 0.5036 to 0.5049. However, with

expenditures, we see the same trend as before. Inequality is increasing in Vietnam, but overseas remittances reduce the Gini coefficient from 0.4113 to 0.3870. Finally, in 2004, overseas remittances again reduce the Gini coefficients; for income the Gini coefficient moves from 0.5042 to 0.5040 (a negligible difference) and for expenditures it moves from 0.4176 to 0.3948. At least in terms of expenditures, we are seeing clear evidence that overseas remittances are improving income equality in Vietnam.

Conclusions

International remittances are clearly playing an important part in the Vietnamese economy. This paper seeks to determine how international remittances are impacting Vietnamese households. Our findings include that overseas remittances come from throughout the world, but are dominated by the United States as a main source. Also, over time, the destinations of foreign remittances are becoming more diverse as they move away from Ho Chi Minh City and other urban areas, in particular, to other regions and to rural areas. Nonetheless, the percentage of households receiving overseas remittances as held steady at around 5 to 7 percent of the population. Also, widows, the elderly, female headed households, and households where the head does not work disproportionately receive foreign remittances. This helps to ensure that foreign remittances actually improve equality in Vietnam with regard to per-capita household expenditures, though the improvements are quite small. Nonetheless, the improvements to income equality caused by overseas remittances are becoming more substantial over time. We also determine that overseas remittances are used primarily for consumption, and close family members including children, spouses, and siblings mainly provide them.

There is still much more to be said about the role of international remittances, and this paper hopes to serve as a starting point for further analysis. In particular, this paper does not account for the macroeconomic impacts of remittances in a general equilibrium framework. If remittances lead to greater investment, then they can be an important source of economic growth. Also, this paper does not provide a lot of detail about an issue of particular interest to the authors, which is how remittances impact the living standards of Vietnam's elderly. The social insurance infrastructure is still weak, and as economic reform is producing many changes in Vietnamese society, we wish to study more about the overall impacts on the elderly.

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TABLE 1
Number of Households and Individuals
in the Vietnam (Household) Living Standards Surveys

Year	Number of Households	Number of Individuals
1992/93	4,800	24,068
1997/98	6,002	28,633
2002	29,530	132,384
2004	9,189	39,696

Source: Authors' calculations from VLSS 1992/3 & 1997/8, and VHLSS 2002 & 2004

TABLE 2
Vietnam's Flow of Remittances by Origin
(Percent of Total Value of Remittances)

	1992 / 93	1997 / 98
Source of Remittances		
Within Same Province	18.9%	27.8%
Between Provinces	9.4%	17.0%
International	71.7%	57.3%
 Source of International Remittances		
Laos	0.0%	0.0%
Cambodia	0.2%	0.0%
Thailand	0.3%	0.4%
China	0.2%	0.2%
Hong Kong	0.0%	1.1%
Taiwan	n/a	0.8%
Australia	7.3%	8.6%
France	2.8%	4.0%
Western Europe	9.9%	7.7%
Former Soviet Union	3.4%	3.2%
Eastern Europe	9.3%	3.9%
United States	41.1%	57.7%
Canada	6.2%	6.1%
Other	19.2%	6.5%
 North America	 47.3%	 63.8%
Europe	22.0%	15.6%
Australia	7.3%	8.6%
Asia	4.2%	5.6%
Other	19.2%	6.5%
	2002	2004
Source of Remittances		
Domestic	61.3%	63.2%
International	38.7%	36.8%

Source: Authors' calculations from VLSS 1992/3 & 1997/8, and VHLSS 2002 & 2004

TABLE 3
Percentage of Households Receiving Remittances
Based on Origin of Remittances

	1992/93	1997/98	2002	2004
Receipt of Remittances From:				
No Remittances	79.28%	77.32%	20.01%	12.28%
Domestic Remittances	16.11%	17.83%	77.31%	86.65%
International Remittances	5.60%	5.60%	5.93%	7.25%
Receipt of Remittances From:				
No Remittances	79.28%	77.32%	20.01%	12.28%
Domestic Remittances Only	15.12%	17.06%	74.06%	80.47%
International Remittances Only	4.62%	4.85%	2.68%	1.67%
Both International and Domestic	0.99%	0.78%	3.25%	5.58%

Note: Columns in the top half of the table do not add to 100 because households receiving both domestic and international remittances are counted twice.

Source: Authors' calculations from VLSS 1992/3 & 1997/8, and VHLSS 2002 & 2004

TABLE 4
Flow of International Remittances in Vietnam
Based on Household Characteristics

	1992/93			1997/98			2002			2004		
Region	Perce nt of Popul ation	Perce nt of Foreig n Remitt ances Receiv ed	Ratio of Foreig n Remitt ances Receiv ed to Popula tion	Perce nt of Popul ation	Perce nt of Foreig n Remitt ances Receiv ed	Ratio of Foreig n Remitt ances Receiv ed to Popula tion	Perce nt of Popul ation	Perce nt of Foreig n Remitt ances Receiv ed	Ratio of Foreig n Remitt ances Receiv ed to Popula tion	Perce nt of Popul ation	Perce nt of Foreig n Remitt ances Receiv ed	Ratio of Foreig n Remitt ances Receiv ed to Popula tion
Region												
Red River Delta	20.2%	30.9%	1.5	19.6%	15.8%	0.8	21.9%	9.5%	0.4	22.1%	19.5%	0.9
North East	14.2%	3.0%	0.2	15.1%	2.8%	0.2	11.9%	5.7%	0.5	11.6%	3.9%	0.3
North West	2.6%	0.2%	0.1	2.9%	0.0%	0.0	2.7%	1.0%	0.4	3.0%	0.7%	0.2
North Central Coast	12.8%	1.2%	0.1	13.8%	6.9%	0.5	13.4%	9.5%	0.7	13.1%	10.9%	0.8
South Central Coast	9.5%	8.0%	0.8	8.5%	9.9%	1.2	8.5%	9.8%	1.2	8.7%	9.9%	1.1
Central Highlands	2.3%	0.7%	0.3	2.8%	0.3%	0.1	5.8%	2.8%	0.5	5.0%	1.8%	0.3
South East	15.9%	42.6%	2.7	15.9%	49.1%	3.1	14.6%	29.2%	2.0	16.2%	31.6%	2.0
Mekong River Delta	22.5%	13.3%	0.6	21.5%	15.3%	0.7	21.3%	32.5%	1.5	20.4%	21.8%	1.1
Urban / Rural Status												
Rural	80.0%	20.9%	0.3	77.6%	25.2%	0.3	76.8%	49.0%	0.6	74.1%	49.9%	0.7
Urban	20.0%	79.1%	4.0	22.4%	74.8%	3.3	23.2%	51.0%	2.2	25.9%	50.1%	1.9
Marital Status of Household Head												
Married	85.4%	76.7%	0.9	86.4%	78.7%	0.9	85.6%	74.5%	0.9	84.8%	68.2%	0.8
Widowed	10.9%	15.1%	1.4	10.4%	11.8%	1.1	11.5%	17.5%	1.5	12.3%	23.6%	1.9
Otherwise Not Married	3.7%	8.2%	2.2	3.2%	9.6%	3.0	2.9%	8.0%	2.8	2.9%	8.3%	2.8
Gender of Household Head												
Male	77.3%	57.5%	0.7	78.4%	55.0%	0.7	79.5%	57.0%	0.7	78.3%	52.1%	0.7
Female	22.7%	42.5%	1.9	21.6%	45.0%	2.1	20.5%	43.0%	2.1	21.7%	47.9%	2.2
Age of Household Head												
20 - 29	10.7%	2.0%	0.2	5.4%	2.5%	0.5	5.0%	4.9%	1.0	3.2%	3.3%	1.0
30 - 39	29.6%	29.4%	1.0	28.3%	17.1%	0.6	26.2%	20.5%	0.8	23.1%	12.5%	0.5
40 - 49	22.5%	12.5%	0.6	29.4%	29.5%	1.0	31.5%	26.7%	0.8	32.4%	28.5%	0.9
50 - 59	18.3%	27.3%	1.5	17.8%	19.3%	1.1	17.0%	15.8%	0.9	20.0%	22.6%	1.1
60 - 69	13.1%	13.5%	1.0	13.4%	14.7%	1.1	11.5%	13.7%	1.2	11.5%	16.4%	1.4
70 - 79	4.9%	12.5%	2.6	4.9%	11.2%	2.3	7.0%	14.9%	2.1	7.4%	12.9%	1.7
80 - 89	0.7%	2.9%	3.9	0.8%	5.6%	7.4	1.7%	3.1%	1.8	2.1%	3.7%	1.7
90 and older	0.1%	0.0%	0.0	0.1%	0.2%	4.0	0.2%	0.2%	0.9	0.3%	0.0%	0.0
Work Status of Household Head												
Not Working	10.7%	32.3%	3.0	15.2%	39.5%	2.6	14.0%	35.6%	2.5	15.3%	35.8%	2.3
Working	89.3%	67.7%	0.8	84.8%	60.5%	0.7	86.0%	64.4%	0.7	84.7%	64.2%	0.8

Source: Authors' calculations from VLSS 1992/3 & 1997/8, and VHLSS 2002 & 2004

TABLE 5
International Remittances, Relationship of Sender to Receiver
Weighted by Remittance Amount

	Age of Household Head							
	Total	20 - 29	30 - 39	40 - 49	50 - 59	60 - 69	70 - 79	80 - 89
1992/93								
Relationship of Sender to Receiver								
Grandchild	1.9%	0.7%	0.7%	0.2%	3.1%	0.1%	5.9%	4.7%
Child / Child-in-law	40.2%	12.8%	6.6%	8.9%	62.2%	63.8%	82.2%	85.6%
Spouse	4.0%	34.2%	7.0%	8.2%	0.0%	0.0%	0.0%	0.0%
Sibling, Sibling-in-law, Niece or Nephew	38.7%	32.3%	64.6%	53.4%	22.9%	31.3%	6.6%	2.5%
Parent / Parent-in-law	10.0%	1.5%	19.5%	9.4%	8.6%	0.0%	3.3%	0.0%
Grandparent	0.1%	2.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other	5.1%	16.3%	1.7%	19.8%	3.2%	4.8%	2.0%	7.2%
1997/98								
Relationship of Sender to Receiver								
Grandchild	4.2%	0.0%	0.0%	3.5%	4.8%	5.1%	9.8%	4.6%
Child / Child-in-law	36.7%	2.0%	0.7%	11.8%	48.8%	69.7%	78.6%	84.7%
Spouse	5.6%	53.7%	11.6%	6.0%	0.0%	0.0%	0.2%	0.0%
Sibling, Sibling-in-law, Niece or Nephew	33.2%	22.1%	36.8%	55.1%	34.4%	19.4%	5.7%	1.5%
Parent / Parent-in-law	5.6%	0.0%	23.6%	2.0%	3.8%	0.9%	4.3%	8.8%
Grandparent	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%
Other	14.7%	22.2%	27.3%	21.7%	8.2%	4.9%	1.5%	0.6%

Source: Authors' calculations from VLSS 1992/3 & 1997/8

TABLE 6**Relationship Between Remittances and the Income Distribution**

(Expenditure quintiles are defined in terms of household per-capita expenditures)

1992 / 93 (Poverty line for per-capita real expenditure: 1,160)

	Share of Total Foreign Remittances	Mean Foreign Remittances	Mean Per Capita Expenditures	Mean Per Capita Expenditures net Foreign Remittances	Remittance as % of Expenditure
Households Not Receiving Foreign Remittances	0%	0.0	1255.3	1255.3	0.0%
Only Households Receiving Foreign Remittances	100.0%	1391.7	2437.7	1046.0	57.1%
Only Households Receiving Foreign Remittances					
Expenditure Quintile 1	0.9%	199.2	643.4	444.2	31.0%
Expenditure Quintile 2	2.5%	736.5	819.0	82.5	89.9%
Expenditure Quintile 2	3.8%	357.1	1072.0	714.9	33.3%
Expenditure Quintile 2	8.2%	468.2	1524.6	1056.5	30.7%
Expenditure Quintile 5	84.7%	2354.4	3656.4	1302.0	64.4%

1997 / 98 (Poverty line for per-capita real expenditure: 1,790)

	Share of Total Foreign Remittances	Mean Foreign Remittances	Mean Per Capita Expenditures	Mean Per Capita Expenditures net Foreign Remittances	Remittance as % of Expenditure
Households Not Receiving Foreign Remittances	0%	0.0	2614.1	2614.1	0.0%
Only Households Receiving Foreign Remittances	100.0%	2209.2	5273.3	3064.1	41.9%
Only Households Receiving Foreign Remittances					
Expenditure Quintile 1	0.2%	104.3	1160.4	1056.1	9.0%
Expenditure Quintile 2	2.8%	720.9	1723.5	1002.6	41.8%
Expenditure Quintile 2	3.9%	831.8	2290.2	1458.4	36.3%
Expenditure Quintile 2	11.3%	1132.1	3382.3	2250.2	33.5%
Expenditure Quintile 5	81.8%	3370.6	7635.6	4265.0	44.1%

Note: Monetary amounts are measured in thousands of Vietnamese Dong (VND) per year.

Source: Authors' calculations from VLSS 1992/3 & 1997/8, and VHLSS 2002 & 2004

TABLE 6 (cont.)

Relationship Between Remittances and the Income Distribution

(Expenditure quintiles are defined in terms of household per-capita expenditures)

2002 (Poverty line for per-capita real expenditure: 1,917)

	Share of Total Foreign Remittances	Mean Foreign Remittances	Mean Per Capita Expenditures	Mean Per Capita Expenditures net Foreign Remittances	Remittance as % of Expenditure
Households Not Receiving Foreign Remittances	0%	0.0	3337.4	3337.4	0.0%
Only Households Receiving Foreign Remittances	100.0%	2895.5	5674.7	2779.2	51.0%
Only Households Receiving Foreign Remittances					
Expenditure Quintile 1	0.8%	290.7	1312.9	1022.2	22.1%
Expenditure Quintile 2	2.1%	502.1	1889.8	1387.7	26.6%
Expenditure Quintile 2	4.8%	961.4	2473.6	1512.2	38.9%
Expenditure Quintile 2	16.1%	2227.7	3550.3	1322.7	62.7%
Expenditure Quintile 5	76.3%	4481.9	8659.2	4177.3	51.8%

2004 (Poverty line for per-capita real expenditure: 2,077)

	Share of Total Foreign Remittances	Mean Foreign Remittances	Mean Per Capita Expenditures	Mean Per Capita Expenditures net Foreign Remittances	Remittance as % of Expenditure
Households Not Receiving Foreign Remittances	0%	0.0	4189.2	4189.2	0.0%
Only Households Receiving Foreign Remittances	100.0%	3674.1	8013.7	4339.7	45.8%
Only Households Receiving Foreign Remittances					
Expenditure Quintile 1	0.7%	694.2	1645.6	951.5	42.2%
Expenditure Quintile 2	5.2%	1718.3	2390.9	672.5	71.9%
Expenditure Quintile 2	7.8%	1692.3	3279.0	1586.7	51.6%
Expenditure Quintile 2	17.1%	2718.2	4745.5	2027.3	57.3%
Expenditure Quintile 5	69.3%	5023.1	11709.0	6685.9	42.9%

Note: Monetary amounts are measured in thousands of Vietnamese Dong (VND) per year.

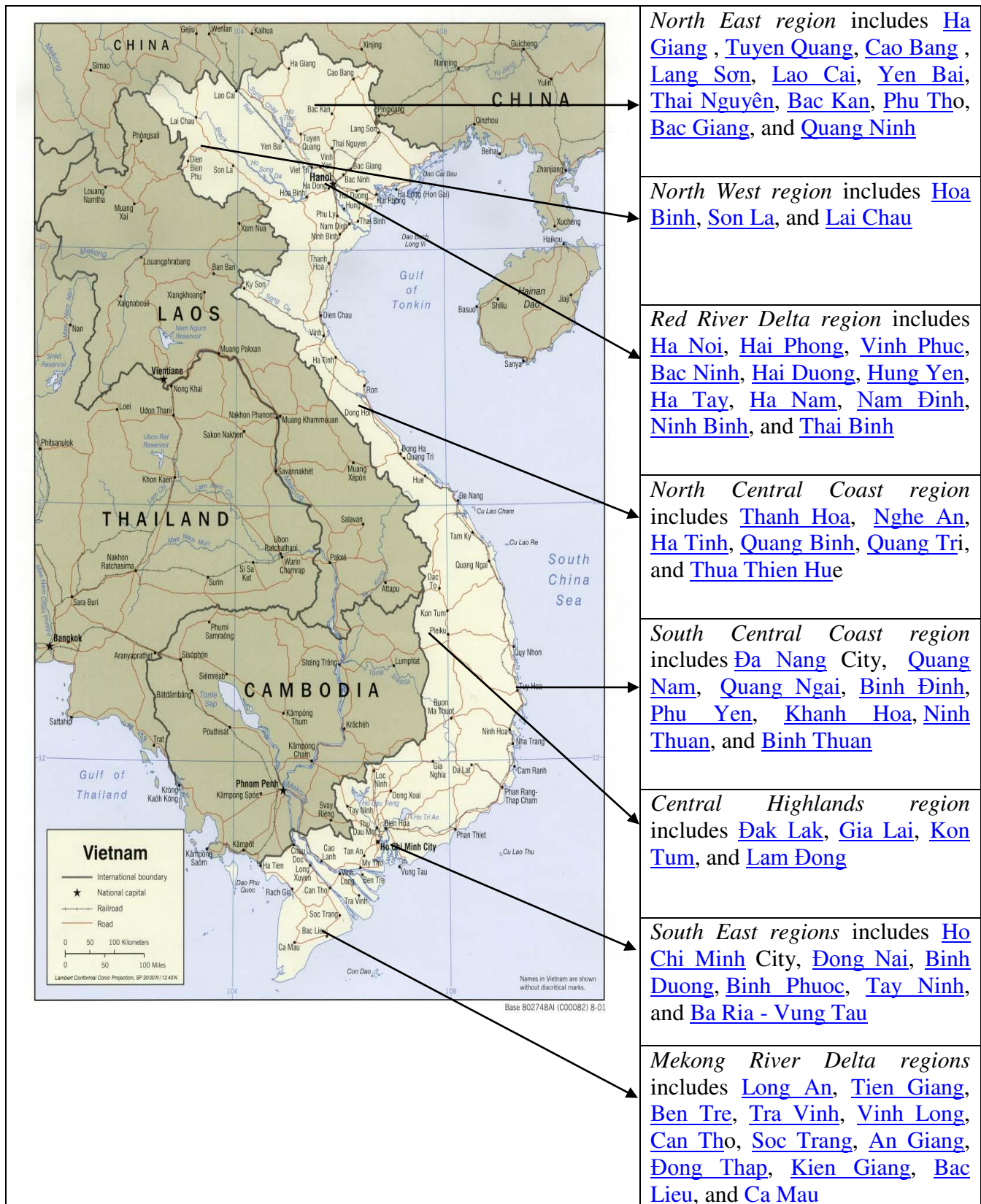
Source: Authors' calculations from VLSS 1992/3 & 1997/8, and VHLSS 2002 & 2004

TABLE 7
Impact of Remittances on Income Inequality in Vietnam: Gini Coefficients

1992 / 93 Per Capita Income / Expenditure					
	Excluding Remittances	Including Domestic Remittances Only	Including Foreign Remittances Only	Including Remittances	All
Income per capita	n/a	n/a	n/a	n/a	
Expenditure per capita	0.3580	0.3534	0.3344	0.3305	
1997 / 98 Per Capita Income / Expenditure					
	Excluding Remittances	Including Domestic Remittances Only	Including Foreign Remittances Only	Including Remittances	All
Income per capita	n/a	n/a	n/a	n/a	
Expenditure per capita	0.3645	0.3551	0.3583	0.3501	
2002 Per Capita Income / Expenditure					
	Excluding Remittances	Including Domestic Remittances Only	Including Foreign Remittances Only	Including Remittances	All
Income per capita	0.5036	0.4964	0.5059	0.4988	
Expenditure per capita	0.4113	0.3899	0.3870	0.3703	
2004 Per Capita Income / Expenditure					
	Excluding Remittances	Including Domestic Remittances Only	Including Foreign Remittances Only	Including Remittances	All
Income per capita	0.5042	0.4943	0.5040	0.4947	
Expenditure per capita	0.4176	0.3868	0.3948	0.3694	

Source: Authors' calculations from VLSS 1992/3 & 1997/8, and VHLSS 2002 & 2004

FIGURE 1 - Map and Economic Regions of Vietnam



Source: Ministry of Planning and Investment of Vietnam (MPI), 2006