

May 2011

**A RAPID ASSESSMENT OF
The Impacts of Price hikes on People in Selected
Urban Areas**



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ABBREVIATIONS

AAV	ActionAid Viet Nam
CPI	Consumer Price Index
Decree 67/NĐ-CP	Policy on supporting social subsidy beneficiaries (stipulated in Decree 67/2007/NĐ-CP dated 13 th of April 2007 by the Government, modified and amended in Decree 13/2010/NĐ-CP dated 27 th February 2010 by the Government)
Resolution 11/NQ-CP	Major solutions to concentrate on controlling inflation, stabilizing macro economy, guaranteeing social security (under Resolution 11/NQ-CP dated 24 th of February 2011 by the Government)
OGB	Oxfam Great Britain
Decision 268/QĐ-TTg	Price schedule of electricity retail sale (under Decision 268/QĐ-TTg dated 23 rd of February 2011 by the Prime Minister)
Decision 471/QĐ-TTg	Subsidy policy for civil servants with low-income salaries, retirees, social beneficiaries, war heroes, relatives of dead war heroes, civil servants and military personnel, poor households (under Decision 471/QĐ-TTg dated 30 th of March 2011 by the Prime Minister)
Decision 641/QĐ-TTg	Master plan on developing a physical force and strength of Vietnamese people in 2011-2030 periods (under Decision 641/QĐ-TTg dated 28 th of April 2011 by Prime Minister)
Circular 05/2011/TT-BCT	Regulating electricity price in 2011 and guidance for implementation (under Circular 05/2011/TT-BCT dated 25 th of February 2011 by the Ministry of Industry and Commerce)

SUMMARY

Rapid assessments in three residential areas of Hanoi, Haiphong and Ho Chi Minh city in May, 2011 were implemented to discover response measures and the influence of price increases on urban groups, including the poor (people who receive social protection), migrants, local self-employed labourers, pensioners, civil servants and medium-income workers.

The average retail price of most essential commodities and services in surveyed sites increased in the first four months of 2011, especially after the beginning of Lunar New Year (February). Commodities with significant price increases included foods and foodstuffs; electricity, petrol, gas, and rental apartments. However, the price of several commodities in the first two weeks of May, 2011 leveled off, and in some cases even slightly decreased (for some types of meat and vegetables) compared to those in April, 2011. The minimum wage was adjusted upwards in May but the price of most essential foods and foodstuffs did not increase, which could be explained by sharp price increases in previous months. High prices led to demand contraction, so shops tended to remain and decrease their price.

In general, social groups surveyed expressed the most concern about price increases of food and foodstuffs (meat, fish, rice, and other foodstuffs) and fuels (electricity, petrol, gas). Poor, low and fixed income groups (poor households, workers, and pensioners) paid more attention to price increases of food and foodstuffs for minimum needs (meat, fish, rice, vegetable, other foods). The poor and old people covered by social protection policies were also concerned about the expense of medicine and health services. Medium and moderately good income groups or rising income group (in relation with price increases) -self-employed and civil servants- cared especially about the price increases of gasoline, electricity and gas. Rising accommodation costs are migrant-specific concern.

Common coping strategies applied by social groups to cope with price increases include decreasing electricity use, decreasing personal consumption, rationing, buying cheaper foods, decreasing gas consumption, and decreasing monthly savings among others. Of these, “decreasing electricity use” and “decreasing personal expenditure” were the two top priorities applied. Many households also chose to cook at home and eat out less to reduce their expenses.

Price increases from early 2011 have decreased purchasing power, quality of life and exacerbated inherent difficulties of poor, low and fixed income groups. Among social groups surveyed in urban areas, the poor, people receiving social security and migrant workers suffered the most.

For the poor, price increases had a negative influence on their nutrition and health and their access to basic services (education, health care). Migrants reported that price hikes made their lives more difficult due to higher costs. Price increases were also reported to have made labour relations tenser and negatively impact on the occupation stability of migrant workers. Price increases also exacerbated the lack of social capital situation of both local poor people and migrants.

Extremely effects such as “stopping children from schooling”, “selling properties” or “increasing borrowings for daily expenditure,” did not appear in all surveyed groups. Credit activities for the poor in localities have not been badly affected. The affect (of price increases) on gender relations, could only be seen through a re-allocation of work in the family (women had to take bigger responsibility for family meals, some women in poor households had to find extra work to supplement their incomes). Changes in job structures due to price increases are not yet apparent in the same way as are the effects of the Global Financial Crisis in 2009. The main concern of interviewees was how to get a job with a higher income so as to mitigate against the rise in prices.

Based on the results of quick assessment, we propose some suggestions for policy discussion as follows:

General recommendations

- Further studying and calculating core- CPI which excludes price of food and energy. Classifying in more detail items within the price index of “restaurant and catering services” group to clearly see the development of the price index for key commodities. Itemising the calculation of CPIs separately for rural and urban areas and for low income people.
- Accelerating the design, approval and implementation of social security strategy and projects as a necessary complement to a “social security system for urban populations”. The social security system should be based on continuous and accurate assessments of the level of vulnerability of social groups in the context of “multiple shocks”. In this system, it’s crucial to build a mechanism which allows for timely adjusting of the level of support, poverty line, and methods to identify groups in line with price fluctuations.

Specific recommendations for supporting policies in the context of price hikes

- Making the following groups eligible to receive social security (stipulated in Decree 67/ND-CP) who do not belong to poor households: elderly people who are more than 80 years old, families raising an orphan, families with two seriously disabled people, neurological impaired people living alone like the poor group which was added in Decision 471/QD-TTg.
- Introducing preferential electricity rates for the poor, low income households in urban areas with regular use under 100KWh/month, instead of the common 50KWh/month level in the country as a whole. Widely publicizing subsidy policies for electricity prices, implementing this policy at the ward and residential quarter level. According to Circular 05/2011/TT-BCT, electricity sellers should check all rental dwellings to apply prefferential retail prices for house tenants. Implementation of supporting policies on registration fees for setting up metters using prepaid card for tenants (e.g students and workers). Widely applying the campaign “not to rise house rentals” in cities across the country (as with the case

of HCM city). This campaign should cover leasees who own fewer rooms and haven't registered their businesses.

- Gradually replacing the price stabilization policy through firms/businesses' stores by cash transfer supporting policies to the poor, part of the overall social security system design.
- Strengthening vocational support policies via enterprises and through increased links to recruitment services (with appropriate conditions/salary) – thereby building stronger relations between job training and job hunting.
- Quickly implementing practical nutritional support for children in kindergardens and primary schools (mentioned in Decision 641/QĐ-TTg).
- Considering carefully the request to cutting down the recurrent expenditure to reduce difficulties in organising activities at the grassroots level, if not able to immediately increase allowances for local staff.

1. INTRODUCTION

Context

The General Statistic Office of Vietnam (GSO) has just revealed that CPI in April, 2011 increased by 3.32% on the March, 2011 figure. This is the highest rate recorded since March 2008. April's CPI increased by 9.64% from December, 2010, and 17.51% from the same period last year.

The price index of "restaurant and catering services" in April, 2011 increased by 4.5% as compared to March, 2011 and 13.19% compared to December, 2010. In particular, grain foods increased by 2.47% and 8.71% as compared to March 2011 and December 2010 respectively; foodstuffs increased by 5.61% and 15.2% compared to those of March 2011 and December 2010 respectively; outdoor eating and drinking increased by 3.31% and 11.98% as compared to March 2011 and December 2010 respectively.

April's CPI of transport increased by 6.04%, housing and construction material rose by 4.38% on March. There was no decrease in the CPI of the other eight groups of goods and services.

Consumer prices significantly increased due to the influence of both internal and external factors, the adjustment of domestic gasoline and oil prices was one of the main causes affecting the prices of other goods and services.

High price increases in the first four months of 2011, coupled with price increases in 2010 previously, are likely to negatively affect people's daily lives, especially poor and low income groups that belong to "net grain food and foodstuffs buyer" category in urban areas.

In this context, Action Aid Vietnam (AAV) and Oxfam conducted a rapid assessment on the impacts of price hikes on the lives and livelihoods of the poor and near poor in urban areas. Hopefully, the survey results will contribute some timely comments to the policy discussion as well as the design, implementation of development projects and programs of AAV, Oxfam and partners in the context of price hikes.

Objective of rapid monitoring report

To "*study the impact of price hikes in the first four months of 2011 on the lives of several population groups in selected typical urban areas*"

Namely, this rapid monitoring report seeks to *link specific findings of the survey to related policy issues*, through discovering:

- The price movements in 2011 of key commodities and services for urban populations in surveyed sites.
- The concerns of social groups for goods with price increases
- Response measures of social groups in that context
- The impact of price hikes on social groups' lives and livelihoods.

- Feedback of social groups towards support policies

Surveyed sites

Ward No.17 (Go Vap district, HCM city), Quan Tru Ward (Kien An district, Haiphong) and Quang Tien commune (Soc Son district, Hanoi) were selected to perform the rapid monitoring report. Those areas are typical for three different types: metropolitan areas, peripheral urbanization, and suburban areas affected by industrialization.

In each ward, one typical population/neighbourhood group was selected with a high number of local poor people and migrants, including self-employed, unskilled factory labourers, low and medium income civil servants and beneficiaries of social assistance policies.

TABLE 1. General information about surveyed sites

Ward/commune	District	City	Geographical location	Total number of households (household)	Total no. of people (people)	Estimated number of temporary residents (people)	Economic structure (%)	No. of poor households in early 2011 (new poor standard*)
Ward No.17	Go Vap	HCM city	Urban	6,629	44,242	25,040	Industry: 75 Trade & service: 25	378
Quan Tru	Kien An	Haiphong	Peripheral urbanization	2,400	8,500	2,000	Industry: 65,8 Trade & service: 31 Agriculture: 0,5	46
Quang Tien	Soc Son	Hanoi	Suburban affected by industrialization (Noibai Industrial Zone)	1,920	8,967	1,363	Agriculture: 70 Trade & service: 30	227

Source: Group discussion between ward/commune staff in surveyed sites, May 2011

Notes:

- VND/person/month and lower (According to Decision no. 23/2010/QĐ-UBND dated 29th March 2010 by HCM city's People Committee) New poor standard in HCM city applied in early 2010: 1,000,000
- New poor standard in Haiphong city applied in early 2011 was the same as the common standard applied for the whole country: 500,000 VND/person/month and lower for urban areas (According to Decision no. 09/2011/QĐ-TTg dated 30th January, 2011 by the Prime Minister)
- New poor standard in Hanoi applied in early 2011: 550,000 VND/person/month and lower in rural areas (According to Decision no. 01/2011/QĐ-UBND dated 10th January 2011 by Hanoi's People Committee). However, the figure for poor households of Quang Tien commune in Table 1, follows the old poor standard, namely 400,000 VND/person/month and lower.

Surveyed population groups in urban areas

This rapid monitoring report focuses on studying the impacts of price hikes on six main social groups in urban areas, including:

- The local poor group and beneficiaries of social security who are regularly subsidized according to Decree 67/ND-CP
- Migrant workers (formal sector)
- Migrant self-employed labour (informal sector)
- Local self-employed labour
- Pensioners
- Low income staff

Monitoring Methods

"Rapid monitoring the impacts of price hikes in the first four months of 2011" was conducted based on a qualitative method, namely group discussions by topic and in-depth interviews in several specific areas.

"Listing-ranking" exercise (colourful cover listing), in which those commodities with high price hikes which have great impacts on people's lives and response measures against price hikes are listed and ranked, was consistently applied in group discussions by topic and in-depth interviews towards social groups in all three areas.

Field work was conducted within 1 week from 9th to 15th May 2011 in three surveyed sites (*see Appendix 1: Field work schedule*)

Overall, the monitoring team carried out 18 group discussions by topic with 151 participants, including 23 ward/commune staff and 128 inhabitants (70 males and 81 females).

55 in-depth interviews were performed (8 males and 47 females), including health staff, school staff, house lessors, restaurant owners, wage earners, representatives from poor households, self-employed labourers (local and migrant), migrant workers.

Monitoring Team

The monitoring team in each surveyed area consisted of four persons from Truong Xuan Consulting company.

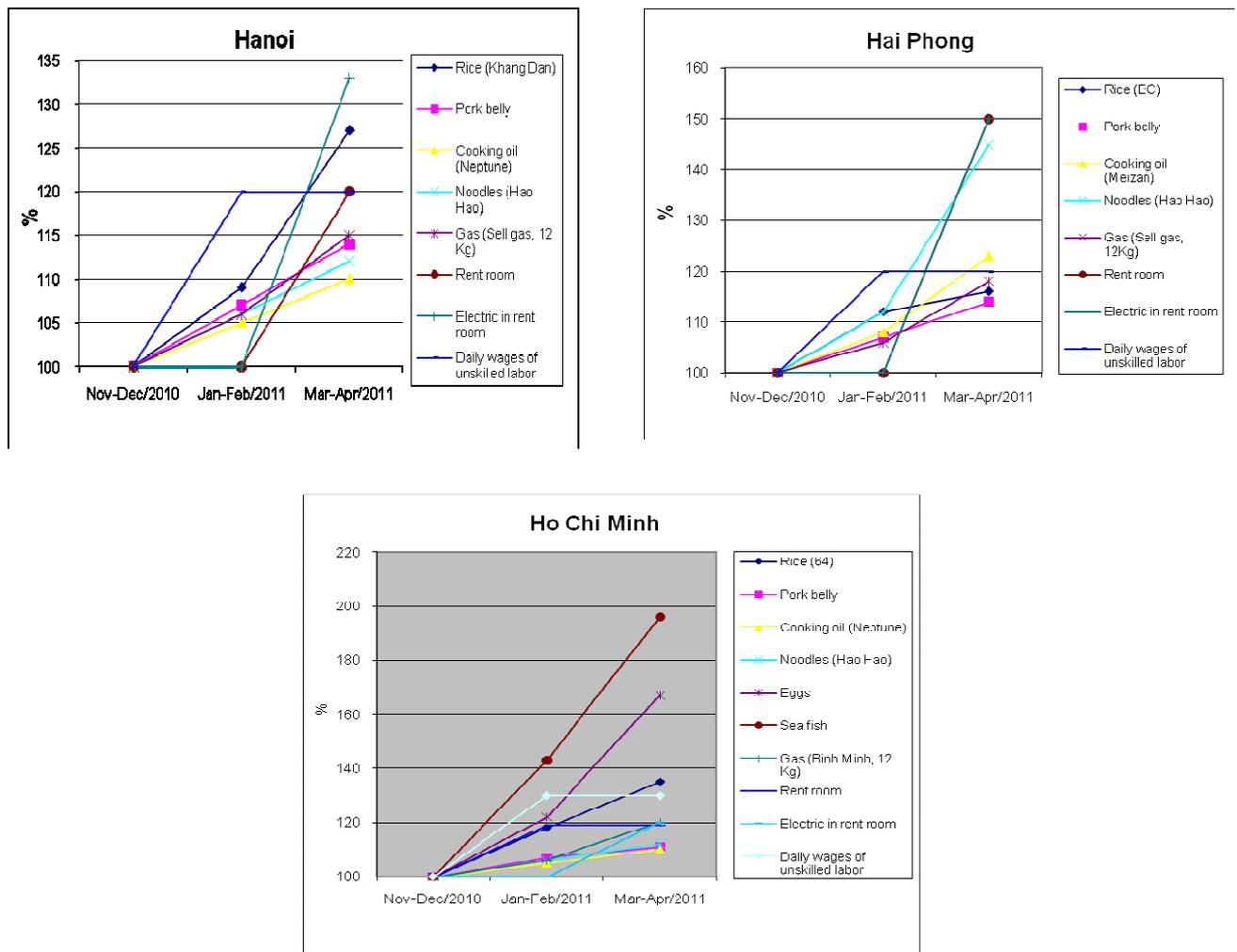
- Hoang Xuan Thanh – Team leader
- Dinh Thi Thu Phuong
- 2 researchers

Staff from AAV/Oxfam, local partners of AAV took part in supporting the evaluation in three surveyed sites. Staff from CDI helped coordinate and organize monitoring in Soc Son (Hanoi).

2. THE PRICE MOVEMENT IN THE FIRST FOUR MONTHS OF 2011 IN SURVEYED SITES

The average retail price of most essential commodities and services increased in the first four months of 2011, especially after the Lunar New Year holiday. Commodities with significant price increases include grain food and foodstuffs; electricity, petrol, gas and rooms for lease (see the detailed Price list in Annex 2).

GRAPH 1. The average price increases in surveyed areas late 2010-April, 2011 (Price of November-December, 2010 = 100%)



Source: Surveyed at stores, agents in survey areas, May 2011

Grain food and foodstuffs

The average price of rice from 12/2010 to 4/2011 increased by 20-30%. In Ward 17 (HCM city), the price of several normal types of rice with lower quality, that are commonly

consummed among the poor and low income groups (“No mem” rice), increased by 25% as compared to 1-2/2011 and by 40% compared to 11-12/2010.

Pork prices in April 2011 also increased, by 10-20% compared to the late 2010: the price of high quality meats (pork tenderloin, pork butt, pork armpit) increased by about 10,000 VND/kg whereas price of other meats (half fat and half lean meat, fat meat) increased by 7-8,000 VND/kg. In Quan Tru (Hai Phong), the increase in the pork price was higher than increases in Hanoi and HCM city (the price of high quality meat increased by about 20,000 VND/kg, other meats increased by about 10,000 VND/kg).

Notably, the price of pork meat bought by stores increased by only 5-10% in the same period. According to a butcher store owner in Quan Tru Ward (Haiphong), the price of hog now was about 42,000 VND/kg, increasing by about 4-5,000 VND/kg on late 2010. It can be obviously seen that, *the increase in retail price of many foodstuffs in the first four months of 2011 did not necessarily follow increases in direct input costs*, instead, it followed common trend of price increases of other commodities and services.

The price of other foodstuffs such as cooking oil, egg, seasoning, etc increased by about 10-20% on average. Notably, some commodities increased by about 50-60% such as bean curd, sea fish.

However, the price of several commodities in surveyed sites in the first two weeks of May, 2011 stopped increasing and the prices of several types of meat and vegetable even decreased by about 5% as compared to these in April, 2011. *The minimum wage was adjusted upwards since 1st May, the price of most essential grain foods and foodstuffs did not increase though* which could be explained by sharp price increases in previous months. High price leads to contracting demand so shops tend to remain and decrease the price.

Housing, electricity and water, fuel

Common characteristics of all three surveyed sites is to have a large number of migrants living in rental apartments. As a result, many local households get significant income based on housing rental services. When the survey was conducted in late April, the price of leasing rooms increased by 20-40% on average as compared to that of late 2010. Particularly, in Ward no.17 (HCM city), room rentals increased since early 2011 to March, April 2011 then stopped increasing due to the campaign not to increase price of lodgings.

At lodgings, most renters still have to use electricity at high price, that are regulated by the landlord. The popular price of electricity in surveyed sites ranged from 2,000-3,000 VND/KWh, increasing by 500-1,000 VND/KWh as compared to that in late 2010.

Gasoline price soared in parallel with world price. Particularly, petroleum price increased by 60% compared to that of late 2010. Gas price increased by 10-20% and strongly rose in early May, 2011.

Labour wage

Wage for unskilled labour at the time of the survey increased by 20-50% as compared to that in late 2010. Specifically, labour wage in Quang Tien commune (Hanoi) and Quan Tru Ward (Haiphong) increased from 100,000 VND/day to 120,000 VND/day.

Particularly, the price of labour in ward no.17 (HCM city) saw higher increase, from 100-120,000 VND/day to 150,000 VND/day.

Workers' income in April, 2011 increased by 5-10%, equivalent to 100-200,000 VND/month on average as compared to that in late 2010. In Quang Tien commune (Hanoi) and Quan Tru Ward (Haiphong), workers' income in April, 2011 ranged from 1.8-2.5 million VND/month, this figure in Ward no.17 (HCM city) was from 2.5-3 million VND/month respectively. Salary for labourers working in enterprises and state offices has similar rising level with 13% increase of minimum wage regulated by the Government (from 730,000 VND/month to 830,000 VND/month since 1st of May, 2011).

3. CONCERNS AND RESPONSE MEASURES OF URBAN POPULATION GROUPS AGAINST COMMODITY PRICE HIKES IN THE FIRST FOUR MONTHS OF 2011

Concerns and response measures against price increases largely depend on living conditions, expenditure structure and income source of each household. Each social group eligible for the survey has its own feature, thus they have different concerns and response measures.

3.1. Local poor residents

Poor households in urban area usually work in informal sector, have low and unstable income. A large proportion of urban poor household belongs to solitary, elderly category or has sick people, single women, many small children, ect. Their properties have low value and their house are often small

TABLE 2. Commodities with price hikes mainly affect local poor group

Priority rankings	Quang Tien commune (Soc Son, Hanoi)	Quan Tru Ward (Kien An, Haiphong)	Ward no.17 (Go Vap, HCM city)
1	Meat, fish	Medicine and health service	Meat, fish
2	Electricity	Rice	Rice
3	Gasoline	Meat, fish	Electricity
4	School fee	Other foodstuffs	Medicine and health service
5	Rice	Lodgings	School fee

Source: Group discussion of local people in surveyed sites, May 2011

The poor households said that they were most affected by the price increases of meat, fish, rice and electricity. Several poor families that have sick people expressed their concerns for the high price increases of medicine. This group paid less attention to price increases of personal shopping or entertainment since previously they rarely participated in these activities.

BOX 1. The biggest concern of poor elderly household is price increases of rice, foodstuffs and medicines

The family of Mr K., 73 years old living in residential quarter no. 1, Quan Tru Ward (Kien An, Haiphong) is a typical case of extremely poor and elderly household in urban area. They have a daughter who got married and lived separately; her family is poor as well. The old couple don't have salary and other income; completely depend on the help from descendants and relatives. Their lives were tougher with increasingly high price of commodities.

Mr K. said price increases of rice significantly affected all poor households, including his family: *"we may not need foodstuffs, but rice is indispensable "*. They often eat cheap rice *"when it is cooked, rice becomes dry and separate"*. Before Lunar New Year holiday, normally they bought about 10 kg rice/time with price at 9,000 VND/kg. However, at the moment, they just buy 2-3 kg/time due to higher price (11,000 VND/kg).

Daily budget for foodstuffs (excluding rice, cooking oil, salt, sauce, etc) is about 5,000 VND, equal to that of last year. Price increases reduces daily food intake. Previously, with 3,000 VND they could buy a full fist of dry fish but now just *"small pinch so we have to cook with more salt so that it can be enough for the whole day. Several days without money, we have to eat rice, vegetable with salt"*. He added *"we are poor, just concern about daily meals. Several months ago, my daughter bought an old fridge for me. However, we don't have anything to put there, otherwise we consume more electricity. Previously, with a fan and an old television, it costs us 30-40,000 VND/month for electricity. Last month, with the old fridge plus by increase in electricity price, we have to pay 70,000 VND/month. Thus, I stop using the fridge since 1st May"*.

Asked to rank priority commodities which their price increases affect the most on family life, Mr K. selected rice, other foodstuffs (dry fish, salt, sauce, salt, spices, fat, etc) and medicines.

Comparison between surveyed sites shows that, the impacts of price increases on local poor household differs largely in rice – key commodity which accounts for significant proportion in the expenditure structure of poor people in urban areas.

- In Quang Tien commune (Hanoi) – located in suburban area, people there still do agricultural production, so most households have ability to ensure grain food and were less affected by price increases of rice.
- Conversely, two other surveyed sites in Haiphong and HCM city are urban areas and people there are net grain food buyers, thus price increases of rice remarkably affects the poor's lives. Poor households often use cheap rice, for example, poor households in Quan Tru Ward (Haiphong) and Ward no.17 (HCM city) eat old Khang Dan and 64 rice respectively. In Ward no.17 (HCM city), in the first four months of 2011, the price of 64 rice strongly increased compared to other types of rice which has great effects on poor households' lives¹.

¹ The poorest group spends nearly 40% of their total expenditure for grain food and foodstuff on rice. Source: GSO, "Results of VHLSS 2008", Statistical Publishing house, Hanoi, 2010.

Besides, in Quan Tru Ward (Haiphong) and Ward no.17 (HCM city), several poor households have permanent residence status but still have to rent accommodations. These people have to hire a house for the whole family so expenditure for house of local people is much higher than that of migrant group. The increase of house rentals has considerable impacts on their lives. This is the difference as compared to poor group in Quang Tien commune (Hanoi) which doesn't have to hire accommodation.

BOX 2. Local poor households renting accommodation

Ms P., 37 years old is one of 5 poor households in residential quarter no. 1, Quan Tru Ward (Kien An, Haiphong). She has permanent residence status and has to hire accommodation though. The reason is her husband comes from other place and has no land. P.'s mother lent her land to build a house, however her brother claimed the land back so she and her husband have to rent a house.

P.'s husband suffers neurological disease, her daughter is just 10 years old, so the family's income completely depends on her job. She has to do many jobs to earn money such as porter, supporting for building workers, home help, etc however, the income is highly unstable. She is paid about 40-50,000 VND for half working day and 100,000 VND for full working day. The total family income is about 1.5-2 million VND/month.

Expenses of her family in May, 2011 include: (i) school fee for her daughter: 150,000 VND/month (increasing by 30,000 VND as compared to that before Tet); (ii) allowance for her own mother: 100,000 VND/month; (iii) house rentals: 600,000 VND/month (increasing by 100,000/month as compared to that before Tet); (iv) the rest is for eating and other fees. House rentals account for about 30-40% of the family's income. P. said that sometimes they don't have money to buy rice but don't dare to tick and no one do this for her family *„Here, no one sell something on credit to my family. I don't dare to tick as well. I asked them to sell rice on credit but they straightly answered that my family is poor, how we can pay for them“*.

In the group discussion of poor households, P. selected „price increases of lodging“ as the most significant factor which makes her family lives more difficult.

Top priority of response measures against price increases among poor households in three surveyed sites are buying cheaper foods, decreasing the quantity of foods and electricity consumption.

To buy cheaper food, many poor people changed their shopping behaviour, namely going to the market at early morning or at noon, late afternoon. Some switched to buy less popular foodstuffs, for example cheaper meat/fish instead of high quality foods; buying industrial chicken eggs instead of good duck eggs, chicken eggs; or replacing meat/fish by tofu, peanuts, vegetable, etc. For decreasing the quantity of foods, poor people often decrease meat, fish the most whereas remain or increase the quantity of vegetable and other foodstuffs (tofu, dry fish, egg, etc) to compensate for the lost nutrition.

The solution “decreasing electricity usage” is more popular in Ward no.17 (HCM city) than in Quang Tien commune (Hanoi) and Quan Tru Ward (Haiphong). This can be explained by the fact that “poor household's income” in Ward no.17 (HCM city) under

the city's poverty line is nearly twice as high those in the two other surveyed sites. As the result, they can buy more electrical appliances and consume more electricity. People decrease electricity consumption by reducing use of their television, fans, lights and refrigeration. The majority of poor households in Quan Tru Ward (Haiphong) pay little attention to movements in the gas price since they have use "than to ong" (bee net coal) for cooking. Those in Quang Tien commune have used a mixture of coal, firewood, straw and gas to reduce expenditure for cooking, and as such, gas reduction of gas consumption was not a priority. Particularly, in Ward no.17 (HCM city), some increase petroleum usage for cooking instead of gas.

TABLE 3. Top priority of coping measures by local poor households

Priority rankings	Quang Tien commune (Soc Son, Hanoi)	Quan Tru Ward (Kien An, Haiphong)	Ward no.17 (Go Vap, HCM city)
1	Buy cheaper, lower quality foods	Reduce food intake	Reduce electricity use
2	Change travel behavior to reduce expenses	Reduce expenditure for social activities	Increase self-cooking, reduce eating outdoors
3	Decrease telephone use	Buy cheaper, lower quality goods	Reduce expenditure on health services
4	Reduce electricity use	Reduce expenditure on health services	Buy cheaper, lower quality foods
5	Reduce food intake	Reduce food intake	Do extra work for more income

Source: Group discussion of local people in surveyed sites, May 2011

Poor people in Quan Tru (Haiphong) give top priority to the solution "reducing social costs". For social celebrations, they mostly attended those of close relatives, close neighbours and attending less events hosted by distant relatives and other people in their residential quarters. Poor households also decreased expenses for celebration events by sending their gifts instead of attending the events directly (50,000 VND for sending a gift, 100,000 VND for direct attendance).

Poor groups often suffer sickness and disease. Though they own Health Insurance Card, most of them only use the card in the case of chronic or serious illness requiring hospitalization. For minor illness, most of the poor buy drugs for treatment at a pharmacy. In the context of rising prices, their purchasing behaviour for buying medicines has changed as follows: (i) ensuring the main drugs for patient but reducing supplement multivitamins; (ii) purchasing medicines daily so that if the illness eases up then they won't lose money from having bought the whole.

Besides, the poor group also apply other response measures such as changing their travel behaviour (using bicycle, bus more); increasing self-catering, decreasing outdoor eating; reducing telephone use and the number of meal per day (breakfast)

In Ward no.17 (HCM city), some poor females actively find extra work for additional income, for example hourly home help, hourly market cleaning, cutting redundant yarn in clothes, etc. However, they find it difficult to find extra jobs due to increasing number

of people looking for job, contracting number of renters. Poor group in Residential quarter no.5, Ward no.17 said that about 30% of people looking for job can be successful.

Most beneficiaries of social security under Decree 67/ND-CP are poor. These households usually are chronically poor, lack of age-working members, thus their lives become more challenging in the context of significantly rising price than other poor households in common. Other beneficiaries not in poor household category (elderly people more than 80 years old, family raising orphan, family with two seriously disabled people, severely neurological people living alone, etc) are extremely difficult in the price storm as well.

BOX 3. Response measures against price increases of poor households with members eligible for social subsidies

Ms T., 48 years old is poor household in residential quarter no.5, ward no.17 (HCM city). Her husband is mentally ill and receiving State's support under Decree 67/ND-CP. They are currently living with their son, his wife and a two years old grandchild. Her son, who is 27 years old, used to work in Malaysia but had to come back to Vietnam earlier than schedule since mid-2010. He hasn't found the job yet. Her daughter-in-law is working at a popular restaurant and earns 2 million VND/month. Previously, she often stayed at home and did the housework, her family depends on children's wages and her husband's monthly allowance.

Since the price increases, her family faces more difficulties and her daughter-in-law's income cannot afford. Her family applied several response measures against the price storm as follows:

Reducing gas use by *"once free, we collect the woods at building site and use as fuel to boil water and simmer bone, gas is used only for cooking foods"*.

Decreasing fees for health service by cutting down tonic in her husband's prescription.

Finding extra job for additional income. Since early 3/2010, T. has been doing hourly home help. She often did in Ward no.17 or neighbouring wards to have time to take care of her family. She worked for 2-3 hours per day and was paid 20-25,000 VND/hour. Nevertheless, she's been doing for some regular customers, it's hard to find more customers due to increasing number of people looking for that kind of job. She shared: *"Life is too hard so I have to find extra job for more income. However, it's difficult to find a job. For example, family A has a demand for home help but when I come to ask, others come already. In my residential quarter, 7-8 women out of 10 want to do the home help but frankly, just 30% of those people can find the job"*.

Furthermore, her family also applied other measures to cope with price increases such as reducing electricity use, personal expenditure, etc.

Ms T. revealed, if price keeps increasing, she'll try to find other jobs such as cutting yarn in clothes or cleaning at An Nhon market.

When price rapidly increases, social protected group faces more difficulties in daily life and has to save as much as possible. Some single elders in social protected group in Ward no. 17 (HCM city) said: *"We have only 10,000 VND for food per day, previously with that amount of money we can buy a little meat and vegetable, now we just can buy vegetable and tofu"*. Other social subsidy beneficiaries in that ward go to Ky Quang pagoda for free vegetarian meals (three times per month) and ask for food. However, this group said that recently, free meals from pagoda have been cut down.

--- *"Previously, I rarely ate vegetarian meal but now I go there all three times a month, namely 1st, 15th and 25th. They provide vegetarian meals but it's enough for me"*.

(N.V.S, social protected group in residential quarter no. 5, Ward no.17, Go Vap, HCM city)

--- *“Once relief trucks arrive at Ky Quang pagoda, we go there to ask for vegetable, previously 10 kg a time, and my family can use in one week. Now, we are only provided 3-5 kg, people in the pagoda explain that relief goods had been reduced”.*

(Social protected group in residential quarter no. 5, Ward no.17, Go Vap, HCM city)

3.2. Migrant workers

Migrant workers in three surveyed sites mainly do low-skilled jobs (garment, footwear, assembly, etc) and have relatively stable job in 2011 because enterprises have recovered from the Global Financial Crisis. From April 2011, migrant workers’ wage increased by about 5-10%, equivalent to 100-200,000 VND/month as compared to December 2010. In the context of price increases, their lives are extremely difficult due to higher accommodation fee, higher electricity price (1,500-3,000 VND/KWh), more expensive travel fee, etc.

The lives of migrant workers with small children (about 10% of migrant workers working at Noibai industrial zone, Quang Tien, estimated by commune officials) are made more difficult since their income is not commensurate with the price increases of grain food, foodstuffs, milk, diaper for children (increase by about 10%), school fee (increase by about 20-30%), etc.

When being asked to rank commodities which price increases most affect the lives, migrant workers mainly select foodstuffs (meat, fish, other foodstuffs, rice, etc) and accommodation. Like the local poor group, entertainment services, outdoor eating, construction material have little impact on this group since they rarely access to these things in the past.

TABLE 4. Commodities with price increases mainly affect migrant workers

Priority rankings	Quang Tien commune (Soc Son, Hanoi)	Quan Tru Ward (Kien An, Haiphong)	Ward no.17 (Go Vap, HCM city)
1	Rice	Meat, fish	Accommodation
2	Meat, fish	Gasoline	Other foodstuffs
3	Other foodstuffs	Electricity	Meat, fish
4	Vegetable	Gas	Electricity
5	Accommodation	School fee	Rice

Source: Group discussion of migrant workers in surveyed sites, May 2011

There is little difference in terms of impacts of commodity price hikes on migrant workers as follows:

- Accommodation: In Quang Tien commune and Quan Tru Ward, migrant workers suffer less pressure of increase of accommodation rentals due to still-low rate. In

Ward no.17, migrant workers' lives are significantly affected because the accommodation rentals there are the highest among three cities².

- Gasoline: Migrant workers in Quang Tien commune (Hanoi) are less affected by the price increases of gasoline since they are mainly working in Noibai industrial zone in Quang Tien commune. Whereas, migrant workers in Quan Tru Ward (Haiphong) go to work by motorbike daily, so significantly affected by the price increases of gasoline.

Migrant workers prop up against price increases by further working overtime, working more shifts, reducing monthly savings and decreasing food intake. Many workers registered to work overtime 2-3 extra hours a day and to work more weekend shifts for additional income. However, the chance to work more shifts depends on the type of job. In Quan Tru Ward (Haiphong), migrant workers in garment and textile companies have less chance to work more shifts since they don't have many orders in the first few months of the year. Whereas in Quang Tien and Ward no.17 by contrast, this group can work more shifts due to the higher demand for labour.

--- "Normally, I often work the first shift, from 6 am to 2 p.m. After the Tet holiday, I registered to do overtime about 3 hours per day, usually in the afternoon. If I don't go home for the weekend, I'll register to do more shifts, about 6-8 hours".

(N.T.H, migrant worker in Quang Tien, Soc Son, Hanoi)

Migrant workers with small children don't usually work overtime or take on extra shifts since they have to take care of their children. Instead, they prioritize to decrease their food intake while trying to maintain their children's foods intake (milk, meat, fish); some choose to further borrow for consumption.

Due to higher costs of living, many workers have to reduce personal expenditure and monthly savings as well as the amount of money sent home and the number of home visits. Furthermore, they try to reduce electricity consumption as much as possible since the price of electricity increased remarkably since March 2011.

TABLE 5. Top priority of response measures by migrant workers

Priority rankings	Quang Tien commune (Soc Son, Hanoi)	Quan Tru Ward (Kien An, Haiphong)	Ward no.17 (Go Vap, HCM city)
1	Reduce monthly savings	Reduce food intake	Work overtime, more shifts
2	Reduce money sent home	Reduce electricity use	Reduce electricity use
3	Reduce personal expenditure	Change travel behaviour	Reduce personal expenditure
4	Work overtime, more shifts	Further borrowing	Reduce money sent home
5	Increase outdoor eating (male)	Reduce gas use	Increase self-catering, reduce outdoor eating

Source: Group discussion of Migrant workers in surveyed sites, May 2011

² The accommodation rentals (terraced, size ranges from 10-12m²) in 5/2011 in Hanoi (Quang Tien) is about 300,000 VND/room, 350,000-400,000 VND/room in Haiphong and 800,000-1,000,000 VND/room. Go Vap district launched the campaign not to increase house rentals since March 2011, however, in fact the price had been increased in early 2011 or Tet holiday.

Several workers whose home is close to their workplace usually bring rice from home to self-cook so as to reduce cost. Some say sometimes they have to ask for money from their parents or siblings to cover increasing living expenses in the city.

BOX 4. Methods migrant families with a small child use to cut down expenditures migrant

Ms P. is a worker in Noi Bai industrial zone, living with her husband and their 3-year-old son in a housing estate in Xuan Bach village, Quan Tien commune (Soc Son, Hanoi). Their combined wages are about 6 million VND. Due to highly increasing living expenses, she has had to reduce other expenses to focus on her little son.

Before the Tet holiday, the couple could save 1-2 million VND/month in case of illness. However, since then, these savings decrease considerably: *“if we have any guests, then we cannot save”*. The average amount of money for a meal last year was 15-20,000 VND but now it has increased to 30-40,000 VND. On average, the monthly expense for the little son only is about 1 million VND. On the weekends when they work more shifts, they have to hire someone to take care of him and it costs 60,000-70,000 VND per day. P. said that *“despite increasing price of meat, she tries to buy pork 2-3 times per week and beef 2 times per week”*. Before the Tet holiday, the couple sent the little son to his maternal grandparents in Ha Tay for a month but had to get him back since it cost them too much for travel to visit him.

To cope with price increases, her family cuts down on several expenditures:

Reducing the number of home visits: *“Previously, we went home once a month, now every 3-4 months. The reason for reducing the visits is that when we go home, we have to buy foods and gifts for our grandparents. We would not feel right if we don't buy anything for our parents”*.

Cutting down recreational and entertainment activities: *“Previously, on holidays we tried to come back home early to take my son out for entertainment but now we have to reduce these activities”*

Altering daily rations: *“now we have to eat more tofu, peanuts and so on and reduce meat, fish, etc”*

Taking rice from home: *“Previously, we sent money to our parents so that they can buy rice for us. Since Tet holiday, we haven't sent them any money but they still provide us with rice. We just can buy normal rice whereas they send us good rice”*.

Reducing the son's extra meal *“Previously, he has 1 box of yoghurt or milk a day but now we can only afford this every 3-4 days”*.

She also reveals that if the price keeps on rising and wages stay the same, she and her husband will consider going home to look for other jobs.

Unlike Ward no. 17, in Quang Tien commune, the number of male workers going out for meals at popular restaurants (10,000-15,000 VND per ration) has increased as compared to that before the Tet holiday because of higher costs of self-cooking. Besides, many male workers live alone so they don't want to cook. Male workers in Xuan Bach village, Quang Tien commune (Hanoi) said that: *“The tendency of outdoor eating is more popular. Previously, I cooked by myself but it's more expensive than going out for a meal”*.

Despite the difficulties brought about by price hikes, most interviewed workers still don't consider moving to cheaper houses (due to their familiarity with their current living place and higher costs of travel once moving to cheaper houses). Some workers left their jobs to come back home after the Tet holidays but most of them still struggle to stay in the cities (since it is difficult to find a job in the provinces or because of their unwillingness to return to agricultural production). More common solutions applied by migrant workers are to move away from home to look for higher-wage jobs.

3.3. Migrant self-employed labour

Quang Tien commune hardly has any migrant self-employed labour (mainly local people and people from neighbouring localities running small businesses). Whereas, Quan Tru and Ward no. 17 have a large migrant community doing self-employed jobs such as porters, building workers, assistants to building workers, street vendors and motorcycle taxi drivers.

In the context of price increases, it seems that the migrant self-employed group suffer less compared to migrant workers since they can raise the price of the goods they sell or increase labour wages on their own accord even though their income is more unstable. Most small traders interviewed said that though the quantity of goods sold is lower than that before the Tet holiday, their incomes remain the same or slightly higher since they have raised selling prices.

TABLE 6. Commodities with price increases mainly affect migrant self-employed labour

Priority rankings	Quan Tru Ward (Kien An, Haiphong)	Ward no.17 (Go Vap, HCM city)
1	Meat, fish	Gasoline
2	Gasoline	Gas
3	Rice	Rice
4	Gas	Electricity
5	Electricity	Accommodation

Source: Group discussion of migrant self-employed labour in surveyed sites, May 2011

The migrant self-employed group pay more attention to the price of fuel (gasoline, gas, electricity) and grain foods and foodstuffs (meat, fish, rice). The gasoline price draws the highest attention since this group often lives away from the centre in cheap housing however they still have to go downtown or other populated areas to find jobs or to buy goods. *"The gasoline price increased drastically. Last year, I had to spend 15,000 VND per day and now it has risen to 25,000 VND. I have to go quite far to find jobs since I cannot get one in near areas"* (Group discussion of migrant self-employed workers in Quan Tru Ward, Haiphong)

Top response measures applied by the migrant self-employed group are "buying cheaper foods" and "reducing monthly savings". Many people change their consumption behaviour by going to the market late so that they can buy unsold goods at cheaper prices, or by

switching to cheaper foodstuffs. Overall, the amount of money spent on food remains the same but the quantity of food reduced due to higher price. Besides, many others choose the solution “reducing their personal expenditure” and “changing ways of travel” to cut down expenses.

TABLE 7. Top priority of response measures by migrant self-employed labour

Priority rankings	Quan Tru Ward (Kien An, Haiphong)	Ward no.17 (Go Vap, HCM city)
1	Buy cheaper foods	Buy cheaper foods
2	Reduce food intake	Change travel behaviour
3	Reduce monthly savings	Reduce monthly savings
4	Reduce personal expenditure	Reduce telephone use
5	Reduce money sent home	Reduce electricity use

Source: Group discussion of Migrant self-employed labour in surveyed sites, May 2011

3.4. Local self-employed labour

Like the migrant self-employed group, local self-employed labourers are doing jobs such as building workers, assistants to building workers, motorbike taxi drivers, small traders, etc, have an average income of 2-4 million VND/month. However, this group suffer less challenge than migrant self-employed group since they don't have to pay for accommodation rentals.

TABLE 8. Commodities with price increases mainly affect local self-employed labour

Priority rankings	Quang Tien commune (Soc Son, Hanoi)	Quan Tru Ward (Kien An, Haiphong)	Ward no.17 (Go Vap, HCM city)
1	Gas	Electricity	Gas
2	Meat, fish	Gasoline	Electricity
3	Electricity	Gas	Rice
4	Coal	School fee	Gasoline
5	Gasoline	Other foodstuffs	Meat, fish

Source: Group discussion of local self-employed labour in surveyed sites, May 2011

The local self-employed group pay more attention to fuel price (electricity, gasoline, gas and coal) than price of grain foods and foodstuffs. Gasoline draws more attention by this group since it is daily used: gasoline is used by motorbike taxi drivers and traders for transporting passengers and buying goods. This group also uses bus and motorbike taxi quite often while the price of these vehicles rose due to direct influence of price increases of gasoline³. The local self-employed group often lives with their families that have many

³ The bus ticket in HCM city increased from 3,000 VND to 4,000 VND since January 2011.

home appliances and equipments, resulted in high electricity consumption. Besides, some doing catering services use more gas/electricity, namely: gas for people selling foods, foodstuffs; electricity for machines to produce tofu, sugar cane juice, etc.

Popular response measures used by the local self-employed group are “reducing electricity use” and “cutting down gas use”. Solutions to save electricity are described as follows: i) replacing fluorescent lamps and incandescent bulbs by saving energy bulbs, ii) turning off unnecessary appliances or reducing using electrical equipments. Popular measures to save gas are: i) cutting down gas use for long time cooking foods (fish, bone, etc); ii) cooking one time for the whole day. Some use more bee net coals for both family and restaurant instead of gas, the price of coals rapidly increase though⁴. Particularly in Ward no.17, people switch to buy bottled water more to save fuel for boiling water (the average price is 10,000 VND/bottle with 21 litres).

TABLE 9. Top priority of response measures by local self-employed labour

Priority rankings	Quang Tien commune (Soc Son, Hanoi)	Quan Tru Ward (Kien An, Haiphong)	Ward no.17 (Go Vap, HCM city)
1	Buy cheaper food	Reduce electricity use	Reduce electricity use
2	Reduce electricity use	Reduce personal expenditure	Reduce gas use
3	Reduce gas use	Reduce food intake	Do extra job for additional income
4	Reduce monthly savings	Increase self-catering, reduce outdoor eating	Reduce food intake
5	Reduce personal expenditure	Reduce monthly savings	Reduce number of meals a day

Source: Group discussion of local self-employed labour in surveyed sites, May 2011

Other important measures to reduce expenditure would be to buy cheaper food , and to eat less; to reduce personal expenditure and to cook at home rather than eat out.”. Many households in this group have to consider out reducing their outgoing expenses.

Some small businesses in Quan Tru Ward (Haiphong) complain that buying goods is more expensive and the cost has nearly doubled. This has resulted in an increase in debt before the Tet holiday. As well, small businesses have needed to branch and undertake extra jobs, for example, motorbike taxi drivers having to work overtime as well as taking on such as porter, building labourer, etc for additional income.

--- *“Previously, I did not owe when taking goods. I invested a lot so can take credit from owner. Due to higher capital, price increase, now I have to owe. Fortunately, the owner give me priority, that is, I dont have to pay interests”*

(T.T.N, clothing seller in Quan Tru, Haiphong)

⁴ In ward no.17, the price of a large bee net coal increases by 25%, from 2,000 VND/tablet in late 2010 to 2,500 VND/tablet in 5/2011. On average, a family use a tank of gas at the price of 430,000 VND/tank in 2 months, that is, 215, 000 VND/month. They have to pay 150,000 VND/month if using bee net coal (2 tablets/day, 2,500 VND/tablet).

--- “I’m a motorbike taxi driver. Previously, I did not work at night, just take a rest. Nowadays, due to price increase, I have to work extra time at night, even during dinner, if someone called, I’ll go immediately”.

(P.N.T, motorbike taxi driver, Quan Tru, Kien An, Haiphong)

Previously, because of their unpredictable hours, self-employed labourers would eat outside of home. Now the prices in restaurants are higher and at the same time the meals aren’t as good people go home instead to eat.

3.5. Retired cadres

During this assessment, the survey team only met with retired cadre groups in Quang Tien Commune, Hanoi City and Quan Tru Ward, Hai Phong city. One common characteristic of the two groups is that most of retired cadres get a regular and fixed pension or subsidy, ranging from 1.5 to 3 million Vietnam dong per month, some retired cadres who were military or police officials get a higher pension, ranging from 4 to 6 million Vietnam dong per month.

Those retired cadres on less than two million Vietnam dong per month are seriously affected by price increases. However, their lives are not so difficult because they live with younger family members, some of whom have savings. As well as the burden of the higher price of food, these groups were affected by electricity costs because they use many electrical appliances at home. The comparison between Hai Phong and Hanoi surveyed sites shows that retired cadres group in Quan Tru Ward (Hai Phong) are more conscious of the price of food because it represents a large part of their income. Meanwhile, retired cadres group in Quang Tien Commune (Hanoi) are more preoccupied with the costs of construction materials because the commune is under development and as such there is an increase in demand for building materials and repairs.

TABLE 10. Main goods and services with price hikes affect retired cadres group

Priority rankings	Quang Tien Commune (Soc Son District, Hanoi City)	Quan Tru Ward (Kien An District, Hai Phong city)
1	Construction Materials	Rice
2	Meat, Fish	Electricity
3	Rice	Meat, Fish
4	Electricity	Gas
5	Medicine and Medical Services	Gasoline

Source: Discussions of retired cadres groups at surveyed sites, May of 2011

The highest priority for this group is to reduce their personal outgoings including money spent on food. Most retired cadres live with as part of an extended family, there are often a lot of electrical items in the house such as refrigerators, CD-ROMs electrical cooker, etc. Therefore, another measure to cope with increasing electricity prices is to reduce their electricity costs by cutting back on usage, for example switching off lights

when watching TV, replacing the older varieties of globes with those using less energy, turning off refrigerators and so on.

In the discussion with Quan Tru (Hai Phong) Ward's retired cadres group, some cadres said that since early 2011, they had to cut down entertainment activities such as spring walks, visiting friends and relatives etc. to save money.

TABLE 11. Prioritised response measures of retired cadres group's

Priority rankings	Quang Tien Commune (Soc Son District, Hanoi City)	Quan Tru Ward (Kien An District, Hai Phong city)
1	Reduce personal expenditure	Reduce consumed food amount
2	Reduce monthly savings	Reduce electricity usage
3	Reduce gas usage	Reduce entertainment activities
4	Reduce electricity usage	Reduce travel cost
5	Buy cheaper foods	Reduce outdoor eating, increase eating at home

Source: Discussions of retired cadres groups at surveyed sites, May of 2011

3.6. State workers and officials with low income

Workers and officials have low/medium incomes (ranging from 2 to 5 million Vietnam dong) depending on their jobs, qualifications and years of experience. In this monitoring round, most of this group had completed a tertiary level of education. Some of them worked for state agencies, while others had worked for state companies. This group is least affected by inflation compared with other groups because their families often receive additional incomes (from having rooms for rent, being shop owners, etc)⁵.

TABLE 12. Main goods and services with price hikes affecting groups of workers and officials with low/medium incomes

Priority rankings	Quang Tien Commune (Soc Son District, Hanoi City)	Quan Tru Ward (Kien An District, Hai Phong city)	No. 17 Ward (Go Vap District, Ho Chi Minh city)
1	Meat, Fish	Gasoline	Gasoline
2	Construction Materials	Gas	Electricity
3	Medicine and Medical Services	Meat, Fish	Outdoor eating services
4	Gas	Electricity	Beverages, tobacco
5	Gasoline	Other foods	Meat, Fish

Source: Discussions of groups of workers and officials at surveyed sites, May of 2011

According to those workers and officials interviewed, they really feel the effects of the higher prices of gasoline, meat, fish and gas. Rankings of affected commodities are different between cities as follows:

- Gasoline: The price increase of gasoline is seen as the biggest impact on workers and officials living in Quan Tru Ward (Hai Phong city) and No. 17 Ward (Ho Chi

⁵ According to Decision No. 471/QĐ-TTg, group of cadres, public servants with salary coefficient equal and smaller than 3.0 (or salary is equal and smaller than 2.19 million Vietnam dong per month, calculated based on the basic salary of 730 thousand Vietnam dong per month that is applied before May the 1st, of 2011) will get a ex gratia allowance of 250 thousand Vietnam dong per person.

Minh city) because they have to travel a lot (many of them have travel downtown to work). Meanwhile, the price increase of gasoline has a smaller impact on this group in Quang Tien Commune (Hanoi City) because most of them work for local organizations so that they don't have to travel too far to work

- Construction materials: The group of workers and officials in Quang Tien Commune (Hanoi City) concerned with the increase in prices of building materials because Quang Tien Commune is a suburban one which is under an urbanization process (this group is similar to the group of local retired cadres).
- Outdoor services, beverages and tobacco: In Ho Chi Minh city, prices of these goods and services affect this group greatly. According to the ward officials, the reason is because Southern men eat out with their friends and colleagues more often than Northern men.

Reducing individual expenses and limiting electricity usage are two the important aims by group of medium-income workers and officials in the 3 areas that were surveyed. In general, the personal expenses of this group, especially females, are higher than other social groups because of the number of social contacts in offices.. However, with the rising prices of goods many have elected to reduce their personal expenses. Workers and officials use many different items in their houses such as personal computer, television, refrigerator, fan, air-conditioner, etc. Because these appliances consume higher levels of electricity, with price increases, many workers and officials, particularly ones not living at home and needing to rent accommodations, decide to apply measures of “limiting electricity usage”.

In Quang Tien Commune (Hanoi city), officials working for the Commune People's Committee have low salaries (approximately 2 million Vietnam dong per month) so that they choose “cutting down consumed food amount” as an important measure to cope with inflation.

TABLE 13. Prioritised response measures of worker and official group with low/medium income

Priority rankings	Quang Tien Commune (Soc Son District, Hanoi City)	Quan Tru Ward (Kien An District, Hai Phong city)	No. 17 Ward (Go Vap District, Ho Chi Minh city)
1	Reduce consumed food amount	Change way of travelling for cost saving	Increase cooking at home and reduce outdoor eating
2	Reduce electricity usage	Reduce gas usage	Reduce personal expenditure
3	Reduce personal expenditure	Reduce electricity usage	Do extra jobs to earn more income
4	Reduce monthly savings	Reduce personal expenditure	Reduce monthly savings
5	Buy cheaper foods	Reduce phone usage	Reduce electricity usage

Source: Discussions of workers and officials group at surveyed sites, May of 2011

3.7. Comparison of concerns and measures to cope with price increase among social groups

In general, social groups pay most attention to the price hikes of foods (meat, fish, and other foods) and fuel (electricity, gasoline, gas). All social groups care about the price increase of “meat, fish” and “electricity”. Social groups who have to travel a lot and work far from home (free labourers, officials, workers, etc) have many concerns about the gasoline price; conversely, gasoline price changes have little impact on retired officials and poor households with few motorcycles.

TABLE 14. Main goods and services with prices soaring up influence social groups

Priority rankings	Group of local poor people	Group of migrant workers	Group of migrant self-employed labourers	Group of local self-employed labourers	Group of retired cadres	Group of workers and officials with medium income
1	Meat, Fish	Meat, Fish	Gasoline	Gas	Rice	Gasoline
2	Rice	Other foods	Rice	Electricity	Meat, Fish	Meat, Fish
3	Medicine and Medical Services	Rental house fee	Gas	Gasoline	Electricity	Electricity
4	Electricity	Rice	Meat, Fish	Meat, Fish	Gas	Gas
5	Children’s school fees	Electricity	Electricity	Children’s school fees	Construction materials	Outdoor eating Services

Source: Discussions of social groups at surveyed sites, May of 2011

Among social groups, there are some differences in the concerns about goods and services with price increases as follow:

- Group of poor, low and fixed income people (local poor households, migrant workers, retired officials) pay more attention to the price increases in basic food groups (meat, fish, rice, vegetable, other foods, etc). Especially, poor people, old people who are social subsidy beneficiaries express many concerns about the cost of medicine and medical services because their health is not good and they are prone to sickness.
- Group of workers and officials with medium and higher income or income increased in parallel with prices (self-employed labourers and group of workers and officials) pay special attention to the price of meat and fish as well as the price increase of gasoline, electricity and gas.
- Migrant workers: Higher house rentals are a typical concern of migrant workers, but not a concern of local ones.

Prioritised measures applied by social groups to cope with inflation include: limiting electricity usage, cutting down personal expenses, reducing the amount of food consumed, buying cheaper foods, reducing gas usage, decreasing monthly savings, etc. Of these, limiting electricity usage and cutting down personal expenses are the areas needing most attention. Many households also increase cooking at home and at the same time eating out less. . Women get up earlier to prepare the breakfast for the whole family. Some people who jobs allow return home for lunch for lunch with their family.

TABLE 15. Prioritised response measures of social groups

Priority rankings	Group of local poor people	Group of migrant workers	Group of migrant self-employed labourers	Group of local self-employed labourers	Group of retired cadres	Group of workers and officials with low/medium income
1	Buy cheaper foods	Reduce electricity usage	Buy cheaper foods	Reduce electricity usage	Reduce electricity usage	Reduce personal expenditure
2	Reduce electricity usage	Reduce personal expenditure	Reduce monthly savings	Reduce gas usage	Reduce personal expenditure	Reduce electricity usage
3	Reduce consumed food amount	Cut down the money sent to their family	Find new job with higher income	Reduce personal expenditure	Reduce consumed food amount	Change the way of travel for cost saving
4	Reduce cost for medical services	Do extra hours/shifts	Reduce consumed food amount	Buy cheaper foods	Reduce monthly savings	Increase cooking at home and reduce eating out
5	Reduce cost for social relations	Reduce monthly savings	Change the way of travel for cost saving	Increase cooking at home and reduce eating out	Reduce gas usage	Reduce consumed food amount

Source: Discussions of social groups at surveyed areas, May of 2011.

Many people in the group of poor households and

low income people have to consider the amount of money available before going to the market ahead of time. Due to fixed amount of money for foods, when prices increase, they have to buy cheaper foods or reduce the amount of bought foods.

--- *“When buying meat, poor people and workers often tell me in advance the amount of money used to buy meat, for example 20 or 30 thousand Vietnam dong, instead of telling me the volume. Sometimes, if the cut meat volume is a little bit heavier than the ordered one, some people ask me to cut out the redundant part because they just have a fixed money amount for meat. This year, the number of customers who are willing to buy 1 or 2 kilos of meat decreases sharply. In past years, in a day, I received some customers willing to buy kilos of meat, but at present, I just have 1 or 2 such customers per day”.*

(V.T.T, meat seller at Dam Trieu Market, Quan Tru Ward, Kien An, Hai Phong city)

4. IMPACTS OF PRICE HIKES ON THE LIVES AND LIVELIHOODS OF THE URBAN POPULATION GROUPS

In the context of price increases, prioritized response measures as above in Section 3 will lead to changes in lives and livelihoods of surveyed urban population group.

In general, price increases since the early of 2011 have decreased the purchasing power, reduced the quality of life and *exacerbated inherent difficulties of poor people, people with low and fixed income*. Survey results show that among surveyed groups, *poor people, social subsidies beneficiaries and migrant workers are three most unfavourably affected social groups by price increases*.

However, among all surveyed social groups, *extreme impacts like “stop children from schooling”, “sell assets or borrow on interest to cover daily expenses”, etc nearly didn't happen*. There is no adverse impact of credit activities for poor people in localities. Impact on gender relation is mostly the division of labour in families (women have to take bigger responsibility for family meals, some women in poor households have to find extra jobs to earn more income for the family, etc). The change in employment structure caused by price increases is not clear (different with the impacts of the financial crisis in 2009). At present, the main concern of interviewed people is *to have a job with higher income to cope with inflation*.

4.1. Impacts of price increases on local residents

Impacts of price increases on nutrition and health

Regarding impacts on nutrition and health, groups of poor people, social subsidies beneficiaries are most seriously affected by price increases. They often cope with inflation by reducing the quality of meals and expenses for medical services, namely reducing the consumed food amount, buying cheaper foods, being hesitant about being admitted to hospital for health check and reducing doses of medicine. If these measures are applied for a long time, health of household members and nutrition of children will be affected unfavorably.

---“I'm old so I leave nutrition foods for my grandchild who is a pupil; however, the food amount is very limited. My grandchild is so thin, black and ill-nourished but he has to drive bicycle to go to the school every day. I'm heart-broken and worried about him”

(Đ.T.H, a poor household in No.5 quarter, No. 17 Ward, Go Vap District, Hochiminh City)

Adverse impact of price increases on poor household's access to basic services

Health: To cope with price increases, many households, especially poor ones, have to reduce expenses for medical services. People hesitate to go to hospital for medical

examination and treatment; instead of which, they tend to self medicate. As a result, their diseases are often misdiagnosed and treated incorrectly.. When price of medicine soars up, poor people often save money by reducing the doses of medicine below that indicated, leading to “drug resistance” phenomenon and taking a long time to recover.

Social protection beneficiaries group under Decree No. 67/NĐ-CP give more priority to the coping measure of reducing cost of medical services than other groups; however, they (old people, the mentally, the disabled, HIV patient, etc) are the most in need of medical services. For this reason, their health will be badly affected by price increases.

---“Last year, we went to the hospital 2 or 3 times for health examination, after that, to save time, we bought medicine at drugstores. Last year, each time of buying drugs, we often bought enough medicine for 3 days, but now, we just buy for 1 day. We’ll buy more if we are still not well”.

(Group of poor households, No.1 Block, Quan Tru Ward, Kien An, Hai Phong)

--- “Those who come here for health examination don’t buy medicine for more than 3 days, they just buy for 2 days and buy more if they are still not well”

(Officials of medical clinics of Quang Tien Commune, Soc Son, Hanoi)

In a time of rising prices, health insurance helps households to reduce medical costs to some extent. More and more poor households in Quan Tru Ward (Hai Phong) would like to buy health insurance (which help them to reduce 50% of the medical cost) because of their concern about huge medical costs if family members need to go to the hospital. Ms L.T.H, an official of medical clinics of Quan Tru Ward (Hai Phong) said: “Last month (April, 2011), I sold 40 health insurance cards, an increase of 10 cards compared with the previous month. Most buyers are members of poor households. They buy health insurance because, at present, disease examination and treatment is so costly. With health insurance, they can save part of the cost”.

Education: Education expenses for children in households in Quang Tien Commune (Hanoi) and Quan Tru Ward (Hai Phong) have increased significantly since February, 2011 (many schools in the area increased the meal fee for day boarding pupils, an increase of about 2 thousand Vietnam dong per day, equivalent to 20-30%). In No.17 Ward (Hochiminh City), no increase in expenses for children education was recognized because the city People’s Committee had requested all schools in the area not to increase the meal fee collected from parents.

In some surveyed areas, although the meal fee for day boarding pupils has been increased, it cannot compensate the increase of food prices, leading to the decrease of the rations of high nutrition foods.

BOX 5. Price -increase affected meals of day-boarding pupils in Quan Tru Pre-School (Hai Phong)

Quan Tru Pre-School (Kien An, Hai Phong) is the only public one in the ward. All 150 children, of whom 60% are from 2 to 3 years old, are day boarding pupils. Since early 2011, prices of foods have continued to grow, increasing higher costs for meals. For this reason, school managing board has increased the meal fee from 6 thousand Vietnam dong to 8 thousand Vietnam dong per day.

Comparing the menus at the end of 2010 and in April, 2011, it's obvious that prices of rice, pork meat, black bean, sugar increased from 30% to 50%. Because the cost of meals increased nearly 50% while the meal fee increased just above 30%, the proportion of high nutrition foods was reduced. For example, the volume of shrimp was cut down from 1.5 kg to 1.2 kg due to price increasing from 80 thousand Vietnam dong to 130 thousand Vietnam dong per kg. The change in foods for 70 children in 1 day is shown as below:

Meal Fee: 6 thousand Vietnam dong (December, 2010)				Meal Fee: 8 thousand Vietnam dong (April, 2011)			
Foods	Volume (kg)	Unit price (đ/kg)	Value	Foods	Volume (kg)	Unit price (đ/kg)	Value
Rice	7	9.000	63.000	Rice	7,5	14.000	105.000
Pork meat	1,4	48.000	67.200	Folk meat	1,5	70.000	105.000
Shrimp	1,5	80.000	120.000	Shrimp	1,2	130.000	156.000
Black bean	2	26.000	52.000	Black bean	2,5	35.000	87.500
Sugar	2	18.500	37.000	Sugar	2,5	22.000	55.000
Total			339.200	Total			508.500

(Source: Quan Tru Pre-School)

Though efforts are made to buy cheaper foods from foods suppliers, the inflation makes it very difficult to ensure nutrition meals for children. "Price hike" is becoming a big concern for schools that supply meals for day boarding pupils.

Officials and teachers in many schools who had to try to change the way of cooking so that children still have good appetite. In Quan Tru Pre-School (Hai Phong), teachers mixed ground peanut with salted shredded meat and children like it. Families with a higher income can supplement their food before going to school or by sending teachers more milk, sweet cake for their children.

--- "Teachers have to manage to cook good meals for children, namely instead of eating only salted shredded meat, teachers buy and grind peanut, then mix it with salted shredded meat and the children still have good appetite"

(Head of Quan Tru Pre-School, Kien An, Hai Phong)

Increase of meal fee when prices soar up is one big concern of parents from poor households. In Quang Tien Ward Primary School (Hanoi), since the early of 2011 to date, about 70 pupils stopped having meals at schools. There were two main reasons listed by

the school officials, including: poor households took the children home for lunch because they were afraid that they could not afford the high meal fee (about 50% of the cases); while households with medium and higher income were concerned about the quality of the lunch meal so that they took their children home to have lunch with their family (about 50% of the cases).

Regarding the education fees, in Quan Tru Ward (Hai Phong), it was a fact that fees of private tuition or tutor have been increased about 20-30% compared with the year 2010. At present, all households, including poor ones, let their children take private tuition classes. Some poor households said that if the education fee continues to increase, their children will have to quit private tuition classes and they can't afford for higher education levels than secondary level.

Price increases make social capital shortage of poor households more serious

When prices increase, many poor households try to cope by "cutting down cost of social relations" which is not applied by other groups. As a result, their relations are reduced and their social capital will be limited.

However, contributions to social activities and compulsory and voluntary contributions seem to not have decreased. In Quang Tien Commune (Ha Noi), the compulsory saving contribution to establish a fund for Saving-Crediting Team of Women's Union has been increased from two thousand Vietnam dong per week to five thousand Vietnam dong per week since May the 1st, 2011 but women in the commune are still willing to join. In Quan Tru Ward (Hai Phong), it is a fact that most people, even the poor, are willing to contribute because they want to display their duty to the community, even if a higher level of contributions are increased.

4.2. Impacts of price increases on migrant people

Compared with local poor people, migrant people face fewer difficulties caused by price increases because most of them are young, less prone to sickness, their families have fewer dependent people but especially because they have better jobs and higher incomes than poor households. On the other hand migrant people are required more, for example house rentals, electricity and water use fees, and travel costs

Price increases exacerbates difficulties of migrant people due to higher living costs

Migrant people have more expenses compared with local people, namely house rentals, higher expenditure for electricity and water usage, etc. After paying these costs, they have little money left for eating and saving. Prices go up while their income doesn't increase so that less money available to spend on food and put into savings. . Meals of migrant people are naturally very frugal (often lacking in high nutrition foods like good quality meat, fish) but they have to cut down the consumed food amount or buy cheaper foods, which can badly affect their health. Those migrant people with kids are worse off than those without because their overriding concern is to feed their children and they suffer as a result. In three surveyed areas, migrant people in No.17 Ward (Hochiminh city) are more seriously affected by increased house rentals and living costs than two remaining areas.

--- *“Prices of all goods and services soar up but salary just increases a little. As a worker, my salary is only 2.5 million Vietnam dong per month, more than one third of which is used for paying house rentals and electricity and water usage fees. I also have to send money to my younger sister/brother who is an economics student. In the past, I and my roommate bought folk meat 2 or 3 times per week, but at present, we just buy bean curd for meals”*

(T.H.T, a worker, living in a boarding house in No.5 quarter, No.17 Ward, Go Vap, Hochiminh city)

Price increases leads to tension in labour relations and affect job stability of migrant worker group

Rising prices lead to increasing job instability among low-skilled workers, especially migrant workers. In the first four months of 2011, there were many strikes by workers mainly prompted by low incomes and difficult lives (strikes had cooled down in the period of the previous world financial crisis). According to Hai Phong city’s Labour Union, since early 2011 to date, there have been 16 strikes (an increase of 10 strikes compared with the same period in 2010). Soc Son district’s Labour Union officials said that, in April 2011, workers in nearly 70% of companies, factories located in Noi Bai Industrial Park took industrial action. Some companies have had to adjust salaries and/or give their workers a small increase (about 100-200 thousand Vietnam dong per month).

--- *“Workers of many companies took industrial strike at the same time and my company have just adjusted treatment mechanism for workers. My basic salary has been increased from 1.5 million Vietnam dong to 1.7 million Vietnam dong per month. My company has also started to pay for my house rentals”*

(N.T.H, a worker in Noi Bai Industrial Park, Quang Tien Commune, Soc Son, Hanoi)

In surveyed areas, there is a trend that some migrant people move from the south to the north, from industrial parks in large cities to ones in satellite cities or to ones that are near their home to reduce costs. Mr. N.Đ.C, a migrant who had just moved from Hochiminh city to Hai Phong City said: *“After Tet holidays, my wife and I decided not to come back to the south, neither did some couples living in my rental house quarter. I am a building worker; my wife is a low income worker so that we cannot afford high living costs in the south. It’s the reason why we considered to move to the North for working”.*

Price increases influence migrant people’s social relationships

When prices rise, migrants tend to reduce the number of home visits and significantly cut money sent to their family. Some migrants in No.17 Ward (Hochiminh city) said that, they have had to cut 50% less money sent to their family because of higher living costs. This has in turn impacted upon family relationships.

“Each two or three months, I send money to my husbands and two children who live in the countryside, ranging from 1.5 million Vietnam dong to 3 million Vietnam dong per time. Because prices soared up so quickly, this April, I sent only 800 thousand Vietnam dong to my family. Now I have to cut down all expenses to accumulate a saving money amount for curing my husband’s hand but it’s very hard to me. Therefore, I told him to treat his hand by traditional medicine because it’s cheaper.”

(P.T.L, a migrant self-employed labourer, living in No. 5 Quarter, No.17 Ward, Go Vap, Hochiminh city)

In rental-house quarters, when being asked, migrants were willing to fulfill their obligation and contribute to local government where they reside temporarily and take part in social activities. In Quan Tru Ward (Hai Phong), the operation of Club of female house renters is stagnated partly because of price increases.

BOX 6. Operation of “Club of female house renters” affected by price increases

“Club of female house renters” was established by Women’s Union, Youth Union and Trade Union Association of Hai Phong city since 2007 and located in No.1 Block, Quan Tru Ward. The Club’s members are both married and unmarried women who live in rental houses. The meetings of the Club are held every 3 months to talk about measures to prevent pregnancy, vaccination and dealing with domestic violence etc. Funds for these activities mainly come from the member’s contributions. When joining in for the first time, each member contributes 20 thousand Vietnam dong and each year, they contribute a member fee of 10 thousand Vietnam dong. Up to 2010, the club has 24 members. However, since early 2011, the Club’s activities have operation of the club have been reduced and no regular meetings have been organized.

Leader of No.1 Block said that the main reasons for the Club’s inactivity were: (i) the number of female worker migrants members changed., Some members didn’t come back to work after Tet holidays; (ii) the demands of work kept the women from joining the Club; (iii) although the member fee was low, together with their other expenses it made them reluctant to join.

As results, although the member fee is not high, current price hike is one of main reasons for the stagnation in operation of “Club of female house renters”.

5. RELATED POLICY ISSUES – PREVAILING SITUATION AND RECOMMENDATIONS

5.1. Common issues

Recalculate consumer price index (CPI) in the new context

At present, General Statistics Office (GSO) publishes CPI monthly, quarterly and annually, including the composite index and sub-indexes for 11 groups of goods and services. CPI is calculated for the whole country, regions and provinces/cities⁶. In the context that prices change continuously and price administration is subject to market forces, calculating and updating CPI has a very important role. Because Vietnam has become a medium-income nation, the calculation of CPI needs to be more detailed to exactly assess the inflation situation, serve the demand of socio-economic governance, policy analysis, implement social protection policies, etc.

Therefore, GSO should pay attention to calculate some more indexes that are related to CPI as follow:

Calculate “core consumer price index” (core CPI) which excludes the impacts of foods and fuels. Foods and fuels are the two groups that change most frequently and reflect world prices. Calculating core CPI will help eliminate the impacts of foods and fuels and better and more exactly assess inflation issues related to policies⁷.

Classify in more detail the items within the group of “foods and food services”. At present, this group is divided into 3 sub-groups as “foods”, “foodstuffs” and “eat out”. The sub-groups of “foods” and “foodstuff” should be divided into smaller sub-groups in order to keep a close watch on CPI development of the main essential goods.⁸

Calculate CPI for rural and urban areas, CPI for low income people group.

General social protection system, including social protection in urban area

During the past three years, Vietnam has had to cope with many “crises” and “shocks” that affected the macro-economic stability and lives and livelihood of people, namely food crisis in 2008; the world financial crisis in 2009; prices of fuel and foods rising up since the end of 2010; many natural disasters and signs of climate changes, etc, not to mention “shocks” by changes in the price administration mechanism towards market mechanism (adjusting the prices of electricity, gasoline).

Ministry of Labour, War Invalids and Social Affairs is building a “Social Protection Strategy for the period 2011-2020” and “Social Protection System Plan for Rural People in the period 2010-2020”. The results of quick assessment of the impacts of price increases in the first 4 months of 2011 make obvious the need to push up the designing, approving and

⁶ Press release “On some updated contents for calculating consumer price index during the period of 2009-2014” dated on December the 31th, 2009 published by GSO.

⁷ Many countries have calculated and published “core-CPI”, for example Thailand, see: http://www.indexpr.moc.go.th/price_present/cpi/data/

⁸ Many countries have divided “Foods” sub-group into 5-6 smaller sub-groups, for example China, see: <http://www.stats.gov.cn/english/statisticaldata/>

implementing social protection strategies and plans, in which “social protection system for urban population” should be added. Vulnerable groups should be supported by a general social protection system with long-term vision which includes many layers and measures that are easy for in-need people to access in order to help them reach a minimum living standard, which should not be based solely on *“unscheduled support measures” when the policies are changed or there is a single shock, the social protection system should also be based on continuously and accurately assessing the vulnerability of social groups in the face of “many shocks”.* Combined with the recommendations of improving ways of CPI calculation as mentioned above, in social protection system, there should be *a mechanism that automatically adjusts support levels, poverty criteria and ways of identifying groups that face difficulties and are in need in the context of price rises is very urgently needed.*

5.2. Detailed support measures in the context of high inflation

Support policy after adjusting electricity price

Under Determination No. 268/QĐ-TTg, a new electricity price-table has been officially applied since March 1st, 2011. According to this Determination, there are two policies that support low and poor income households, which are: (i) low income households (with regular electricity usage and a volume not exceeding 50 kWh per month) will be charged at preferential electricity rates⁹, (ii) poor households will get an allowance for a consumed volume of 50 kWh per month (worth 30 thousand Vietnam dong/household/month¹⁰). However, in 3 surveyed areas, the implementation of the support policy has revealed some difficulties as follows:

- Most of poor and low income households in 3 surveyed areas have regular electricity usage volume exceeding 50 kWh per month so that they don't satisfy the criteria to benefit from the preferential electricity price. For example, among 9 interviewed poor households located in No.5 Quarter (No.17 Ward, Hochiminh city), 3/8 of households have an electricity bill of more than 250 thousand Vietnam dong per month; 1/2 of the households have electricity bill of between 180 to 200 thousand Vietnam dong per month; 1/8 have electricity bill of between 100 to 250 thousand Vietnam dong per month; only 1 household has an electricity bill of around 50 thousand Vietnam dong per month. Even those who have an electricity usage volume of below 50 kWh per month, the saved money is not significant (only above 10 thousand Vietnam dong per month is reduced).
- Most poor households interviewed in 3 surveyed areas in the first half of May, 2011 didn't receive the information on support policy after adjusting electricity price (30 thousand Vietnam dong/household/month).
- The policy on selling electricity to house renters according to Circular No.05/2001/TT-BCT of Ministry of Industry and Trade (for example, each 4 renters are regarded as an electricity consuming household, based on which the electricity consuming norm can be identified to apply the mechanism of

⁹ According to Item D, Section 1, Decision No. 268/QĐ-TTg, low income households which consume a regular electricity volume not exceeding 50 kWh per month can register with the electricity seller to be charged at low electricity price (933 VND/kWh).

¹⁰ According to Item D, Section 1, Decision No. 268/QĐ-TTg.

selling retail electricity at various levels) wasn't implemented efficiently. The survey results show that many migrant house renters don't know about the policy and house owners, on their own, are not eager to follow the policy.

To implement efficiently the support policy to poor and low income households, there are some measures should be carried out:

- Because urban households have a higher average electricity usage volume than rural ones, instead of setting up a common support threshold of below 50 kWh per month applied for the whole country, the preferential electricity price should be applied for poor and low income urban households with regular electricity usage volume of below 100 kWh per month (similar to the usage norm ranging from 0 to 100 kWh per month for normal income households which applies the first electricity price).
- Widely published support policy for electricity consumers by means of ward, quarter and team levels.
- Electricity sellers should have a general check on boarding houses in order to apply preferential electricity price to house renters according to the regulations in Circular No. 05/2011/TT-BCT and have support policies when installing pre-paid card using electricity meters for students and workers (in boarding houses).

Unscheduled support under Decision No.471/QD-TTg

Policies on direct additional support for in-need people under Decision No.471/QD-TTg are being implemented in surveyed sites¹¹. However, the implementation has revealed some difficulties as below:

- In surveyed areas, in first half of May, 2011, related organizations have just finished the listing step while the allowance money hasn't been transferred to the localities. In Quan Tru Ward (Hai Phong), support for retired cadres group has been effected by using the social insurance network. Many people who satisfy criteria to receive additional support money don't know about the Government's support policy.
- At present, there is no specific additional support policy of the social insurance beneficiaries (under Decree No. 67/ND-CP). Although most of social insurance beneficiaries are poor people (those receiving additional support), some social insurance beneficiaries who not fit into the poor group (people older than 80 years old, families with orphans, single seriously mentally ill people, families with 2 and above disabled people, etc) faced with many difficulties in their lives. The basic allowance for social insurance beneficiaries, since early 2010, has been raised from 120 thousand Vietnam dong per month to 180 thousand Vietnam dong per month but the increased amount is just enough to compensate for the inflation rates of 2009 and previous years; while the inflation rates of 2010 and the first 4 months of 2011 are very high.

¹¹ Under Decision 471/QD-TTg, an additional allowance of 250 thousand Vietnam dong/person will be given to public servants, military officials, etc who have salary coefficient equal or smaller than 3.0; pension and social insurance allowance beneficiaries with salary equal and smaller than 2.2 million Vietnam dong per month; people with meritorious services to the Revolution who receive a regular allowance. An additional allowance of 100 thousand Vietnam dong/person will be given to those who receive survivor allowance. An unscheduled allowance of 250 thousand Vietnam dong/household will be given to poor households (based on new poor criteria).

In Hochiminh city, the Document No. 1520/UBND-TM issued by Hochiminh city People's Committee is being implemented. According to this document, members of poor households will receive an allowance of 100 thousand vietnam dong/person/month and social insurance beneficiaries will receive an allowance of 50 thousand vietnam dong/person/month in the period of 9 months (from April to December, 2011). Therefore, social insurance beneficiaries (under Decree No. 67/ND-CP) should be added to the group of people receiving allowance money (similar to poor people group under Decision No.471/QĐ-TTg) because they are one of the most affected by price increases.

Policy of calling upon landlords not to increase house rentals

Due to high construction cost and limited vacant land, in 3 surveyed sites, not many people invested in building houses to rent in 2011. The supply of rental houses doesn't increase while the demand is higher, leading to upward pressures on house rentals.

To call upon landlords not to increase house rentals, Ministry of Finance issued Decision No. 1335 dated April 20th, 2011 on reducing 20% of tax if landlords pledge not to increase house rentals for students and workers. However, this decision has been implemented inefficiently at surveyed sites because many landlords haven't registered their business or paid taxes.

Hochiminh city People's Committee has applied some initiatives in deploying the mobilization campaign to encourage landlords to share difficulties with students and workers and not to increase the house rentals. Go Vap District has implemented the mobilization campaign since March, 2011. Hereafter are detailed measures:

- Delegate responsibilities to each quarter, each block. Block and quarter leaders will go to every boarding house to mobilize the owners to pledge not to increase house rentals and sign on the commitment form;
- Give priority to mobilize state officials, Communist Party members and retired cadres who have many boarding houses (more than 5 boarding houses);
- Timely praise those who obey the commitment and remind those who violate the commitment.

Most boarding house owners increased the house rentals at the end of 2010 or during Tet holidays. Since the mobilization campaign was started, in No.17 (Hochiminh city), 100% of business registered landlords (most of them have many boarding houses) have signed on commitment form and pledged not to increase house rentals during remaining months of 2011. Some migrant people said that the increase in house rentals in the early part of this year have put a big burden on them, so stabilizing house rentals will help reduce their concerns.

--- *"It is fortunate for us when house rentals are stabilized. In the context of price hikes, if the house rentals soar, it will be very difficult for us"*

(N.T.C, a renter at No.5 Block, No.17 Ward, Go Vap district, Hochiminh city)

Other cities from all over the country should widely apply the mobilization campaign on not increasing the house rentals (learning from Hochiminh city's experiences). The campaign should be expanded to include landlords with few rented houses or unregistered business.

Support policy to stabilize the prices of some essential goods

Of the three surveyed areas, Hanoi and Ho Chi Minh city are implementing support policy to stabilize the prices of some essential goods.

In Hochiminh city, stabilizing goods prices are carried out in either of two ways : (i) providing funds for some enterprises to sell price-stabilized goods; (ii) calling upon sellers in markets not to increase prices of goods. According to the survey conducted in No.17 (Hochiminh city), prices of goods sold at price-stabilized points are 5-10% lower than market prices. However, price-stabilized goods are not diversified, price-stabilized points don't only sell price-stabilized goods, but also many other goods. For example, out of 20 price-stabilized points in No.17 Ward (Hochiminh city), most sell only eggs at stabilized price, just one or two points selling rice, sugar and cooking oil at a stabilized price.

Poor household in surveyed areas can rarely buy goods at price-stabilized points. In the discussion with poor households groups living in No.5 Block, No.17 Ward (Hochiminh city), all respondents said that they hadn't bought any goods at price-stabilized points. According to them, the main reasons are: (i) people have a habit of buying goods at markets, not buying at price-stabilized points (the number of price-stabilized points selling rice, sugar, cooking oil at stabilized price is very small); (ii) the prices of goods sold at price-stabilized points are not much lower than those in the shops in markets and other shops (500-1.000 Vietnam dong lower for 1 kg of rice; nearly 3 thousand Vietnam dong lower for ten eggs); (iii) customers can't not buy on credit; (iv) price-stabilized goods are not diversified.

According to experiences of Vietnam and other countries, *price stabilizing support through enterprises/shops is just a band-aid solution, not an efficient and easy-to-access way for poor people. This policy should be gradually replaced by support policy of direct cash transfer for the poor, combined with the above-mentioned design of social security system.*

Job training

Job training is an appropriate solution that provides workers with a chance to get higher income jobs to cope with inflation and other risks. However, at 3 surveyed areas, in the first months of 2011, almost-poor and near-poor households didn't attend job training programs organized by district job training centers. Employees often learn through unofficial training channels by themselves or they are trained by enterprises after being recruited. So, *it is needed to strengthen the implementation of job training support policies by combining job training with employment recruiting in enterprises (with appropriate salary) in order to link job training with job opportunities.*

Nutrition at schools

The impact of price increases in many foods and foodstuffs to the meals of day boarding pupils at pre-schools and primary schools are very clear. According to an estimation of leaders of pre-schools located at No.17 Ward (Hochiminh city), since early this year, the nutrition level of pupils' meal has decreased about 20-30% due to price hikes, while schools have not been allowed to collect more money from parents. In the context of price hikes, many schools are facing two difficulties simultaneously: ensuring nutrition levels and quantities of foods for children; and not be able to increase the meal fee collected from parents.

On 28th of April 2011, the Government issued Decision 641/QĐ-TTg approving a Master plan for developing the strength and height of Vietnamese people for the period of 2011-2030, which includes pilot guidance and implementations for taking care of nutrition for pre-school, primary, secondary and high school pupils; building and deploying the “program of milk for schools” for pre-school and primary pupils. In the context of price increases, accelerating implementation of these programs to ensure nutrition for pre-school and primary pupils, according to Decision No.641/QĐ-TTg, is an urgent task.

Saving public expenditure

The Government has required all ministries, branches and localities to cut down by 10% of recurrent expenditure in the remaining 9 months of 2011 to hold back inflation (according to Resolution No. 11/NQ-CP dated 24th of February 2011). This is seen as an appropriate measure from the view of macro regulation.

In surveyed wards and communes, the cutting down of recurrent expenditure (inherently limited) can unfavorably affect the activities of grassroots levels. According to leaders of ward/commune people’s committee and social organizations, “having to cut down recurrent expenditure” is one of the biggest difficulties. Meanwhile, in this difficult context, it’s very hard to increase ward/commune’s sources of revenue.

“Quang Tien Ward Women’s Union is allocated 20 million Vietnam dong each year to finance its recurrent expenditure. This amount is very limited. At the moment, we have to cut down 10% of it, while, this year, we have to spend money to organize a tenure congress. In addition, women’s union branches in villages have no allowance so part of this limited recurrent expenditure fund has to be spent as allowances of 100 thousand Vietnam dong/month for each woman in charge in villages and that expense can’t be cut down”

(Chairwoman of Quang Tien Ward Women’s Union, Soc Son, Hanoi)

Nowadays, in the context of price hikes, if it is unable to increase allowance for officials at grassroots levels, it requires to carefully consider the request of cutting down recurrent expenditure in order to reduce difficulties for grassroots level organizations.

APPENDIX

Appendix 1: Site survey schedule

Time	Jobs Detail
	<i>Surveys in Hanoi</i>
9/5 (Monday)	
<i>Morning</i>	<p>Divided into 2 groups to work with:</p> <p>Group of ward officials (leaders of commune people's committee, officials in charge of labour, invalids and social affairs, officials in charge of hunger elimination and poverty reduction, women's union, Red Cross association)</p> <p>Block/quarter/village officials at surveyed sites</p>
<i>Afternoon</i>	<p>Divided into 2 groups:</p> <p>Discuss with local poor and near-poor households group (representatives from 6-8 households, including both men and women)</p> <p>Do some in-depth interviews with 2-4 typical local poor households</p>
10/5 (Tuesday)	
<i>Morning</i>	<p>Divided into 2 groups:</p> <p>Discuss with retired cadres and social subsidy beneficiaries group (under Decree 67/NĐ-CP) (6-8 people, including both men and women)</p> <p>Do some in-depth interviews with 2-4 households belonging to typical social group (single women with children, alone old people, etc)</p>
<i>Afternoon</i>	<p>Divided into 2 groups:</p> <p>Discuss with local self-employed group (doing small business/pedicab driver /motorbike driver/ scrap-iron dealer/ bricklayer) (6-8 people)</p> <p>Do some in-depth interviews with 2-4 local self-employed labourers</p>
<i>Evening</i>	<p>Divided into 2 groups:</p> <p>Discuss with unskilled labour group (6-8 people, including both men and women, both indigenous and migrant ones)</p> <p>Do some in-depth interviews with 2-3 unskilled immigrated workers (pay special attention to those with small children)</p>

11/5 (Wednesday)	
<i>Morning</i>	<p>Divided into 2 groups:</p> <p>Discuss with migrant self-employed group (doing small business/pedicab driver /motorbike driver/ scrap-iron dealer/bricklayer) (6-8 people)</p> <p>Do some in-depth interviews with 2-4 migrant self-employed labourers</p>
<i>Afternoon</i>	<p>Visit local markets, do quick interviews with 2-3 shop owners, agents: understanding about the buying and selling situation of local people.</p> <p>Visit local schools (pre-school, primary schools), medical clinics in the area: understanding about school enrolment, health care in the context of price hikes.</p>
	<i>Surveys in Hai Phong</i>
09/5 (Monday)	Go from Hanoi to Hai Phong
10/5 (Tuesday)	
<i>Morning</i>	<p>Divided into 2 groups to work with:</p> <p>Group of ward officials (leaders of ward people's committee, officials in charge of labour, invalids and social affairs, officials in charge of hunger elimination and poverty reduction, Women's union, Red Cross association)</p> <p>Block/quarter/village officials at surveyed sites</p>
<i>Afternoon</i>	<p>Divided into 2 groups:</p> <p>Discuss with local poor and near-poor households group (representatives from 6-8 households, including both men and women)</p> <p>Do some in-depth interviews with 2-4 typical local poor households</p>
<i>Evening</i>	<p>Divided into 2 groups:</p> <p>Discuss with workers and officials with medium income (6-8 people, including both men and women)</p> <p>Do some in-depth interviews with 2-3 workers and officials with medium income (pay special attention to those with small children)</p>
11/5 (Wednesday)	
<i>Morning</i>	<p>Divided into 2 groups:</p> <p>Discuss with retired cadres and social subsidy beneficiaries group (under Decree 67/NĐ-CP) (6-8 people, including both men and women)</p>

	Do some in-depth interviews with 2-4 households belonging to typical social group (single women with children, alone old people, etc)
<i>Afternoon</i>	Divided into 2 groups: Discuss with local self-employed group (doing small business/pedicab driver /motorbike driver/ scrap-iron dealer/ bricklayer) (6-8 people) Do some in-depth interviews with 2-4 local self-employed labourers
<i>Evening</i>	Divided into 2 groups: Discuss with unskilled labour group (6-8 people, including both men and women, both local and migrant ones) Do some in-depth interviews with 2-3 unskilled migrant workers (pay special attention to those with small children)
12/5 (Thursday)	
<i>Morning</i>	Divided into 2 groups: Discuss with migrant self-employed group (doing small business/pedicab driver /motorbike driver/ scrap-iron dealer/bricklayer) (6-8 people) Do some in-depth interviews with 2-4 migrant self-employed labourers
<i>Afternoon</i>	Visit local markets, do quick interviews with 2-3 shop owners, agents: understanding about the buying and selling situation of local people. Visit local schools (pre-school, primary schools), medical clinics in the area: understanding about school enrolment, health care in the context of price hikes.
<i>Evening</i>	Coming back to Hanoi
	<i>Surveys in Go Vap district (hochiminh city)</i>
11/5 (Wednesday)	Go from Hanoi to Hochiminh city
12/5 (Thursday)	
<i>Morning</i>	Divided into 2 groups to work with: Group of ward officials (leaders of ward people's committee, official in charge of labour, invalids and social affairs, official in charge of hunger elimination and poverty reduction, women's union, Red Cross association) Block/quarter/village officials at surveyed sites

<i>Afternoon</i>	<p>Divided into 2 groups:</p> <p>Discuss with local poor and near-poor households group (representatives from 6-8 households, including both men and women)</p> <p>Do some in-depth interviews with 2-4 typical local poor households</p>
<i>Evening</i>	<p>Divided into 2 groups:</p> <p>Discuss with workers and officials with medium income (6-8 people, including both men and women)</p> <p>Do some in-depth interviews with 2-3 workers and officials with medium income (pay special attention to those with small children)</p>
13/5 (Friday)	
<i>Morning</i>	<p>Divided into 2 groups:</p> <p>Discuss with retired cadres and social subsidy beneficiaries group (under Decree 67/NĐ-CP) (6-8 people, including both men and women)</p> <p>Do some in-depth interviews with 2-4 households belonging to typical social group (single women with children, alone old people, etc)</p>
<i>Afternoon</i>	<p>Divided into 2 groups:</p> <p>Discuss with local self-employed group (doing small business/pedicab driver /motorbike driver/ scrap-iron dealer/ bricklayer) (6-8 people)</p> <p>Do some in-depth interviews with 2-4 local self-employed labourers</p>
<i>Evening</i>	<p>Divided into 2 groups:</p> <p>Discuss with unskilled labour group (6-8 people, including both men and women, both local and migrant ones)</p> <p>Do some in-depth interviews with 2-3 migrant unskilled workers (pay special attention to those with small children)</p>
14/5 (Saturday)	
<i>Morning</i>	<p>Divided into 2 groups:</p> <p>Discuss with migrant self-employed group (doing small business/pedicab driver /motorbike driver/ scrap-iron dealer/ bricklayer) (6-8 people)</p> <p>Do some in-depth interviews with 2-4 migrant self-employed labourers</p>
<i>Afternoon</i>	<p>Visit local markets, do quick interviews with 2-3 shop owners, agents: understanding about the buying and selling situation of local</p>

	people. Visit local schools (pre-school, primary schools), medical clinics in the area: understanding about school enrolment, health care in the context of price hikes.
15/5 (Sunday)	Coming back to Hanoi

Appendix 2: Fluctuations of average retail prices of some goods in surveyed sites

TABLE 1. Prices of some goods in Quang Tien Commune, Soc Son, Hanoi

	Nov-Dec, 2010	Jan-Feb, 2011	Mar-Apr, 2011
Fragrant rice (VND/kg)	14.000	15.000	16.000-17.000
Khang Dan rice (VND/kg)	11.000	12.000	13.000-14.000
Chicken meat (VND/kg)	55.000	60.000	70.000
Meat of the rump (VND/kg)	80.000	85.000	90.000
Meat of the armpit (VND/kg)	75.000	80.000	85.000
lean and fat meat mixed (VND/kg)	70.000	75.000	80.000
Cooking oil (Neptune, VND/litre)	39.000	41.000	43.000
Hao Hao instant noodle (VND/box with 30 packages)	85.000	90.000	95.000
Water morning glory (VND/bundle)	2.000	2.500	3.000
Cabbage (VND/unit)	9.000	10.000	11.000
Gas (Shell gas, VND/tank)	330.000	350.000	380.000
Rental house fee (not self-contained, VND/flat/month)	250.000	250.000	300.000
Electricity price at boarding house (VND/KWh)	1.500	1.500	2.000
Rudimental labours' wage (VND/day)	100.000	120.000	120.000

Source: Interviews with households, selling agents in Quang Tien Commune, Soc Son, Hanoi, May of 2011

TABLE 2. Prices of some goods in Quan Tru Ward, Kien An district, Hai Phong city

	Nov-Dec, 2010	Jan-Feb, 2011	Mar-Apr, 2011
Bac Huong rice (VND/kg)	12-14.000	16.000	17.500
Xy rice (VND/kg)	11-12.000	13.000	13.500
PC rice (VND/kg)	12-13.000	14.000	14.500
Old Khang dan rice (VND/kg)	9-10.000	10.000	10-11.000
Meat of the rump (VND/kg)	75.000	75-80.000	90-95.000
Lean meat of the rump (VND/kg)	90.000	95-100.000	100-110.000
lean and fat meat mixed, Meat of the armpit (VND/kg)	70.000	75.000	80.000
Cheek meat (VND/kg)	30.000	30.000	40.000
Pork nape fat (VND/kg)	35.000	40.000	42-45.000
Pork side fat (VND/kg)	30.000	35.000	40.000
Meizan cooking oil (VND/300 ml bottle)	13.000	14.000	16.000
Hao Hao instant noodle (VND/box with 30 packages)	65-70.000	75.000	97.000
Ajinomoto glutamate (VND/250 gram package)	21.000	22.000	23.000
Water morning glory (VND/bundle) ¹²	5.000	6.000	4.000
Gas (Shell gas, VND/12kg tank)	330.000	350.000	390.000
Gas (Petrolimex, VND/13kg tank)	350.000	370.000	410.000
House rentals (sharing rest room, VND/flat/month)	250.000	250.000	350-400.000
House rentals (not self-contained, VND/flat/month)	350-400.000	350-400.000	450-500.000
Electricity price in rental accommodations (VND/KWh)	2.000	2.000	3.000
Rudimental labours' wage (VND/day)	100.000	120.000	120.000

Source: Interviews with households, selling agents in Quan Tru, Kien An, Hai Phong.

TABLE 3. Prices of some goods in No. 17 Ward, Go Vap district, Hochiminh city

¹² Price of water morning glory depends on seasons, it is cheaper in reaping season.

	Nov-Dec, 2010	Jan-Feb, 2011	Mar-Apr, 2011
Japan fragrant rice (VND/kg)	14.000	15.000	17.000
Taiwan fragrant rice (VND/kg)	13.000	13.500	15.000
Lai fragrant rice (VND/kg)	10.000	11.000	12.000
64 rice (VND/kg)	8.500	10.000	11.500
Soft blooming rice (VND/kg)	7.000	8.000	10.000
Chicken meat (VND/kg)	55.000	60.000	70.000
Meat of the rump (VND/kg)	90.000	95.000	100.000
Meat of the armpit (VND/kg)	85.000	90.000	95.000
lean and fat meat mixed (VND/kg)	75.000	80.000	83.000
Fat meat (VND/kg)	58.000	63.000	65.000
Cooking oil (Neptune, VND/lit)	39.000	41.000	43.000
Hao Hao instant noodle (VND/box with 30 packages)	85.000	90.000	95.000
Water morning glory (VND/bundle)	3.000	3.500	4.000
Cabbage (VND/unit)	8.000	9.000	10.000
Egg (VND/egg)	1.800	2.200	3.000
Bean curd (VND/slab)	1500	2500	2500
Sea fish (scad, VND/kg)	28.000	40.000	55 - 60.000
Gas (Binh Minh gas, VND/12kg tank)	330.000	350.000	395.000
Electricity price in rental accommodations (VND/KWh)	2.500	2 500	3.000
Petroleum (VND/litre)	15.000	20 000	24.000
House rentals (not self-contained, VND/flat/month)	800.000	900-1.000.000	900-1.000.000
Electricity price in rental accommodations (VND/KWh)	2.500	2.500	3.000
Wage for unskilled labour (VND/day)	100.000	130.000	150.000

Source: Interviews with households, selling agents in No.17 Ward, Go Vap district, Hochiminh city, May of 2011

