Regional poverty disparity in Vietnam

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Vietnam’s poverty has been reduced fast and stably during last 15 years. Poverty rate was halved in every 7-8 years.
Factors of poverty reduction (1)

(a) Economic growth ⇒ more job and income opportunities (mechanism of trickle down)
Factors of poverty reduction (2)

(b) Policies and actions for poverty reduction (Mechanism of benefit redistribution)

- **Government’s intervention**: National Programs for Poverty Reduction, Program 135, subsidy policies toward the poor in healthcare, education, technological extension, credit.

- **Actions of civil society**: focus of social organizations and communities on poverty reduction and vulnerable groups.

- **International assistance**: pro-poor development program and projects.
Weaknesses of poverty reduction

Weakness 1: Results of poverty reduction are fragile, unsustainable
The average Vietnamese household produces 1,250 kg of rice in a year, while only consuming 580 kg. Vietnam is a major exporter of food products, and its imports of gasoline are comparable to its exports of crude oil. Therefore, the country as a whole should gain from higher food and oil prices.
Impacts of price shocks on the poor

73% population is rural.
Among them 53% growing rice. 47% not growing rice.
46% rural households is net food buyer.
Impacts of price shocks on the poor

The poverty line is proposed to be increased at 150%
Weakness 2: Increasing inequality

- The speed of income growth of the poor is low.
- The income gap between the rich and the poor increased continually.
Weakness 2: Increasing inequality

The income gap between the rich and the poor doubled in 15 years.
Weakness 2: Increasing inequality

Income Gini index increases and higher than Expenditure Gini index.
**Weakness 3: Increasing regional disparity in poverty**

Poverty rates in 2006:

1. Northwest 49.0%
2. North Central Coast 29.1%
3. Central Highlands 28.6%
4. Northeast 25.0%
5. South Central Coast 12.6%
6. Mekong River Delta 10.3%
7. Red River Delta 8.8%
8. Southeast 5.8%

Whole country 16.0%

4 regions lower and 4 another higher the country’s average.
Increasing regional disparity in poverty

**Poverty gap between regions (Southeast =1)**

- **Northwest Mountains**: 6 → 8.4
- **Central Highland**: 3.9 → 4.9
- **North Central Coat**: 3 → 4.9
- **Northeast Mountains**: 4.3 → 4.3
- **South Central Coast**: 2.8 → 2.2
- **Mekong River Delta**: 2.4 → 1.8
- **Red River Delta**: 2.4 → 1.5

Using CBMS in study of regional disparity in poverty

CBMS’s advantages:

• Using basic needs indicators ➔ multidimensional poverty, specific aspects of poverty and human well-being.
• Simple methods of data collection and processing ➔ appropriate tools for local implementation.

CBMS’s disadvantages:

• A composite indicator not available yet ➔ difficulty in comparison between regions and across time.
<table>
<thead>
<tr>
<th>Region</th>
<th># provinces</th>
<th># communes</th>
<th># households</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>60</td>
<td>111</td>
<td>11,740</td>
</tr>
<tr>
<td>1. Red River Delta</td>
<td>10</td>
<td>18</td>
<td>2,404</td>
</tr>
<tr>
<td>2. Northeast</td>
<td>12</td>
<td>27</td>
<td>3,094</td>
</tr>
<tr>
<td>3. Northwest</td>
<td>4</td>
<td>7</td>
<td>832</td>
</tr>
<tr>
<td>4. North Central Coast</td>
<td>6</td>
<td>10</td>
<td>1,199</td>
</tr>
<tr>
<td>5. South Central Coast</td>
<td>5</td>
<td>9</td>
<td>1,300</td>
</tr>
<tr>
<td>6. Central Highlands</td>
<td>5</td>
<td>8</td>
<td>1,218</td>
</tr>
<tr>
<td>7. Southeast</td>
<td>6</td>
<td>8</td>
<td>1,302</td>
</tr>
<tr>
<td>8. Mekong River Delta</td>
<td>12</td>
<td>22</td>
<td>2,701</td>
</tr>
</tbody>
</table>
CBMS data

(1) Household members
   (age, sex, ethnicity, education, occupation)

(2) Income (quantity, structure of sources)

(3) Dwelling (type of dwelling, electricity)

(4) Property (transport means, access to information)

(5) Education (adult literacy, child school enrolment)

(6) Health care (water, sanitary facilities, access to health services).
Different dimensions of poverty

(1) Income below food poverty line
⇒ Food/income poverty

(2) Temporary dwelling ⇒ Dwelling poverty

(3) No access to information (no TV, radio)
⇒ Information poverty

(4) No transport means (no bicycle, motorcycle, boat)
⇒ Communication poverty

(5) Poor education (adult illiteracy, child under-schooling)
⇒ Knowledge poverty

(6) Poor health care (no safe water, no sanitary toilet)
⇒ Health poverty
## Regional disparity in different dimensions of poverty

<table>
<thead>
<tr>
<th></th>
<th>Whole country</th>
<th>Red River Delta</th>
<th>North east</th>
<th>Northwest</th>
<th>North Central Coast</th>
<th>South Central Coast</th>
<th>Central Highlands</th>
<th>South east</th>
<th>Mekong River Delta</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>P₁: Income poverty</strong></td>
<td>15.5</td>
<td>12.9</td>
<td>23.2</td>
<td>46.1</td>
<td>29.4</td>
<td>21.3</td>
<td>29.2</td>
<td>6.1</td>
<td>15.3</td>
</tr>
<tr>
<td><strong>P₂: Dwelling poverty</strong></td>
<td>18.4</td>
<td><strong>3.3</strong></td>
<td>14.3</td>
<td>23.6</td>
<td>24.7</td>
<td>13.1</td>
<td>21.5</td>
<td>24.5</td>
<td><strong>30</strong></td>
</tr>
<tr>
<td><strong>P₃: Information poverty</strong></td>
<td>16.4</td>
<td>11.1</td>
<td>20.5</td>
<td>29.0</td>
<td>26.0</td>
<td>13.7</td>
<td>21.5</td>
<td><strong>7.7</strong></td>
<td>10.6</td>
</tr>
<tr>
<td><strong>P₄: Communication poverty</strong></td>
<td>13.8</td>
<td>12.1</td>
<td>16.8</td>
<td>15.5</td>
<td>8.0</td>
<td>10.7</td>
<td>11.8</td>
<td><strong>4.3</strong></td>
<td>19.5</td>
</tr>
<tr>
<td><strong>P₅: Knowledge poverty</strong></td>
<td>5.5</td>
<td>2.7</td>
<td>5.2</td>
<td>11.65</td>
<td>3.7</td>
<td>4.6</td>
<td>9.3</td>
<td>5.0</td>
<td>5.9</td>
</tr>
<tr>
<td>Illiteracy</td>
<td>5.5</td>
<td>3.0</td>
<td>6.9</td>
<td><strong>14.9</strong></td>
<td>3.8</td>
<td>3.0</td>
<td>9.1</td>
<td><strong>2.5</strong></td>
<td>4.4</td>
</tr>
<tr>
<td>Child underschooling</td>
<td>5.5</td>
<td>2.3</td>
<td>3.4</td>
<td>8.2</td>
<td>3.6</td>
<td>6.2</td>
<td><strong>9.5</strong></td>
<td>7.5</td>
<td>7.3</td>
</tr>
<tr>
<td><strong>P₆: Health poverty</strong></td>
<td>54.4</td>
<td><strong>20.0</strong></td>
<td>65.2</td>
<td>80.3</td>
<td>53.0</td>
<td>56.4</td>
<td><strong>87.1</strong></td>
<td>62.2</td>
<td>48.6</td>
</tr>
<tr>
<td>No safe water</td>
<td>50.3</td>
<td>4.6</td>
<td>76.6</td>
<td>83.4</td>
<td>51.5</td>
<td>67.6</td>
<td><strong>97.5</strong></td>
<td>73.5</td>
<td>17.2</td>
</tr>
<tr>
<td>No sanitary toilet</td>
<td>58.5</td>
<td><strong>35.3</strong></td>
<td>53.8</td>
<td>77.1</td>
<td>54.5</td>
<td>45.1</td>
<td>76.6</td>
<td><strong>50.9</strong></td>
<td>80.0</td>
</tr>
</tbody>
</table>
Composite Poverty Index

Some options:

• “High-tech CPI”: Using the factorial analysis technique, for example the multiple correspondence analysis (MCA), calculate CPI with weights of indicators. (L.M. Asseline)
• “Medium-tech CPI”: Human Poverty Index, Composite MDGs Index (UNDP)
• “Low-tech CPI”: simple average of different poverty indices.
**Human Poverty Index (HPI-1)**

Three dimensions: (P1) The population not expected to survive to the age of 40 years; (P2) Adult illiteracy rate; (P3) The population without access to clean water, health services, and the proportion of children under the age of 5 years who are underweight.

\[
HPI-1 = \left[\frac{1}{3}(P1^3 + P2^3 + P3^3)\right]^{1/3}
\]

<table>
<thead>
<tr>
<th>Country</th>
<th>HPI</th>
<th>Rank</th>
<th>HPI</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malaysia</td>
<td>14.0</td>
<td>8.3</td>
<td>18</td>
<td>16</td>
</tr>
<tr>
<td>Thailand</td>
<td>18.7</td>
<td>10.0</td>
<td>29</td>
<td>24</td>
</tr>
<tr>
<td>China</td>
<td>19.0</td>
<td>11.7</td>
<td>30</td>
<td>29</td>
</tr>
<tr>
<td>Vietnam</td>
<td>28.2</td>
<td>15.2</td>
<td>47</td>
<td>36</td>
</tr>
<tr>
<td>Philippines</td>
<td>16.1</td>
<td>15.3</td>
<td>22</td>
<td>37</td>
</tr>
<tr>
<td>Indonesia</td>
<td>27.7</td>
<td>18.2</td>
<td>46</td>
<td>47</td>
</tr>
<tr>
<td>India</td>
<td>34.6</td>
<td>31.3</td>
<td>58</td>
<td>62</td>
</tr>
</tbody>
</table>
Income poverty rate and CBMS-CPI

CBMS-CPI = \frac{1}{6}(P1+P2+P3+P4+P5+P6)
CBMS Composite Poverty Index

- Income P
- Health P
- Dwelling P
- Knowledge P
- Information P
- Communication P
CBMS-CPI of regions
Conclusions

1. CBMS can be used for measuring multidimensional poverty disparity of regions and locations.

2. A Composite Poverty Index has to be developed to improve CBMS’s set of tools.
Thank you!
A CBMS FIELD WORK