Inclusive growth critical in work to reduce entrenched poverty

Viet Nam News spoke with UN Development Programme (UNDP) country director Setsuko Yamazaki about poverty trends and policy implications for achieving equitable growth.

Viet Nam has achieved remarkable progress in poverty reduction, reducing the rate from 56 per cent in 1995 to 10 per cent in 2010. However, the country’s rich-poor income gap also widened. Do you think inequality has increased among different population groups in Viet Nam?

Viet Nam has seen great progress in poverty reduction but poverty levels remain high and persistent among particular groups and areas. The ethnic minority group who live in remote mountainous areas are especially prone to chronic poverty. Multi-dimensional poverty — referring to access to education, healthcare, housing and social protection — appears to be an increasing feature in urban areas, especially among migrants and workers in informal sectors, whose vulnerability is increasing with high inflation.

We also notice that inequalities have continued to increase. For instance, the Gini coefficient (which measures disparities in income) increased from 0.42 in 2004 to 0.43 in 2010, and the gap between the richest (20 per cent) and the poorest (20 per cent) households increased from 8.34 times in 2004 to 9.24 times in 2010.

Statistics show that the ethnic minorities are still quite over-represented in poverty areas. What are some of the effective methods Viet Nam can implement to further include ethnic minorities in the policy-making process and economic growth?

The Government has demonstrated a strong commitment to tackling poverty. Significant public resources have been invested in improving infrastructure and in other poverty reduction measures, such as providing free healthcare and education for poor households, housing support and boarding school provision for ethnic minority students to be able to attend school.

However, there are still large numbers of people living in chronically poor areas. This suggests that something more may be needed to sustainably address poverty issues among ethnic minorities. Continued investment in infrastructure is necessary, but it’s not sufficient to addressing poverty among ethnic minorities. We also need to improve the quality of services available to ethnic minorities, such as delivering lessons in their ethnic languages.

Similarly, research suggests that ethnic minorities primarily access health services at the commune level. So it’s critical to improve the quality of commune health centres in providing quality paediatric care and support to pregnant women.

From our experience across the world, we believe that focusing support on poor households, and not just poor areas, is also a critical approach to addressing chronic poverty. Conditional cash transfer programmes can be an important policy innovation to provide ethnic minorities with the necessary capital to meet their poverty reduction needs, such as immunising their children and sending them to school.

We also must ensure ethnic minorities play a full role in the decision-making process about how State resources can be used. After all, many ethnic minorities still face poverty challenges on a daily basis and they need to know what kind of support is available for them to seek.

Is increased inequality an inevitable part of economic growth in developing countries such as Viet Nam? What do you think are the main drivers behind the widening income gap and what are the implications of this trend?

As mentioned earlier, Viet Nam’s growth is coming at the cost of increasing inequality and Viet Nam’s inequality has been increasing at a higher rate than many other countries at the same level of Gross Domestic Product per capita. Empirical evidence shows that there is nothing inevitable about inequality resulting from economic growth. It is all about the policy decisions made and the kind of long-term strategy governments pursue. Viet Nam can still do a lot to ensure economic growth comes with less inequality.

International experience shows that key drivers of inequality include a concentration of assets such as capital and land in the hands of the richest, unequal access to social services, jobs, income earning opportunities, as well as limited choices and voice of the poor in policy making processes. When inequality remains high and chronic, it could become a serious barrier to further development and could result in social and political instability.

Can you provide some assessment of the policies Viet Nam currently has in place to tackle poverty?

The Government’s efforts to tackle poverty can be seen in programmes such as building houses for disadvantaged and poor households, exempting children of poor families from school fees, providing free medical insurance cards to poor people, or building infrastructure in poor areas.

This support is necessary but not sufficient. The key is to ensure that mainstream development policies are inclusive and progressive. Several studies conducted by UNDP have shown that the mainstream education, healthcare and social security systems in Viet Nam are not pro-poor and the assistance provided to the poor through targeted policies is inadequate to make up for the fees they have to pay in order to access social services.

It is important to ensure that there is an equitable and inclusive growth model that expands choices and capacity, and generates opportunities for jobs and active participation in the country’s social and political life for all Vietnamese in all regions of Viet Nam. The country should aim for a growth model that allocates more public resources to the areas where the poor live, to sectors where the poor work, to services that the poor use. It also needs a progressive social protection system that protects all Vietnamese against climatic, health and economic shocks, which could bring both economic growth and reduce inequality at the same time.

This year’s theme for the International Day for the Eradication of Poverty emphasises sustainability and focus on the people. Do you think that’s the message UNDP wants to deliver?

Poverty eradication is essential for building sustainable futures for all. People living in poverty face increasingly difficult challenges as climate change, environmental degradation and rising food prices threaten their livelihoods and survival. The path to sustainable development must ensure that people living in poverty are included in decision-making processes, and that concrete action must be taken to respond to their needs and demands.

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Nation to do census of poor households

The Ministry of Labour, Invalids and Social Affairs on Monday issued a document instructing People’s Committees at the communal level to count the number of poor and near-poor households in their localities by the end of 2011. These figures will be used to implement social policies in 2012.

All localities must send final accounts to the Ministry before November 30. According to the latest statistics, there are currently three million poor households in the country and about 1.6 million near-poor households.

In Viet Nam, poor households in rural areas are considered those with an average income below VND400,000 ($25) and VND600,000 ($25) for urban areas. Near-poor households in rural areas earn an average income of VND401,000-520,000 ($25-$30) per month and VND501,000-600,000 ($25-$30) per month for those in urban areas. — VNS