Remoteness and State Capacity: Healthcare Provision and Informal Payments in Vietnam

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Abstract

This paper examines the implications of geographical variations in state capacity on bribery, with a focus on healthcare supply and side payments in Vietnam. We establish that geographic remoteness, measured by distance to provincial hospital centers, weakens the state's oversight and resource allocation in terms of healthcare personnel and facilities, which reduces individuals' health outcomes and induces patients to make more side payments to health providers to secure adequate care. An important mechanism works through the number of doctors, which likely generates a competition effect that reduces side payment. This effect highlights an important consequence of weak state capacity, in that it could exacerbate weak accountability, which further deteriorates access to public goods. Overall, this mechanism amplifies the geographical inequality of state capacity into geographical inequality of living conditions. Policies that strengthen local state capacity, especially in remote areas, will likely yield additional benefits in equality of accessibility and of living standards.

Keywords: State capacity; Side payments; Healthcare provision; Vietnam
JEL classification: D73, I18, H51