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POVERTY REDUCTION IN VIET NAM

Viet Nam's progress in poverty reduction at national level has been impressive. The country has reduced its poverty rate from 58.1 per cent in 1992 to 17.2 per cent in 2012, lifting some 30 million people out of poverty.

New poverty reduction challenges

Despite impressive progress at national level, **high levels of chronic poverty** persists in ethnic minority communities and key population groups such as the elderly, malnourished children, and non-registered migrants. **Vulnerability** given by the risk of falling back into poverty has grown as absolute poverty has declined. The near-poor are now a mainstream phenomenon and a large proportion of people are living just above the poverty threshold - at risk from climatic and economic shocks. With changes in Viet Nam's social make up and demography, **multi-dimensional** poverty has emerged as a better reflection of the complex challenges faced by policymakers.

Poverty, including extreme poverty, remains prevalent among **ethnic minority** groups and areas. Accounting for just 15% of the total population,

MATTERS OF FACT

Viet Nam's national absolute poverty rate (WB-GSO VHLSS dataset) was just above 17% in 2012 Gini Coefficient (2010): Expenditure 35.6; Income 43.0

Absolute poverty rate for minorities was 59% in 2012, but rates for some groups were as high as 90%

Around 1% of GDP is spent on poverty reduction policies and programmes and a further 2% is allocated to socio-economic development and infrastructure in the poorest areas.

ethnic minority people comprise more than 50% of the total poor. Income poverty is very high among some of these groups, but performance across other dimensions such as education, health, water, sanitation and housing in ethnic minority groups have also consistently lagged behind national averages.

New forms of **urban poverty** have emerged among migrants and informal sector workers as a result of rapid urbanization and social change. Slowing economic growth and macro-economic instability since 2008 has exacerbated these pressures. These groups do not have sufficient access to social protection and social services as these are often provided based on residential registration. Climate change has had negative impacts on many aspects of Vietnamese households' wellbeing, especially the most vulnerable, and threatens to reverse the progress that Viet Nam has made.

UN recommendations

New approaches are needed to take the poorest, hardest to reach people out of poverty. This requires a shift in the way we think about poverty, with the **chronic poor placed at the centre** of poverty eradication policies.

Poverty reduction programmes for ethnic minorities must be grounded in disaggregated evidence and solid analysis of the **bottlenecks** faced. According to the Ethnic Minority Poverty Assessment published in May 2014, these include: the quality of key public services, their reach and delivery by professionals from minority communities; properly tailored infrastructures; and the effectiveness of social protection measures. Delivery also requires a better understanding of the cultural settings in which programmes will operate.

Local empowerment and greater attention to local needs and solutions are central to ending



poverty. Giving poor men and women voice, empowering them to find solutions, and involving them in participatory planning and monitoring are cornerstones for achieving sustainable poverty reduction.

Comprehensive livelihood programmes can be introduced to **reduce fragmentation** across multiple initiatives, bringing together support schemes and services. An example of this unified approach is consolidated funding through the use of **block grants** sourced from **community development funds**. Communities can manage their own local development programmes through participatory planning and implementation that directly benefit the poor. The expansion of an **empowered community development** approach will help chronically poor communities to permanently graduate from poverty and **take ownership** of their own development.

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UNITED NATIONS DEVELOPMENT PROGRAMME

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