

Vietnam's *Household Registration System*



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Acronyms

EA	Enumeration area
GSO	General Statistics Office
HKQS	<i>Ho Khau</i> Qualitative Study
HRS	Household Registration Survey
IOS	Vietnam Institute of Sociology
MDRI	Mekong Development Research Institute
MOLISA	Ministry of Labor, Invalids and Social Affairs
UPS	Urban Poverty Surveys
VASS	Vietnam Academy of Social Sciences
VHLSS	Vietnam Household Living Standard Surveys

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Executive summary

The household registration system known as *ho khau* has been a part of the fabric of life in the country for over 50 years. The system was implemented as an instrument of public security, economic planning, and control of migration, at a time when the state played a stronger role in direct management of the economy and the life of its citizens. Although the system has become less rigid over time, concerns persist that *ho khau* limits the rights and access to public services of those who lack permanent registration in their place of residence. Due largely to data constraints, however, previous discussions about the system have relied largely on anecdotal or partial information. This report attempts to fill that gap, by bringing new data and empirical analysis to the table. The report covers five areas: 1) the history of the system, 2) the size and characteristics of the population without permanent registration, 3) service access of those without permanent registration, 4) the debate about the system in the media and among policymakers, and 5) the fiscal impacts of increased migration. A final chapter considers possible policy directions. Key findings from the study are as follows:

- At least 5.6 million people lack permanent *ho khau* in their place of residence (and have only temporary registrant status), including 36% of the population of Ho Chi Minh City and 18% of the population of the Ha Noi.
- Those without permanent registration work overwhelmingly in the private sector, mostly in manufacturing, and make up three-fourths of all employees of foreign firms in the surveyed areas (Ho Chi Minh City, Ha Noi, Da Nang, Binh Duong, and Dak Nong.)
- In material economic terms and in the labor market, temporary registrants no longer face disadvantages, except that they are largely excluded from public sector employment.
- Although gaps are less severe than suggested in earlier studies, temporary registrants continue to face limitations in service access, particularly with regard to public schools, health insurance for young children, and basic procedures like registering a motorcycle.
- 70% of citizens in surveyed areas believe the system limits the rights of people without *ho khau* and should be made less restrictive.
- Some policymakers have raised concerns that relaxing the system could result in increased migration to urban centers, straining public services and municipal finances. However, taking into account impacts on revenue and transfers, the net fiscal impact is likely positive or only mildly negative.

Drawing from historical roots as well as the model of China's *hukou*, the *ho khau* system was established in 1964 as an instrument of public security and state management of the economy. The 1964 law established the basic parameters of the system: every citizen was to be registered as a resident in one and only household at the place of permanent res-

idence, and movements could take place only with the permission of authorities. Controlling rates of movement to cities was part of the system's early motivation, and the system's ties to rationing, public services, and employment made it an effective check on unsanctioned migration. Transfer of one's *ho khau* from one place to another was possible in principle but challenging in practice. Before Doi Moi—the transition towards a more market orientation in the late 1980s—few people moved without the sanction of authorities, and those that did struggled to survive without local *ho khau*.

The force of the system has diminished since the launch of Doi Moi as well as a series of reforms starting in 2006. Most critically, it is no longer necessary to obtain permission from the local authorities in the place of departure to register in a new location. Additionally, obtaining temporary registration status in a new location is no longer difficult. However, in recent years the direction of policy changes regarding *ho khau* has been varied. A 2013 law explicitly recognized the authority of local authorities to set their own policies regarding registration, and some cities have tightened the requirements for obtaining permanent status. The 2012 Capital City Law raised the bar for permanent residence in Ha Noi, most notably by requiring applicants to have been residing in the city for at least three years. In Da Nang, local authorities also created a new set of restrictions for permanent residence applicants.

Actual administrative practice varies from what is stipulated in the legal regime. To take one example, the 2006 Law on Residence collapsed the four *ho khau* categories (KT1, KT2, KT3, and KT4) into two—permanent and temporary—but the distinction between KT3

(long-term temporary) and KT4 (short-term temporary) still exists in practice.

Understanding of the system has been hampered by the fact that those without permanent registration have not appeared in most conventional sources of socioeconomic data. A new household survey and qualitative study carried out for this report in Ha Noi, Ho Chi Minh City, Da Nang, Binh Duong, and Dak Nong made particular efforts to include all households regardless of registration status.

Estimates from the 2015 Household Registration Survey (HRS) indicate that there are more than 5.6 million people with permanent registration in their place of residence, far more than implied by previous surveys. This is a lower limit on the total number without permanent registration because the survey only covered one of the three provinces near Ho Chi Minh City with large numbers of migrants (Binh Duong), and did not include the neighboring provinces of Dong Nai and Ba Ria-Vung Tau, which also probably have large numbers of residents without permanent registration. Everyone captured in the survey without permanent registration reported having some form of temporary registration. Most indicated that they have long-term temporary registration, and many have been living for years without permanent registration. Forty percent of those without permanent *ho khau* moved to their current province before 2010.

Temporary registrant households have relatively few children and larger numbers of people of working age. Just 13% of temporary registrant households have children, compared to 22% of permanent registrant households. Almost no one with temporary registrant status

is over age 60. There are no sharp differences in gender or ethnicity by registration status.

Temporary registrants have a very different employment profile from permanent registrants. Seventy percent of temporary registrant workers are in the private sector (twice the rate among permanent registrants), and 30% work for foreign firms. In the five provinces surveyed, three-fourths of all foreign firm employees have temporary registration. The wage premium associated with permanent registration in 2009 had disappeared by 2015, and average wages, expenditures, and income of temporary registrants are now similar to or slightly higher than those of permanent registrants. However, temporary registrants still face barriers to public sector employment.

Temporary registrant households send substantial amounts of remittances. Among permanent registrant households, remittances are negligible. Among temporary registrant households, remittances average 236,000 VND per capita per month—approximately 8% of household income—and are higher among those with short-term temporary status. More than half (51%) of all temporary registrant households report having sent some remittances.

Although broadly the gaps in service access are less severe than those suggested by earlier studies, temporary registrants continue to face limited access to some public services. Children with temporary registration are substantially less likely to be enrolled in school at the lower and upper secondary levels, even after controlling for individual and household characteristics. At lower levels, overall enrollment rates are similar but temporary registrants are much

more likely to be enrolled in more expensive private schools. Interviews conducted as part of the 2015 *Ho khau* Qualitative Study (HKQS) indicate that these patterns are due to the fact that many schools give permanent registrants higher priority for enrollment.

Despite a national policy of free health insurance for children under age 6, one-quarter of temporary registrant children in that age group lack health insurance. Qualitative evidence indicates that this is due in part to their registration status. Some temporary registrants also face obstacles in designating a local facility as their health care location, which means that they pay higher fees for health care.

Additionally, qualitative evidence suggests that policies on whether temporary registrants can qualify for social assistance are inconsistent. Temporary registrants are slightly less likely than comparable permanent registrants to appear on the “poor list”, but overall rates of appearing on the poor list and receiving most forms of social assistance are low (regardless of registration status) in areas where temporary registrants live. Temporary registrants also face difficulties in conducting basic government procedures like registering a motorcycle.

The impacts of the *ho khau* system have gender dimensions. First, qualitative interviews indicate that women typically take primary responsibility for navigating the hurdles of health and education access for their children. Second, the gap in lower secondary enrollment for temporary vs. permanent registrants is much larger for girls. The reason for this gender difference is uncertain but may indicate that temporary registrant parents are willing to make greater efforts to overcome *ho khau* barriers for

male children. As in the population as a whole, women make up about half of temporary registrants. Women wage earners in the survey sample earn on average 12% less than observationally similar men, but those with temporary registration are not especially disadvantaged.

A surprisingly large number of temporary registrants in Binh Duong are ethnic minorities, which suggests that ethnic minority migration may have accelerated in recent years. Ethnic minorities constitute 14% of Vietnam's population and have traditionally had low geographic mobility, which has been one factor in their relatively high poverty rates. Only 1% percent of the permanent registrant population are ethnic minorities in the major urban areas covered by the survey (Ha Noi, Da Nang, Binh Duong, and Ho Chi Minh City). However, ethnic minorities are a much larger fraction of temporary registrants, particularly in Binh Duong, where they constitute 7.6% of long-term temporary and 11.3% percent of short-term temporary registrants. If this pattern is sustained, migration may become an increasing factor in poverty reduction for ethnic minorities.

Barriers to obtaining permanent registration status take two forms. The first consists of the official requirements, including a long period of temporary residence (two years in most locations and three in Ha Noi) as well as rules that applicants live in dwellings with minimum living space per person. The second type of barrier is document requirements that some applicants may have trouble satisfying. The extent of bribery associated with the system is unclear; in qualitative interviews, numerous respondents reported having to make large payments to change registration status, but in the

household survey, few reported such payments. Half of temporary registrants voice an intention to stay in their place of residence, and essentially all of that group expressed a desire to obtain permanent status. The large number of people who have held temporary registrant for many years, despite an expressed desire to obtain permanent status, suggests that barriers to changing registration are still formidable.

Analysis of press coverage, statements of public officials, and citizen views expressed in both the HKQS and the HRS provide a sense of the range of opinions on the household registration system. Since 2006, the media has portrayed an intense discussion on *ho khau*, reflecting a high level of citizen interest. Newspaper stories have presented a diversity of views, increasingly including strong criticisms of the system. Recent newspaper stories and social media have highlighted individual tales of hardship associated with *ho khau*. Likewise, public officials have engaged in vigorous debate about the system.

Citizens have mixed views of the existing *ho khau* system. Substantial numbers of citizens express support for elements of the system, agreeing that is necessary to ensure public safety and limit migration. At the same time, a large majority say that it limits the rights of people without permanent status, that it induces corruption, and that it should be made less restrictive. Qualified support for the system can be understood given that *ho khau* has been part of the fabric of life in Vietnam. Most citizens see the system as an essential part of the government's functions.

A primary motivation for maintaining a restrictive *ho khau* system, expressed by citizens and policymakers

alike, is to reduce migration to urban cities. Local officials worry in particular about the burden that new migrants place on public services. In fiscal terms, there are concerns about the strain on subnational budgets, particularly for health and education, due to the arrival of migrants. A full accounting of the fiscal impact of migration requires taking into account their impact on not just expenditures, but also revenues and inter-governmental transfers. These impacts can be approximated by examining how each of these three streams vary by population across provinces, controlling for province characteristics.

A cross-provincial statistical analysis shows that an additional person is associated with greater expenditure, revenue, and transfers. An additional person added to the population of a province or city is associated with an increase of 388,000 to 456,000 VND per year on health and education expenditure. The net fiscal impact of an additional migrant is somewhat uncertain but is much more positive than a focus on expenditures alone would imply, ranging across specifications from -697,000 to +3,346,000 VND per year.

There are multiple reasons to consider reform of the *ho khau* system. First, the barriers temporary registrants face to services and public employment are unfair. This is of particular concern for barriers that impact children—such as those related to health insurance and education—as they may limit the possibilities for intergenerational mobility. Second, the system creates economic costs. By effectively increasing the costs of moving to cities, *ho khau* decreases migration, providing a brake on the country's structural transformation and economic growth. While reliable esti-

mates of the magnitude of this effect have not been made, relative to the larger forces driving Vietnam's economy, the overall impact of the *ho khau* system is likely to be small. Nonetheless, to maximize its growth potential the country should be encouraging urbanization rather than retaining barriers intended to limit the arrival of new migrants. Other potential economic costs could be associated with challenges temporary registrants may face in formalizing businesses as well as the time and travel costs they face in returning to their place of origin for many procedures. An additional potential cost comes from the fact that temporary registrant households may leave children with relatives in their hometowns, where they have greater school access. This phenomenon of "left behind children" may have negative implications for children.

There are two main mutually compatible options for reform of the system. The first is to reduce the obstacles to obtaining permanent registration. This could be done through shortening (or eliminating) the time period required before residents can apply for permanent status as well as limiting the set of requirements that can be imposed on permanent status applicants. The second is to reduce differences in service access between those with permanent and temporary access. This could be partially accomplished through a number of service-specific measures along with clarification and enforcement of existing rules. The designation of a health facility could be fully decoupled from residency, so that temporary registrants could choose facilities where they live. Free provision of insurance to children under 6 regardless of registration status could be better enforced. Permanent registration requirements for public employment could

be eliminated, and government procedures like registering a motorcycle could be made available explicitly for temporary registrants. The government has also taken the initial steps towards creating a national population database and citizen identification card which could

ultimately supplant *ho khau*. While not a reform to the household registration system per se, in tandem with the two other reform paths described above, the new system could help reduce the administrative burden of household registration on both the government and citizens.

History, legal regime, and data

The ho khau system was established in 1964 as an instrument of public security and state management of the economy. Controlling rates of movement to cities was part of the system's early motivation, and the system's ties to rationing, public services, and employment made it an effective check on unsanctioned migration. The force of the system has diminished since the launch of Doi Moi and a series of reforms starting in 2006. In recent years, however, policy changes regarding ho khau have been varied and have moved towards a more restrictive regime in some cases, particularly in Ha Noi. Understanding of the system has been hampered by the fact that those without permanent registration have not appeared in most conventional sources of socioeconomic data. A new household survey and qualitative study carried out for this report in Ha Noi, Ho Chi Minh City, Da Nang, Binh Duong, and Dak Nong made particular efforts to include all households regardless of registration status.

History of ho khau

1. Vietnam's 1960 Constitution declared "Citizens of the Democratic Republic of Vietnam enjoy freedom of residence and movement." Subsequent revisions to the Constitution in 1980, 1992, and 2013 contained similar guarantees. At the same time, since the first years of independence, the government has regulated residence and restricted movement through the *ho khau* system. The system was derived in part from earlier systems of household registration. In pre-colonial Vietnam, individual adult males were registered on the local taxpayer rolls, and unregistered members faced restricted access to communal land

and other services. Migrants moving to a new community were considered "so-journers" who were not eligible for registration. Later, the French colonial regime imposed a system of tax cards and village-issued residence papers, with restrictions on travel and migration. The principal model, however, for *ho khau* was China's *hukou*¹.

2. As in China, the system in Vietnam was used for economic management as well as for internal security. Authorities were worried that a surge of rapid urbanization would generate unemployment and disrupt state planning. After independence in 1954, the newly formed government of the Democratic Republic of Vietnam (North Vietnam)

was also concerned about opposition to its authority, and restrictions on movement under the registration system were seen as an important security tool. The initial government decrees creating the system reflect the dual motivations for the system.

3. The first representation of the system in a national legal document came in 1957 with Decree 495TTg, which explicitly sought to limit the movement of citizens from rural areas to the cities of Ha Noi and Haiphong. The decree stated

In our current economic condition, the phenomenon of rural people moving to cities have caused many disadvantages, increasing the number of unemployed in the cities while reducing the number of farmers in the rural areas, thus affecting the implementation of the State plans.

The decree instituted a number of measures intended to discourage migration to the cities, including the following:

Besides educating and communicating to the people, the Administrative Committees of the cities and the line ministries should study necessary economic and administrative measures to limit the farmers from moving to cities, such as restricting household registration management procedures and limiting street vendor activities.

4. The *ho khau* system was launched in 1964 by Decree 104/CP, which set out the basic parameters of the system. The decree was issued at the request of the Minister of Public Security, which was made responsible for its implementation, reflecting the significance of the system as a security measure in a nation at war. The decree describes the purposes of the system as follows:

... to enhance public security, to serve the interests of the people, and to help in collecting population statistics ... with a view to formulating and implementing policies and plans by the State.

5. The 1964 law established the basic parameters of the system: every citizen was to be registered as a resident in one and only household in the location of his or her permanent residence, and movements could take place only with the permission of authorities. The law was subject to modification over time (see Table 1 on next page) and was superseded by a new Law on Residence passed in 2006. The current *ho khau* regime reflects the 2006 law as modified in 2013 and 2014, as well as a 2012 law with specific provisions for Ha Noi.

TABLE 1 Regulations relating to *ho khau* registration 1957-2014

Document No.	Date	Topic	Key elements
Circular 495-TTg	10/23/1957	Restriction of migrants from the rural areas to the city (Ha Noi and Hai Phong)	Restrictive household registration stipulated as measure to reduce urban migration.
Decree 104/CP	06/27/1964	Registration and management of <i>ho khau</i> – The first legal creation of <i>ho khau</i> system	Ministry of Public Security placed in charge of <i>ho khau</i> registration. All Vietnamese citizens are issued a <i>ho khau</i> booklet. Local authority has to be informed of changes in household membership (birth, death, marriage). A certificate is required for migration of a household.
Decree 4-HDBT	01/07/1988	Registration and management of <i>ho khau</i>	Refinements to management system.
Decree 51-CP	05/10/1997	Registration and management of <i>ho khau</i>	Refinements to management system.
Circular 6-TT/BNV(C13)	6/20/1997	Registration and management of <i>ho khau</i>	Ministry of Home Affairs placed in charge of registration and management of <i>ho khau</i> system. The circular specifies cases when citizens can change their <i>ho khau</i> status. New conditions for <i>ho khau</i> registration, including type of residential housing are introduced. Additional refinements to system.
Article 81/2006/QH11	11/29/2006	Residential Law	Substantial revisions to system. Ministry of Public Security placed in charge of <i>ho khau</i> registration. Collapse of four status categories into two: temporary and permanent.
Article 25/2012/QH13	2012	Capital City Law	New requirements for permanent registration in Ha Noi are introduced, including a 3-year period of living in the city.
Article 36/2013/QH13	06/20/2013	Modifications, additions of residential law	Minor revisions.
Decree 31/2014/ND-CP	04/18/2014	Notes on implementation of residential law	Using <i>ho khau</i> regulations to limit the rights of citizens is prohibited. To register as a permanent resident, one must live in the city for one year (when migrating into suburban district) and two years (when migrating into urban district) of a municipalities of Vietnam based on temporary residential booklet record. Regulation of migrating into Ha Noi follows the Capital Law. Centrally administered cities introduced stricter requirements for <i>ho khau</i> registration, allowed by the 2013 Revised Law on Residence. The most commonly used tool is a minimum required area of rental housing.

Source: Official legal documents

6. In Vietnam's pre-Doi Moi era, the *ho khau* system was tightly tied to access to food rations, land, housing, education, health, and employment. Given the pervasive grip of state control, lack of *ho khau* meant living without the rights and services afforded by the state to its citizens. A Vietnamese observer described the situation during that period as follows:

Almost all of the civil rights of an individual can be guaranteed only with the presence of *ho khau*. Other benefits and rights including rations for food and almost all necessary consumer items, ranging from cooking oil to the "rights" to be on the waiting list for purchasing a bicycle or government house assignments, even summer vacation, all were bound to and determined by his specific position under the administration of a specific employer within the state sectors (in the countryside, people were also in the similar situation as their work and benefits were tied to the agricultural, fishing, or handicraft cooperatives).²

7. Transfer of one's *ho khau* from one place to another was possible in principle but challenging in practice. Potential migrants were required to go through a complex paperwork process which included obtaining a moving certificate from authorities at their place of departure. Such certificates could be obtained with proof of employment or university enrollment in the destination, but otherwise were difficult to obtain. Pre-Doi Moi, few people moved without the sanction of authorities, and those that did struggled to survive without local *ho khau*.

8. After the launch of reforms, the end of cooperative landholding, and the elimination of the ration system, *ho khau* became less essential to survival. One observer noted

The abolition of the state subsidy system in the late 1980s has made individual movement possible, because even though registration is still mandatory, being unregistered no longer affects a person's livelihood that critically.³

After Doi Moi, existence without registration became more possible but remained challenging. The implications of not having permanent registration are explored in later chapters of this study.

Recent changes and the current legal *ho khau* regime

9. The last decade has been a period of active evolution of the *ho khau* legal framework. This can be seen in fact that 1220 legal documents mentioning *ho khau* have been promulgated since 2006, compared to 770 in the entire period up to 2006.⁴

10. The 2006 Law on Residence made for a major shift of *ho khau* policies. Before 2006, there were four different categories of registration: KT1 status for permanent residents, KT2 for permanent residents who live lived in their same province of original registration but in a different district, KT3 for long-term temporary residents, and KT4 for short-term temporary residents. The first two categories (KT1 and KT2) enjoyed full residential rights, including the right to purchase land-use rights and the ability to access other social services

at the place of residence. KT3 residents could buy land-use rights but faced restrictions on access to certain social services, such as schooling. KT4 residents did not have the rights to purchase lands and also faced limited access to social services.⁵

11. The new Law on Residence made several important changes. The Law collapsed the four categories into two: temporary and permanent. The law also significantly reduced the conditions for obtaining permanent residency, particularly in central-administered cities. In order to get a *ho khai* registration in these cities, previously citizens had been required to reside there continuously for three years, while the new regulation only required one year of continuous residence. Other changes under the 2006 Law simplified the transfer of registration status. Crucially, the requirement of obtaining a moving certificate from the place of departure was removed. Requirements to demonstrate employment or school enrollment in the destination were also eliminated.

12. The Ministry of Public Security (MPS), which continued to administer the system, reported a sharp increase

in the number of changes of permanent registration under the new law.

MPS, however, also criticized the law as being too lax, and concerns were raised in the National Assembly that rapid urbanization as a consequence of the law was putting pressing on these cities' infrastructure and social services. These concerns led to revisions to the law in 2013.⁶ The revisions tightened the requirements for permanent registration, most significantly by requiring two years of continuous residency in a central city rather than just one. The 2013 revision also recognized the autonomy of local authorities—particularly in the cities of Ha Noi, Ho Chi Minh City, Can Tho, Da Nang, and Hai Phong—to set their own residence policies.

13. The 2012 Capital City Law substantially tightened the requirements for permanent residence in Ha Noi. The Law instituted a requirement of previous presence in the city for three years—as compared with two under the revised national guidelines. The law also allowed the city's People's Committee to set minimum requirements for the size of dwellings needed for those applying for permanent residence.

BOX 1 Household and residence registration systems around the world

Household and residential registration systems have varied forms in different countries around the world. It is important to distinguish between household (or family) registration systems and residence registration systems. Some

systems—including Vietnam's—serve both functions.

A large number of countries have household registration systems, which treat the family or household as a legal administrative

unit, but with no tie to residence. Many European nations, for example, have such a system. Examples include France's *livret de famille*, Germany's *familienbuch*, and Japan's *koseki*. South Korea's system of this type, known as *hoju*, was eliminated in 2008, largely due to concerns that the designation of a household head (usually male) under the system perpetuated bias in gender roles. The system was replaced with an individual-based registration system. In all of these cases, the system is used to register births, deaths, and marriages but is not linked to residence or the provision of social services.

Separately, many countries have some form of residence registration that is used to determine access to government services, but without major restrictions on changing residence. Japan, for example, has a *juminhyo* system (in addition to the *koseki* family register). Under *juminhyo*, citizens are required to report their current address to the local authorities, who use the information as the basis for social services, including national health insurance membership and registration of children at the local school. The system is individual-based, and notably, there are no restrictions on changing one's registration.

The United States does not have a residential registration system, but proof of residency is required to access some local services. What constitutes proof of residency and the relevant set of services varies across states and localities. Typical proof of residency is a property title or housing lease. For example, to be able to send their children to a public primary and secondary school, families must establish physical residence in the school district. In most cases, service access is not linked to duration of residence, but there is one exception. Most public higher education institutions are partially funded by state (subnational) governments and charge lower tuition to state resi-

dents. To qualify for "in-state" tuition, most U.S. states require students to have been physical residents of the state for at least one year before enrolling.

Only a very small number of countries both have residential registration systems that are linked to social services provision and substantially restrict change of registration. Vietnam and China are the two remaining prominent examples. (See Box 5 in Chapter 6 for a description of China's *hukou* and recent reforms.) In the case of both Vietnam's *ho khau* and China's *hukou*, the systems serve dual roles as registration for both household membership and residence.

The Soviet Union had a very restrictive residential registration system known as *propiska* which, like the older version *ho khau*, was intended to prevent rural inhabitants from leaving villages and regulate migration flows to the main cities, in particular Moscow. Local *propiska* was a necessary precondition for obtaining job, pensions, housing, medical care and other social services including schooling for children. In 1991, during the waning days of the Soviet Union, the Committee for Constitutional Control (predecessor of the Constitutional Court) declared *propiska* unconstitutional and concluded that individuals should be free to move and chose their place of residence, their only obligation being to inform state officials of their choice. Nonetheless, the former Soviet republics inherited *propiska*, and elements of the system have persisted to varying degrees. Many of those countries have officially abolished *propiska* but have maintained some form of residential registration. As in Vietnam, in several of those countries, concerns persist that in practice residential registration limits access to public services for migrants.

14. **In Da Nang in 2011, city authorities attempted to apply more restrictive regulations.** The City People's Committee issued Resolution No 23/2011 in 2011, which denied permanent registration to those renting their dwelling, as well the unemployed and those with criminal records. This Resolution was rejected by the Minister of Justice, who ordered the city to amend the resolution. In 2014, the city enacted a new set of milder restrictions, including a requirement that households applying for permanent registration live in rental housing with at least 22 square meters per person, substantially more than required in other cities.

15. **Overall, while the household registration system became less restrictive in 2006, in particular easing the path for temporary registration, changes in the requirements for permanent registration have not tread a straight path.** The substantial loosening under the 2006 law was followed by a tightening of policies, particularly in large cities concerned about the impact of large inflows of migrants on public services. It is also important to recognize that actual administrative practice may vary from what is stipulated in the legal regime. To take one example, the 2006 Law on Residence collapsed the four *ho khau* categories (KT1, KT2, KT3, and KT4) into two—permanent and temporary—but in practice the distinction between KT3 (long-term temporary) and KT4 (short-term temporary) still exists. The discussion in subsequent chapters based on the household survey and qualitative work considers actual *ho khau* practice.

Previous data on *ho khau*

16. **The impacts of the *ho khau* system have been poorly understood in large part due to data constraints.** The main sources of socioeconomic data have not collected information on households that were not registered where they actually reside. Researchers noted in 2008 that

The decision to include only officially registered households reflects the precarious legal position of migrants in Vietnam. Put simply, since the vast majority of short-term and even long-term migrant residents are in breach of the household registration rules, officials from the center down to the most remote commune are loathe to implement a statistical sampling method that requires them to acknowledge the existence of and actively record illegal migrants.⁷

17. **In recent years, the country's main socioeconomic household survey has attempted to collect data on households regardless of registration status.** The Vietnam Household Living Standards Survey (VHLSS) has included questions on where respondents are registered permanently since 2004. Standard practice has been to use local *ho khau* lists as the basis for the survey sampling frame, which effectively excludes those without local registration. Starting in 2010, the VHLSS sampling frame began in principle to include households without regard to registration status. Survey enumerators are instructed to supplement the local *ho khau* lists by conducting a new listing of households in the commune. However, the survey continues to explicitly exclude people who have

not been living in the current location for at least six months, who are likely to not have permanent registration. Additionally, it is uncertain to how effectively the new listing procedure is at identifying the population without permanent status. Among the population surveyed by the VHLSS in 2010 and 2012, 3.6 percent nationally reported that they were registered in a different commune from where they lived. Of these, half reported that they were registered in a different province from where they lived.⁸ This population identified in the VHLSS is highly concentrated in Ho Chi Minh City and Ha Noi and three provinces near Ho Chi Minh City: Binh Duong, Dong Nai, and Ba Ria-Vung Tau.

18. Other sources of data on the population without permanent registration status are the 2009 and 2012 Urban Poverty Surveys (UPS), conducted in Ha Noi and Ho Chi Minh City. Both made attempts to include households without permanent status. By anecdotal accounts from researchers involved in the 2009 survey, it was successful in identifying and interviewing a representative sample of migrants living in family housing but not in accessing migrants living in collective housing, e.g. factory dormitories. The 2012 UPS reported far fewer numbers of individuals without permanent registration than the 2009 UPS, and anecdotal accounts suggest that it was less effective than the 2009 survey in locating those without permanent registration.

19. While the precise wording of questions vary across years, both the VHLSS and UPS surveys ask variations of “Where is this person’s *ho khau*?” It is not fully clear how someone with

temporary registration in their current location would respond to this question. The question in most cases would probably be interpreted as referring to permanent registration. However, temporary registration is a form of *ho khau*, too. Analysis of the UPS surveys has typically categorized people into “registered” and “unregistered” by whether they report having *ho khau* in the commune where are they living. The “registered” group is likely to include all those with permanent registration plus some of those with temporary registration. The “unregistered” group probably includes both those with no registration status in their current location (but permanent registration elsewhere) and some of those with temporary registration in their current location. This ambiguity complicates any interpretation of the information on the registered and unregistered populations in the VHLSS and UPS.

New data: the Household registration survey and the *Ho Khau* qualitative study

20. The lack of reliability of earlier data on the size and characteristics of the population without permanent registration motivated the collection of new data for this study in the form of the 2015 Household Registration Survey. The survey was conducted in April-July 2015 by Mekong Development Research Institute (MDRI). The survey questionnaire was developed by the World Bank with inputs from the MDRI and the Institute of Sociology. The survey was implemented and is representative of the population in 5 provinces—Ho Chi Minh City, Ha Noi, Da Nang, Binh Duong and Dak Nong—and

had a total sample size of 5000. Those five provinces were selected because they are among the provinces with the highest rates of in-migration. Ho Chi Minh City, Ha Noi, and Da Nang are three large cities, located in the north, south, and center respectively. Binh Duong is an industrial province that neighbors Ho Chi Minh City and has a large migrant population. Dak Nong is a largely rural province in the Central Highlands with a substantial number of migrants. The sampling design was structured so as to ensure a substantial number of respondents without permanent registration. Sample weights were constructed so that calculations using the weights (including all calculations in this report) are representative of the population in the five surveyed provinces. Details of the sampling design and weight calculations can be found in Annex 1.

21. The survey was complemented by the *Ho Khau* Qualitative Study (HKQS) implemented by the Vietnam Institute of Sociology (IOS), which is part of the Vietnam Academy of Social Sciences. The IOS team employ qualitative techniques including 69 in-depth interviews and 25 focus group discussions in three cities (Ha Noi, Ho Chi Minh City and Da Nang) and one mainly rural province (Dak Nong). Two districts were selected in each city/province—one in a central urban area and the other in a peri-urban area, and one ward was selected within each district.

22. The interview and focus group samples included the following:

- Temporary residents aged 18 years or older who have lived in the selected cities and provinces for at least one year, including families with small and school-age children.
- Local people including permanent residents and landlords.
- Administrators at all levels.
- The area police at ward and district levels.
- Representatives of service providers including school principals, heads of medical stations, entrepreneurs, and power supply managers.

CHAPTERS

2

Basic characteristics of the population by registration status

Estimates from the new survey indicate that there are more than 5.6 million people without permanent registration in their place of residence, far more than implied by previous surveys. Forty percent of those without permanent ho khau moved to their current province before 2010. Temporary registrant households have relatively few children and larger numbers of people of working age. Seventy percent of temporary registrant workers are in the private sector (twice the rate among permanent registrants), and 30% work for foreign firms. In the five provinces surveyed, three-fourths of all foreign firm employees have temporary registration. The wage premium associated with permanent registration in 2009 had disappeared by 2015, and average wages, expenditures, and incomes of temporary registrants are now similar to those of permanent registrants. However, temporary registrants still face barriers to public sector employment.

23. Earlier surveys that collected data on ho khau status failed to differentiate by type of registration status.

This resulted in ambiguity in how those with temporary registration status may respond. The HRS included the following question for each household member: “Do you know what type of household registration [NAME] has at this address?” where the allowed responses were “Permanent (KT1/KT2)”, “Long-term temporary (KT3)”, “Short-term temporary (KT4)”, “None”, and “Don’t know.” The KT codes refer to the *ho khau* categories that existed before the 2006 Law on Residence was put into effect. Under the old law, KT4 (short-term temporary) status was applicable for stays of up to 6 months, while KT3 (long-term

temporary) status was required for stays of more than 6 months. Although the 2006 Law eliminated the distinction, preliminary qualitative work conducted for this study suggested that the KT terms were still commonly used by the general population and by authorities, so they were included in the survey questionnaire.

24. No respondents reported having no registration status at their current location.

All of the individuals interviewed for the Household Registration Survey reported having either permanent or temporary registration status at their place of residence. It is possible that some people without any registration status at all reported themselves to

have temporary registration. It is also possible that those without any registration status were missed by the survey listing. However, the *Ho Khau* Qualitative Study (HKQS) found that acquiring the process for obtaining temporary residence status is no longer difficult, and consequently the population of people with no registration status at all is thus very small.

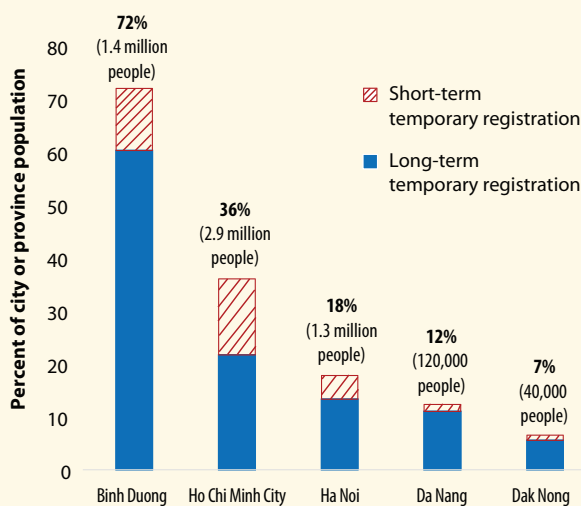
25. In total, the estimated population without permanent registration in the five areas covered by the HRS is 5.6 million. It is important to recognize that this is an estimate derived from a sample survey, which is subject to both sampling and non-sampling error. The range of estimates accounting for sampling error (the 95% confidence interval)

is 4.6-6.7 million. Figure 1 shows the estimated size of the permanent registration population by city/province in the HRS, as a share of the overall population and in absolute level. The largest percentage without permanent registration is in Binh Duong, where 72%—a total of 1.4 million people—do not have permanent registration. Large fractions in Ho Chi Minh City (36%) and Ha Noi (18%) also lack permanent registration. The largest absolute number without permanent registration is in Ho Chi Minh City, where the total population with permanent status is estimated to be 2.9 million. In Da Nang and Dak Nong, much smaller percentages of the population and smaller absolute numbers of people are without permanent status.

26. In all areas, the majority of those with only temporary registration reported that they had long-term temporary registration status. Ho Chi Minh City has the largest percentage who are short-term: 14 percent of the population (39 percent of those with temporary registration). Remarkably, 60 percent of the entire population of Binh Duong have long-term temporary status.

27. The HRS captured a substantial population of people without permanent registration who have been underrepresented in previous surveys, particularly the VHLSS. As shown in Table 2, for all surveyed areas, the percentages of the population without permanent registration status are higher in the HRS than estimated from previous surveys. The VHLSS in particular shows much lower percentages of the population without permanent registration. For example, according to the VHLSS just 1% of Ha Noi's population lacks permanent

FIGURE 1 Many urban migrants lack permanent registration status in major urban areas, 2015: Percent of population lacking permanent registration in province of residence



Source: Analysis of 2015 HRS

status, as compared to 18% in the HRS. As discussed in Chapter 1, this is likely due to the fact that the VHLSS explicitly excludes individuals who have been living in their current location for less than six months, and it also may reflect imperfect coverage by the VHLSS of households with permanent status. The 2009 and 2012 Urban Poverty Survey in Ho Chi Minh City and Ha Noi showed larger non-permanent populations than the VHLSS but much lower populations than the HRS. Because capturing the entire population regardless of registration status was the chief objective of the survey, which was carried out by a very experienced survey firm with a carefully designed sampling approach, it is likely that the HRS estimates are at least equal in quality to those from previous surveys.

28. Many people without permanent registration have been living in their current province or city for at least five years. Table 3 (on next page) shows the distribution of when those with temporary registration moved to the province or city where they currently reside. A small number (13%) are very recent migrants who arrived in 2015 during the few months before the survey, and a majority (57%) arrived since 2010. But there are large numbers who arrived before 2010 and even some who have been living in their current province since before 2000. In Ho Chi Minh City, half of the temporary registrant population arrived before 2010.

TABLE 2 Estimated percentage of population by province without permanent registration

	Binh Duong	HCM City	Ha Noi	Da Nang	Dak Nong
% of population without permanent registration					
Vietnam Household Living Standards Survey (2014)	16%	9%	1%	3%	3%
Urban Poverty Survey (2009)		21%	11%		
Urban Poverty Survey (2012)		16%	5%		
Household Registration Survey (2015)	72%	36%	18%	12%	7%
<i>Long-term temporary</i>	60%	22%	13%	11%	6%
<i>Short-term temporary</i>	12%	14%	4%	1%	1%
Population counts					
Household Registration Survey (2015)					
<i>Total population (millions)</i>	1.87	7.98	7.10	1.01	0.57
<i>Population w/o permanent registration (millions)</i>	1.35	2.88	1.26	0.12	0.04
<i>95% CI of population w/o permanent registration</i>	1.23-1.46	2.34-3.41	0.92-1.6	0.09-0.16	0.03-0.04

Sources: Analysis of 2015 HRS and 2014 VHLSS and Urban Poverty Survey reports for 2009 and 2012

Note: Total population estimates are taken from the 2014 GSO Statistical Yearbook.

The population with temporary status population totals were calculated by multiplying the total population estimates by the temporary registrant share estimate from the HRS.

95% CI refers to the 95% confidence interval

TABLE 3 Year of arrival to current province for those without permanent registration

Year moved to province	All	Binh Duong	HCM City	Ha Noi	Da Nang	Dak Nong
All temporary						
Before 2000	6%	2%	9%	5%	7%	2%
2000-2004	11%	8%	15%	7%	9%	3%
2005-2009	23%	25%	27%	16%	20%	14%
2010-2014	46%	52%	41%	50%	55%	65%
2015	13%	13%	9%	23%	9%	16%
	100%	100%	100%	100%	100%	100%
Long term temporary						
Before 2000	7%	2%	11%	6%	8%	2%
2000-2004	12%	8%	16%	9%	10%	4%
2005-2009	25%	27%	30%	17%	21%	16%
2010-2014	47%	54%	39%	51%	53%	70%
2015	9%	9%	4%	18%	7%	8%
	100%	100%	100%	100%	100%	100%
Short term temporary						
Before 2000	3%	0%	5%	0%	0%	0%
2000-2004	10%	6%	14%	1%	0%	0%
2005-2009	19%	14%	22%	12%	9%	3%
2010-2014	44%	42%	44%	47%	66%	33%
2015	23%	37%	15%	39%	25%	63%
	100%	100%	100%	100%	100%	100%

Sources: Analysis of 2015 Household Registration Survey

29. Temporary registrants are more likely to have lived only part of the year at their current residence. Survey respondents were asked how much of the last year they lived at their current residence (Table 4). Among permanent residents, the average period at the current residence was 11.7 months, and 94% had spent the entire year there. Tempo-

rary registrants were substantially more likely to have lived only part-time at their current residence, especially those with short-term registration and particularly in Ha Noi. This reflects the facts that although many temporary registrants are long-term residents, a substantial number also are cyclical migrants, who spent part of the year in their hometowns.

TABLE 4 Time spent at current residence in last 12 months, by registration status

	All	Binh Duong	HCM City	Ha Noi	Da Nang	Dak Nong
Individuals with permanent registration						
Average number of months at current residence	11.7	11.7	11.8	11.7	11.6	11.5
% living all 12 months at current residence	94%	93%	95%	95%	92%	88%
Individuals with any temporary registration						
Average number of months at current residence	10.4	10.5	10.7	9.8	10.0	10.0
% living all 12 months at current residence	71%	71%	78%	58%	65%	64%
Individuals with short-term temporary registration						
Average number of months at current residence	9.3	8.7	9.9	7.9	7.0	6.0
% living all 12 months at current residence	60%	55%	68%	38%	32%	33%
Individuals with long-term temporary registration						
Average number of months at current residence	10.9	10.8	11.3	10.4	10.4	10.7
% living all 12 months at current residence	76%	74%	85%	64%	69%	70%

Sources: Source: Analysis of 2015 Household Registration Survey

30. The population without permanent registration has demographics characteristics that are typical of migrant populations. Table 5 shows a basic comparison of demographic characteristics by registration status of the household. Temporary registrant households have smaller household size than their permanent counterparts. The average size of temporary registrant households is 2.7, much lower than that of permanent residence households of 4.1. On average, heads of households with temporary status are younger (age 34) than heads of households with permanent status (47). Nearly all (91%) of heads with permanent registration are married, versus 75% of heads of households with temporary status. There is little gender difference in household heads or house-

hold composition by permanent as compared to temporary status. There is also no substantial difference in demographic characteristics between short-term and long-term temporary registrants.

31. The most notable difference between permanent and temporary registrants is in household structure. More temporary registrant households consist of just one individual. Children are present in 61% of permanent registrant households. The shares with children are much lower but still substantial among both long-term temporary households (39%) and short-term temporary households (24%). Consequently, concerns about public service access for children raised in the next chapter do have implications for large numbers of households.

TABLE 5 Household demographic characteristics

Registration status of household head

	Permanent	Temporary		
		All temporary	Long-term temporary	Short-term temporary
Household size (mean)	4.1	2.7	2.7	2.5
Household composition				
% with only 1 adult	3%	18%	16%	20%
% with 2 or more adults w/o children	35%	48%	44%	56%
% with 1 adult with children	1%	1%	1%	0%
% with 2 or more adults w/ children	60%	33%	38%	24%
% children (mean)	22%	13%	15%	8%
% over 60 (mean)	7%	1%	1%	2%
Household head demographics				
Head's age (mean)	47	34	35	33
Head is male (%)	62%	61%	61%	60%
Head is ethnic minority (%)	3%	6%	6%	6%
Head is married (%)	91%	75%	78%	68%

32. Education levels of both permanent and temporary registrant adults are varied. Overall, education levels of permanent registrants are higher (Table 6). However, there are substantial numbers of both long-term temporary and short-term temporary registrants with high levels of education. Among temporary registrants, 22% have completed post-secondary education, compared to 35% of permanent registrants. Temporary registrants are not by any means universally low-skilled.

33. There are no gender differences by registrations status, but temporary registrants are much more likely to be ethnic minorities. Table 7 shows a breakdown of basic demographic characteristics for individuals overall and separately by province. Women make up roughly half of both the permanent and

temporary registrant population. Extremely few ethnic minorities are permanent registrants—just 1.8% of the overall permanent registrant population, and a smaller share in the major urban areas. (Nationally, ethnic minorities constitute approximately 14 percent of the population.) They are only a substantial share of permanent registrants in the mostly rural province of Dak Nong. Ethnic minorities are, however, a non-negligible share of temporary registrants, particularly in Binh Duong, where they are 7.6% of long-term temporary registrants and 11.3% of short-term temporary registrants. The low number of permanent registrant ethnic minorities is unsurprising in light of their low historical levels of migration. The different pattern for temporary registrants suggests that migration of ethnic minorities may be accelerating.

TABLE 6 Education attainment of adults (Age 25+) by registration status

	Permanent	<i>Registration status of household head</i> Temporary		
		All temporary	Long-term temporary	Short-term temporary
No degree	8%	14%	14%	14%
Primary	13%	23%	23%	25%
Lower secondary	23%	25%	25%	24%
Upper secondary	20%	16%	16%	17%
Post-secondary	35%	22%	22%	19%
	100%	100%	100%	100%

TABLE 7 Individual demographic characteristics by registration status and province

Registration status				
	Permanent	Temporary		
		All temporary	Long-term temporary	Short-term temporary
All 5 provinces				
% ethnic minority	1.8%	5.2%	5.3%	5.1%
% female	51%	52%	52%	52%
Age (mean)	32	27	27	28
Binh Duong				
% ethnic minority	1.1%	8.2%	7.6%	11.3%
% female	51%	52%	53%	47%
Age (mean)	30	27	27	26
Ho Chi Minh City				
% ethnic minority	0.8%	3.8%	4.1%	3.4%
% female	52%	53%	53%	53%
Age (mean)	32	28	28	29
Ha Noi				
% ethnic minority	0.3%	5.0%	4.6%	6.2%
% female	51%	49%	49%	50%
Age (mean)	32	25	25	26
Da Nang				
% ethnic minority	0.1%	0.8%	0.2%	6.3%
% female	51%	55%	54%	66%
Age (mean)	31	25	26	22
Dak Nong				
% ethnic minority	30.5%	25.2%	25.5%	23.8%
% female	48%	44%	43%	47%
Age (mean)	26	27	26	29

Sources: Analysis of 2015 Household Registration Survey

Employment and wages

34. Previous literature has suggested that those without permanent *ho khau* face disadvantages in the labor market. A study of temporary migrants to Ha Noi and Ho Chi Minh City in 2008 concluded that they were much more likely to have low quality, poorly paid jobs in precarious working conditions. The study found that 94% of temporary migrants were working in the informal sector, only 5% of them had written labor contracts, and their wages were low. Just 9% had accident insurance and less than 5% have either health, social or other types of insurance. As part of that study, a manager at an industrial park was interviewed who said

We were instructed by the provincial government to recruit only workers who are local people [having permanent resident status]. This is because the local people should be given priority in terms of employment so that the local economy and well-being can be promoted.⁹

35. A separate 2009 study found some differences in employment by registration status. Analysis using the 2009 Urban Poverty Survey showed that as compared to those with permanent registration, those without it are less likely to work for the state (5% vs. 23%) and have an indefinite work contract (8% vs. 27%). At the same time, they were more likely to be working for a wage or salary, to be working in industry, and to be working in a foreign enterprise. The study found that those without permanent registration had only slightly lower monthly wages than those with permanent registration (VND 2.0 million vs. VND 2.2 million.)¹⁰

36. The 2015 survey shows large differences in employment by registration status, starting with a difference in employment rates. Table 8 shows employment rates, sector, and type of employer by registration. These differences reflect both the nature of people who have temporary status and the restrictions they face due to their status. Temporary registrants are much more likely to be employed than permanent registrants. Among those age 15 and older, 68% of permanent registrants and 81% of temporary registrants are employed. This difference owes to the fact that many temporary registrants are migrants who have moved to their current location expressly to work, that temporary registrants are more likely to be of prime working age, and that younger temporary registrants are less likely to be in school than their permanent registrant counterparts.

37. Temporary registrants are far more likely to work in manufacturing. A majority of working temporary registrants (55%) have manufacturing jobs, compared to just 17% of permanent registrant workers. This remarkably high figure reflects the fact that recent migrants, who lack permanent status, largely form the workforce for the factories of Vietnam's industrial areas. Permanent status workers, in contrast, are more prevalent in jobs in various sectors related to trade and services. Notably, temporary registrant workers are only slightly more likely to be in construction than permanent registrant workers (6% of permanent registrants vs. 8% of temporary registrants), although construction workers are sometimes perceived to be largely migrants.¹¹

TABLE 8 Employment by registration status

Employment rate	Permanent	Registration status		
		All temporary	Long-term temporary	Short-term temporary
Any employment (15+ year old)	68%	81%	83%	85%
Sector of those working				
Wholesale, retail, and repair of vehicles	20%	12%	14%	9%
Processing and manufacturing industries	17%	55%	53%	59%
Services of accommodation, food and beverages	12%	5%	5%	6%
Agriculture, forestry and aquaculture	7%	2%	2%	1%
Construction	6%	8%	7%	9%
Activities of the communist party and state organizations	6%	1%	1%	1%
Transport, warehouse	6%	3%	3%	3%
Education and training	5%	2%	2%	3%
Other services	5%	3%	3%	5%
Administration and supporting services	3%	1%	1%	1%
Finance, banking, and insurance	3%	1%	1%	1%
Healthcare and social assistance	2%	0%	1%	0%
Information and communication	2%	1%	1%	1%
Arts, recreation and entertainment	2%	1%	1%	1%
Professionalism, science and technology	1%	1%	1%	1%
Household employment	1%	1%	1%	0%
Production and distribution of electricity, etc.	1%	0%	1%	0%
Business in real estates	1%	0%	0%	0%
Water supply; management and treatment	1%	0%	0%	0%
Mining and quarrying	0%	0%	0%	0%
Activities of international organizations	0%	0%	0%	0%
	100%	100%	100%	100%
Employer of those working				
Domestic private sector	30%	40%	38%	44%
Foreign private sector	6%	30%	30%	29%
Public sector	18%	6%	6%	7%
Work for other households/Individuals	16%	11%	11%	9%
Self-employment, non-agriculture	24%	13%	14%	9%
Self-employment, agriculture	6%	1%	1%	0%
Collective	1%	0%	0%	1%
	100%	100%	100%	100%

Sources: Analysis of 2015 Household Registration Survey

38. Likewise, temporary registrants overwhelmingly work in the private sector, and a large share work for foreign firms. Forty percent work for domestic private sector firms and 30% work for foreign firms. In comparison, 30% of permanent registrant workers work for domestic firms and just 6% work for foreign firms. Those with permanent registration are substantially more likely to work in agriculture, household businesses, and the public sector. The paucity of temporary registrants in the public sector likely reflects requirements of permanent *ho khau* for some public sector jobs.

39. The evidence suggests that people without permanent registration face discrimination in hiring for public jobs but not for private sector jobs. HKQS interviewees reported that government officials give priority to those with permanent status in recruitment for public jobs. Very few participants in the HKQS, however, mentioned household registration status as a pre-condition for private sector employment. This finding stands in contrast to the qualitative report from the 2008 study, which suggests that *ho khau* restrictions for private employment have eased. The employment patterns observed in the HRS—with

large numbers of temporary registrants employed in the domestic private and foreign private sector—are compatible with the qualitative reports.

40. Access to public employment for those without permanent registration appears to have become more restrictive over time. Ha Noi, Ho Chi Minh City, and Da Nang have long had a two-tier recruitment policy: permanent registration is required for normal civil servant jobs but waived for special cases. Da Nang used the two-tier recruitment system until 2014. For talent recruitment, Da Nang did not require permanent resident household registration. Under its special program for attracting skilled workers, graduates from colleges and universities with very high scores could be recruited to work in the Da Nang government regardless of their resident status. However, in 2014 Da Nang halted its talent-attraction program and replaced it with a new program that funds promising local students to study abroad with a condition that those students must return and work for the city after graduation. Ha Noi has also recently established restrictive conditions for hiring those without permanent registration (Box 2).

BOX 2 Recruitment for public administration jobs in the capital city

Ha Noi has made permanent resident household registration in Ha Noi a mandatory condition for most of its civil servant jobs. For people having no permanent resident household registration in Ha Noi who want to apply, they must meet one of the following criteria:

Graduated from domestic universities with the highest rank, graduated with excellent or good rank from universities abroad, hold a doctorate issued before 35 years of age, or hold a master's degree or diploma issued by official public universities before 30 years of age.

41. In contrast to 2009, in 2015 differences in hourly wages by registration status are minimal and are explained by differences in education attainment.

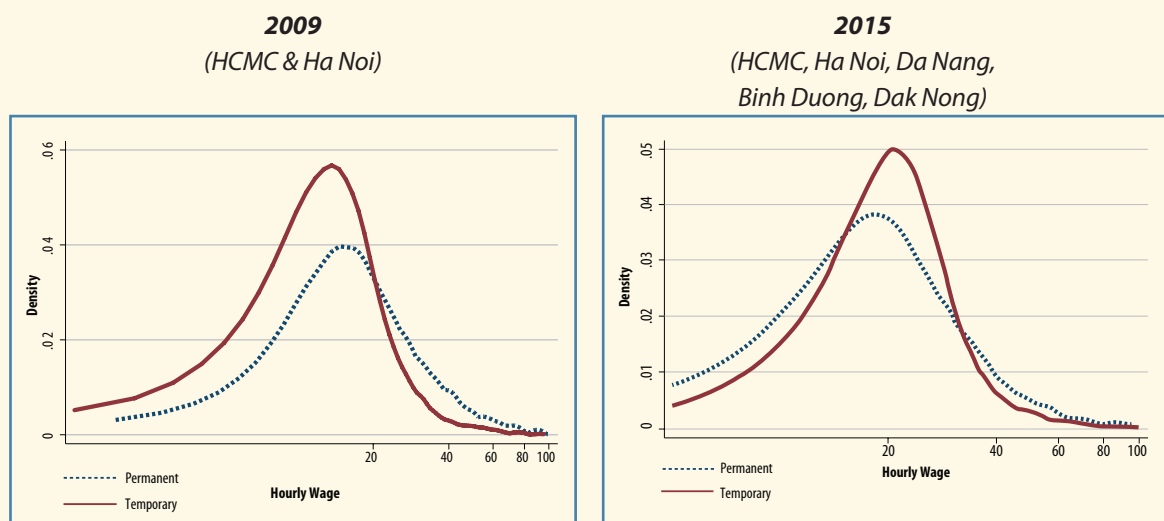
Figure 2 shows plots of the distribution of hourly wages by registration status, using data from the 2009 UPS and the 2015 HRS. In both years, the distribution of wages for temporary registrants was narrower than that for the population as a whole. The data in 2009 show that the distribution of wages for those with temporary registration was to the left of that for those with permanent registration, reflecting the lower average wages of temporary registrants. In 2015, the distribution of wages for temporary registrants was to the right of that for permanent registrants, indicating that temporary registrants have higher wages on average.

42. There are no differences in wages by registration status when comparing similar workers. Table 9 shows wage

regressions in 2009 and in 2015. In 2009, controlling for basic characteristics of workers, those without permanent registration status earned on average 9% less than permanent registrants. A similar regression in 2015 shows no statistically significant difference at all by registration status.

43. Taken as a whole, these results suggest that discrimination against workers in the private sector by registration status is now uncommon. There is no longer any evidence that those without permanent status are paid less than comparable workers. And large numbers of workers without permanent registration are employed by private firms. However, the low rate of public sector employment for those with temporary registration suggest that registration requirements for public sector jobs are still binding in some cases.

FIGURE 2 Distribution of wages (in thousands of VND per hour) by registration status



Sources: Analysis of 2015 HRS and 2009 Urban Poverty Survey

Notes: The x-axis shows hourly wages on a log scale. The "permanent" category for 2009 is those reporting *ho khau* in their place of residence, and the "temporary" category is the remainder.

TABLE 9 Wage regressions including registration status, 2009 and 2015

Independent Variable: log (hourly wage)	2009	2015
Temporary registration status	-0.0870** (0.03)	0.0290 (0.0257)
Age	0.0512*** (0.01)	0.0380*** (0.0054)
Age squared	-0.000554*** (0.00)	-0.0004*** (0.0001)
Completed primary degree	0.00657 (0.08)	0.0797*** (0.0260)
Completed lower-secondary degree	0.0452 (0.05)	0.1354*** (0.0272)
Completed upper-secondary degree	0.209*** (0.04)	0.1788*** (0.0291)
Completed college	0.592*** (0.04)	0.4231*** (0.0378)
Female	-0.183*** (0.03)	-0.1194*** (0.0186)
State sector	0.0533 (0.03)	0.0737** (0.0326)
Foreign sector	0.169*** (0.04)	0.1357*** (0.0274)
Industry	0.0265 (0.12)	0.0582 (0.1078)
Service	0.0639 (0.12)	-0.0359 (0.1070)
Urban	0.106** (0.04)	0.0261 (0.0244)
Ho Chi Minh City	0.0965** (0.03)	0.1163*** (0.0316)
Da Nang		-0.0638* (0.0350)
Dak Nong		0.1377*** (0.0527)
Binh Duong		0.0400 (0.0354)
Constant	1.072*** (0.26)	2.0577*** (0.1393)
Observations	3753	5,807
R-squared	0.407	0.126

Sources: Analysis of 2009 Urban Poverty Survey and 2015 Household Registration Survey

Robust standard errors in parentheses, *** p<0.01, ** p<0.05, * p<0.1, Omitted categories: no degree, agriculture sector, private employer, and Ha Noi

44. Women receive lower wages than men, and these differences are similar regardless of registration status. The wage regression analysis shows that controlling for other characteristics, women earn on average 12% less than similar men. This estimate closely matches estimates from similar analysis using the 2014 Labor Force Survey.¹³ This pattern is similar regardless of registration status; women with temporary registration are not especially disadvantaged.

Income and expenditure

45. Levels of income and expenditure per capita are similar across groups by registration status of household heads, but the composition differs. Table 10 shows income and expenditures by registration group. Overall expenditures per capita are nearly identical across groups. By this basic measure of welfare, there is no difference between permanent and temporary households. On a per capita basis, income is higher among households with temporary status. This reflects the larger share of people of working age in temporary status households. A comparison of income and expenditures implies that savings rates are on average higher among temporary households. Calculating savings as the difference between income and expenditure, in both absolute terms and as a percentage of income, temporary registrant households save more than permanent registrant households.

46. Wage income is by far the most important source of income for temporary registrant households. Wages account on average for 78% of income for household with temporary status. For permanent registrant households, wages account for 51%. Permanent registrant households receive larger amounts in aid/allowances from government programs and household businesses.

47. Expenditure patterns for temporary registrants are similar to those of permanent registrants, with a few exceptions. Because they have fewer children, temporary registrant households spend less on education. They also spend more on meals outside the home, which is explained by the larger number of working adults.

48. The most remarkable difference in expenditure patterns is that temporary registrant households spend substantial amounts on remittances. Among permanent registrant households, remittances are negligible. Among temporary registrant households, remittances average 236,000 VND per capita per month—approximately 8% of household income—and are higher among those with short-term temporary status. Due to their erratic timing, remittances are often underreported in household surveys, so this figure is likely to represent a lower bound to true remittance amounts. More than half (51%) of all temporary registrant households report having sent some remittances.

TABLE 10 Household income and expenditure by head registration status*Registration status of household head*

	Permanent	Temporary		
		All temporary	Long-term temporary	Short-term temporary
Employment rate				
Household income per capita (i)	3,450	3,753	3,645	4,002
Household expenditure per capita (ii)	2,934	2,951	2,952	2,950
Implied net savings per capita (i)-(ii)	516	802	693	1,052
Implied net savings rate	15%	21%	19%	26%
Household income per capita by source				
Wage from employment	1,744	2,943	2,763	3,357
Aid/Allowances	263	55	42	85
Non-agricultural business	859	518	612	302
Agricultural business	67	26	31	14
Other	517	211	197	243
Total hh income per capita	3,450	3,753	3,645	4,002
Household expenditure pc by type				
Daily meals inside home	963	930	939	910
Daily meals outside home	328	397	378	441
Water	34	39	40	38
Electricity	180	99	104	86
Gas	39	37	37	38
Communication	135	132	131	135
Health care	155	119	120	116
Education	259	166	170	156
Transportation	158	164	163	164
Holiday travel	55	24	27	16
Remittances	4	236	212	292
Other	624	608	629	560
Total expenditure per capita	2,934	2,951	2,952	2,950
% of households sending remittances	1%	51%	49%	55%

Sources: Analysis of 2015 Household Registration Survey

Note: All figures are thousands of VND per month.

Ho khau and services access

Temporary registrants continue to face limited access to some public services, although the gaps in service access are less severe than those suggested by earlier studies. Children with temporary registration are less likely to be enrolled in school at the lower and upper secondary levels, even after controlling for individual and household characteristics. At lower levels, overall enrollment rates are similar, but temporary registrants are much more likely to be enrolled in more expensive private schools, particularly for preschool, due to prioritization of permanent registrants. Despite a national policy of free health insurance for children under age 6, one-quarter of temporary registrant children in that age group lack health insurance, and qualitative evidence indicates that this is due in part to their registration status. Some temporary registrants also face obstacles in designating a local facility as their health care location, which means that they pay higher fees for health care. Finally, qualitative evidence suggests that policies on whether temporary registrants can qualify for social assistance are inconsistent. Temporary registrants are slightly less likely than comparable permanent registrants to appear on the “poor list”, but overall rates of appearing on the poor list and receiving most forms of social assistance are low (regardless of registration status) in areas where temporary registrants live. Temporary registrants also are unable to conduct basic procedures like registering a motorcycle without returning to their place of origin. Half of temporary registrants voice an intention to stay and obtain permanent status. Remaining gaps in social service access could be addressed through clearer articulation and consistent implementation of policies of universal access.

School enrollment

49. Earlier studies found that children without permanent residence face difficulty in attending public school.

According to older qualitative work, high costs of schooling prompted many migrant children to drop out of school or start working at an early age to support the family.¹⁴ In a group of unregistered migrants in a 2008 survey, 43 percent of children were out of school, and lack of *ho khau* was cited as the main reason for not attending for 84 percent of those out of school.¹⁵ Data from the 2009 Urban Poverty Survey in Ha Noi and Ho Chi Minh City also indicate that unregistered migrant children were less likely to be enrolled at all and more likely to be enrolled in private school.¹⁶

50. In interviews for the HKQS, both parents and local officials described reasons that temporary registrant children may be less likely to attend school. Many schools give first priority to students with permanent registration. Given that many urban schools face high levels of demand, space is often not available for temporary registrants. Parents of children with temporary registration reported that it was common for them to have to pay additional fees to have their students admitted to urban public schools. Parents with temporary registration said that given the barriers to public school attendance, many left their children in their places of origin to attend school, or send them to private school.

“Even at the kindergarten level, I have to send my children to private schools because it is impossible to be accepted by public schools. When they were small, I sent them to a private kinder-

garten. I will send them back to my hometown for schooling as I am not sure that I can apply for my children to be admitted to schools in this city.”

Temporary registrant, man, in Vinh Tuy, Ha Noi

51. In the HQKS, some school officials express discriminatory attitudes towards temporary residents. During an interview, a kindergarten principal said migrant children were not good for the school because their families may change their residence often, causing instability in class sizes. According to the principal, kindergartens do not want to accept temporary registrant children for this reason.

52. Qualitative interviews for the HQKS also found that uniquely in Ho Chi Minh City, local education officials make efforts to ensure that children are enrolled regardless of registration status. In the ward surveyed by the HKQS, a local steering committee has been established that is responsible for promoting universal attendance. The committee assembles a list of all students of school-age which is submitted to the district-level department of education. The district office then mails a school admission letter to every student on the list. The committee explicitly includes children with temporary registration on that list.

53. Data from the 2015 HRS survey do show that children without permanent registration are less likely to be enrolled, particularly at the secondary level. Differences are apparent in the enrollment pyramid, which shows enrollment rates side-by-side for permanent and temporary registrants by age and level (Figure 3). Detailed net enrollment

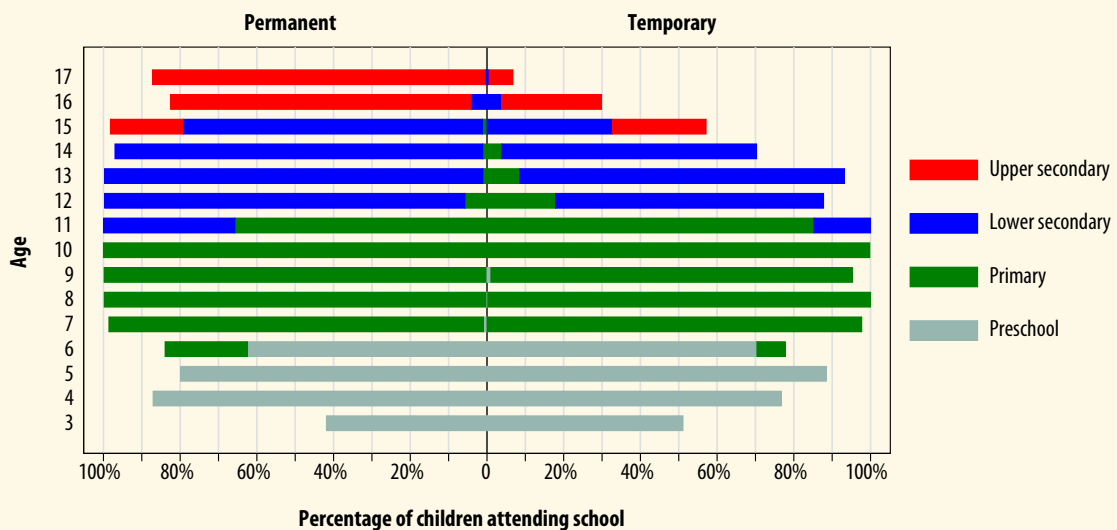
rates are shown in Table 11. Preschool enrollment rates do not differ by registration status. Children of primary and lower secondary ages (6-14) are almost universally in school. Among children with temporary registration, school enrollment rates are slightly lower in primary school (95% vs 98%) and substantially lower at lower secondary age (88% vs 99%). There is a sharp permanent vs. temporary divide at the upper secondary level, where the large majority of permanent registrants and only a small minority of temporary registrants are in school (89% vs. 30%).

54. The gap in lower secondary enrollment for temporary vs. permanent registrants is larger for girls. The reason for this gender difference is uncertain but may indicate that temporary registrant parents are willing to make greater efforts to overcome *ho khau* barriers for male children.

55. Children with short-term temporary registration at all levels are less likely to be in school than permanent and long-term temporary registrants. The gaps are largest at the lower and upper secondary levels. Net enrollment rates for short-term temporary registrants are 74% for lower secondary and 8% for upper secondary.

56. Children with temporary status are also more likely to be enrolled in private school, particularly in preschool. At the preschool level, 45% of permanent registrant children are in public school, and 29% are in private school. These figures are reversed for temporary registrant children: 21% in public school and 52% in private school. Temporary registrant children are also more likely to attend private school at the primary and lower secondary level.

FIGURE 3 School attendance rates by age for permanent vs. temporary registrants



Sources: Analysis of 2015 Household Registration Survey

57. Statistical analysis controlling for other factors suggests that the enrollment gap by *ho khau* status may be in part due to discrimination against migrants. The enrollment may be partially driven by factors not directly related to *ho khau*: differences in income, social connections, and preferences for schooling could all potentially depress school enrollment among the population with temporary registration. However, gaps persist for lower and upper secondary enrollment in regression models which control for observable characteristics. Controlling for other factors,

as compared to those with permanent residence, children of lower secondary age (11-14) with short-term temporary registration are 10% less likely to be in school, and those with long-term temporary registration are 5% less likely to be in school. The gaps are much larger for children age 15-17 (upper secondary level). Those with short-term registration are 37% less likely to be in school, and those with long-term registration are 16% less likely to be in school than permanent registrants. (Full regression results are shown in Annex 2).

TABLE 11 Public and private net school enrollment rates by registration status

	Permanent	Registration status		
		All temporary	Long-term temporary	Short-term temporary
Preschool				
Public net enrollment	45%	21%	25%	10%
Private net enrollment	29%	52%	52%	52%
Total net enrollment	73%	73%	77%	62%
Primary				
Public net enrollment	93%	81%	80%	88%
Private net enrollment	5%	14%	15%	6%
Total net enrollment	98%	95%	96%	94%
Lower secondary				
Public net enrollment	98%	80%	86%	60%
Private net enrollment	2%	8%	7%	14%
Total net enrollment	99%	88%	93%	74%
Upper secondary				
Public net enrollment	79%	25%	32%	8%
Private net enrollment	10%	5%	7%	0%
Total net enrollment	89%	30%	39%	8%

Sources: Analysis of 2015 Household Registration Survey

Note: Pre-school: 3-5 year old; Primary: 6-10; Lower secondary: 11-14; Upper secondary 15-17

58. Temporary registrants pay slightly more for public preschools but less for other levels than permanent registrants. Both past qualitative research and the HKQS in 2015 included accounts that temporary registrants were sometimes asked to make extra payments to enroll their children in public school. However, reported education costs per student by level do not provide evidence of this pattern, except to some extent at the preschool level. Table 12 shows total annual school costs by school type and registration. It is possible that the higher

costs reported at some levels for permanent registrants reflect additional services or quality. For example, it is possible that permanent registrants purchase more extra classes than temporary registrants. In any case, these findings do not suggest that the costs of public education are a much higher burden for temporary registrants. Temporary registrants who attend private school do face higher costs. As Table 13 shows, unsurprisingly, the overall costs of private school are much higher than that of public school at every level.

TABLE 12 Average public school annual education costs by registration status and school level (million VND)

Registration status				
	Permanent	Temporary		
		All temporary	Long-term temporary	Short-term temporary
Preschool	8.9	9.8	10.4	7.1
Primary	7.9	7.3	7.4	6.4
Lower secondary	9.3	5.5	5.7	4.4
Upper secondary	12.2	9.3	9.7	7.1

Sources: Analysis of 2015 Household Registration Survey

TABLE 13 Average annual educational costs by private vs. public and school level (million VND)

	Public schools	Private schools
Preschool	9.1	13.8
Primary	7.8	24.0
Lower secondary	8.9	28.0
Upper secondary	12.0	23.8

Sources: Analysis of 2015 Household Registration Survey

59. Taken as a whole, the education results suggest that temporary status remains a barrier to equality of opportunity. Because school spots are rationed to permanent registrants, children with temporary registration are less likely to attend school at the lower and upper secondary levels. Although the costs of public school are not substantially different for temporary registrants, those who attend at the preschool and primary level are more likely to attend private schools, at much higher cost. Similar findings were found in earlier studies, in particular the UPS from 2009 in Ho Chi Minh City and Ha Noi. The findings indicate registration status persists as an obstacle to equal school access in those cities as well as elsewhere.

Access to health care

60. Concerns about health care and *ho khau* focus on the financial burden associated with the interaction of the registration system and the government's social health insurance system. Specifically, there are two potential problems. First, lack of permanent registration status may be a barrier to accessing social health insurance, particularly for children. Second, those with insurance may face higher medical bills due to the structure of copayment rules.

61. Almost everyone who has health insurance in Vietnam participates in the social health insurance program. For the population as a whole, approximately 76% participate.¹⁷ Various groups participate in the single program with differentiated subsidies for health insurance premiums and differentiated copayment rates. Workers with formal jobs generally

participate in the social health insurance program through their employer regardless of registration status.

62. The *ho khau* registration book is used to define a household for purposes of purchasing household health insurance. Those not otherwise enrolled in the social health insurance program (as members of a subsidized group or via an employer) can pay to enroll in household health insurance. To enroll through this program, all members of the household who do not otherwise have insurance must be enrolled. In other words, it is not possible for an individual to purchase enrollment in the social health insurance program independently of his or her family. The household registration book is used to determine family membership.

63. By law, all children under 6 are entitled to social health insurance without reference to their *ho khau* status. However, in practice children without temporary registration have faced challenges in obtaining coverage. The procedure is that a child must first obtain a birth certificate and then a health insurance card. At the time of field work for this study in 2015, a birth certificate could only be obtained at the household's place of permanent registration. However as of January, 2016 by law a household can obtain a birth certificate with temporary registration. The health insurance card is issued by a health facility upon presentation of the birth certificate and either the permanent registration booklet or proof of temporary registration. Thus in principle temporary registration status should no longer be an obstacle to obtaining a health insurance card. However, in practice local officials

may inconsistently implement policies regarding both the birth certificate and the health insurance card. Both earlier qualitative work and the HKQS reported cases of both children and adults not in formal jobs who were unable to obtain social health insurance due to their *ho khau* status.

64. Among adults, differences in insurance coverage rates by registration status are small. Table 14 shows insurance coverage rates for the five provinces covered by the survey, by registration status and age group. In every province, coverage rates are somewhat lower for those with temporary registration status. Overall, 68% of permanent registrants and 64% of temporary registrants have some form of health insurance. Regression analysis shows that controlling for other characteristics, adults with short-term status are 7% less likely to have insurance, while there is no statistically significant difference between long-term temporary and permanent registrants. (Full regression results are shown in Annex 3.) For poor adults, access to subsidized health insurance is determined by whether they are on the

“poor list”. Eligibility for the poor list and subsidized health insurance is discussed in a subsequent section of this chapter dealing with social protection programs.

65. For children under age 6, the survey evidence indicates that the *ho khau* system may present some obstacle to obtaining social health insurance. There is a substantial gap in coverage rates among those with permanent registration (87%) and temporary registration (74%). For uninsured young children with temporary registration, *ho khau* status was cited as the principal reason for lack of insurance by a plurality of respondents (25%). A gap persists among older children (ages 6-14), although coverage rates are higher: 96% for permanent registrants and 88% for temporary residents. Regression analysis in the Annex shows varying patterns by age and short vs. long-term status. Controlling for other characteristics, children under 6 with long-term temporary registrant status are 7% less likely to have insurance, while children 6-15 with short-term temporary registrant status are 8% less likely to have insurance.

TABLE 14 Health insurance coverage rates by age group and registration status

Age group	Permanent	Registration status		
		All temporary	Long-term temporary	Short-term temporary
Children 0-5	87%	74%	73%	78%
Children 6-14	96%	88%	91%	74%
Adults 15+	68%	64%	65%	62%

Sources: Analysis of 2015 Household Registration Survey

66. Women largely bear the burden of dealing with limited access to health insurance for children. Qualitative interviews indicate that women typically take primary responsibility for navigating the hurdles of health (and education) access for their children. Women who are working in particular can face the challenge of taking time off from work to negotiate the rules to obtain coverage and care for their children.

67. Qualitative studies have also suggested that those without permanent registration face typically face higher health care costs.¹⁸ Concerns raised in those studies revolved principally around the costs they face in using insurance. Individuals with social health insurance designate a health facility as their principal location for health services. Obtaining health services at locations other than one's designated facility is possible, but only by paying a higher co-payment fees. The studies suggested that some temporary registrants were unable to transfer their facility designation to a facility where they lived. A typi-

cal case was described by a participant in the HKQS:

"I still can buy health insurance, but because my permanent ho khu is in Hue, I have to go back to Hue for health checkups, and if I use health care services here, I must pay 70% of total costs. This is a hardship for me."

Temporary registrant, woman, Nai Hien Dong Ward, Da Nang

However, participants in the HKQS also indicated that designating a local health facility is not difficult for formal sector workers, who are enrolled in social health insurance by their employers.

68. Results from the HRS show that temporary registrants are more likely to have a designated health facility that is distant from their current residence. Nineteen percent of temporary registrants have a designated health facility in another province, compared to just 1% of permanent registrants (Table 15). These temporary registrants face higher costs in using health facilities in their place residence.

TABLE 15 Location of registered health care facility

	Permanent	Registration status of household head		
		All temporary	Long-term temporary	Short-term temporary
Commune of residence	18%	10%	11%	7%
Other commune in district of residence	45%	44%	45%	40%
Other district in province of residence	36%	27%	26%	28%
Other province	1%	19%	17%	25%
	100%	100%	100%	100%

69. All together, the health results indicate that temporary status may remain a barrier to equality of opportunity, although less so than earlier qualitative work suggested. The substantial number of temporary residents with health insurance (including young children) and who report that their designated a health facility in place of residence demonstrates that temporary *ho khai* is not a universal obstacle to accessing health services. Nonetheless, the results point to a worrisome gap between official policy and implementation. In particular, more than one quarter of young children with temporary status lack health insurance, despite a policy of universal coverage.

Social participation

70. Those with temporary registration status are much less likely to be involved in local organizations and social activities. Participation rates at the household level for a variety of groups and activities are shown in Table 16. For almost all organizations, substantial numbers of permanent registrants but few temporary registrants participate. The one exception is trade union participation, which is higher for temporary workers, owing to the large number of temporary registrants working wage jobs served by a trade union. Likewise, temporary registrants are much less likely

TABLE 16 Participation rates of households in organizations and social activities

	Permanent	Registration status of household head		
		All temporary	Long-term temporary	Short-term temporary
Organizations				
Youth Union	17%	6%	6%	7%
Woman's Association	43%	5%	6%	2%
Farmer's Association	13%	1%	1%	0%
Trade Union	19%	27%	28%	25%
Veterans' Association	12%	0%	0%	0%
Elders' Association	15%	0%	0%	0%
Social activities and relationships				
Population unit's meeting	84%	17%	21%	10%
Voting at the local level	82%	21%	22%	18%
Voting at the district, city and central level	34%	7%	8%	7%
Meeting for comments on policies	64%	12%	15%	8%
Contribution to social funds or donations	85%	29%	30%	27%
Neighborhood events	92%	44%	47%	40%
Communication with neighbors	98%	92%	93%	90%

to participate in formal social activities, such as local meetings. There is little difference, however, in rates of communication with neighbors.

71. It is not clear if low levels of participation are a consequence of temporary registration status. It is possible that those with temporary status are discouraged from participating in formal organizations and activities. But it is also likely that low participation rates reflect the more shallow connections temporary registrants have with the community due to having lived less time on average in the commune. In any case, these low participation rates suggest that the social networks of temporary registrants are relatively thin, which could create challenges for them in acquiring information about how to access public services.

Social protection

72. The HKQS and earlier qualitative studies have suggested that temporary registrants face barriers in accessing social protection. A critical question is whether temporary registrants are eligible for the “poor list”—the official local list of who is considered poor and thus eligible for a variety of social assistance measures. Earlier qualitative studies have reported that although not expressly barred from the poor list, in practice temporary registrants are rarely included. According to these studies, temporary residents considered for the list are

sometimes required to present confirmation from their place of permanent registration that they are not receiving social assistance at that location. Nonetheless, in HKQS, some temporary resident households in Da Nang reported that they received some support designated for the poor. The approach appears to more welcoming in Ho Chi Minh City, where local officials reported that they consider temporary resident households to be eligible for the poor list. The mixed experiences reported in the HKQS suggest that local policies towards inclusion of temporary registrants on the poor list are inconsistent.

73. Data from the 2015 HRS shows that in all but one of the provinces covered by the survey, few households are on the poor list, regardless of registration status. Table 17 shows the fraction in each province by registration status designated poor. In three of the four heavily urban provinces—Ho Chi Minh City, Ha Noi, and Da Nang—the fractions are higher for permanent registrants, but in Binh Duong, the fraction of the population designated poor is higher among temporary registrants. Across all four provinces, few are on the poor list, reflecting the relative wealth of urbanized Vietnam. Only in Dak Nong, which is the one largely rural province in the HRS, are substantial numbers on the poor list: 27 percent of permanent registrants and 10.1 percent of temporary registrants.

TABLE 17 Percentage of households designated poor by province

	Permanent	<i>Registration status of household head</i>		
		All temporary	Long-term temporary	Short-term temporary
Binh Duong	2.4	4.2	3.8	6.3
HCM City	5.5	2.5	1.5	3.8
Ha Noi	2.7	0.7	0.6	0.9
Da Nang	6.1	3.5	4.3	0
Dak Nong	27	10.1	10.2	9.1

Sources: Analysis of 2015 Household Registration Survey

74. The HRS yields some mild evidence that poor temporary registrants face challenges in being included on the poor list. Decisions about who is included on the poor list are made by local authorities based on a complex process, which in principle takes household income as the primary criterion. A regression analysis of poor status can be found in Annex 4. Controlling for income, household registration status, province, and urban location, households with long-term temporary status are just 3% less likely than permanent registrants to be on the poor list. (Long- and short-term temporary households combined are 2% less likely to be on the poor list.)

75. Coverage rates in the provinces surveyed by the HRS are extremely

low for almost all targeted government programs and subsidies. This is unsurprising given the low numbers of household on the poor list and the overall high level of income in these areas. Among permanent registrant households, only one program—support in purchasing health insurance cards—has a coverage rate exceeding three percent. Participation rates are slightly lower for temporary registrants for almost all programs. The overall participation rate is highest for subsidized health insurance, which is provided to 14 percent of permanent registrant households and 8 percent of temporary registrant households. In the qualitative work, some individuals reported not being eligible for the poor list and subsidized health insurance due to their temporary status. (See Box 3).

BOX 3 Shortcomings in health care by health insurance cards of temporary residents

Mr. Thanh's family rented a house in West Thanh Khe ward, Da Nang city. His family have stayed there as temporary residents for over 10 years. Mr. Thanh was a worker. His mother was 75 and sick. His wife was unemployed and his children were of school age.

Considering his difficult circumstance, the head of his resident group requested the ward to classify his family as a poor family so that they can get subsidies and support from the State. After multiple applications and procedures, they were told that they were not eligible for being included in the poor list due to their lack of permanent household registration.

Not being in the poor list means that they were not eligible for free health insurance in Da Nang. Thus, every two weeks Mr. Thanh had to accompany his sick mother to his hometown in Quang Nam province to get medicine because that was his mother's permanent household registration and where her health insurance was issued. Travelling consumed much time, money and was not good for his mother's health and costed him leave days as well. After a very careful consideration, he decided to send his mother to his sister's home at his hometown for free health check and medicine. His decision of sending his mother to Quang Nam made him feel helpless and guilty.

Sources: HQKS Fieldwork

TABLE 18 Percentage of households participating in organizations and social activities*Registration status of household head*

	Permanent	Temporary		
		All temporary	Long-term temporary	Short-term temporary
Targeted government programs				
Support in purchasing health insurance	13%	8%	8%	8%
Reduction of an exemption from medical costs	3%	2%	2%	3%
Reduction of and exemption from tuition fees	2%	1%	1%	2%
Food subsidy	2%	1%	1%	1%
Direct supports to poor households/ethnic minorities	2%	1%	1%	0%
Preferential credit for the poor/ethnic minorities	2%	1%	1%	1%
Other programs	1%	0%	0%	1%
Subsidies				
Electricity subsidy	1%	0%	0%	0%
Emergency food subsidy	1%	0%	0%	1%
Subsidy to low-income government employees	0%	0%	0%	0%
Preferable subsidies to people with merits	2%	0%	0%	0%
Subsidies to poor households	2%	0%	1%	0%
Other subsidies	2%	1%	1%	0%
General social services				
Provision of information regarding policies	76%	33%	36%	29%
Provision of information regarding health care	79%	39%	40%	38%
Immunization	80%	45%	47%	40%
Disease control campaigns	83%	45%	46%	42%

Sources: Analysis of 2015 Household Registration Survey

76. Overall, the findings indicate that the number of people affected by limited social protection access for temporary registrants is limited. Due to the relative prosperity of the areas where temporary registrants are located—and the bulk of temporary registrants themselves—few qualify for social protection programs. However, due to inconsistent policies regarding eligibility of temporary registrants, in some cases those who would otherwise be on the poor list are excluded.

Electricity

77. Temporary registrants face relatively high costs for electricity. Numerous respondents in the interviews conducted for the HKQS complained that they pay excessively high charges for electricity as a consequence of their temporary status. In fact, expenditure data (presented in Table 10 in Chapter 2) show that on average temporary registrants spend less on electricity in total. However,

they typically pay more per kilowatt-hour (kwh) of electricity, due to the particular structure of electricity billing.

78. Temporary registrants who are renting face higher costs because they are typically not eligible for the electricity utility's progressive rate structure. Each household is charged 1632 VND per kwh for the first 50 kwh and then more per kwh on an increasing scale (see Table 19). A household can sign an agreement with the electricity authority that allows it to receive an individual meter and pay on this progressive scale. A household is eligible for such an agreement if it has permanent registration. A household with temporary registration can sign such an agreement, but only if it has a certificate of house ownership, and in such case the contract with the authority must be for at least 1 year.¹⁹ Temporary registrant households that are renting their residences are generally not eligible for these agreements unless they are guaranteed by the landlords.

TABLE 19 Official electricity tariffs

	VND
0-50 kwh	1632
51 - 100 kwh	1686
101 -200 kwh	1965
201 -300 kwh	2466
301 -400 kwh	2753
>400 kwh	2846

Sources: EVN Decree of March 12, 2015

Note: Figures shown are listed tariffs plus 10% VAT

79. Temporary registrants who are renting typically play a flat per kilowatt hour rate. Without their own meter, they pay indirectly, to a landlord who pays for multiple households billed on a single meter. The rate charged to the household is determined by the landlord. Among households paying a flat rate to the landlord in the HRS, the average rate was 2884, which is slightly higher than the highest rate on the progressive scale shown in Table 19. (A household paying on the progressive scale would only pay the highest rate for its consumption beyond 400kwh and thus would thus pay a substantially lower average rate.) Therefore, a typical temporary registrant household that is renting pays more than a typical permanent registrant household, as respondents in the qualitative survey indicated.

80. The law does include a provision to apply the progressive scale to renters with temporary status. However, in interviews conducted for the HKQS, local officials and renters explained that it is rarely used. Under this provision, a landlord for a building with multiple households can petition to have every four renters counted as one household (regardless of registration status) for billing purposes and be billed using the progressive price ladder for each household. Few landlords follow this procedure for various reasons: they are unaware of the policy, they view the paperwork require-

ments as complicated, they do not want to have to make continued adjustments as the number of renters changes, or they do not want to report the number of renters to authorities for fear it may affect their tax bill. Overall, because they are able to pass on their costs to renters, landlords do not face any incentive to seek application of the provision.

General services access and experiences with the *Ho khau* system

81. A common complaint of temporary registrants is that without permanent registration they are unable to use basic government document procedures in their place of residence. Respondents in the HKQS cited many such cases. Carrying out such procedures typically requires temporary registrants to return to the locality where they have permanent registration, which can be quite distant. Box 4 presents lists of procedures in two wards that require permanent registration. A typical complaint is as follows:

Without the residence booklet, we have to go to our hometown for verification of required documents, such as change of an ID card. The return coach ticket to Soc Trang costs me 260,000 VND. I have to take three days off.

(Focus group discussion with migrant factory workers, An Lac, Binh Tan)

BOX 4 Procedures that require household registration books in the application files, posted at the ward-level People's Committee office

Nai Hien Dong ward, Son Tra district, Da Nang

- o Birth registration
- o Birth registration for abandoned children
- o Birth registration for dead infants
- o Birth re-registration
- o Overdue birth registration
- o Death declaration/registration
- o Death re-registration
- o Marriage registration
- o Marriage re-registration
- o Granting paper of marital status verification
- o Granting paper of marital status verification to Vietnamese nationals residing inside the country for marriage with foreigners at foreign competent agencies
- o Registration of guardianship
- o Registration of change or termination of guardianship
- o Registration of recognition of parental relationship
- o Registration of change and correction of civil status for persons under 14 years of age
- o Registration of addition of civil status for every subject regardless of age.
- o Registration of amendments of content in civil status book and other civil status documents
- o Granting of copies of civil status papers from civil status books
- o Registration of child adoption
- o Re-registration of child adoption
- o Re-registration of de-facto child adoption

Nghia Thanh ward, Gia Nghia town, Dak Nong

- o Birth registration
- o Verification of contract for land use right transfer
- o Résumé verification
- o Making a letter of authorization
- o Authorized contract on real estate
- o Certificate of rejection of real-estate inheritance
- o Verification of will
- o Verification of mortgage contracts
- o Procedure of bank loan application for poor households
- o Making files of request for separation, merging or transfer of land use purposes
- o Social welfare claim
- o Hardship verification for students to be eligible for credit loans.
- o Verification of poor-household status
- o Examination of funeral/burial expense claim
- o Examination of request for elderly care at social protection facilities
- o Examination of claims for entitlement to public housing purchase.
- o Vocational training for the poor
- o Verification of request to participate in the job creation program
- o File for claiming preferential treatment to persons who have the merit of assisting the Revolution (including various types of preferential treatment)
- o Verification of request for financial aid for children belonging to Program 19.

82. A recent change in the law has eased the process of civil registration for temporary registrants. Previously, to register for a birth or marriage certificate, temporary registrants had to return to their place of permanent registration. That changed under the new Law on Civil Status which went effect at the beginning of 2016 (after the study period of the HRS and HKQS). Article 5 of the new law includes the following provision:

Individuals can register their civil status in the civil registry in either their permanent resident, their temporary residence, or current residence. In the case when the individuals do not register at their permanent residence, the office in which they register must inform their registration to the People's Committee of the commune/ward where they have permanent registration status.

Thus, the civil registration procedures (which are distinct from household registration) of birth and marriage registration can be carried out at one's place of current residence, even for someone who has neither permanent or temporary registration at that place. This change represents a substantial easing of administrative for temporary registrants.

83. Temporary registrants with an intention to stay would like to obtain permanent status. Just over half (53%) of those who have temporary status say that they intend to stay permanently in their current city/province, and nearly all of that group (51%) say they would like to obtain permanent status (Table 18). In the HKQS, some respondents reported that they worried that switching their permanent status would threaten their land use rights in their place of origin, their ability to inherit real estate there, and their emotional ties with their relatives.

84. Although complaints of informal payments associated with *ho khau* status appear in the interviews conducted for the HKQS, very few reported such payments in the HRS. Less than 1% of temporary registrants report having been fined for issues related to *ho khau*, and just over 2% report having had to pay a bribe (Table 20). At the same time, many respondents in the HKQS reported cases of having to pay informal fees to receive a verification of temporary registration status. It is likely that the HRS was not a good instrument to collect information on such payments, as respondents may have unable or reluctant to differentiate formal payments from informal payments.

TABLE 20 Experiences of citizens with *ho khau*

	Permanent	Temporary		
		All temporary	Long-term temporary	Short-term temporary
Plan to stay permanently in city/province	96%	53%	55%	49%
Would like to obtain permanent residence status	-	51%	51%	51%
Have been fined for policy for <i>ho khau</i> related issues	0%	0.9%	1.0%	0.6%
Have paid bribe for issues related to <i>ho khau</i>	0%	2.2%	2.2%	2.2%

85. Likewise, in the HKQS, many respondents reported making large payments to obtain either permanent or temporary registration status, but such payments were not common in the HRS. Just 6% percent of those who obtained permanent status since 2005 and 17% of those who obtained temporary status since 2005 reported paying more than 500,000 VND (Table 21). In contrast, in the pilot for the HRS and in the HKQS, many people reported paying multiple millions of VND. Here is one example:

"I spent two or three million dong in obtaining the temporary residence status booklet. They later require a further couple of millions of dong for the 'ho khau' but I don't have money for it."
(Casual female laborer, Ward 13, Go Vap).

86. The differing reports on informal payments is the only substantial difference in findings between the HRS and the HKQS. The contrast between the qualitative results and the household survey findings suggests that it is likely that respondents in the HRS were reluctant to report on having made large payments, which would be identified as corruption. Respondents in the HKQS also noted that in some cases they were required to make informal payments not explicitly to change *ho khau* status but to obtain documents and signatures required for the processing of *ho khau*, and in answering the more structured questions of the HRS, respondents may not have thought to include such payments.

TABLE 21 Payments for changing registration status

	Payment amount					
	Do not remember	Did not pay	<100K	100k-500K	500K-2 million	>2 million
Payment for changing from short-term to long-term status	14%	52%	21%	6%	5%	1%
Payment for changing from temporary to permanent	17%	62%	3%	2%	2%	14%

Sources: Analysis of 2015 HRS

Note: Sample is only people who have changed status since 2005

CHAPTERS

2

Ho khau in the media, policy discussions, and citizen perceptions

*Analysis of press coverage, statements of public officials, and citizen views expressed in both the HKQS and the HRS provide a sense of the range of opinions on the household registration system. Since 2006, the media has portrayed an intense debate on the system, reflecting a high level of citizen interest in the topic. Despite the high level of government control of the press, newspaper stories have presented a diversity of views, increasingly including strong criticisms of the system. Recent newspaper stories and social media have highlighted individual tales of hardship associated with the system. Likewise, public officials have engaged in vigorous debate about the system. Substantial numbers of citizens surveyed express support for *ho khau*, but at the same time a large majority say that it limits the rights of people without permanent status and should be made less restrictive.*

Media coverage

87. Press coverage of the household registration system provides a window on the level of citizen interest and the range of views about the system. From 2007 to 2015, 7611 articles which mentioned the *ho khau* system were published in Vietnamese newspapers.²⁰ Analysis presented here concerns the coverage of the issue in six major news-

papers: two fully state-funded newspapers (Nhan dan and Ha Noi Moi), the two most widely-read Vietnamese online newspapers which are partially privately-funded (Vietnamnet and VnExpress), the most widely-read print newspaper (Tuoi tre), and a paper focused on Vietnamese workers (Nguoi Lao dong). Table 22 shows the number of articles in each paper over the study period which mention *ho khau* and the number which have *ho khau* in the headline.

TABLE 22 Media coverage of the *ho khai* system, 2007 - 2015

Newspaper	Mentioned articles	Headlines
<i>Người Lao động</i>	487	26
<i>Tuổi trẻ</i>	464	53
<i>VnExpress</i>	440	53
<i>Vietnamnet</i>	437	29
<i>Hà Nội Mới</i>	419	7
<i>Nhân dân</i>	366	13

88. The most popular newspapers had the highest levels of coverage of *ho khai*, indicating that the topic is of interest to readers. The two newspapers with the highest level of state control—*Nhan dan* and *Ha Noi Moi*—had the fewest headlines mentioning *ho khai*, while the two most popular newspapers—*VnExpress* for online journalism and *Tuoi tre* for print—had the highest number of headlines on the topic.

89. Despite the strong level of state control, the press reflects a variety of views in general and regarding *ho khai* in particular. All news media organizations in Vietnam are state-owned or owned by organizations which fall under the umbrella of the Communist Party. Although the tight restrictions facing the press have been loosened in recent years, international rankings still reflect an environment of strong state control. In the 2014 Press Freedom Index by Reporters without Borders, a media watchdog, Vietnam was ranked 174th out of 180 countries. Nonetheless, the press presents a variety of views. While state-owned or party-owned media such as *Nhan dan* and *Ha Noi Moi* refrain from criticizing the *ho khai* policy harshly, and *Nhan Dan* occasionally published articles supportive the system, more

progressive media organizations such as *Tuoi tre*, *Nguoi Lao dong*, and *Vietnamnet* occasionally publish articles or commentaries which criticize *ho khai*.

90. Media coverage of *ho khai* can be divided into three time periods: 2006-2009, 2010-2012, and 2013-2015.

During the 2006–09 period, the tone of coverage differed between state-funded newspapers and newspapers with partial private funding. While the fully state press tended to take a more neutral stance, media with partial private funding tended to be more negative. The state newspaper *Nhan dan* defended the *ho khai* system, arguing that it was needed to control residency:

It's not fair to blame all evils for the *ho khai* system...I think it is not necessary to state in the Law on Residence that *ho khai* is only used for residence control...For example, for the purpose of recruiting citizens for military training or calling people to cast their votes in elections, the government needs to build the list based on the *ho khai* system. Without it, how could we do?

In contrast, the partially private *Tuoi tre* cited experts who argued the system violated the Constitution by restricting citizens' rights:

The right to residence is the holy one of citizens...But now the authority says that if I don't have *ho khau* I cannot buy a house. When I apply for *ho khau* they in return ask whether I have a house...All of these regulations are against the Constitution. These do not only restrict the right to freedom of residence but also other citizens' rights.

Immediately after this article was published, a response commentary was published in the state-funded *Nhan dan* questioning the "correctness" of "some articles" on *ho khau*²⁴. The commentary explained that *ho khau* is vital:

Registering and controlling *ho khau*... is an important measure of the State to manage society, contributing to the national security, social order and safety, guaranteeing the legitimate interests and rights of the people. When our country is in the process of building the socialist-oriented market economy, reforming these procedures is in urgent need. For this we can say: *ho khau* can be the new wine in the old bottle. *Ho khau* continues to show its roles, values, and historic responsibility in the new development era.²⁵

91. During the period 2010 – 13, relatively little coverage of *ho khau* appeared in the press. When the media did mention *ho khau*, it mostly criticized the bureaucratic barriers which prevented immigrants in centrally-administered cities from obtaining permanent *ho khau*. For example, *Tuoi tre* on May 27, 2013 published an article "*Ho khau* is nothing, but everything" which collected anti-*ho khau* opinions from citizens and experts. The same newspaper quoted a lawmaker who noted that besides Vietnam only North Korea and China have

ho khau systems. During this period, debates on the issue of *ho khau* at local level, particularly in Ha Noi and Da Nang, also caught the attention of the press. When the draft Capital Law was introduced, media outlets expressed concerns about the "uncivilized" habits of immigrants". Ha Noi Moi took a strong stand in favor of the Capital Law, which increased the restrictions for permanent registration in Ha Noi.²⁸

92. In recent years, over the period 2014-15, the Vietnamese media has gone further in amplifying voices calling for the reform or elimination of the *ho khau* system. When the National Assembly discussed the 2014 Law on Civil Status, the 2014 Law on Citizen's Identity Card, and the Project 896 to build the National Database for Population, the press discussed the possibility that the proposed changes would make *ho khau* redundant.²⁹ The distinction between the coverage of this period in comparison to the previous ones is that newspapers were more outspoken in their criticisms. The new wave of coverage included direct criticisms addressing highly sensitive issues such as human and constitutional rights. Previously, newspapers principally quoted the views of experts, but during the current period several newspapers choose to publish commentaries which directly represented their voices.

Finding a job, buying a house, going to school, accessing to electricity and water – all need "Mr. *Ho khau*". The specter has lingered for so long and the desire to escape from it has grown strongly. Up to now, although there have been some loosening policies, it is still a question on when *ho khau* is eliminated from citizens' life.

The most threatening characteristic of *ho khau* is not its very existence, because if it is just a form of civilized residence management it will be a normal practice. However, since it came into existence, *ho khau* is a collection of outdated mindsets of management, restricting and violating many legal rights of citizens.

In a commentary, VnExpress implied that *ho khau* showed the inability of the authority to make life better for citizens:

...Don't soak your anger over the innocent *ho khau*. It is only a way of residence control which the authority uses to restrict and filter citizens with the confusion. Because of this confusion, they have no concrete plan for it: loosening *ho khau* when being criticized, then tightening it when it is going out of the reach.

93. One notable characteristic of recent media coverage of *ho khau* is discussion of unfair treatment as a result of the system. For example, there is the case of Do Hong Son, a high school student who was suspended for not legally obtaining a *ho khau* in Ha Noi. He then sent a letter to the President of Vietnam to ask for his intervention to continue studying. The media covered the case closely, and Nguoi Lao dong newspaper took it as an example of why the *ho khau* system should be dismantled.³⁴

94. Another barometer of public sentiment comes from reader responses published on media websites, which have consistently voiced criticisms of *ho khau*. After it published an article reporting that National Assembly's representatives were hesitant to dismantle the *ho khau* system, Vietnamnet said it received "hundreds of e-mails" from its

readers expressing criticism of the National Assembly.³⁵ Criticisms of the *ho khau* system have been that it causes unnecessary bureaucratic procedures, creates double-standard for citizens, prevents them from fully enjoying public services, and creates loopholes for corruption. Some readers wrote that *ho khau* was a violation of the Vietnam Constitution. Here is a typical example of a call for reform in a reader comment:

I think it is very important to change the outdated way of residence control. Indeed I cannot explain why a very suitable and realistic proposal [that *ho khau* system be removed], which receives high supports from the people and National Assembly representatives, can't be implemented? It is too strange.³⁶

95. Controversies on press websites emerged during the discussion on the Capital Law in 2010 and 2012. Comments on the *ho khau* issues in the Capital Law mostly focused on perceived violations of constitutional rights and the consequences of the new residential space requirements to qualify for *ho khau*:

This regulation helps landlords to raise housing rents! In Ha Noi a piece of land is equal to a piece of gold, how much will we need to pay for rent? That explains why there are many people living under the stairs now.³⁷

96. Another measure of citizen interest in *ho khau* is the intensity of Google searches on the topic, which has increased dramatically since 2006 (Figure 4). Surges in the number of surges have taken place when changes in legislation relevant to *ho khau* have been passed or gone into effect. The number

of searches reached high levels on July 1, 2007, when the 2006 Law on Residence went into effect and when the National Assembly discussed and passed the 2014 Law on Civil Status and 2014 Law on Citizen Identity Cards.

97. On social media, commentary has generally been negative towards the *ho khau* system. *Triet hoc Duong pho* (Street Philosophy), a blog popular with young Vietnamese, published several articles which criticized *ho khau*, including the following:

There has never been anything that affects too much to the lives of Vietnamese, particularly ones who live away from their home like *ho khau*. I know several friends who study in the People's Police Academy. I asked them and several policemen what *ho khau* is. No one gave me a clear answer. Even those who are supposed to be responsible for the system do not know what it is. No one knows how

it still survives, nor explains logically why it should. But it still survives. It survives to torture the people unreasonably and as a tool for the police to earn illegal money.

Blogger Vo Thuong told a story about how a graduate with distinction could not find a job because she does not hold the city's *ho khau*³⁸:

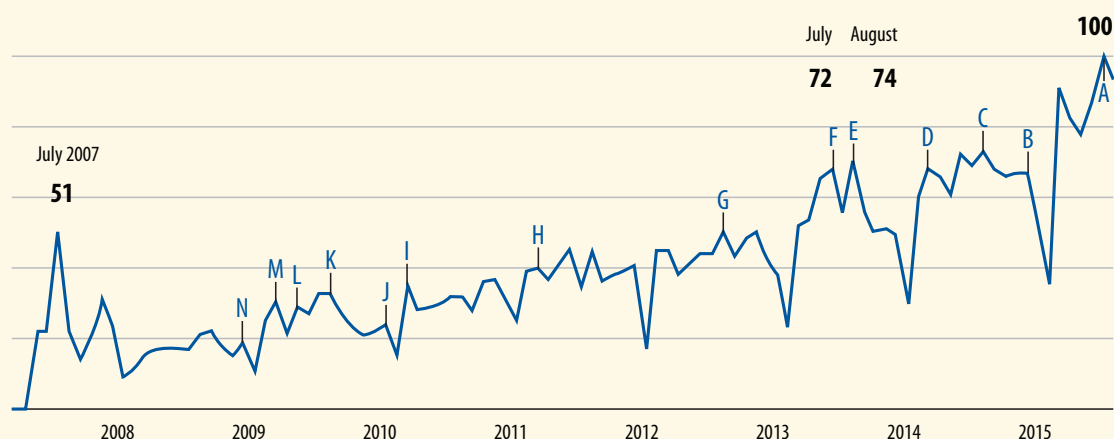
After finishing the course, with a distinction, my friend was eager on her bright future. She applied for several hospitals in the city [Ho Chi Minh City]. However, all responses were the same:

Do you hold Ho Chi Minh City *ho khau*?

"No, I come from another province." My friend replied.

"Really? Then please come back and apply for job in your province, we only receive people who hold the city's *ho khau*, Saigon *ho khau* only. Thanks for your time.

FIGURE 4 Trends in google searches in Vietnam for *ho khau*



Sources: Analysis of Google Trends data.

Note: Number represents the highest point (search) in the figure is 100. The points are relative numbers (not the real numbers of searches) which represent the search term popularity in comparison to other searches.

Debate among public officials

98. Ho khau has generated heated debate when discussed by government officials. Substantial discussion emerged around the 2006 Law on Residence, the Revised 2013 Law on Residence, the 2014 Law on Civil Status, and the 2014 Law on Citizen Identity Card. At the local level, the Capital Law (drafted in 2010 and passed in 2012) and regulations in specific localities, such as Da Nang's Resolution No 23/NQ-HĐND in 2012, also were the topic of discussion.

99. Discussions and debates around the 2006 Law on Residence were centered on two main issues: whether it was the time to remove the *ho khau* system, and if not, how to maintain the rights to residence and movement of citizens³⁹. The arguments for abolishing the *ho khau* system during this term mostly focused on its violations on citizens' rights. Nguyen Dinh Loc, former Justice Minister and at the time a representative from Ho Chi Minh City, questioned the drafting committee:

Why stick the right to freedom of residence of individual to the household? We take the *ho khau* and put the human there, I am just too aghast. Why are we doing this paradoxical thing?

Critics of the *ho khau* such as Nguyen Duc Dung from Kon Tum Province argued that the security function of *ho khau* was not longer necessary:

Residency management is totally a civil affair. In the War the police needed control, but now should the police continue controlling the *ho khau*? ... Therefore, the *ho khau* system management should move from the Min-

istry of Public Security to the Minister of Home Affairs.⁴⁰

Representative Le Thi Nga from Thanh Hoa Province suggested replacing *ho khau* with a residence card⁴¹. However, it was evident during the discussion sessions of the National Assembly that there were still many opinions against the move, particularly from the National Assembly Standing Committee and the Ministry of Public Security. The two institutions argued that it was vital to keep the *ho khau* system to maintain social order and security.⁴² Ho Chi Minh City representative Phan Anh Minh, who was part of the Ministry of Public Security, acknowledged problems with *ho khau* but argued that changing the system would be extremely costly and the *ho khau* system could be reformed.

100. The 2006 Law on Residence retained *ho khau*, but the debate changed the focus of thinking on the system. Critics of the system introduced the notion that the system should be grounded in respect for citizens' rights. During discussions on revisions to the Law on Residence in 2013, debate focused on the balance of citizens' rights and the needs of the states.⁴³

Freedom to residence is a fundamental right of the people. However, it should be recognized that citizens' rights must be in line with their relations with the law and the state. Freedom of residence does not mean that citizens can reside wherever they want, regardless of the needs of the state to manage the society.

General Le Dong Phong, Ministry of Public Security and representative from HCM City.

“Citizens must have the right to freedom of residence. State administrative institutions must create the best conditions for them to realize that right, instead of just threatening to ban or remove the *ho khau*, which troubles citizens,”

Nguyen Sinh Hung, Chairman of the National Assembly

“Why do we still use *ho khau* as the fundamental in all administrative procedures, while it is only a tool for public security? Why are we so outdated?”

Tran Du Lich, representative from Ho Chi Minh City

101. While overall national policy discussion has appeared to move towards liberalization of *ho khau* in the name of citizen rights, Ha Noi authorities successfully pushed for stricter requirements for the capital. The Capital City Law, first proposed in 2010 and later passed in 2012, gave more autonomy to the Ha Noi local government on various issues, including *ho khau*. The draft law proposed that *ho khau* only be available to those with “a lawful employment with a salary of twice the amount of the minimum wage; proof of legal accommodation in the city; and continuous temporary residency of at least 5 years.”⁴⁴ The chief argument made by supporters of the *ho khau* provision was the need to reduce immigration. One Ha Noi representative said that other provincial representatives “don’t understand the immigration pressure on the capital” and that “Ha Noi is suffering from over-population”.⁴⁵ Another argued

Ha Noi is currently on the process of drawing citizens from inner districts to outer areas...Now if a substantial

number of immigrants come in [in accordance with the Law on Residence], it would be very hard to guarantee the living standard for citizens. Therefore, Ha Noi needs to have restrictive regulations.

*Pham Quang Nghi, VCP Secretary in Ha Noi, Ha Noi representative*⁴⁶

In 2012 a revised version of the law passed without the employment and salary requirements, and with the residency requirement cut to three years.

Citizen views on the *ho khau* system

102. Vietnamese citizens recognize the problems with *ho khau* but at the same time express support for the system. The HRS asked respondents whether they agreed with a variety of statements concerning the system. Those statements and the percentage agreeing by registration status are shown in Table 23. Among permanent registrants, 70% agree that the system limits the rights of people with *ho khau*, 48% agree it discriminates against people without *ho khau*, and 69% believe it should be made less restrictive. Responses are similar for those with temporary status. Substantial majorities, regardless of registration status, express support for key aspects of the system, agreeing that it is necessary to public safety and should be used as a pre-condition for school enrollment. Half of permanent registrants and a slightly lower percentage of temporary registrants (45%) agree it should be a precondition for government jobs. Just 32% of permanent registrants and 31% of temporary registrants believe the system should be abolished.

TABLE 23 Attitudes towards *ho khau*: percentages who agree with the following statements

Registration Status				
	Permanent	Temporary		
		All temporary	Long-term temporary	Short-term temporary
1. The system is necessary to limit migration	64%	42%	44%	40%
2. The system is necessary to ensure public safety	89%	87%	87%	88%
3. <i>Ho khau</i> should be used as a precondition for school enrollment	67%	64%	66%	59%
4. <i>Ho khau</i> should be used a precondition for government jobs	50%	45%	45%	44%
5. The system limits the right of people without <i>ho khau</i>	70%	69%	67%	74%
6. The system discriminates against people with <i>ho khau</i>	48%	51%	51%	52%
7. The system should be less restrictive	69%	74%	74%	76%
8. The system induces corruption	59%	56%	54%	62%
9. The system should be abolished	32%	31%	29%	35%
10. Temporary residents should be able to buy health insurance	92%	89%	90%	87%
Mean of index of support for <i>ho khau</i> system (0-10 scale)	5.0	4.7	4.8	4.5

Sources: Analysis of 2015 Household Registration Survey

Note: The index is a sum of the number of statements 1-4 to which the respondent agreed plus the number of statements 5-10 to which the respondent disagreed.

103. Views differ little by registration status. An index of support for the system was calculated based on the full set of answers to the ten questions. The scale of the index ranges from 0 to 10, where 10 indicates maximum support of the system and 0 corresponds to no support. Surprisingly, by this index temporary registrants are only slightly less supportive of the system than permanent registrants. The average value of the

index is 5.0 for permanent registrants, 4.8 for long-term temporary registrants, and 4.5 for short-term temporary registrants. The one question where a notable divide exists between permanent and temporary registrants is whether the system is necessary to limit migration. Two-thirds of permanent registrants agree that it is, while 44% of long-term temporary and 40% of short-term temporary registrants agree.

TABLE 24 Mean of index of support for *ho khau* system

	Permanent	Registration Status of Household Head		
		All temporary	Long-term temporary	Short-term temporary
Binh Duong	5.3	5.0	5.0	4.8
Ha Noi	5.5	5.2	5.1	5.3
Ho Chi Minh City	4.3	4.2	4.3	4.1
Da Nang	5.5	5.0	5.0	4.6
Dak Nong	5.8	5.3	5.3	5.9

Sources: Analysis of 2015 Household Registration Survey

104. Qualified support for the system can be understood given that *ho khau* has been part of the fabric of life in Vietnam. Most citizens see the system as an essential part of the government's functions. Views such as the following were expressed in the HKQS:

If in a society without household registration, how can the government manage citizens? Therefore, it's compulsory to have the household registration. In a society, there must be household registration.

Female, temporary resident, Hiep Binh Chanh Ward, Ho Chi Minh city

There must be household registration, so that the citizens can be managed. There must be household registration, otherwise most-wanted men are hiding here, and it's very scary. After committing murder, they come here to live, they have to make residence declaration if they don't have the permanent household registration

here. Household registration is very important. If there is no household registration, people are all the same, it will be very dangerous.

Female, permanent resident, Vinh Tuy ward, Ha Noi

105. Attitudes towards the *ho khau* system differ substantially between Ho Chi Minh City and other provinces. The index of the support for the system has by far the lowest value in Ho Chi Minh City, both among permanent and temporary registrants. This same pattern is seen in response to every individual question. Table 25 contrasts attitudes between Ho Chi Minh City and Ha Noi. The divide is particularly stark on the question of whether the system is necessary to limit migration. In Ha Noi, 75% of permanent registrants agree that it is, while in Ho Chi Minh City just 54% agree. A similar contrast is seen in attitudes among temporary registrants.

TABLE 25 Attitudes towards *ho khau* in Ha Noi vs Ho Chi Minh City: percentages who agree with the following statements

Statement	Permanent registrants		Temporary Registrants	
	Ha Noi	Ho Chi Minh City	Ha Noi	Ho Chi Minh City
The system is necessary to limit migration	75%	54%	51%	37%
The system is necessary to ensure public safety	94%	82%	92%	86%
<i>Ho khau</i> should be used as a precondition for school enrollment	71%	59%	54%	68%
<i>Ho khau</i> should be used as a precondition for government jobs	53%	43%	38%	46%
The system limits the right of people without <i>ho khau</i>	65%	77%	58%	77%
The system discriminates against people with <i>ho khau</i>	43%	58%	43%	59%
The system should be relaxed	62%	77%	67%	81%
The system induces corruption	59%	63%	52%	66%
The system should be abolished	26%	43%	18%	39%
Temporary residents should be able to buy health insurance	91%	92%	81%	91%

Sources: Analysis of 2015 Household Registration Survey

106. The less enthusiastic support for *ho khau* in Ho Chi Minh City goes hand-in-hand with a more accommodating approach to migrants in the country's largest metropolis. One observer reported seeing a clear contrast in attitudes between the Ho Chi Minh City and Ha Noi during a discussion organized by the Asia Foundation between officials and NGO workers:

The authorities in Ho Chi Minh City stressed the economic benefits of migrant workers, the economic dynamism they provide, and the active steps local authorities are taking to try and address the issues a large migrant worker population presents. They emphasized regulatory changes, allowing migrants to change their registration

if they can demonstrate they have been in the city over the year.... The NGOs from the South [Ho Chi Minh City] also stressed their close co-operation with the authorities, and the importance of filling gaps in official service delivery. There were also hints of a more entrepreneurial spirit, and excited discussions of how to develop services on the basis of social enterprise models.

The conversation among the northerners [from Ha Noi] was more cautious and focused on the risks presented by migrant workers. Participants talked about the potential that greater social services for migrants could lead to even higher numbers of arrivals.⁴⁷

The findings from the HKQS also indicate that local officials have a welcoming approach to migrants in Ho Chi Minh City. As noted in the previous chapter, among the four provinces surveyed by the qualitative study, only in Ho Chi Minh City did local officials indicate that they consider long-term temporary registrants

to be eligible for the poor list. Likewise, interviews for the HKQS showed that in contrast to Ha Noi and Da Nang, in Ho Chi Minh City local officials have made particular efforts to ensure that children are able to enroll in public school, regardless of registration status.

Fiscal issues associated with *Ho khau*

CHAPTERS 5

A primary motivation for maintaining a restrictive ho khau system, expressed by citizens and policymakers alike, is to reduce migration to urban cities. Local officials worry about the burden that new migrants place on public services. In fiscal terms, there are concerns about the strain on subnational budgets, particularly for health and education, due to the arrival of migrants. A full accounting of the fiscal impact of migration requires taking into account their impact on not just expenditures, but all also revenues and intergovernmental transfers. These impacts can be roughly approximated by examining how each of these three streams vary by population across provinces, controlling for province characteristics. Various specifications of this analysis all show that an additional person is associated with greater expenditure, revenue, and transfers. The impact on health and education expenditure of an additional person is estimated to be an increase of 388,000 to 456,000 VND per year. The net fiscal impact of an additional migrant is somewhat uncertain but is much more positive than a focus on expenditures alone would imply, ranging across specifications from -697,000 to +3,346,000 VND per year.

The basic issue

107. One expressed motivation for maintaining the *ho khau* system is that it is necessary to limit migration. Nearly two-thirds of permanent registrants in the HRS agreed that the system is necessary to limit migration, policymakers have made the same argument in public discussions, and local official echoed this view in interviews for the

HKQS. Concerns have been raised by subnational authorities about the strain additional migrants put on public services and the drain on public resources, and they see regulations in the current registration system as a way to discourage migration.⁴⁸

108. This chapter brings a new element to this discussion by examining empirical evidence on the impact of migrants on subnational budgets. In-

creases in service delivery costs associated with migrants may be offset, or partially offset, by other changes in the budget such as tax revenues and transfers, which may also arise as a consequence of the changes in the total population count of the jurisdiction.⁴⁹ That may be the case with the amounts received from targeted transfers or from balancing (equalization) transfers, which in different ways take into account the population of each jurisdiction. There may be also direct and indirect revenue effects beyond the system of transfers. Given the particular complexities of the intergovernmental finance system in Vietnam, which is reviewed below, a priori it is not possible to anticipate the sign of the net fiscal impact (negative reflecting fiscal losses or positive reflecting fiscal gains) arising from changes in population.

109. The analysis considers these multiple ways in which migrants may impact the fiscal situation of subnational governments. Specifically it considers several questions. How much of a burden on the expenditure side are the new residents? To what extent may they generate additional revenues that may offset the budgetary burdens on the expenditure side? And in addition, to what extent does the transfer system further offset those expenditure burdens?

The structure of intergovernmental fiscal relations

110. Intergovernmental fiscal relations in Vietnam are complex. The system of intergovernmental fiscal relations in Vietnam establishes a set of rules which determine what expenditures subnational jurisdictions are responsible for

and what revenues and transfers they enjoy to finance those expenditures. While there is a set of rules for transfers, those rules are not always the final word since the outcomes can be significantly affected by negotiations between the central and provincial authorities.

111. Vietnam has a high degree of expenditure decentralization. Currently, subnational governments are responsible for over half of total government spending, covering important areas like education, health, or economic services. For education and health, subnational governments represent up to 90 percent of total public expenditures.⁵⁰ Most of the expenditure assignments at the subnational level vary considerably with the population base or the more selective client base (for example, children of school age) of each jurisdiction. Expenditures are also quite decentralized within provinces, with district governments being responsible for most of the recurrent expenditures on education and health. However, most of the subnational capital spending is carried out by the provincial governments themselves. The actual division of spending responsibilities is the product of many years of practical implementation and a series of sector regulations since formally the 2002 State Budget Law assigns the same expenditure responsibilities to both central and provincial governments and allows higher levels of government to overturn the budgets approved by lower levels. Central government rules also reduce autonomy over subnational budget decisions.

112. Subnational governments have two main sources of revenue apart from transfers from the central government. These are (1) revenue retained 100 per-

cent by subnational authorities—involving the property tax, some excises and fees and charges, etc.—which is the closest that local authorities come to “own source revenue” although subnational governments have no autonomy over rates or administration; and (2) shared revenues with upper tiers of government on a derivation basis (or where they are collected) most significantly involving the personal income tax, the corporate income tax and the VAT.

113. Vietnam has a formula-based system of equalization or balancing transfers and a system of conditional or targeted grants known as National Target Programs (NTP). The balancing transfers' formula calculates the difference between expenditure needs and estimates of revenue capacity. Both the estimates of expenditure needs and revenue capacity involve populations counts. In the case of expenditure needs the effect is a direct one, since the formulas used for the computation of expenditure needs directly involve total population or particular segments of the population, such as children of school age or elderly people. More specifically, for each major category of expenditure (education, health, etc.) the formula applies an expenditure norm (of so many VND per person, or per client—for example, per student) to the eligible population in the jurisdiction in order to arrive at the expenditure need for that category of expenditures. Total expenditure needs are the sum of those in each category of expenditure and therefore are very sensitive to the total population counts in each jurisdiction. In the case of revenue capacity, the estimates do not directly involve populations counts but these are indirectly reflected via the fact that large population

are highly positively correlated with large estimates of tax bases and therefore of revenue capacity. It is therefore very important to note that population counts—directly and indirectly appear on both sides of the formula used for computing balancing transfers. So potentially those effects could offset each other.

114. Another important aspect of the formula used for balancing transfers is that not all jurisdictions are entitled to a transfer. Those provinces where expenditure needs exceed revenue capacity, even after the 100 percent sharing of national taxes, receive an equalization grant or balancing transfer. Those relatively richer (and/or less expenditure needs) provinces with large tax bases do not receive a balancing transfers and will be assigned under 100 percent sharing rates for national taxes. The fact that richer provinces, which in some cases are also the most populated, receiving zero balancing transfers means that increases in population do not necessarily go accompanied by increases in this type of transfers. Even for poorer provinces which do receive balancing transfers, the correlation between the amount received from the balancing transfers and population is weakened by the fact that even though the measure of expenditure needs increases with population, so too does the measure of revenue capacity and these two effects tend to cancel each other out. On the other hand, targeted transfers which are received by all provinces and typically depend on the size of the targeted population play an important role in the financing of all subnational budgets.

115. Even though it has remained low, subnational government borrowing has been increasingly used by prov-

incomes to finance their capital spending needs. The five largest subnational governments account for close to half of all subnational borrowing (in the form of bank loans, Treasury loans, and bonds). The 2002 budget law imposes limits to borrowing as percent of annual capital budgets. Since capital budgets tend to be larger in more populated jurisdictions we may expect the amount of borrowing to be positively correlated with population.

Fiscal impact of changes in population

116. The basic approach used here to examine the fiscal implications of migration is to quantify the fiscal implications of changes in population in general. Of course, in terms of fiscal impact there may be differences between those caused by ordinary changes in population and those associated with migrants and those differences are considered in one version of the analysis. Nevertheless, the fundamental assumption is that the fiscal impact of ordinary changes in population provides a solid first approximation to what may be expected in terms of the fiscal impact associated with changes in population driven by migration. Multiple regression analysis and cross section data for 2011 (the most recent year for which complete data are available) is used to establish how the most important budget items in the expenditure and revenue sides are affected by changes in population. These estimates provide an approximation of the average fiscal impact of an additional migrant in the subnational finances in one year.⁵¹ The analysis considers separately impacts on public expenditure, revenue, and inter-governmental transfers.

117. The regression estimates additionally are compared to the raw per inhabitant averages for each of the major budget items. In order to calculate the additional cost in the provision of a particular service imposed by an additional migrant one can take the average per capita cost/expenditure in that service. Those estimates will provide us with reasonable lower and upper bounds of the net fiscal impact on the budgets of specific jurisdictions.⁵²

118. One caveat to the analysis for public expenditures is that it reflects average costs rather than the marginal cost of public good provision. What is known is only the average cost (the ratio of total expenditure for the good to the total population). But by using average costs as opposed to marginal costs we are erring on the pessimistic side—making costs larger than they may actually be. In Vietnam practically all public services are shared or concurrently provided by the central and subnational governments. Therefore the approach to estimating cost increases will have to be performed for all and each of the categories of functional expenditures as they appear in the budget.

119. The analysis of budget revenues reflects a complex set of pathways by which more population affects revenue. Larger populations typically will generate larger tax bases and therefore we expect budget revenues to be generally correlated with population. Subnational government revenues come in two main categories: (a) Revenue retained 100 percent by local authorities which includes the Land and Housing Tax; Natural Resource Tax (except petroleum); Tax on Transfer of LURs; Registration Fees; Licensing Fees; Rental of Land and Water;

Transfer of Land Use Rights; Sale of State Property; and (b) Revenue shared between central and local authorities: VAT (except VAT on imports); CIT (except enterprises with uniform accounting); Personal Income Tax; Special Consumption Tax on domestic goods and services; Gasoline and Oil Fees. The transmission channels from population to the size of the tax bases and eventually revenue collections are complex and different for different taxes.

120. Likewise, the relationship between transfers and population is not straightforward. The system of transfers in Vietnam has two main components and each of them is potentially responsive to changes in population level due to the fact that population is recognized in the allocation formulas. However, this responsiveness to population levels can be complex. The first component, we have seen, is the “balancing transfers”, which are designed to address horizontal imbalances across provinces and within provinces, across districts. The second component is “targeted transfers” which provide funds in support of the enhancement of national program objectives across subnational jurisdictions.

121. Balancing transfers are designed to reduce horizontal imbalances that arise because of different revenue capacities and expenditure needs. Spending needs across provinces differ because of different populations in need and because of different costs of service provision (e.g., mountainous regions). But revenue capacity is also expected to increase with population as a whole. In the case of balancing transfers, there are two formulas, one used to estimate recurrent spending needs across provinc-

es, and another used to estimate capital spending needs across provinces. The recurrent and capital spending needs are aggregated to arrive at total spending needs for each province. This total is then subtracted from the estimated decentralized revenue for each province, which then constitutes the estimated horizontal fiscal gap. More specifically, the current formula to determine recurrent spending needs (from September, 2010) works on the basis of specific per capita financial allocation, also referred to as an allocation norm, for the different functional expenditure assignments. For example, for education, the criterion is the number of school-age children. The allocation norm is multiplied by the number of school-age in a particular jurisdiction to come up with an estimate of education spending needs for that jurisdiction. The formula for determining capital allocation needs (also of 2010) involve criteria in five categories, one of which is population. Overall, the regression coefficients are expected to capture the net effects of the changes in population on expenditure needs and on fiscal capacity on the two different sides of the balancing transfer formula.

122. Targeted transfers are conditional to the use of funds in pre-established ways. There are two types of target programs. The first constitute a set of 16 programs grouped under NTPs, and the second are conditional transfers aimed at specific provinces or types of provinces. The 16 NTPs have covered a wide range of objectives targeting poverty, education, health, livelihoods, rural development, culture, energy use and climate change and in most cases the allocation of funds will be affected by the changes in population.

123. The effect of population changes on expenditures, revenues and transfers is estimated using a cross-section data of 63 Vietnam provinces. The data are for 2011, which is the most recent year for which data are available for all relevant separately categorized budget items. The estimations are subject to some variations in the sample size because of the different availability of certain variables. Four sets of coefficients are actually estimated. First, we use two dependent variables: total amounts of each budget item and the per capita level for each of those variables. While we are mostly interested in the coefficient estimated with total amounts as the dependent variable, using per capita levels as the dependent variable allow us to find out whether particular expenditure items are subject to joint consumption and economies of scale in production. The other two sets of estimates come from running the regressions of expenditure on population alone without any controls and those in which other control variables are introduced. Because of the complexity of factors that go into the formula for balancing transfers, we include as additional controls age dependency and GDP per capita. Beyond population itself, age dependency is likely to be a major determinant of expenditure needs, and it is measured as the share of population under 15 and above 65 years of age, capturing the share of non-labor population that requires expenditure in services as education, health, social protection, etc. On the other hand, GDP per capita is likely to be a major determinant of fiscal capacity.

124. The choice of other control variables follows the well-established literature on the determinants and de-

mand for local public goods.⁵³ These other control variables are: population growth, provincial debt per capita (except in the borrowing regression), the urbanization rate and secondary education graduation rate. Higher population growth may affect both revenue and expenditure because incoming increases in the labor force due to migration increase the tax bases, while the newborn population requires expenditure on health and types of expenditures. Provincial debt per capita puts pressure on provincial governments to raise more revenue and decrease expenditure; on the other hand, if used for infrastructure it can increase expenditure in the short-term and increase revenue in the long-term. Urbanization rate leads to different structures of the tax bases, and therefore revenue collections. Moreover, it may affect expenditures through spatial decay of service delivery and varying infrastructure needs. Finally, secondary education graduation rate affects both revenue and expenditure due to its impact on the quality of labor force, their earning potential and the consequent consumption and saving preferences. Obviously, the importance of control variables across various dependent variables of revenue and expenditure will differ. However, it is important to include all for consistency of results.

125. Results from the statistical analysis are summarized in Table 26. The table shows the simulated impact of an increase in the population by one person on various line items of revenue, transfers, and expenditures. The simulations are carried out for each budget item for which a statistically significant regression coefficient is found, for the three overall categories of revenues, transfers

and expenditures, and net overall change in thousands of VND. Four alternative sets of fiscal impacts are presented based on underlying regression specification with and without controls, and with and without interactions of all terms with the share of migrants in the population. The protocol followed in the simulations is to use for the simulations all the statistically significant coefficients in each set of estimates. However, for some budget items we “borrow” coefficients from the other set of estimates when a specific budget item does not obtain a significant estimated coefficient in the reference set but does in the alternative set—that is, insignificant coefficients are replaced by those of the other specification if the other one is significant. It is important to note that these simulation numbers are based on cross-sections of all provinces for the year 2011, so they represent an average for all provinces.

126. As expected, the results show that regardless of specification, revenues, transfers, and expenditures are all higher in provinces with more people. Starting with the first set of estimates based on the regression specification without additional controls, we see in the first column of Table 23 that an increase in population by one additional person would lead to an average increase in revenues of 4577 thousand VND, an increase in transfers of 313 thousand VND, and an increase in expenditures of 3714 thousand VND. The net average fiscal impact would be positive: a 1176 thousand VND increase in additional resources or budget surplus. Using the second set of estimates (column 2) that account for other control variables, we find that an increase in population of one additional person leads to an increase in revenue

of 4577 thousand VND per person), an increase in transfers of 1051 thousand VND and an increase in expenditures of 2282 thousand VND. The net result is 3346 thousand VND increase in budget funds or budget surplus.

127. Many of the discussion on the fiscal consequences of reforming the residency system have focused on the specific costs for provincial governments involving education and health services. As can be seen in Table 26, the estimates are quite consistent whether we use the regression coefficients with and without controls. For 2011, on average, an increase in population by one additional person would lead to an average increase in expenditures in education and health services combined of 427 to 447 thousand VND.

128. Columns 3 and 4 of the table present the results for the impact of population changes including the interaction term with share of migrants in the province. The estimated net total impact of a change by 1 person ranges from -697 thousand VND to 858 thousand VND. The difference is mainly due to the larger impact of the population change on targeted transfers and the smaller impact on capital expenditures corresponding to the regression coefficients of the specification with other controls compared to the specification without other control variables.

129. The net effects in this case differ from the baseline estimates. For the case of the simulations allowing for the migrant share and without other control variables we obtain a negative net effect—or implied budget deficit -- of 697 thousand VND per person. Note that

this estimate is simulated on the basis of the average share of migrant population for all provinces. Therefore, we would expect the net negative impact to be larger in absolute terms for those provinces where the migrant share is higher than the average. We would expect this to be the case in the larger cities such as Ha Noi or Ho Chi Minh City. However, we need to pay attention to the fact that this negative impact appears to be driven by lower estimated values of received targeted transfers and larger estimated values of expenditures in capital infrastructure as opposed to the delivery of services such as health, education or social protection. The general presumption would appear to have been that the impact of migrants would be especially noticeable in this later type of expenditures. Focusing exclusively on the specific costs for provincial governments involving education and health services for the new legal residents, the estimates are again quite consistent whether we use the regression coefficients with and without controls and also remarkably close to those obtained under the baseline and other adjusted estimates. For 2011, on average, an increase in population by 1 people would lead to an average increase in expenditures in education and health services combined of 388 to 456 thousand VND.

130. An alternative approach to estimate costs and revenues from population changes is to use per capita budget figures directly from the most recent complete data available.⁵⁴ This may have the advantage of relating the estimates more specifically to the circumstances of each subnational jurisdiction. But using those data tends to ignore the potential economies of scale in the consumption and production of public services and revenue generation associated with changes in population and it may exaggerate (or undervalue) what one would expect to be “normal” or average smoothed out values.

131. The per capita revenues, transfers and expenditures for the top 8 richest and most populous provinces are presented in Table 27 (in million VND). Note that this list includes all the areas covered by the Household Registration Survey. The richest provinces were chosen on the basis of overall nominal GDP and per capita nominal GDPAs the last row in the table shows, the budgets of all provinces show a net fiscal balance, implying a positive net fiscal impact of increasing population by one per person.

TABLE 26 Simulation of the total impact of change in population of 1 person on each line of the budget 2011. (in thousands of VND)

	Basic specification		Spec. w/migrant share	
	Without controls	With controls	Without controls	With controls
	(1)	(2)	(3)	(4)
REVENUE				
Province Revenue 100% retained	1921	1921	228	228
Province Revenue Shared	2178	2178	1523	1523
Fees and charges revenue	0	0	0	0
Grants revenue	0	0	0	0
Other revenue	7	7	3	7
Off-budget revenue	470	470	0	0
Borrowing	0	0	-5	35
Total change in Revenue:	4577	4577	1750	1793
TRANSFERS				
Province Balancing Transfer received	0	0	0	0
Province Targeted Transfer received	313	1051	620	1067
Total change in Transfers:	313	1051	620	1067
EXPENDITURE				
Capital Expenditure	2356	1116	1830	1058
Education current expenditure	200	210	224	173
Health current expenditure	247	217	232	215
Science and Tech current expenditure	19	15	15	15
Culture and Information current expenditure	36	51	44	43
Broadcast and TV current expenditure	0	0	3	3
Sports current expenditure	31	45	40	35
Social Relief current expenditure	54	57	49	49
Economic Services current expenditure	339	306	338	298
Administration current expenditure	135	85	99	84
Price Support current expenditure	155	155	96	9
Environment current expenditure	142	25	100	21
Total change in Expenditure:	3714	2282	3067	2002
NET CHANGE:	1176	3346	-697	858

Sources: Analysis using 2011 revenue, expenditure, and transfer data. The insignificant coefficients are assumed as population having 0 impact on the budget item and overall.

TABLE 27 Revenue, transfers and expenditure per capita of the top 8 richest and most populous provinces, 2011 (in thousands of VND)

	Ho Chi Minh City	Ha Noi	Bac Ninh	Can Tho	Hai Phong	Da Nang	Binh Duong	Dak Nong
REVENUE (millions per capita)								
Province Revenue 100% retained	2066	2318	.023	521	603	6659	1412	238
Province Revenue Shared	2184	2898	2111	2608	2318	3069	1951	857
Fees and charges revenue	0	0	0		0	0	0	0
Grants revenue	96	0	0		140	28	0	0
Other revenue	7	34	4		0	0	0	17
Borrowing	0	0	28	287	11	21	0	194
Off-budget revenue	803	0	279		0	692	0	147
TRANSFERS (millions per capita)								
Province Balancing Transfer received	0	0	0	0	0	0	0	2445
Province Targeted Transfer received	274	568	311	497	608	780	380	2224
EXPENDITURE (millions per capita)								
Capital Expenditure	2551	2297	1296	980	854	7603	1888	1710
Education current expenditure	204	244	296	293	316	355	101	278
Health current expenditure	266	288	215	293	139	228	165	306
Science and Tech current expenditure	18	1	15	14	26	26	30	15
Culture and Information current expenditure	25	56	26	14	19	30	16	17
Broadcast and TV current expenditure	31	4	70	83		124	317	310
Sports current expenditure	18	49	4	20	26	35	13	5
Social Relief current expenditure	54	37	29	21	94	110	39	137
Economic Services current expenditure	316	389	188	50	196	249	69	265
Administration current expenditure	163	148	153	154	119	304	123	371
Price Support current expenditure	1703		55	17	237	53	0	2
Environment current expenditure	166	94	51			95	0	10
NET PER CAPITA BUDGET	1470	2165	1465	2065	1.866	2197	1268	2976

Sources: Government of Vietnam.

132. The analysis presented here provides a considerable range of estimates for the net fiscal impact of one additional resident. Adjusting for the share of migrants yields a net fiscal impact per annum of -697 thousand VND. On the other hand the baseline estimates without adjustment for migrants show the average net fiscal impact estimated to be positive and between 1176 thousand VND and 3346 thousand VND per person per annum. The per capita budget figures for selected provinces in Table 27 also provide similar positive net fiscal impact estimates of adding one additional resident.

133. The overall conclusion is that it is not clear that subnational governments are subject to financial hardship from the arrival of migrants. This is true mainly because, despite the fact that migrants will bring additional expenditures, they will also bring directly and indirectly more resources through revenues and transfers. However, in the worst-case scenario, there may be financial losses for the provinces that receive the migrants. On average, those losses on an annual basis would be -697 thousand VND per person. These losses may be larger or smaller for individual provinces. Therefore, even though the evidence is far from being strong, some of the findings weakly support the concerns of subnational officials regarding the fiscal burdens associated with migrants.

CHAPTERS

6

Conclusions and policy directions

*There are two reasons to consider reform of the *ho khau* system. First, the barriers temporary registrants face to services and public employment generate social costs and are unfair. This is of particular concern for barriers that impact children—such as those related to health insurance and education—as they may limit the possibilities for intergenerational mobility. Second, the system may generate economic costs through a variety of channels. In light of these issues, the government could use one of two approaches to making the system less restrictive. The government has already enacted or considered elements of both approaches. The first is to reduce the obstacles to obtaining permanent registration. The second is to reduce differences in service access between those with permanent and temporary access. Additionally, the government has already begun the gradual transition to a national population database and citizen identification card system, which could ultimately supplant the principal functions of the existing registration system.*

134. Evidence presented in this report shows that the force of the *ho khau* system has waned over time. A series of reforms in recent years have lessened the force of the system, in particular by easing the path to temporary registration. Notably, Vietnam has come much farther than China in reform of its household registration system. While historically the systems were similar, Vietnam's *ho khau* is now less of a barrier to service access and opportunity than China's hukou. (See Box 5 for a description of China's system and steps towards reform.)

135. Despite reforms, the system remains a source of inequality of opportunity. Temporary registrants face some challenges in enrolling their children in public school, particularly at the pre-school level, and evidence suggests that low enrollment of temporary registrants at the upper secondary level is in part due to lower priority they have for school places. There are gaps in health insurance access by registration status, particularly for young children, and some temporary registrants pay much higher fees for health care. Additionally, although

private labor market discrimination by registration status has faded, temporary registrants are still largely barred from public sector jobs. Finally, those without permanent status face challenges with basic interactions with the government such as registering a motorcycle.

136. Acquiring permanent registration status remains difficult. The basic requirement of two years of continuous residency (three in Ha Noi) means that new arrivals must live at a minimum for

a substantial period with the challenges associated with temporary status. Furthermore, the national government has explicitly recognized the power of city governments to create their own residency rules, and such rules—particularly requirements of minimum living space—have been used to limit eligibility for residency. As a result, many people live with temporary status for several years; 40 percent of temporary registrants in the HRS have lived in their current province for more than five years.

BOX 5 Hukou reform in China

Ho khau is modeled chiefly after China's hukou system, which was established in 1958 to control the movement of population. Despite some reforms, hukou remains quite rigid and is a much greater restriction on migration and service access than *ho khau*. Hukou divides the urban and rural populations into two subgroups via designation as either "agricultural" or "non-agricultural" residents. Citizens obtain their hukou status through a registration process administered by local authorities based on place of residence and family relationship. Each household is given a household registration booklet which records each individual's name, sex, date of birth, marital status, occupation, hukou status (agricultural vs. non-agricultural hukou), family relationship, and home address.

In the era of planned economy the hukou system, combined with the people's commune and urban food ration systems, prohibited free mobility between rural and urban areas and across regions. The hukou system in combination with other policies impeded urbanization in this period: China actually saw a decline in

the urban share of the population, from 20 percent in 1960 to 18 percent in 1978.

Reforms in the past three decades have weakened the restrictions imposed by hukou. China relaxed controls in the 1980s and encouraged rural to urban migration in 1990s. A policy promulgated in 2001 allows people in small towns to apply for local hukou if they have legally stable employment, a stable source of income, and a stable residence. In 2006 the State Council issued a policy document regarding social services of rural migrant workers in cities. This document explicitly linked access to services with the goal of facilitating integration of migrants into cities. Obtaining local hukou is more difficult in larger cities than in towns and smaller cities.

Various local hukou reforms have been piloted. These pilots include (i) unified hukou registration, (ii) establishment of a parallel residence permit system, delinking access to basic services for migrants from hukou status itself in some large cities and provinces, such as Chengdu, Chongqing, Guangdong, Jiangsu, Shanghai, Shenzhen, and Zhejiang to provide

social services linked to these permits, (iii) a Guangdong-specific pilot consisting of a point system to manage hukou conversion of rural migrants, and (iv) localized hukou conversion with or without exchange of rural and urban entitlements. Chongqing required the so-called “exchanging three rural clothes for five urban clothes” policy: the “rural clothes” being homestead land, farm land, and contracted forest land, while the “urban clothes” are pension, medical insurance, housing, employment, and education. A similar localized hukou conversion pilot in Chengdu did not require the exchange of rural and urban entitlements (DRC and World Bank, 2013). Chongqing later gave up the exchange between rural and urban entitlements.

In recent years, the central government has accelerated the pace of hukou reform. In 2011, the State Council announced hukou reform as a key component of a coordinated set of urban and rural reforms and took several steps, including issuing hukou system reform guidelines linked to the city's administrative level, requesting institutions to improve registration of temporary populations in the cities, and calling for a gradual rollout of the residence permit system (Wang, et. al., 2013). In 2014, the State Council issued a New-Type Urbanization Plan to orderly manage rural to urban migration and proposed a numerical target of 100 million long-term rural migrants to be converted to urban hukou holders by 2020. In the meantime, the Chinese Ministry of Public Security is formulating a roadmap for hukou reform, aiming to establish a newly population registration system by 2020 ((World Bank and DRC, 2014).

In 2014, the State Council issued Opinions on Further Promoting the Household Registration System Reform, outlining a longer term objective of hukou reform: establishing an orderly and people-centered new household

registration system that can effectively support the management of population migration and public services and convert 100 million agricultural population into urban residents by 2020. The key policy measures include (i) introducing a unified urban and rural household registration system, (ii) establishing the residence permit system, and (iii) accelerating the development of a national population information database to provide essential information for policy making. In the meantime, fiscal, social and land policy reforms have been taken to promote the equality of basic public services between rural and urban areas and across regions, including compulsory education, employment services, pension, health, housing and social services, and to guarantee land use rights of rural farmers when they are converted into urban residents.

In 2015, the State Council promulgated the Regulation of the Residence Permit System, which took effect at the beginning of 2016. Permit holders have the rights and enjoy equitable access to public services in cities (including compulsory education, employment services, pension and social insurance, health, culture and sports, legal assistance and services, and others). The regulation describes the conditions of conversion of permit holders into local residents. It liberalizes the settlement of small cities and recommends the introduction of a point system in large and mega cities such as Shanghai, Beijing, and Tianjin. By the end of January 2016, 29 provinces had introduced the residence permit system. With hukou reform, the proportion of urban population in China reached 56% in 2015. However, the proportion of the urban population with local hukou is only 37%. According to the new Urbanization Plan, by 2020 China aims to have 60% urban population, and 45% urban population with local hukou by 2020.

137. The first reason to consider reform of the *ho khau* system is that the barriers temporary registrants face to services and public employment are unfair and create social costs. Migrants move to areas of prosperity in search of better lives, and the *ho khau* system limits their opportunities. This is of particular concern for barriers that impact children—such as those related to health insurance and education—as they may limit the possibilities for intergenerational mobility.

138. The second reason to consider reform of the *ho khau* system is that the system creates economic costs. Such costs can take several forms. By effectively increasing the costs of moving to cities, the *ho khau* decreases migration, providing a brake on the country's structural transformation and economic growth. Given that large numbers of migrants continue to move to Vietnam's large cities, it is clear that *ho khau* is not a binding constraint for migration overall, but nonetheless it is likely that it discourages some people from migrating. It may particularly discourage migration by ethnic minorities, who are less likely to have the social networks which would help them negotiate the obstacles created by *ho khau*. Relative to the larger forces driving Vietnam's economy, the overall impact of the *ho khau* system is likely to be small. Nonetheless, to maximize its growth potential the country should be encouraging urbanization rather than retaining barriers intended to limit the arrival of new migrants.

139. Further economic and social costs may occur through other channels. The limited access to government paperwork procedures for temporary

registrants could discourage them from formalizing businesses. Relatively few temporary registrants work are self-employed. This may reflect the greater opportunities they face in wage employment, which draws them to the city in the first place. But it may also reflect challenges they face in self-employment. Additionally, as the interviews in the HKQS make clear, the fact that temporary registrants need to return to their place of origin for many procedures creates a substantial time and travel cost burden. Another potential cost comes from the fact that temporary registrant households may leave children with relatives in their hometowns, where they have greater school access. This phenomenon of "left behind children" has been found to have negative implications for children in China and could be examined in future work on Vietnam.

140. *Ho khau* continues to exist for several reasons. One reason is a desire to limit migration, rooted in city government concerns about the burden of providing and paying for services for an influx of migrants. A second is a sense that the system is used as an instrument of the public security apparatus. A third reason is that the system is used administratively to define what constitutes a household, such as for purposes of social protection benefits and purchase of household health insurance. A final reason is historical momentum: problems with the system are recognized in the press, public debates, and the responses to questions on attitudes in the HRS, but there is also a reluctance to make changes, for lack of a clear sense of alternatives.

141. One path to reform of the system is to reduce obstacles to obtaining

permanent registration. If permanent status could be obtained quickly at low cost, it would no longer create barriers to service access. The 2006 Law on Residence took a large step in this direction, by reducing the barriers to permanent registration, and cutting the required period of residence from three years to one year. However, 2013 changes to the law substantially backtracked on this reform, by increasing the residency requirement to two years and explicitly recognizing the authority of local authorities to set their own residency policies. More restrictive requirements for obtaining permanent residence have been implemented in Da Nang and for Ha Noi under the Capital City Law. Obstacles to service access could be reduced by shortening (or eliminating) the time period required before residents can apply for permanent status as well as limiting the set of requirements that city governments can impose on permanent status applicants.

142. A second path to reform is to eliminate differences in service access between those with permanent and temporary registration. This could be partially accomplished through a number of service-specific measures along with clarification and enforcement of existing rules. The designation of a health facility could be fully decoupled from residency, so that temporary registrants could choose facilities where they live. Free provision of insurance to children under 6 regardless of registration status could be better enforced. When the national budget has provided a full or partial subsidy for the payment of health insurance (as is the case for poor, children, near poor and pupils), the money could follow the person to their temporary residence. Permanent registration require-

ments for public employment could be eliminated, and government procedures like registration of a motorcycle could be made available explicitly for temporary registrants. The government has already taken substantial steps in this direction, notably through the Law on Civil Status, which makes it possible for people to register for birth and marriage certificates wherever they live, regardless of registration status.

143. These two paths are not mutually exclusive. Permanent registration can be made easier to obtain while at the same time the service gaps between temporary and permanent registrants can be closed. Indeed the government has already taken substantial steps along both paths. As the reforms are deepened, the system can still function as a tool for public security and administrative identification of household membership.

144. The government has also taken the initial steps towards an alternative system which could ultimately supplant *ho khau*. Under the Law on Civil status which came into effect at the beginning of 2016, the government is establishing a national population database and a citizen identification card with a citizen identification number linked to the database. The national database will hold basic information on each individual including gender, ethnicity, and marital status. It will also include place of permanent registration as well as current residence.⁵⁵ Public officials have described a gradual expansion of the system, with citizen identification cards linked to the national database largely replacing other administrative papers such as the *ho khau* booklet. This system would facilitate identification for the purpose

of many different types of government programs. While not a reform to the household registration system per se, in tandem with the two other reform paths

described above, the new system could help reduce the administrative burden on both the government and citizens of household registration.

Notes

1. Hardy (2001)
2. Le Bach Duong (1998), as quoted in Hardy (2001).
3. Li Tana (1996), as quoted in Hardy (2001)
4. Based on analysis of the National Database for Legal Documents.
5. United Nations (2010). Internal Migration: Opportunities and Challenges for Socio-economic Development in Viet Nam
6. Ministry of Public Security (2012). On the need of revising the 2006 Law on Residence, submitted to the National Assembly. http://duthaoonline.quochoi.vn/DuThao/Lists/DT_DUTHAO_LUAT/View_Detail.aspx?ItemID=694&TabIndex=2&TaiLieuID=1090
7. Pincus and Sender (2008)
8. Authors' estimates based on VHLSS microdata
9. Duong and Linh (2011). This study had weaknesses. First, the study using the 2008 data does not define the sampling approach, and it appears unlikely that the resulting sample is representative of those without permanent registration status as a whole. Second, the study does not provide any comparison group for the temporary migrant population to justify claims that they are relatively disadvantaged.
10. Urban Poverty Assessment in Ha Noi and Ho Chi Minh City (2010)
11. However, the survey did not capture workers living on construction sites, who may be more likely to be temporary registrants.
12. There are other differences between the two figures besides time period. Most importantly, the 2015 data is based on data from five provinces while the 2009 data is for Ha Noi and Ho Chi Minh City only. Also, the 2009 questionnaire differed in the way it treated registration, so the match between registration categories over time is imperfect.
13. Using national data and controlling for characteristics and location, Demombynes and Testaverde (2016) find a gender wage gap of 11-14%.
14. Oxfam and Action Aid (2010).
15. Duong and Linh (2010).
16. Cameron (2012).
17. Ministry of Health and Health Partnership Group (2015)
18. ActionAid Vietnam (2014), Duong and Linh (2010)
19. These provisions are from Article 1 of the 2004 Electricity Law
20. Data calculated from the web portal baomoi.com which collects articles from different media sources
21. Reporters Without Borders (2014)
22. Nhan dan (2006)
23. Tuoi tre (2006)
24. Cong An Nhan dan (2006a)
25. Cong An Nhan dan (2006b).
26. Tuoi tre (2013).
27. Karis (2013).
28. Ha Noi Moi (2012).
29. Thanh Nien (2014).
30. Lao dong (2014)
31. VnExpress (2014)
32. Tuoi tre (2014a)

33. Tuoi tre (2014b)
34. Nguoi Lao dong (2014)
35. Vietnamnet (2006)
36. VnExpress (2006)
37. Nguoi lao dong (2013)
38. Vo Thuong (2015)
39. Thanh nien (2006)
40. Thanh nien (2006)
41. Nhân dân (2006b)
42. Duong et al (2011)
43. Tuoi tre (2013)
44. Nguyen Thi Huong (2014)
45. VnExpress (2012)
46. Ha Noi Moi (2012)
47. Taylor (2011)
48. Similar concerns have been raised about reforming the hukou system in China. World Bank and the DRC (2012) estimates—also reported in Melander and Pelikanova (2013)—that the average lifetime cost of providing urban social services to a typical migrant worker, including family members would be about 80,000 yuan (13,000 USD in 2010 prices) or an annual cost of 2,500 yuan (406 USD) a year per person. But these studies also note that the annual output of each unregistered worker is likely to be far larger—possibly even several dozen times—the 2,500 yuan average cost of urban social services. Therefore, this indicates that the proper calculation of net costs should also include the potential additional revenues that may be accruing to local governments from larger tax bases and possibly transfers.
49. See, for example, Hong and McLaren (2015) for a general discussion and findings of how immigrants can expand economic and tax bases.
50. Vietnam has a relatively complex vertical structure of government with three tiers of subnational governments (provinces, districts and communes). Our focus is on the provincial budgets and assume that the provinces will compensate districts and communes as necessary.
51. Note that this analysis is of a static nature, meaning that we aim at deriving costs and benefits in the “next fiscal year” as opposed to being dynamic estimating costs and benefits say over the life cycle of the potential unregistered workers.
52. The estimates using regression analysis with cross section allow for taking into account both the level of crowding in consumption and the potential economies of scale in the production and delivery of the different public services. The use of cross section for all jurisdictions on a national scale to estimate expenditure functions in terms of population and other covariates, for the most important expenditure categories, allows to take into account crowding (or ‘joint-ness’) in consumption and economies of scale in production. In that sense, the regression approach provides lower bound and likely more accurate estimates of changes in population by service category etc. while the sim-

ple averages provide us with what we can call an upper bound of those estimates.

53. See, for example, Bergstrom and Goodman (1973) and Martinez-Vazquez (1979). The estimations for revenue and transfers are carried out in the same manner, since both GDP per capita and population are the important determinants of revenue from tax and transfers.
54. There is precedent in the literature for using average or per capita figures in the local budgets to approximate the fiscal impact associated with new immigrants. For example for the United States there are several studies that have appeared in the National Academy Press, for example Smith and Edmonston (1997).

These studies use micro data from the Census office in the US and divide the population between “natives” and “immigrants” and then use the estimates of services used by -- and taxes paid by—prior immigrants to calculate the net fiscal balance for the “new immigrants” who are assumed to be identical to the existing immigrants. The calculations are based on simple per capita or per client averages for the existing immigrants but based on many assumptions about access to services, crowding of public goods, etc.

55. Thu Vien Phap Luat (2016)
56. The weights are constructed by MDRI with support and guidance from Kristen Himelein, Senior Economist at the World Bank

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Annexes

ANNEX 1: Sampling and Survey Weight Calculations for the 2015 Household Registration Survey

Sampling for the Household Registration Survey was conducted in two stages. The two stages were selection of 250 enumeration areas (50 EAs in each of 5 provinces) and then selection of 20 households in each selected EA, resulting in a total sample size of 5000 households. The EAs were selected using Probability Proportional to Size (PPS) method based on the square number of migrants in each EA, with the aim to increase the probability of being selected for EAs with higher number of migrants. “Migrants” were defined using the census data as those who lived in a different province five years previous to the census. The 2009 Population Census data was used as the sample frame for the selection of EAs. To make sure the sampling frame was accurate and up to date, EA leaders of the sampled EAs were asked to collection information of all households regardless of registration status at their ward a month before the actual fieldwork. Information collected include name of head of household, address, gender, age of household's head, household phone number, residence registration status of household, and place of their registration 5 years ago. All households on the resulting lists were found to have either temporary or permanent registration in their current place of residence.

Using these lists, selection of survey households was stratified at the EA level to ensure a substantial surveyed population of households without permanent registration. In each EA random selection was conducted of 12 households with temporary registration status and 8 households with permanent registration status. For EAs where the number of temporary registration households was less than 12, all of the temporary registration households were selected and additional permanent registration households were selected to ensure that each EA had 20 survey households. Sampling weights were calculated taking into the account the selection rules for the first and second stages of the survey.

Data collection was conducted over a period of 5 weeks using 39 teams of enumerators (3 enumerators/team) using computer-assisted personal interviewing and electronic data entry in the field using tablet devices. To ensure the quality of the data collected, enumerators were supervised through quality control mechanisms including direct supervision at the field, random recording, GPS checking and daily data checking and enumerator performance evaluation.

Survey weights were calculated based on the probability of selection⁵⁶. First, the probability of selection of each selected EA was calculated. The formula is as follows:

$$P_{ij} = \frac{50 * n_{ij}^2}{N_{ij}^2}$$

Where:

- P_{ij} is the probability of EA j in province i to be selected in the sample
 n_{ij} is the number of migrant households in EA j in province i , according to Population Census 2009
 N_j is the total number of migrant households in province i , according to Population Census 2009

Second, the probability of a household being selected within an EA (conditional on the EA being part of the sample) was calculated. The formula is as follows

Probability of being selected for non-permanent registrant households at EA level:

$$P_{jm} = \frac{m_j}{M_j}$$

Where:

- P_{jm} is the probability of non-permanent registrant household m in EA j being selected in the sample
 m_j is the number of non-permanent registrant households in EA j selected for the survey
 M_j is the total number of non-permanent registrant households in EA j at the time of the survey

Probability of being selected for permanent registrant households at EA level:

$$P_{jp} = \frac{p_j}{P_j}$$

Where:

- P_{jp} is the probability of permanent registrant household p in EA j being selected in the sample
 p_j is the number of permanent registrant households in EA j selected for the survey
 P_j is the total number of permanent registrant households in EA j at the time of the survey

Therefore, weight for non-permanent registrant household is:

$$w_{ijm} = \frac{1}{P_{ij} * P_{jm}}$$

And weight for permanent registrant household is:

$$w_{ijp} = \frac{1}{P_{ij} * P_{jp}}$$

ANNEX 2: Education Regression Tables

TABLE A1 Regressions for School Enrollment

	Ages 3-5	Ages 6-10	Ages 11-14	Ages 15-17
Short-term residence	-0.0165 (0.0919)	-0.00450 (0.0311)	-0.0984*** (0.0169)	-0.368*** (0.102)
Long-term residence	0.0534 (0.0563)	-0.00914 (0.0162)	-0.0499*** (0.0104)	-0.161*** (0.0431)
Age	0.216*** (0.0255)	0.0504*** (0.0145)	-0.0235*** (0.00490)	-0.0914*** (0.0203)
Gender (male=1, female=0)	-0.0174 (0.0579)	0.00666 (0.0220)	-0.00682 (0.0126)	0.00164 (0.0510)
Ethnic minorities (Ethnic minorities=1, Kinh=0)	-0.148* (0.0897)	-0.0508** (0.0237)	-0.000443 (0.0226)	0.0695 (0.0621)
Gender of household head (male=1, female=0)	0.0567 (0.0431)	-0.0125 (0.0182)	0.00126 (0.0102)	0.0391 (0.0402)
Age of household head	-0.00296 (0.00276)	0.000790 (0.000809)	0.00177* (0.00107)	5.05e-05 (0.00317)
Head completed primary degree	-0.0888 (0.0840)	0.0236 (0.0251)	0.0537*** (0.0116)	0.0825 (0.0522)
Head completed lower-secondary degree	0.109 (0.0909)	-0.0121 (0.0207)	0.0375*** (0.0112)	0.193*** (0.0505)
Head completed upper-secondary degree	0.0466 (0.0852)	0.00134 (0.0260)	0.0415** (0.0165)	0.219*** (0.0591)
Head completed college	0.140 (0.0951)	0.00896 (0.0274)	0.0154 (0.0136)	0.369*** (0.103)
Head completed university and above	0.144 (0.0893)	0.0213 (0.0246)		
Household size	0.00524 (0.0137)	0.00537 (0.00403)	-0.0198*** (0.00380)	-0.00379 (0.0148)
Proportion of children in household	-0.332* (0.198)	0.0556 (0.0651)	0.0172 (0.0378)	0.169 (0.151)
Proportion of elderly in household	-0.692*** (0.244)	-0.0864 (0.0959)		-0.461* (0.278)
Proportion of male member	-0.0829 (0.187)	-0.0817 (0.0708)	0.0774** (0.0385)	-0.128 (0.126)
Classified as the poor by local authority	-0.146 (0.112)	0.0244 (0.0198)	-0.0147 (0.0181)	-0.0393 (0.0398)
Urban areas (urban=1, rural=0)	0.0243 (0.0590)	0.00221 (0.0188)	0.0178** (0.00874)	0.0983** (0.0434)
Ha Noi	0.103 (0.0719)	-0.0226 (0.0215)	0.0265 (0.0250)	0.141** (0.0552)
Da Nang	0.103 (0.0749)	-0.00720 (0.0225)	-0.0164 (0.0223)	0.135* (0.0719)
HCM city	0.0376 (0.0817)	-0.0333 (0.0248)	0.00160 (0.0168)	-0.0144 (0.0505)
Binh Duong	0.00946 (0.0919)	-0.0124 (0.0230)	-0.0291 (0.0191)	0.0213 (0.0532)
Log of per capita income	-0.0272 (0.0364)	0.0163* (0.00865)	-0.00911 (0.00813)	-0.0137 (0.0205)
Observations	963	1,452	715	564
R-squared	0.184	0.300	0.614	0.475

Figures shown are marginal effects from probit regressions. Robust standard errors in parentheses, *** p<0.01, ** p<0.05, * p<0.1

ANNEX 3: Health Regression Tables

TABLE A2 Regressions for Health Insurance

	Ages 0-5	Ages 6-14	Ages 15+
Short-term residence	-0.0188 (0.0572)	-0.0760*** (0.0266)	-0.0655** (0.0300)
Long-term residence	-0.0716* (0.0381)	-0.0127 (0.0154)	-0.0393 (0.0251)
Age	0.0458 (0.0311)	0.122*** (0.0296)	-0.0211*** (0.00286)
Age squared	-0.00615 (0.00586)	-0.00610*** (0.00149)	0.000245*** (3.67e-05)
Gender (male=1, female=0)	0.0214 (0.0412)	-0.00696 (0.0168)	-0.0226** (0.0111)
Ethnic minorities (Ethnic minorities=1, Kinh=0)	-0.0531 (0.0666)	0.0428 (0.0289)	0.132*** (0.0450)
Gender of household head (male=1, female=0)	0.0341 (0.0333)	-0.0290** (0.0138)	9.41e-05 (0.0183)
Age of household head	0.000755 (0.00214)	0.00139 (0.000878)	0.00145 (0.00101)
Head completed primary degree	-0.0567 (0.0477)	0.00835 (0.0182)	0.00800 (0.0283)
Head completed lower-secondary degree	0.0437 (0.0502)	0.0265 (0.0193)	0.0527* (0.0291)
Head completed upper-secondary degree	0.0496 (0.0564)	0.0278 (0.0207)	0.167*** (0.0338)
Head completed college	0.0821 (0.0629)	0.0223 (0.0272)	0.267*** (0.0379)
Head completed university and above	-0.00165 (0.0598)	0.0390 (0.0240)	0.261*** (0.0361)
Household size	-0.00335 (0.0115)	0.00374 (0.00465)	-0.0111 (0.00760)
Proportion of children in household	-0.251* (0.130)	0.105* (0.0622)	-0.138*** (0.0482)
Proportion of elderly in household	0.292 (0.265)	-0.000431 (0.115)	0.0923 (0.0729)
Proportion of male member	-0.0149 (0.118)	0.0614 (0.0561)	-0.0398 (0.0375)
Classified as the poor by local authority	0.0734 (0.0518)	-0.000836 (0.0351)	0.0895** (0.0411)
Log of per capita income	-0.0157 (0.0182)	0.0161 (0.0112)	0.0185 (0.0122)
Urban areas (urban=1, rural=0)	0.00357 (0.0295)	-0.000269 (0.0148)	0.0412** (0.0193)
Ha Noi	0.139*** (0.0421)	0.0915*** (0.0237)	0.00139 (0.0309)
Da Nang	0.215*** (0.0592)	0.207*** (0.0448)	0.168*** (0.0338)
HCM City	-0.00745 (0.0450)	0.0405** (0.0205)	-0.00398 (0.0305)
Binh Duong	0.00568 (0.0474)	0.0420* (0.0241)	0.0962*** (0.0349)
Observations	1,824	2,359	13,042

*** p<0.01, ** p<0.05, * p<0.1

ANNEX 4: Social Protection Regression Tables

TABLE A3 Regressions for Poor Status

	(1)	(2)
Long term temporary	-0.0309** (0.0129)	
Short term temporary	-0.00897 (0.0152)	
Any temporary		-0.0222* (0.0117)
Log per capita income	-0.0203*** (0.00408)	-0.0200*** (0.00407)
Urban	-0.0136 (0.00854)	-0.0138 (0.00871)
Dak Nong	0.0877*** (0.0110)	0.0880*** (0.0110)
Da Nang	0.0376*** (0.0109)	0.0375*** (0.0109)
Ho Chi Minh City	0.0302*** (0.0107)	0.0313*** (0.0109)
Binh Duong	0.0391***	0.0363***
Observations	5,000	5,000

Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

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