

**MINISTRY OF EDUCATION AND
TRAINING**

**MINISTRY OF PLANNING AND
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**SOCIAL SECURITY
IN THE NORTHERN KEY ECONOMIC REGION**

Specialized Field: Development Economics

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SUMMARY OF DOCTORAL THESIS

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Discussion can be found at: Vietnam National Library and
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INTRODUCTION

1. Rationale

Social security (SS) is one of the important goals set by the Party and State in the process of building and developing the country. Ensuring SS is mentioned comprehensively and thoroughly in our Party's system of standpoints and policies. Resolution No. 15-NQ/TW dated June 1, 2012 set the goal that "*By 2020, basically ensure the social security provision for all people, guaranteeing their minimum income, education, health care, housing, clean water, and information and communication, thereby contributing to gradually increase income, and ensure a safe, equitable and happy life for the people*". In the Viet Nam 13th Nation-wide Party's Congress Document SS is further defined as an important area within the task of national socio-economic (SE) development. The 13th Nation-wide Party's Congress determined that "*Attaching importance to improving social welfare and social security, further secure the people's fundamental and essential needs for housing, transportation, education, health care, employment...*", contributing to improving the material and spiritual living standards of all members of the society.

SS is the fundamental right of every citizen, the goal of ensuring a stable political and social life, and an important measure manifesting the country's sustainable development level; the achievements obtained from the SS schemes will contribute to realizing the standpoint of putting people at the center and ensuring "no one is left behind" in the process of development. Developing a comprehensive SS system is therefore also a way of contributing to economic growth and national development, which is the significant responsibility of the whole political system and that of the entire society.

From the perspective of economic development, SS is closely associated with the goal of social stability, a decisive side of the relationship between development and stability and that between stability and development. In addition, there is a close relationship between SS and economic growth, resulting to an impact on economic development and contributing to improvement of the quality of life of the people on the basis of secured social justice, strong and sustainable economic growth. SS has a positive impact on economic stability and development, providing a safe state in face of risks and unexpected events, reducing pressure on the evolving economy. However, in specific region the nuances of this relationship vary depending on economic development level, income level and socio-cultural features...

The Northern key economic region (KER) is the country's political, economic, cultural and scientific and technical center, a central point where resources and primordial vitality of the nation are converged, a location for the country's integration and trade exchange, and is

also a development nucleus of the Red River delta and the country, playing a locomotive role in heightening Viet Nam's position in the ASEAN community and in the international arena. In recent years, the Northern KER has been developed and become a "*growth pole*" of the country, and a leading development pole in terms of economic development, economic restructuring, growth model renewal, and industrialization and modernization. As a result, the living standards of the people in the Northern KER is always higher than the national average; economic development and growth have enabled the realization of SS policies to achieve remarkable outcomes. However, like other regions of the country, there remains disparities in the need for SS guarantee, and poor and near-poor households within the Northern KER itself; the overall system of SS policies and the implementation of SS policies in the region have also revealed many inadequacies that need to be overcome and improved, particularly, inexistence of peculiar institutions and regulations on SS for the Northern KER, lack of coordination between sectors and local authorities in respect of SS issues, and limited budget for implementation of SS. Moreover, the COVID-19 pandemic has further revealed the confusions and weaknesses in securing the components of the SS system including: insurance, health care, employment, basic social services, etc. against unexpected events that people encountered due to the pandemic occurrence: massive number of workers had to stop working due to required social distancing that factories and businesses in the Northern KER had to comply with; vulnerable people had to suffer from increasingly great difficulties when falling into risky situations. The international integration process has led to the pressure of fierce competition in the human resource supply, employment, and labor migration, raising many questions that need to be addressed for the SS system in the region. The new context has also greatly affected FDI businesses in the region when many of their orders were cut, leading to direct reverse impacts on the people's lives, consequently making the guarantee of SS in the Northern KER increasingly urgent.

The afore-mentioned inadequacies depend on the general economic situation and also reveal the insufficient research into theoretical and practical issues of SS. It can be seen that research into SS is not new in Viet Nam. However, SS remains a greatly controversial issue with no theoretical consensus in Viet Nam as well as in other countries in the world, especially no clarification and agreement on the concept and components constituting SS have been in place yet. Therefore, there is a need for an updated inheritance research which can provide better clarifications on SS than the existing literature on SS. To date, there have not been many studies on SS in economic development. Besides, it can be said that there has not been any research that provides a comprehensive systematization of the theoretical and practical aspects of SS, the relationship between SS and economic growth so as to address

the issues put forth in the reality of development of a KER of the country. Furthermore, there has been no thesis with the topic of regional SS from a specialized perspective of Development Economics.

It is because of the importance and the remaining difficulties and challenges existing in the afore-mentioned issue, the PhD student has selected the topic "*Social Security in the Northern Key Economic Region*" as the research topic of the thesis with an aim to contributing to completing and systematizing the theoretical and practical foundations of SS, conducted an in-depth analysis of the relationship between SS and economic growth, and at the same time, proposed a number of solutions for enhancement of SS in the KERs of the country in socio-economic (SE) development.

2. Research Objectives

2.1. Overall Objective

Based on theoretical and practical research, analysis of the status and factors affecting SS in the Northern KER, the relationship between economic growth and SS, the thesis will propose a number of viewpoints on and solutions for social security enhancement in the Northern KER over the period 2023 - 2030 with vision to 2045.

2.2. Specific goals

First, systematizing the theoretical and practical foundations of SS.

Second, providing an assessment of the status and an analysis of factors affecting SS in the Northern KER. Conducting an analysis of the relationship between economic growth and SS in the Northern KER as a growth pole over the period 2010-2021.

Third, proposing directions and some solutions for strengthened social security in the Northern KER to adapt to the new context over the period 2023-2030 and a vision/outlook to 2045.

3. Subject and scope of research

3.1. Research subject

The social security issue in the Northern KER of Viet Nam.

3.2. Scope of research

- *In term of content:*

Within the scope of the thesis, the PhD student focused on the following main contents:

(i) The theoretical and practical aspects of SS in the Northern KER: The Thesis conducted research into 05 components of SS, i.e insurance; labor and employment; social assistance and poverty reduction; basic social services; and social preferential treatments). Among these components, the thesis analyzed the material aspect and activity subject of SS which is the State (both central and local). In face of the lack of a sufficient illustrative data system, the spiritual aspects and the subjects which are people, social organizations or businesses are only mentioned in a limited manner at relevant points).

(ii) Relationship between SS and economic growth: The thesis studied this relationship from development economics perspective. In face of very broad connotation of SS and difficulties in terms of data accessibility, the thesis will provide a number of assessment criteria for the correlation between SS (in terms of insurance; labor and employment; poverty reduction) and economic growth.

- *In terms of space:* Conducting research into SS in the Northern KER and comparing it with that in other KERs throughout the country, and analyzing the lessons about regional SS drawn from the experience of China and Thailand.

- *In terms of time:* Focusing on making analysis mainly over the period 2010 - 2021 (in which 2010 serves as the base year for computation of statistical indicators at fixed prices as provided under the Circular 02/2012/TT-BKHDT), a number of tables with data updated up to 2022; proposing solutions for SS enhancement in KERs over the period 2023 - 2030 (2030 will mark the 100th anniversary of foundation of the Communist Party of Viet Nam), with a vision to 2045 (2045 will mark the 100th anniversary of the country's foundation).

4. Research questions

- (1) Theory of SS and international experience in SS?
- (2) What is the current status of SS in the Northern KER?
- (3) What are the viewpoints of and solutions for SS enhancement in the Northern KER?

5. Research methods

5.1. Research approach

The thesis' research is conducted using the following main approaches:

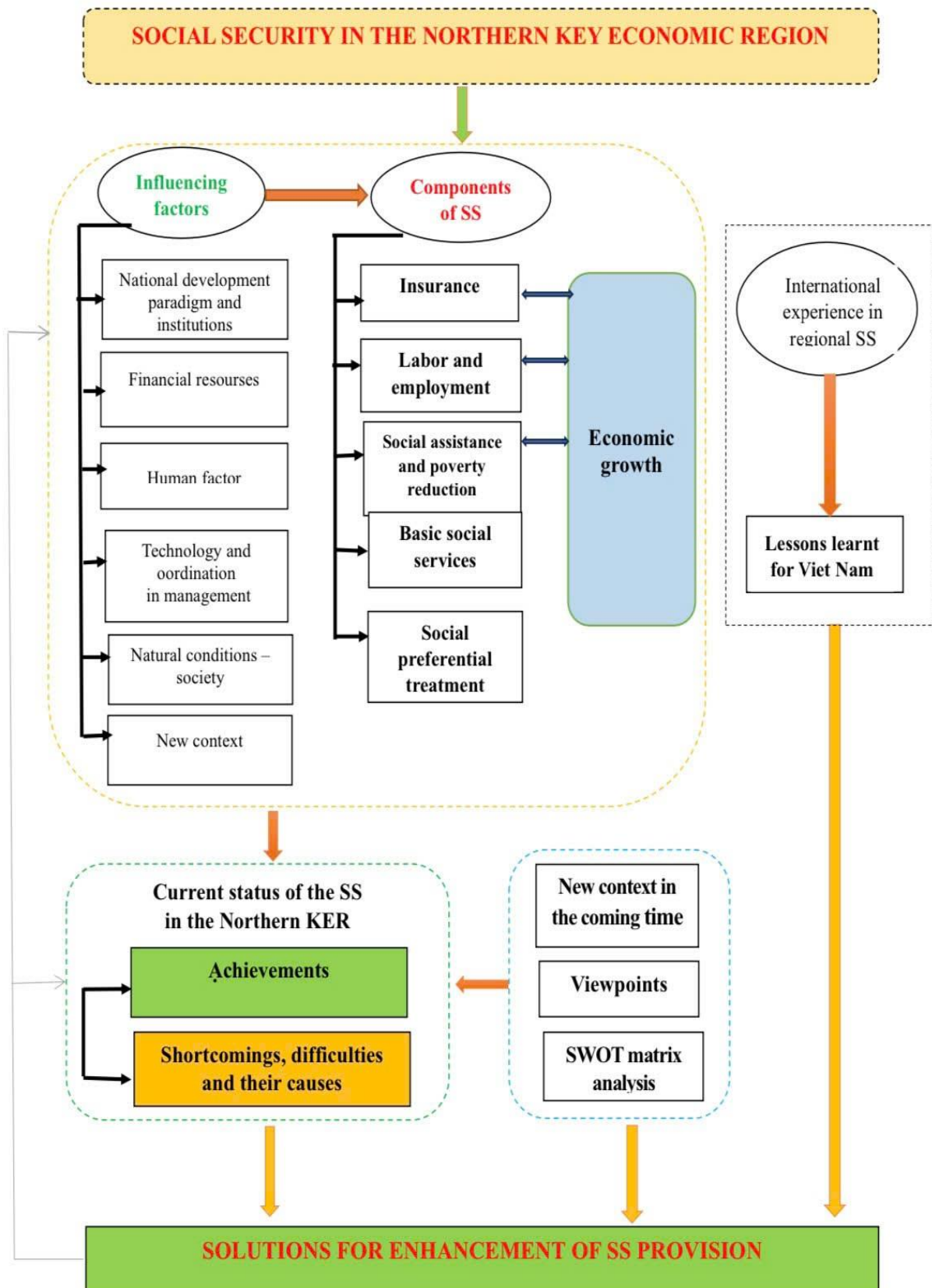
- (1) *Theoretical approach;*
- (2) *Multi-disciplinary and inter-disciplinary approach;*
- (3) *Systematic - structural approach;*
- (4) *Historical approach.*

5.2. Research Methods

The thesis uses the following research methods:

- (1) *Methods of collecting, classifying and processing documents from secondary sources;*
- (2) *Analytical, statistical and comparative method;*
- (3) *Policy analysis method;*
- (4) *SWOT analysis method;*
- (5) *Expert interview method.*

5.3. Research Analytical Framework



6. New contributions of the thesis

6.1. Theoretical and Academic Contributions

The research thesis on SS in the Northern KER has contributed to systematizing and providing a more in-depth study of the theoretical foundation for SS and regional

development. The thesis indicated the concept of SS, characteristics of SS, its five structural components (insurance; social assistance and poverty reduction; labor and employment; basic social services; and social preferential treatments), functions, principles, roles, and placed an emphasis on the relationship between SS and economic growth from the development economics perspective; based on which, the thesis has identified a number of criteria for evaluation of the correlation between SS and economic growth in regional economic development. In addition, the thesis presented six groups of factors affecting SS, namely national development paradigm and institutions, financial resources; human factors; technology and coordination in management; natural conditions– society; and new context.

6.2. Practical Contributions

The thesis has provided an analysis of practical experiences in regional SS in China and Thailand and drawn lessons for Viet Nam. The thesis has conducted an objective assessment of the current status of SS in the Northern KER as a growth pole based on five components and the relationship between SS and economic growth, especially over the period 2010-2021 and in the recent period. The thesis has identified the achievements, remaining limitations/shortcomings and their causes as well as factors affecting SS in the Northern KER. The thesis has provided an analysis of the new context, using SWOT analysis to clearly show the strengths, weaknesses, opportunities and threats in relation to SS in the Northern KER. Subsequently, the thesis has put forth three viewpoints on SS in the Northern KER, six groups of overall solutions for SS and five specific solutions corresponding to five components of SS in the Northern KER with an aim to enhancing SS coverage in the Northern KER.

7. Thesis Structure

In addition to the Introduction, Conclusions and References, the thesis consists of four following chapters:

Chapter 1: Overview of research works related to the thesis

Chapter 2: Some theoretical and practical issues of social security

Chapter 3: Current status of social security in the Northern key economic region

Chapter 4: Viewpoints and solutions for enhancement of social security in the Northern key economic region

CHAPTER 1. OVERVIEW OF THE RESEARCH WORKS RELATED TO THE THESIS

For the research works directly related to the thesis topic, the PhD student will conduct an overview of national and international research works according to two categories of issues as follows: First, research works on SS; and second, research works on the regional development.

1.1. Research Works on Social Security

In recent years, SS has been one of the issues of interest of both national and international researchers.

1.1.1. International research works

- (1) Theory on SS
- (2) Practice and solutions for development of SS

1.1.2. Research works in Viet Nam

In Viet Nam, there is also a considerable number of research works related to the field of SS. A common view shared by all the research works made in Viet Nam is that the State interventions are needed through its guidelines, policies and measures to ensure a close linkage between SS and economic development, enabling people to participate in the SS system, and benefit from SS through distribution and redistribution of development outcomes.

- (1) Theory on SS
- (2) Practice and solutions for development of SS;
- (3) Theses on SS

1.2. Research Works on Regional Development

In the thesis, the PhD student approached to region from the perspective of the economic region.

1.2.1. International research works

- (1) Growth pole issue
- (2) Key economic regions
- (3) Regional development in selected countries

1.2.2. Research works in Viet Nam

- (1) Growth pole issue
- (2) Key economic regions
- (3) Regional development in Viet Nam

1.3. Research Gap and Research Orientations of the Thesis

1.3.1. Research gap

Through an overview of the afore-mentioned research works, the thesis has identified the areas of possible inheritance and development, and those which have been studied but further research would be required, or those which even have not been studied yet. It can be seen that there are many scientific works researching into SS as well as on regional development. The research into the topic of "*Social Security in the Northern Key Economic Region*" may inherit from extremely diverse and plentiful sources of highly suggestive materials for reference purposes. Basically, such research works have provided a number of theoretical and practical contents on SS as well as on regional economic development.

However, in the process of development, things and phenomena always pose new problems that need to be solved, requiring human cognition to always explore and develop to better meet the demands of life. SS is an issue of very broad connotation and plays a particularly crucial role in socio-economic development, especially in the new context. Therefore, there remains *some research gaps* as follows:

First, the research works on regional economic development are relatively good, but the regional social security issue have not been clearly presented; strict institutional regulations on regional issues and regional economies in Viet Nam are not in place yet, resulting in improper attention paid to regional SS;

Second, regarding the issue of SS policy implementation, previous research works have presented this issue on a fairly broad scope; the concepts of SS in such research works also greatly vary with no uniform scope of research;

Third, systematic research into the relationship between SS and economic growth to adapt to specific conditions of each locality is lacking;

Fourth, it can be seen that to date, there have been no theses or very few theses that conduct research into SS from the perspective of the specialized field of development economics.

1.3.2. Research orientation of the thesis

After the identification of research gap, the thesis will focus on the followings:

First, the thesis will conduct a more in-depth research into the scope and connotation of SS in order to make appropriate comparisons between different KERs throughout the country.

Second, the thesis will focus on the issue of SS in the Northern KER and point out the influencing factors and difficulties and obstacles in realizing SS policy in the Northern KER.

Third, the thesis will conduct a research into the relationship between SS and economic growth in the Northern KER over the period 2010 - 2021 and especially in the new context.

Fourth, the thesis will make recommendations and proposals on a number of solutions for enhancement of SS in the Northern KER over the period 2023-2030 with vision to 2045.

CHAPTER 2. SOME THEORETICAL AND PRACTICAL ISSUES OF SOCIAL SECURITY

With the topic "*Social Security in the Northern Key Economic Region*", the thesis focuses on studying the issue of SS, while "in the Northern Key Economic Region" is considered the location of the research. SS in a KER must be in line with the vision, strategy, directions/orientations and SS-related policies implemented throughout the country. This chapter will focus on analysing the theoretical basis of SS, clearly indicating the concept of SS to be used in the thesis, characteristics, five structural components, functions, principles, roles of SS, the relationship between SS and economic growth along with a number of evaluation criteria and factors affecting SS. Finally, the thesis will provide an analysis of China and Thailand's experiences in developing regional SS to draw lessons for Viet Nam's regional SS.

2.1. Theoretical Issues of Social Security

2.1.1. Concept of social security

It can be seen from all the views on the definition of SS in the available research works that there is neither an uniform concept of SS nor a particular concept of SS of a region.

Based on the situation and conditions of Viet Nam, in this thesis, the PhD student will analyze the issue of SS according to the following concept: "*Social security is the protection provided by the State and society with an aim to improving the capacities of the members of society in case of risks and unexpected events in life, helping to guarantee their minimum standards of living, income, and health through such public measures as insurance; labor and employment; social assistance and poverty reduction; access to basic social services. At the same time, preferential treatment is offered to members who have contributed to the revolutionary career and the country.*" And this concept will be used for the Northern KER in the thesis because as explained above, the Northern KER is located within the territory of Viet Nam, complying with the policies of the Party and State of Viet Nam.

2.1.2. Characteristics of Social Security

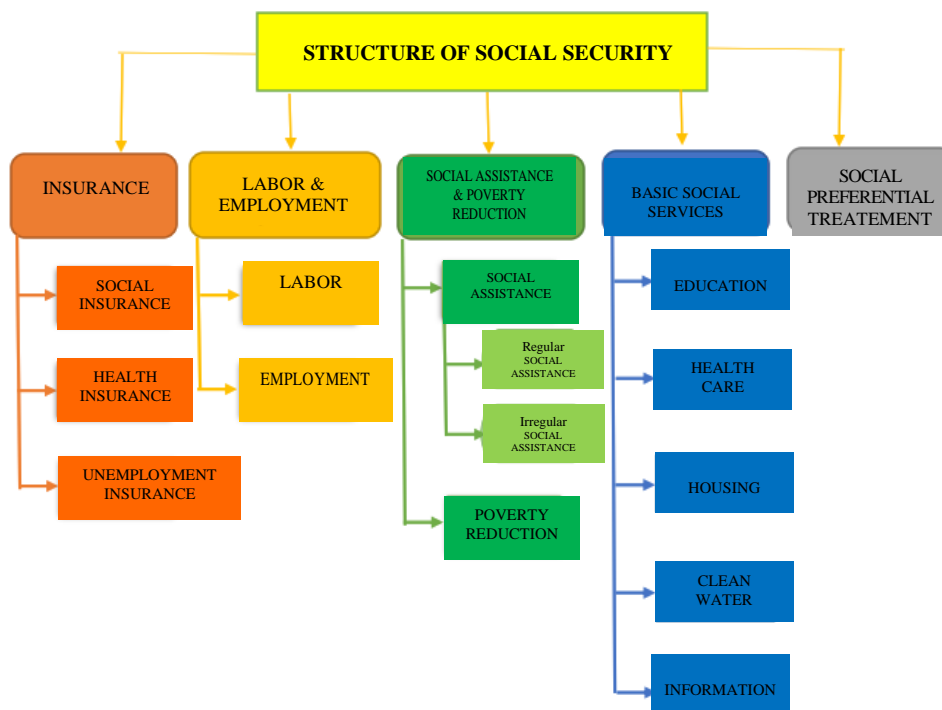
First, there is protection provided by the State and society to improve the capacities of the members in the society in case of risks and unexpected events in life to help to guarantee their income, health, and minimum standards of living to ensure that the disadvantaged or vulnerable groups of people "are not left behind".

Second, SS is developed on the basis of minimum living standards of members in the society in case of risks and unexpected events in life.

Third, all members in the society have the right to participate in the SS system.

Fourth, SS contributes to human development, economic growth and sharing of prosperity and development of the country. It also provides preferential treatment to the members in the society who have made contributions to the revolutionary career and the country in the past.

2.1.3. Structure of Social Security



2.1.4. Functions of Social Security

First, risk prevention

Second, risk mitigation

Third, risk remedy

2.1.5. Principles of Social Security

First, humanities

Second, mutual assistance

Third, equality

2.1.6. Role of social security

First, SS is a flexible multi-layered support in economic development

Second, SS is a State management tool

Third, SS demonstrates the community's tradition of solidarity and noble humanitarian spirit

2.2. Relationship between Social Security and Economic Growth

The relationship between SS and economic growth is a two-way interactive relationship.

2.2.1. SS promotes economic growth

2.2.2. Economic growth serves as the condition for expansion of social security

2.3. Some criteria for evaluation of the correlation between social security and economic growth

In face of very broad connotation of SS and difficulties in terms of data accessibility, in this section, the thesis only provides some typical criteria for evaluation of the correlation between SS and economic growth from the development economics perspective.

2.3.1. Insurance and economic growth

The formula for calculation of the insurance/GRDP ratio is as follows:

$$\text{Insurance/GRDP ratio} = \frac{\text{Total local insurance expenditure}}{\text{Local gross regional domestic product (GRDP)}}$$

It can be seen that a large-scale province/city has a large total insurance revenue/expenditure, but that province/city also has a large GRDP. However, if one compares the insurance/GRDP ratio between localities, the disparity between localities would be reduced, making it easy to compare and find out the rule. From there, one can analyze the dynamics of this ratio for different localities when considering its correlation with economic growth.

Besides, it is possible to evaluate the relationship between insurance and economic growth through the elasticity coefficient between the number of people participating in social insurance to economic growth, that is how much would be the GDP growth rate if the number of people participating in social insurance increases by 1%?

2.3.2. Labor, employment and economic growth

2.3.2.1. Labor productivity indicators

The formula for calculation of labor productivity in a locality or territory is as follows:

$$\text{Labor productivity} = \frac{\text{Gross regional domestic product GRDP}}{\text{Average total number of working people}}$$

2.3.2.2. Income inequality and economic growth

- GINI index of income distribution inequality

The GINI index is defined as follows:

$$G = \frac{A}{(A + B)}$$

Where: G is the GINI coefficient, A is the area between the line of absolute equality and the Lorenz curve and B is the area below the Lorenz curve.

Besides, income inequality is also assessed by the following indicators:

+ *Ratio A40*: Income ratio of the 40% of the population with the lowest income compared to the total income of the entire population. This is an index commonly used by WB to assess poverty in a country. If the ratio is about 17% of the inequality is medium; the ratio greater than 17% shows that income distribution is favorable to the poor and disadvantaged in society. The opposite trend reflects a big inequality in income

distribution, requiring solutions for improvement.

+ *Ratio B = R5/R1*: This is the ratio between the total income of the highest-wealthiest quintile (20%) R5 and the total income of the group of 20% poorest R1 (or the average monthly income per person because it is based on the income for the 20% of the population). This ratio is used to evaluate income inequality simply by dividing into 5 income groups of the population quintiles. When the comparison range is wider, the gap increases.

2.3.3. Poverty reduction and economic growth

The formula for calculating elasticity is as follows:

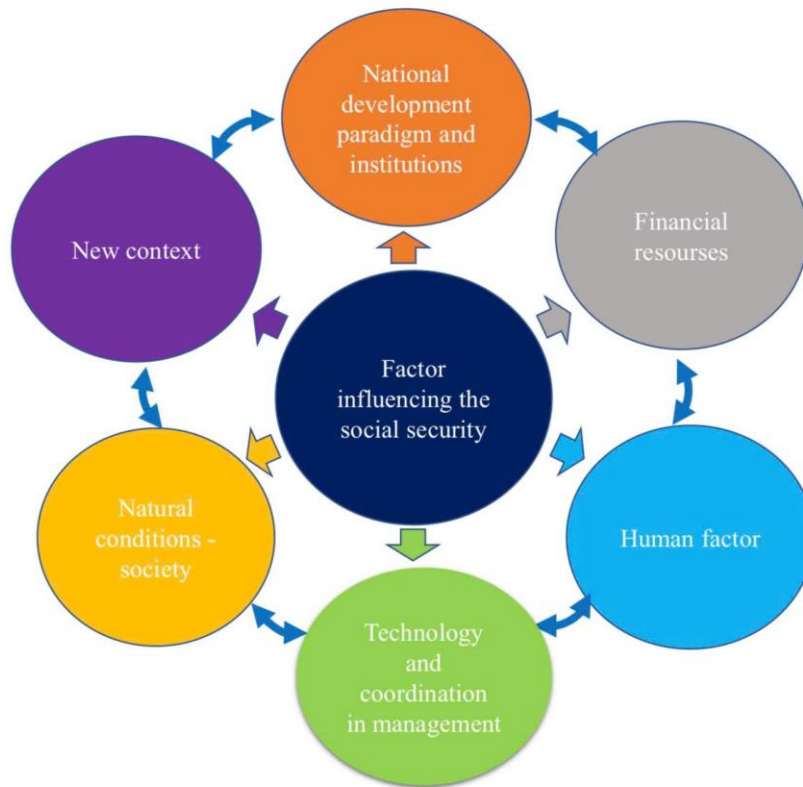
$$\text{Elasticity coefficient of poverty to economic growth} = \frac{\% \Delta \text{ average income}}{\% \Delta \text{ poverty rate}}$$

Computation of elasticity can give either negative or positive results and this result will not be identical over time:

(i) A positive elasticity shows that the changes in the growth rate and poverty rate are in the same direction, indicating that an increase in the growth rate will lead to an increase in the poverty rate, and vice versa, a decrease in the poverty rate will result in a decrease in the growth rate. (ii) A negative elasticity shows that the changes in poverty rate and the growth rate are in opposite directions, in this case, a reduction in poverty rate will result in an increase in the country's economic growth and vice versa. In case the growth rate exceeds the poverty reduction rate (i.e., the elasticity coefficient is greater than - 1), poverty reduction will have an increasingly positive impact on growth. There are certain special cases: The average income growth rate and the poverty rate reduction rate are equal (i.e., the elasticity coefficient equal to - 1); the elasticity coefficient of 0 means that the growth rate is inelastic to the poverty rate, meaning that the growth rate does not affect the poverty rate; in case the poverty reduction rate is lower than the growth rate, the growth leads to changes in the income distribution in a more unequal manner, so the poverty rate decreases but at a lower rate (the elasticity is between 0 and -1).

2.4. Factors affecting social security in the key economic region

In its research, the thesis presents six factors affecting SS in the KER: national development paradigm and institutions, financial resources; human factors; technology and coordination in management; natural conditions— society; and new context.



2.5. International experiences on regional social security and lessons for Viet Nam

The world's experience in SS is very diverse, depending on each country's institutions. Reality shows that the differences in economic development models and institutions, economy, natural conditions... between different countries lead to the differences in SS.

The thesis focused on studying the regional SS experiences of two Asian countries, namely China and Thailand. They are also countries that share many similarities in natural and cultural conditions with Viet Nam, and are considered examples that Viet Nam can learn from, share and compare. Lessons learned about regional SS for Viet Nam:

- *First*, social security achievements depend on the entire national governance institution and its peculiar characteristics. *Political stability is the condition for the most efficient realization of social security.*

- *Second*, regional SS depends on a combination of diverse resources, including mobilization of all possible resources from the society and international funding.

- *Third*, SS achievements depend on the diversity of SS regulations, covering diverse areas, especially the policies for the "disadvantaged".

- *Fourth*, regional SS is closely linked to regional economic growth, and both regional economic growth and regional SS are aimed at human development of people, the subject of the development process.

- *Fifth*, lessons learned from China in terms of how to address the problem of aging population.

CHAPTER 3. CURRENT STATUS OF SOCIAL SECURITY IN THE NORTHERN KEY ECONOMIC REGION

3.1. Overview of the Northern Key Economic Region

3.1.1. Geographic location and natural conditions of the Northern key economic region

The KER covers a natural area of about 15.3 thousand square kilometers, located between two territories including the Red River Delta and the Northeast mountainous region with three development poles (Ha Noi - Hai Phong - Quang Ninh). This location has created a comparative advantage of national and regional significance, as well as plays an important role in the country's national security and defense protection.

3.1.2. Socio-economy of the Northern key economic region

3.1.2.1. Population and urbanization

The Northern KER is densely populated with rapid urbanization rate. The growing flow of migrants to the region from rural areas, as well as from other provinces, has created very strong pressure on the State, businesses and laborers in the Northern KER. Consequently, it has caused a remarkably great pressure on SS and security of life (livelihoods and income) of local people in the Northern KER.

3.1.2.2. Growth and economic restructuring

In the period 2010-2021, the economic growth rate of the Northern KER was faster than that of the national average, creating a strong growth pole, especially boosting exports and generating sustainable jobs. Thanks to economic development and restructuring, the GRDP size of the Northern KER by economic sector and by its province/city has all increased.

3.2. Current status of social security in the Northern key economic region

In the context of fairly fast-growing economic growth and rapid urbanization, the SS work in the Northern KER has significantly improved, specifically as follows:

3.2.1. Insurance in the Northern key economic region

In the implementation of insurance policies, the Northern KER has recorded remarkable achievements. However, the Social Insurance fund is likely to become unsafe due to external influences, such as epidemic developments, especially the recent COVID-19 pandemic, which has caused many workers to withdraw their social insurance benefits on a lump sum basis, adversely affecting the safety of the Fund.

3.2.2. Labor and employment in the Northern key economic region

3.2.2.1. Labor

The Northern KER has attracted many highly skilled workers of the economy and established an appropriate economic structure, creating growth capacity. The movement of labor between localities in the region due to the fact that laborers always look for more developed areas has resulted in shortage of labor in some localities in the region.

3.2.2.2. Employment

An advantage of the Northern KER is that it has plentiful human resources with high educational level, with a concentration of a contingent of excellent intellectuals, skilled engineers, and people with a tradition of hard work and creativity. Therefore, in the Northern KER, there are many opportunities for more jobs and solid income for workers and their families. However, unemployment is on an upward trend, workers tend to temporarily lose their jobs or change jobs, especially in industries suffering from strong negative impacts of the COVID-19.

3.2.3. Social assistance and poverty reduction in the Northern key economic region

3.2.3.1. Social assistance

Despite of numerous achievements in social assistance (SA) which shows its great impact in the context of economic crisis, management of resources for SA is an issue to be considered.

3.2.3.2. Poverty Reduction

The Northern KER is the region with the lowest rate of poor households in the country.

3.2.4. Basic social services in the Northern key economic region

Importance is attached to the investment in and development of the system of basic social services in SS in the Northern KER, creating favorable conditions for the people's accessibility to and enjoyment of SS benefits.

3.2.4.1. Education and training

The Northern KER has 4,118 training institutions ranging from pre-school to higher education. It is also the region with the largest number of universities and students compared to other KERs. However, there remains limitations in high-quality human resource training.

3.2.4.2. Health care

In contribution to the implementation of social security objectives, the region's health care system of Northern KER provinces has also recorded many remarkable achievements in the work of people's health care and protection. But the situation of overload at major hospitals still exist.

3.2.4.3. Housing

During the 12 years from 2010 to 2022, the housing conditions in general and the status of permanent housing in particular in the Northern KER have improved, reaching the level of 20-25-30 m²/person. However, the housing rate has not kept up with the population growth rate, and there remain temporary housing and a shortage of social housing.

3.2.4.4. Clean water and environmental sanitation

Support for domestic water projects as specified in the Decision No. 755/QD-TTg dated May 20, 2013 and Decision No. 2085/QD-Ttg dated October 31, 2016 throughout the

Northern KER has helped the households access to and use the domestic water sources that meet hygienic standards. However, water supply is yet to be regarded as in time and many difficulties are found with regard to environmental sanitation in residential areas located near industrial zones.

3.2.4.5. Information and communication

The information and communication system has shortened the gap in ensuring access to information for people in the Northern KER.

3.2.5. Social preferential treatments in the Northern key economic region

The number of people with meritorious services in the KER tends to gradually decrease. The lives of people with meritorious services has been increasingly improved. However, the level of expenditure on subsidies and allowances and preferential treatments for people with meritorious services to the revolution remains relatively low. Besides, many obstacles are found in keeping original papers, searching for verifiers and witnesses according to applicable regulations.

3.3. A number of correlations between social security and economic growth in the Northern key economic region

3.3.1. Insurance and economic growth

The size of insurance spending of all types and its correlation with economic growth in the same period has positive impact on insurance coverage rate and total insurance spending in the Northern KER and the regions' localities.

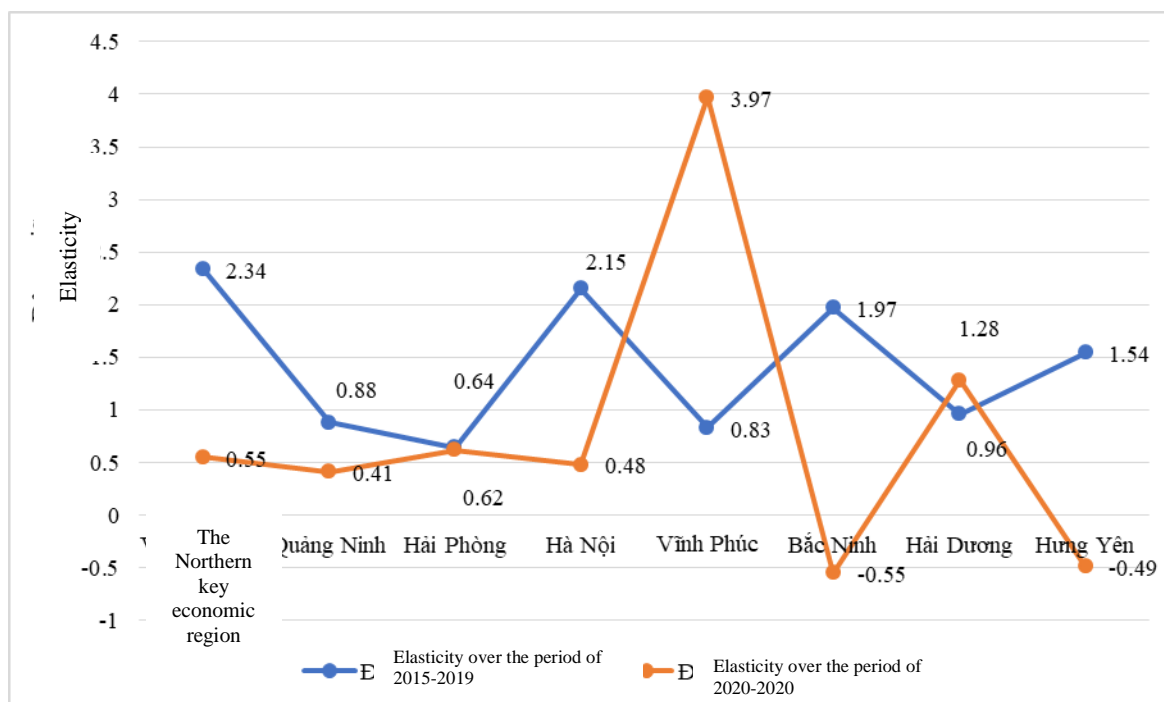


Figure 3.9. The insurance and economic growth elasticity in the Northern key economic region over the period of 2015 – 2021

3.3.2. Labor, employment and economic growth

The Northern KER is ranked number 1 in the country in terms of labor productivity growth which is the core factor determining the size and quality of the economic growth of the KERs.

The difference between the average income of the KER and the national average, in which the former was 10% higher than the latter (in 2010), increased to 20% (in 2020). The increase in the number of workers has gone hand in hand with changes in labor structure and a sharp increase in the quality of workers in the Northern KER. As a result, the income of workers and their families in the Northern KER has improved.

Table 3.20. GINI index over the period of 2010-2021

	2010	2012	2014	2016	2018	2020	2021
The whole country	0.433	0.424	0.430	0.431	0.425	0.375	0.374
Red River Delta Region	0.408	0.393	0.407	0.401	0.387	0.317	0.327
The Northern KER	0.365	0.341	0.303	0.325	0.308	0.263	0.296

High income creates conditions for reasonable income distribution and sustainable poverty reduction, with the GINI index gradually decreasing, standing at below 40% in 2020. The GINI index of the Northern KER tended to decrease, from 0.325 in 2016 to 0.263 in 2020. Although the GINI in 2014 was only 0.303, it increased to 0.325 in 2016 due to the law of uneven income growth: when income increases rapidly, in the first phase, the income of high-income earners increased the most. The income redistribution through the social security fund cannot be done immediately because of a delay. In 2021, despite the negative impact of the COVID-19 pandemic the Northern KER saw many positive changes.

3.3.3. Poverty reduction and economic growth

The elasticity of poverty reduction to economic growth in the Northern KER has fluctuated over different periods: because of steady economic growth rate over the years, but during the 2010-2015 period, the poverty reduction rate was relatively high, and during the 2015-2019 period, this rate was lower, but still relatively high, while in the 2020-2021 period, the poverty reduction rate was very low (because the rate of poor households has approached 0 in the Northern KER). However, during the period 2021 - 2022, due to the COVID-19 pandemic, the poverty reduction rate tended to increase, so the elasticity coefficient was positive. As such, there is an interactive relationship between poverty reduction and economic growth; besides, poverty reduction also depends on a number of other factors, such as the availability of national target programs, integrated programs or direct support from government of all levels. That also partly explains why the Northern KER is the most economically developed region in the country with favorable conditions to realize SS, but poor and near-poor households are still found.

3.4. Factors affecting social security in the Northern key economic region

- (1) Development model and institutions in the Northern key economic region
- (2) Financial resources in the Northern key economic region
- (3) Human factors in the Northern key economic region
- (4) Technology and coordination in management in the Northern key economic region
- (5) Natural conditions – society in the Northern key economic region
- (6) New context in the Northern key economic region

3.5. General evaluation of the social security situation in the Northern key economic region

3.5.1. Achievements

First, the implementation of social security policies for all 5 components has gained remarkable achievements, improving people's material and spiritual lives to a level higher than the national average:

- (1) Promoted insurance activities, increased number of participants and increased sources participating in insurance payment, with large elasticity;
- (2) Attracting more labor, creating more jobs, double higher rate of skilled training than that of the whole country, and attracting the outside laborers (both national and international), which has increased the labor productivity of the Northern KER;
- (3) Social protection and multidimensional poverty reduction: The Northern KER has achieved multidimensional poverty reduction to less than 1%, only to 2% of the population if inclusion of the near-poor households;
- (4) The region's basic social services achieved the highest results in the country;
- (5) Activities showing the gratitude for those people with meritorious services has achieved great success.

Second, the economic growth is a condition for implementing social security policies, using many different resources, to ensure that no one is "left behind" in the development process.

3.5.2. Some limitations and their causes

3.5.2.1. Limitations

First, regarding insurance, the biggest limitation in insurance is that the Insurance Fund (Social Insurance, Health Insurance, Unemployment Insurance) has all suffered from a situation where revenues are not enough to cover expenditures, and there has always been a large deficit every year. During the COVID-19 pandemic, health insurance and unemployment insurance faced many difficulties.

Second, regarding labor and employment, the occurrence of COVID-19 pandemic made a large number of workers lose their jobs due to the closure of many businesses caused by their bankruptcy. Along with that, employment generation has always been a problem.

Third, in terms of social assistance and poverty reduction, the social assistance activities are often not fully statistically recorded, synthesized and reported. Despite decreased poverty rate, the reduction is not sustainable and the situation of re-poverty still occurs even in provinces with relatively developed economies; and there remains disparity (between rich and the poor) in the region.

Fourth, regarding basic social services, in the Northern KER, access to basic social services still faces certain difficulties in education, health care, housing, clean water, information...

Fifth, regarding social preferential treatments, the level of spending on subsidies and allowances as well as preferential treatments for people with meritorious services remains relatively low. Besides, there remain many obstacles with respect to the keeping of original documents, and finding verifiers and witnesses according to existing regulations.

3.5.2.2. Causes of limitations

First, within the period 2010-2022, basically our country in general and the Northern KER in particular still followed the extensive growth model. The transformation of the growth model in depth has been proposed but has not been thoroughly implemented to ensure the social security in the Northern KER.

Second, there still exist many shortcomings in the legal system related to social security. In particular, there are no particular institutions and regulations on social security specifically for the Northern KER.

Third, the budget for SS implementation remains limited. Available resources for SS mainly come from the support of the state budget, which is still spreaded across many programs, leading to moderate efficiency off SS, and failure to attract many resources from the activities to mobilize all possible resources from the society for SS implementation.

Four, the supply of high-quality human resources is facing difficulties, putting pressure on SS .

Fifth, the coordination among sectors and localities in relation to SS is yet to be regarded as close. The economy in the region has not yet taken advantage of the potentials and advantages, especially there remain the lack of coordination to create synergy and integrate individual efforts.

Six, there are difficulties in accessing data and figures on social security. The SS database has not been fully updated yet.

CHAPTER 4. PERSPECTIVES AND SOLUTIONS FOR ENHANCEMENT SOCIAL SECURITY IN THE KEY ECONOMIC AREA

4.1. Impacts from the new context on the social security in the Northern key economic region

In the coming time, there will be many factors of the new context impacting the social security, specifically:

4.1.1. Climate change, natural disasters and pandemic

4.1.1.1. Climate change and natural disasters

Global climate change, natural disasters, natural disasters, etc. are increasing risks for the local people, affecting multidimensional poverty reduction, making negative impacts on all classes of residents in the Northern KER, requiring that the implementation and development of social security in the region should be flexible to adapt to the new context.

4.1.1.2. Pandemic

Disease is a problem that cannot be overlooked. The outbreak of COVID-19 pandemic in the world started at the end of 2019, and in early 2020, it was recorded to happen in the Northern KER. The COVID-19 pandemic has caused more difficulties to the socio-economic situation of the Northern KER, slowing down the economic growth at the largest scale over past 20 years.

4.1.2. Globalization and integration

For the Northern KER, the trend of economic integration has a strong impact on many aspects such as expanding trade and investment markets, attracting high-skilled labor, implementing technology transfer, etc. Such impact is actively supporting the development process of the Northern KER as the most dynamic development region in the country.

4.1.3. Industrial Revolution 4.0 and digital transformation

Industrial Revolution 4.0, along with the impacts of innovation and digital transformation, has been creating new momentum for rapid and sustainable development in the Northern KER. The application of the digital economy in the Northern KER also increases the effectiveness and efficiency of the State management, increases transparency and accountability, and ultimately making positive impacts on both the economy and social security.

4.1.4. Global geopolitical conflict

The above-indicated political conflict conditions have impacted economic development and social security implementation in our country and in the Northern KER. Political conflicts, embargoes and threats of embargoes, causing difficulties in the movement of goods, have led to the increase in production costs and reduction in demand, including raw materials, semi-finished products and manufactured industrial products.

4.1.5. Requirements for the development of the Northern key economic region in the coming time

(1) Master plan for socio-economic development of the Northern key economic region up to 2030

(2) Economic growth with multi-dimensional interaction with the implementation of social security policies and programs in the Northern key economic region

4.2. New viewpoint on social security in the Northern key economic region in the coming time

(1) The viewpoint of consistency between SS and the national development model

(2) The viewpoint of inclusiveness, improving the quality of comprehensive implementation of social security policies and programs

(3) The viewpoint of putting people at the center in implementing social security policies associated with economic growth

4.3. SWOT matrix analysis of social security in the Northern key economic region

The thesis applies the SWOT model to clearly identify the strengths, weaknesses, opportunities and challenges for social security in the Northern KER.

4.4. Some solutions to enhance social security in the Northern key economic region

4.4.1 Overall solutions

(1) Promote economic growth to contribute to ensuring SS in the region

(2) Improve the policies and laws related to social security in the Northern key economic region

(3) Strengthen financial resources for social security

(4) Improve the quality of human resources

(5) Strengthen coordination among localities within the region

(6) Develop a digital social security database

4.4.2. Group of specific solutions with five components of social security

(1) Solutions in terms of insurance

Implementation of synchronous solutions would be needed to improve the deficit of the Insurance Fund (social insurance (SI), health insurance (HI), and unemployment insurance (UI)), namely strengthening of fund management and supervision, application of technology to ensure data transparency; expansion of the target audience and consideration of increasing the share of contribution so as to increase the source of revenues; improve the efficiency of expenditure by investing in health services and prevention programs; adopt policies to support the elderly and encourage employees to extend their working period; close cooperation with businesses and learning from international experience will help stabilize and maintain the safety of insurance funds in the future; promote propaganda and mobilization of people and employees in enterprises, production and business establishments to

pay for insurance premiums; construct a specific database on SI, HI and UI which should be gradually shared with localities inside and outside the region, and practice publicity and transparency.

(2) Solutions in terms of labor and employment

Localities in the region need to improve the investment climate and develop infrastructure to attract and retain workers, and at the same time establish a labor market information system to provide data on labor market demand and trends, thereby developing and implementing flexible vocational training programs.

Strengthen coordination among state management agencies, businesses and social organizations to create a sustainable labor ecosystem, thereby helping to minimize the negative impact of labor fluctuations and ensure SS for people. Quickly complete labor and employment regulations associated with the characteristics of the Northern KER in accordance with flexible regulations, not contrary to the Labor Code, in combination with the development of the labor market in a manner suitable to the new context.

(3) Solutions for social assistance and poverty reduction

Regarding SA: It is needed to have a better linkage between economic growth and SA in the Northern KER, enabling people to be in a better position to respond to external factors, such as natural disasters, epidemics, etc. It is needed to strengthen state budget sources, especially non-budget sources for SA. Assistance programs should be developed and implemented along the line of flexibility.

Regarding poverty reduction: Accomplish multi-dimensional poverty reduction, effectively implementing the National Target Program on Sustainable Poverty Reduction in a comprehensive and inclusive direction, ensuring that no one is left behind. Implement multi-dimensional poverty reduction with gradually improved norms corresponding to economic growth in the Northern KER.

(4) Solutions for basic social services

In order to overcome the limitations in the provision of basic social services in the Northern KER, implementation of synchronous solutions, development of basic social services in a professional manner in all fields: education and training; health; housing; clean water and environment; information and communication; transport; culture; physical exercise and sports.

(5) Solutions for social preferential treatments

In order to improve the level of subsidies and allowances for people with meritorious services to the revolution and overcome difficulties in the verification process, increased supporting budget would be needed to ensure appropriate levels of subsidies. In addition, it is recommended to digitize records to simplify the verification process, making it easier to search for information. At the same time, it is necessary to organize training for officials in charge of verification to improve their work efficiency.

CONCLUSION

In the new context characterized by advantages and disadvantages of the process of international economic integration, SS in faced with the occurrences of crises and conflicts, natural disasters, epidemics, and climate change, one has further clearly realized the need for an effective SS system.

One of the goal of economic development is to ensure SS, thereby improving people's living standards and enhancing their quality of life, moving towards the goal of sustainable development in which "no one is left behind". From the perspective of development economics, there is a close relationship between SS and economic growth. Along with economic development process, SS has become a firm place to depend on for all people, ensuring harmonious development in the society. Economic development associated with SS development brings about an increasingly stable, prosperous and happy life for the people. Economic growth makes people's lives secured, enabling them to benefit from the economic achievements. On the contrary, when people are guaranteed in terms of SS, they will strive to develop for themselves and contribute to making the economy develop more sustainably.

After over 35 years of renovation (*doi moi*), SS in Viet Nam Viet Nam in general and in the Northern KER in particular have recorded remarkable achievements. However, there remain certain shortcomings and limitations.

Through the research of the thesis entitled of "*Social Security in the Northern Key Economic Region*", the PhD student has answered the research questions mentioned in the introduction of the thesis summary.

First, in terms of theory and international experience: Systematizing, providing a rationale for and developing a theoretical foundation for SS, including: theory of SS and KERs; the relationship between SS and economic growth; criteria for evaluation of the relationship between SS and economic growth; factors affecting SS; providing an analysis and summation of the experiences in realizing regional SS in selected countries including China and Thailand and drawing lessons for Viet Nam.

Second, regarding the current status of SS in the Northern KER, the thesis has provided an analysis of the current status of SS in the Northern KER as a growth pole across five components, and the relationship between SS and economic growth over the period 2010-2020 and in recent period; provided an evaluation on the current status of SS in the Northern KER, identifying the achievements, shortcomings and causes as well as the factors affecting SS in the Northern KER.

Third, with respect to the viewpoints and solutions for enhancement of SS in the Northern KER, the thesis has provided an analysis of the new context; conducted a SWOT analysis to clearly show the strengths, weaknesses, opportunities and threats in relation to SS in the Northern KER, based on which to propose directions and a group of overall solutions for SS corresponding to five components of SS in the Northern KER.

- *Regarding limitations of the thesis:*

Although the thesis research was carried out with great efforts and a highly progressive spirit, it is unavoidable that the thesis has certain shortcomings. Firstly, due to limited availability of data, figures, especially those related to the social assistance and social preferential treatments, in some tables are not up-to-date due to objective changes and limited access to data from Statistical Yearbooks as well as other from sources during the period of COVID-19 epidemic. Second, the connotation of SS is very broad while its official common definition is not yet in existence; in addition, the structure of SS is also of relative nature, leading to unavoidable shortcomings in making analyses within the scope of the thesis.

- *Regarding future research directions:*

The thesis of the PhD student has taken a small step in completing and updating the theoretical framework and conducting analysis of SS practice in one of the most dynamic economic regions in the country (a growth pole) from the perspective of development economics; yet, further theoretical research and a more in-depth practical analysis would be required to be conducted for different regions/areas.

Through this thesis, in order to make further improvements based on the contents examined and studied under the thesis, and to conduct a more in-depth study of certain issues, the PhD student proposes to continue conducting further research in three groups of issues, namely:

- (1) Research to improve the viewpoint on comprehensive SS.
- (2) Research into the realization of SS policies in typical territories.
- (3) Research the system of directions and solutions for enhancement of SS in the new context.

**LIST OF THE AUTHOR’S PUBLISHED RESEARCH WORKS
RELATED TO THE THESIS TOPIC**

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2. Nguyen Quang Thai, **Nguyen Hong Nhung** (2021, 2022), “*Social security in the new condition: Some conceptual issues and reality in Viet Nam's focal northern economic region*”, Viet Nam' socio–economic development, Vol 26, December 2021, pp 73-80; Vol 27, March 2022, pp.64-86.

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7. **Nguyen Hong Nhung** (2018), “*Economic Growth Economic Growth and Social security in GMS countries and lessons for Viet Nam*”, 43rd Conference of the Federation of ASEAN Economic Associations, November 9-10, 2018, Quezon City, The Philippines.

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