Hunger Eradication and Poverty Reduction in Vietnam: Achievements and Challenges

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Vietnam has recorded impressive achievements in poverty reduction thanks to steady economic growth, remarkable improvement of the quality of life for the people through the National Target Program on Hunger Eradication and Poverty Reduction; the Socio-Economic Development Program in especially difficult communes in ethnic minority and mountainous areas 2006-2010; the Rapid and Sustainable Poverty Reduction Program for 62 poor districts; and support policies for ethnic minorities in especially disadvantaged areas etc. The household poverty rate in Vietnam dropped from 14.2% (2010) to 11.76% (2011), 9.6% (2012) and 8% (2013), and the living standards of the poor have gradually been improved. Such achievements have created a consensus in society and have been acknowledged...
World Bank Report on 24/1/2013 asserted: Within 20 years (1990 - 2010), the poverty rate in Vietnam dropped from 60% down to 20.7% with about 30 million people escaped poverty. Not only the World Bank but many countries and international organizations have highly appreciated such achievements, considering Vietnam "a highlight success" in poverty reduction. The UN Food and Agriculture Organization (FAO) has also honoured Vietnam, recognizing its outstanding achievements in hunger eradication and poverty reduction (Vietnam is among 38 countries honoured by FAO). According to FAO assessment, Vietnam is one of the countries recording outstanding achievements in hunger reduction that dropped from 46.9% in 1990-1992 down to 9% in 2010-2012, and thus achieving the MDG1. The number of people suffering from hunger in Vietnam dropped from 32.16 million in 1990-1992 to 8.01 million in 2010-2012, advancing to achieving the reduction by half the number of people suffering from hunger in 2015. This confirms that the comprehensive strategic orientation on economic growth, hunger eradication and poverty reduction in Vietnam is correct and suitable to the common world development trend.

Table: Poverty reduction achievements by monitoring systems of the General Statistic Office (GSO) - World Bank and Ministry of Labour, Invalid and Social Affairs (MOLISA)

Although great progress has been made in the strategic goal of poverty reduction, the question is that has the task of poverty reduction ended? Do all people and families have a plentiful, safe and sustainable life? Let’s look back at the achievements and challenges in the cause of hunger eradication and poverty reduction in Vietnam.

1. Vietnam has recorded high and steady economic growth in the last two decades thanks to a number of market-oriented reforms started in late 1980s. Initial progress made by Vietnam is thanks to reforms in the rural economic sector with an equal distribution of farmland to farmer households and diversification of agricultural activities. These reforms have created a driving force stimulating agricultural production and exports. In the last 10 years, jobs have been created in the private sector, constituting a driving force for high economic growth in Vietnam, along with deeper integration of agriculture in the market economy and continued policy of opening door to international trade and investment. Vietnam’s accession to the WTO in early 2007 provides opportunities to a new round of reforms, potentially bringing about major changes in policy and business environment, with important implications for economic growth and poverty reduction.

We have to admit that the success in poverty reduction is attributed to the Government’s adoption of a number of effective support policies and active participation of all sectors, localities and social and political organizations. Most practical and effective is the credit policy to directly support the poor that has been implemented mainly through the Bank for the Poor under 15 preferential credit programs. The Government has focused its resources in implementing policies and projects under the National Target Program for Sustainable Poverty Reduction (including Program 30a, and Program 135). In terms of policies, the Government gave priority to supporting the poor in having access to healthcare, education, housing, preferential credit loans, and vocational training etc. in the three years (2011-2013) with total State budget allocation for poverty reduction was VND 120,818 billion. Alongside direct preferential credit policy for the poor, the Government has
undertaken a number of effective measures in vocational training and job creation for the poor. It is estimated that in the period 2006-2010, 150,000 poor people were provided with free job training (achieving 100% of the plan), 60% of them have been self-employed or got jobs.

In addition, Vietnam has also recorded impressive achievements in education and healthcare. The educational level and enrolment increased remarkably. In 1998, 25% of people in the 15-24 age group did not finish primary education, but after only 12 years (in 2010), the figure dropped to only 4% and the enrolment in upper secondary school nearly doubled (60% females and 54% males). The enrolment in primary education of the poor is over 90% and in lower secondary education is 70%. Higher educational level and diversification of agricultural activities, employment opportunities in enterprises and factories have also contributed to poverty reduction in Vietnam. Moreover, in 2014, the number of girl children enrolled in both lower and upper secondary schools was higher than boy children; thus Vietnam has achieved the goal of gender equality in education.

In healthcare, healthcare services for the poor have been ensured. The Government provides support in health insurance for 100% of poor people and 70% of near poor people. Between 2006 and 2010, 52 million people were given health insurance cards; and in 2011-2012, 29 million poor and ethnic minority people got health insurance cards. By 2012, 100% of poor and ethnic minority people had purchased health insurance cards (about 15 million people). And by 2014, the Government spent nearly VND 13,000 billion from the State budget to support different beneficiaries including 10 million poor and near poor people in buying health insurance cards. People’s health and access to health services have improved remarkably; infant mortality (number of deaths over 1,000 live births) dropped to 14 in 2010 and life expectancy increased to 74.8%. At the same time, Vietnam has also achieved improvement in nutrition, although the stunting rate (malnutrition type 2-3) remains in some parts of the country and in ethnic minority groups. The vaccination rate of children under 6 is over 90%.
Progress has also been made in quality housing and ownership of durable consumer goods. By 2010, 89% households owned TV sets (against 56% in 1998); 85% households had electric fans (against 68% in 1998); 43% had fridges (against 9% in 1998), and 76% had at least one motor bike (against 20% in 1998). This affirms that the level of wealth and quality of life have much improved compared to late 1990s. The use of infrastructure and services has also improved; the percent of households having access to national power grids increased from 77% in 1998 to 98% in 2010.

2. Although encouraging achievements have been achieved in poverty reduction and millions of Vietnamese households have escaped poverty in the last decade, many of these households having income close to the poverty line can easily fall back to poverty due to economy-related specific shocks such as impacts of the climate change, avian flu and other epidemics in humans and global financial crisis in 2008 – 2009 etc. These problems show that Vietnam is facing difficulties in the cause of sustainable poverty reduction. They include inaccessibility to social security policy of those remaining poor, who have to face great challenges such as being marginalized, financial limit, low education, and poor health and the pace of poverty reduction is current not matched with economic growth like in the past years. Although the poverty rate reduces rapidly in poor districts and in especially disadvantaged communes and ethnic minority areas, in some places it remains over 50% (60 - 70% in some areas). Most of the poor (90%) live in remote rural and mountainous areas where natural and climatic conditions are adverse, production conditions are difficult, economic starting point is slow, market economy is underdeveloped, and conditions for creating livelihoods are unfavourable. Worthy of note is that the poverty rate of ethnic minorities accounts for 47% of the total poor households in the whole country, average income of ethnic minority household is only 1/6 of the country’s average rate. Poverty in ethnic minority groups is an increasing and lasting challenge. Although 53 ethnic minority groups in Vietnam only make up less than 15% of the country’s population, they account for 47% of the total poor
people in the country in 2010 and up to 66.3% ethnic minorities are classified as poor against 12.9% of the majority Kinh.

3. Since 2011, Vietnam has faced adverse and unforeseeable climatic situation; natural calamities, hurricanes and floods occur on a large scale and with stronger intensity and high frequencies due to global climate change, causing great losses in lives and property to the people, making poverty reduction more difficult and is the cause of people returning to poverty. Although the Government continues giving priority in budget allocation to effectively implement poverty reduction policies and programs, it does not have impacts as strong as in the past; at the same time, natural disasters and adverse weather pose new risks: slower economic growth since 2009, macro instability and high inflation rate with lasting price hike in many basic goods. Many working people have lost their jobs; others have to receive lower pay and less working hours due to employment reduction during global economic crisis.

4. Disparities between regions and groups of people remain large and tend to increase (disparities in income between 20% of the richest group and 20% of the poorest group in 2009 - 2010 was 9.25 times and in 2011 - 2013 about 9.4 times, an increase of 1.6%). The rate of poor households in remote areas remains high, about 4-5 times over the country’s average rate. Most poor people have less access to basic social services. Besides, the achievements in poverty reduction are not sustainable and the risk of falling back to poverty is high. Vulnerability of the poor in life (illness, natural disasters, crop loss, market change, polluted environment, loss of family bread winners, unemployment etc.) is also high. The social security system has not yet had positive impacts in rural and remote areas. In particular, Vietnam is prone to natural calamities, hurricanes and floods and 80% poor people live on agriculture, this can easily lead to high poverty and hunger risks. In addition, hunger and poverty are closely related to environmental degradation. They lead people to over exploit natural resources which are already scarce, thus worsening poverty.
5. **Under the current poverty line and multidimensional poverty approach, in recent past** poverty standards, poverty rate and the classification of poor people in Vietnam have been based on income criteria in which the poverty line is defined under “expenditure for basic needs” formula. Basic needs include minimum food/foodstuff needs and non-food needs (education, healthcare, housing...). This income approach is not suitable to the concept of multidimensional poverty because: (i) some basic needs cannot be converted into cash (such as social engagement, security, social status, etc.) or cannot be bought with cash (access to transport, market, roads and other infrastructure facilities, security, environment and some public healthcare and educational services etc..); (ii) For households having income above poverty line, in some cases such an income cannot be used to spend on minimum needs because of inaccessibility to services in their residential areas, or instead of spending on education and healthcare, the income can be spent on tobacco and drink and used for other purposes. In particular, as Vietnam became a middle-income country in 2010, with rapid pace of urbanization, industrialization and migration, this formula exposes more limits. Although poverty policies have covered many aspects of life of the poor (policies to support livelihoods, accessibility to healthcare services, education and training, living conditions and environment and information etc.), the current income approach has led to omit beneficiaries, imprecise identification of poverty and classification of poor people, therefore such support policies bear the character of egalitarianism and are not appropriate to the real needs. From this analysis and as put it by the United Nations “It means lack of basic capacity to participate effectively in society. It means not having enough to feed and clothe a family, not having school or clinic to go to, not having the land in which to grow one’s food or a job to earn one’s living, not having access to credit. It means insecurity, powerlessness and exclusion of individuals, households and communities. It means susceptibility to violence, and it often implies living marginal or fragile environments, without access to clean water or sanitation”. (UN Declaration, June 2008, adopted by UN agencies leaders); the concept “multidimensional poverty” has been developed in which poverty is identified as not only lack of food and drinking water or inadequate living
standards and other living conditions but also social barriers and other factors preventing individuals or communities to have access to resources, information and services. So, poverty is not simply individual but many factors preventing people from having access to resources or from knowing and finding measures to escape existing status. *Thus, the concept of multidimensional poverty is understood in Vietnam as the state in which some basic human needs in life are unmet*. The poverty line defines that a household is considered multidimensional poor if some basic social needs are unmet to certain extent.

In any context, Vietnam has to take suitable measures to ensure economic development while sustaining natural resources that must be understood as a goal to be achieved by the process of escaping poverty. When a community or any individual escapes poverty, it must be in a really sustainable manner through enhancing coping capacity to shocks by the world market and climate change under any circumstance. In this way, efforts to escape poverty are really useful and people will not easily fall back to poverty like it is now.

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