



# Development on the Move:

## Measuring and optimising migration's economic and social impacts in Vietnam

### SUMMARY

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GDN is the world's largest network of researchers and policy institutions dedicated to promoting policy-relevant research for the purposes of development. GDN has significant experience working on migration issues through designing and implementing global research projects that emphasize developing country perspectives on migration.

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## 'Development on the Move'

This report on migration in Vietnam forms part of 'Development on the Move: Measuring and Optimising Migration's Economic and Social Impacts': a multi-year, innovative and policy-focused research project jointly run by the GDN and ippr. Development on the Move is a ground-breaking project that has gathered new qualitative and quantitative data about the impacts of migration on development. By drawing on comparable evidence from a number of countries, the project has sought to assess how migration affects development and to improve understanding of how policy can maximise migration's development benefits and minimise its costs.

The project would not have been possible without the generous support provided by the Australian Agency for International Development, the Austrian Ministry of Finance, the Finnish Ministry of Foreign Affairs, the Luxembourg Ministry of Finance, the Norwegian Agency for Development Cooperation, the Spanish Ministry of Foreign Affairs, and the UK Department for International Development. However, the views in this paper do not necessarily represent those of any of the project funders.

Other project outputs can be obtained from GDN's and ippr's websites (see above).

**The full report**, *Development on the Move: Measuring and optimising the economic and social impacts of migration in Vietnam*, is available to download for free from [www.ippr.org/publicationsandreports](http://www.ippr.org/publicationsandreports) and from [www.gdnet.org](http://www.gdnet.org)

## Summary

Although migration to and from Vietnam has increased considerably in recent years and now attracts a great deal of attention from both policymakers and researchers, there is still a lack of comprehensive quantitative information on international migration and its impacts on development. Researchers have tended to focus on internal migration and its impacts, and very few policies take into account the profound impact of international migration. This research is therefore the first empirical study to provide a comprehensive investigation of the socioeconomic impact of international migration to and from Vietnam and the ongoing policies to address these issues. The report's analysis focuses particularly on the effects of migration on income distribution and living standards, savings and investment, labour market participation, education, health, gender roles and other social factors.

The report has employed a wide range of methodological tools, including analysis of existing literature and data sources, a nationally representative household survey and in-depth stakeholder interviews. The household survey is the first nationally representative survey on international migration in Vietnam, which allows for detailed investigation of the development impacts of migration and provides valuable new evidence.

### **Key findings from the household survey in Vietnam**

Migration to and from Vietnam has increased significantly since the end of the Vietnam War. Nationally, 5 per cent of Vietnamese households (the equivalent of around one million people) contain one or more members currently living abroad, while 2 per cent of households have one or more members who have previously lived overseas and have now returned to Vietnam.

1. Vietnamese migrants are concentrated in around 30 countries, with 10 destination countries containing more than 80 per cent of Vietnamese migrants – both absent and returned. The most significant of these are the United States, Taiwan, Korea, Malaysia and Russia. The period of migration is normally between one and five years. More migrants come from urban areas than from rural areas. Most migrants depart between the ages of 17 and 30, with the next biggest group being aged 31–45. An increasing number of Vietnamese migrants are female.
2. Our data suggest that absent and returned migrants (and particularly those from urban areas) are more likely to achieve higher levels of education than non-migrants. For example, around 30 per cent of returned migrants and almost 20 per cent of absent migrants from urban areas are educated to college level or above, compared to just over 10 per cent of non-migrants from urban areas.
3. Economic factors (particularly the opportunity to 'earn more', 'save money', or the fact that it is perceived to be 'easier to get a steady job' abroad) tend to drive the decision to migrate from Vietnam, while the main reason for return is the completion of a contract overseas.
4. Remittances to Vietnam have been increasing in recent years. Female absent migrants, especially those from urban areas, tend to remit more frequently than male absent migrants. For example, 76 per cent of female migrants who have migrated from urban areas remit compared with 64 per cent of urban male migrants. Absent migrants from rural areas tend to remit every six months while those from urban areas send money home every year. Meanwhile, all migrants who go abroad with their spouse and leave their children at home (which appears to be the norm among married migrants) remit every year, and the average amount they remit is almost double that of single migrants (the equivalent of just under US\$5000, versus just over US\$2700).
5. More than 80 per cent of Vietnamese households report being in contact with their overseas members once a month or more, suggesting the existence of strong links between the home country and the diaspora.

6. Both descriptive statistics and econometric estimations suggest that migration and remittances have positive impacts on household income and living standards. There is also evidence to suggest that migration and remittances have improved income equality in Vietnam.
7. Our household survey data reveal that migrant households, especially those with currently absent members, tend to have higher saving rates than non-migrant households. These households are also more likely to have family businesses.
8. Although the majority of stakeholders and surveyed households believe that international migration can reduce unemployment and do not see it as leading to high levels of dependency, our data show that the unemployment rate among return migrants is high. This suggests that the skills that may be acquired by migrants while they are abroad are not being used to their full potential.
9. From our survey data, it seems that the impacts of migration and remittances on education and skills are mixed. For example, while the presence of migrants in a household does not have a statistically significant impact on the school attendance rates of children in Vietnam, being sent remittances appears to have a significant negative impact on school attendance. The brain gain and brain drain effects of migration in Vietnam are similarly unclear, with only around one in five returned migrants reporting having gained additional educational qualifications while abroad. This figure seems surprisingly low, given that more than a third of all surveyed households (both migrant and non-migrant) believe that migration allows individuals to bring back new skills that are useful for development in Vietnam.
10. Our econometric analysis suggests that both migration and remittances have significant positive impacts on household health expenditure per capita. However, the data also show little evidence of migration and remittances having an impact on standards of health in Vietnam.
11. The gender impacts of migration are ambiguous in the Vietnamese context. Although it appears that women living in households with migrants are more likely to hold bachelor degrees than those in households without, the receipt of remittances seems, if anything, to work in the opposite direction. Migration also does not seem to have had a significant impact on traditional divisions of labour within the household in recent years, even though around 90 per cent of returned migrants report that their experience of living abroad has made them think that more efforts to ensure gender equality are needed in Vietnam.
12. Our household data reveal that returned migrants are more likely than non-migrants to be separated or divorced. The proportion of single parent families is also higher among returned migrant households. But living away from home also seems to have made returned migrants value traditional ways of life and culture more, with more than 90 per cent of returned migrants having reported that living abroad made them feel more strongly about protecting the Vietnamese culture and ways of living.

### Policy responses

There are a number of ways in which policy could optimise the development impacts of migration in Vietnam. We recommend that policymakers should focus on:

**1. Shaping consistent policies to facilitate the productive use of remittances.** Our analysis suggests that government policies have not been particularly successful in harnessing the resources which tend to be generated by migration for development (such as remittances, or the savings that returned migrants often bring back with them). To address this problem, the government should cooperate closely with destination countries to improve the speed and reduce the cost of formal remittances transfers through banks and other financial sector institutions in order to compete with the informal transfer system.

**2. Supporting Vietnamese migrant workers and contract labourers in their destination countries.** The government, local authorities and civil society organisations should participate in raising awareness about the opportunities and risks of migration through training and the media, and help migrant workers to make the right decisions about working abroad. Credit and fund support programmes to provide loans for poor people to cover the cost of migration should be facilitated to ensure that the poor are able to benefit fully from the opportunities that migration offers. Furthermore, efforts should be made to equip migrants with adequate information and training about working conditions abroad, as well as about their rights and the risk of exploitation. This should help to ensure that improvements in income, for example, are not gained at the expense of other areas of migrants' wellbeing.

**3. Encouraging highly skilled workers to return, and enabling them to use the skills and qualifications they have gained while abroad.** The government should create incentives for the return of professionals, skilled labourers, trainees and students to maximise the development impacts of migration in Vietnam.