

Research on urban poverty in Vietnam

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Summary

One of the existing challenges in monitoring and evaluating the poverty reduction in Viet Nam is to collect sufficient, reliable and comprehensive data on the scope and characteristics of poverty in all population groups, including temporary and un-registered migrants, particularly in urban areas.

This paper describes a framework for identifying and assessing urban poverty in 2009-2010 in Vietnam including implementing urban poverty survey and applying multi-dimensional poverty approach.

The Urban Poverty Survey with scientific and professional sampling design captured all population groups, including temporary and un-registered migrants in addition to the residents and collecting comprehensive information: demography, education, health care, employment, durable goods, housing, social inclusion, risk coping, v.v;

Applying multi-dimensional poverty approach using data collected in the Urban Poverty Survey to analyse and evaluate poverty, especially, urban poverty as well as to suggest policy solutions for identified problems.

Introduction

Research on urban poverty in Vietnam has been conducted in Hanoi and Ho Chi Minh City (HCMC) which are two largest cities in Vietnam. According to the Vietnam Household Living Standards Survey of 2008 (VHLSS-08), 13.4% of the country's population was then living below the poverty line, but the poverty rate was only 2.4% in Hanoi (old) and 0.3% in Ho Chi Minh City. A question has been raised as to whether these very low poverty rates in the two main cities accurately reflected the poverty situation, on the grounds that the VHLSS-08 surveyed very few migrants who were living in the cities without a regular residence permit.

The Urban Poverty Survey (UPS-09) was specifically designed to address this issue, in order to “assess the level of urban poverty in Hanoi and HCMC, with a focus on collecting information about immigration status and unregistered households in addition to information about the registered population,” in addition to analyzing the characteristics of urban poverty “with special attention to employment and income, as well as ownership of durable goods and the ability to solve problems and difficulties that people report,” and identifying the key issues and explanations of urban poverty.

Sampling Design

The UPS-09 survey used two-stage stratified sampling. In the first stage, for each of the two cities, wards/communes were separated into priority and non-priority strata. The priority strata consisted of wards/communes believed to have a high poverty rate, a large non-registered population, high population

growth, and many large enterprises; the non-priority strata included the other areas. Within each stratum the sampling frame consisted of the list of enumeration areas (EAs) from the 2009 Census of Population and Housing. Each city then selected 80 EAs, equally drawn from the priority and non-priority strata; within each stratum the EAs were selected based on probability proportional to size.

In the second stage, a sampling frame consisting of the list of households and individuals in the selected EAs was compiled immediately before the survey, to avoid attrition between the creation of the sampling frame and the survey itself. The enumerators were required to make direct contact with households or individuals when compiling the list, and to include all households living in the area, whether legally or not. Individuals are defined as those who may live in the same room or house but are economically independent, meaning that they do not share an income and expenditure budget. This includes those living in hostels, dormitories, on construction sites, in owned or rented accommodation, or in temporary or illegal dwellings.

Because of the sample design, which deliberately oversamples unregistered migrants for instance, all summary statistics based on the raw survey data have to use sampling weights. The weights are in inverse proportion to the probability of selecting a household or individual, and take into account the response rate.

The survey found that 17.4% of those surveyed were migrants¹, with the proportion being almost twice as high in HCMC (20.6%) as in Hanoi (11.4%). This proportion of migrants in cities is consistent with the previous finding.

Demographically, migrants are somewhat different from residents. Migrants are heavily concentrated in the 15-34 age bracket, they are slightly more likely to be female; they are far less likely than residents to be married (44% vs. 61%, for those aged 13 and above); and they are much more likely to have changed their dwelling in the 10 months prior to the survey (26.7% vs. 4%).

Poverty rate and Inequality

Applying the 2006 national poverty line – as used to measure poverty with the VHLSS 2008, and adjusted for prices to give the equivalent in 2009 – to the UPS-09 data one finds that 1.27% of the population of Hanoi, and 0.31% of the population of HCMC, was living in poverty in 2009. The poverty rate for migrants was 1.16%, compared to 0.54% for residents.

At the end of 2009, Ho Chi Minh City announced that it was setting a poverty line of VND 12 million per person per year. Using this threshold, the poverty rate in HCMC would be 13.9%. Hanoi uses a poverty line that is half as high, and by this measure the poverty rate in Hanoi was 1.56% in 2009.

The UPS-09 data yield a Gini coefficient of inequality in per capita income of 0.37 in both Hanoi and HCMC, which represents moderate inequality. Although the Gini coefficient based on the VHLSS of 2008 were 0.35 for Hanoi and 0.34 for HCMC, the changes in the Gini coefficients are too small, and differences in the questionnaire design too great, for one to conclude that inequality increased between 2008 and 2009. But it is noteworthy that the inclusion of migrants – who were largely missing in the VHLSS sample, and included properly in the UPS-09 survey – did not cause a very substantial change in measured

¹ Within this paper, households and individuals that have registration permits to live in the city are called “residents” and those are registered in another city or province but are nonetheless living in the city are referred to as “migrants”.

inequality (which it would have done if migrants were mainly very poor).

Multi-Dimensional Poverty

A popular and traditional way to evaluate whether a person is living above or below the minimum level is to use a measure of income or expenditure. However, using this as the only measure of wellbeing has some limitations. Multi-dimensional poverty evaluation has become more and more popular. Besides the economic dimension, multi-dimensional poverty takes into account a series of deprivations that households and individuals may suffer, including inadequate levels of education, health, employment, housing, physical safety, and so on. This multi-dimensional approach was used in the 2010 Human Development Report in the form of the multi-dimensional poverty index (MPI).

We apply this approach using eight dimensions of deprivation, which are income, education, health, social security, housing services, housing quality/area, physical safety, and social inclusion, using the UPS-09 database. This results in a more comprehensive picture of poverty in the two cities.

The multi-dimensional poverty is defined to include both social and economic dimensions. Concretely, we have selected the following eight dimensions:

Dimensions	Indicators and Poverty Lines
1. Income	- Average income per capita per year < 6,612,000VND (*).
2. Education	- Schooling age >=18 but without lower-secondary diploma - Schooling age from 6 to <18 currently not in school.
3. Health	- No health insurance due to lack of money or registration or didn't know about health insurance or didn't know where to buy, and - Did not benefit from employer-provided health insurance.
4. Access to social security	- Did not receive any of the following work-related benefits: severance allowance, sick days or maternity leave, pension, accident insurance, death gratuity, and - Did not receive a pension, or regular social allowance, and - Lived in a household where no member received any of the benefits listed here.
5. Housing quality and area	- House type: temporary, or - Roof: made of leaves/thatch/oil-paper, or - Wall: made of dirt/lime/thatch, bamboo wattle/bamboo screen/plywood, or - Floor: made of clay or earth, or - Toilet: goes directly into a pond or river, no toilet, or - Living space per person less than 7m ² .

6. Housing services	- Main source of drinking water: without tap water (either separate or shared) or seriously polluted water source, or
	- Electricity: not linked to the national grid, or serious electricity outages or cut-offs, or serious voltage variation, or
	- Garbage: not collected, or serious pollution due to un-collected garbage, or
	- Drainage: no sewage drain.
7. Social inclusion	- No participation on any social or political organizations, and
	- No participation in any social activities in resident areas.
8. Physical Safety	- Living in areas with serious or medium levels of theft/robbery, or social evils.

(*) Using the poverty line of 2 USD/day/person for both cities

Although richer in terms of income (with a lower income poverty rate), Ho Chi Minh City has a higher poverty rates for all the social poverty dimensions.

In the both cities, the four most widespread deprivations are access to social security, access to proper housing services (including electricity, water, sewers, and waste disposal services), access to dwellings with proper quality and area, and access to educational services. For Ho Chi Minh City, the lack of health insurance is an issue to which the city needs to pay attention, given that 42.8% of the city's population does not have health insurance.

In both cities, migrants suffer more deprivation than residents, in all of the dimensions considered here. It is worth noting that migrants have a particularly low level of participation in social organization and activities – they lack social inclusion – relative to residents. The index is especially high ($M_o=0.29$) for migrants with at least one deprivation.

The income poor in Hanoi are mainly concentrated in the “rural” areas of the city, where the poverty rate is 10%, compared to just 1% in the “true” city areas.

It turns out that income is not an important contributor to multi-dimensional poverty in Ho Chi Minh City since deprivation in income is relatively minor, and so contributes an insignificant part to the overall multi-dimensional poverty.

Among migrants, the lack of social security is still a top contributor to the overall multi-dimensional poverty, followed by poor housing quality/size. Migrants face obstacles in participating in social organizations and activities. However, income is not an important dimension of their poverty, and its

importance does not change when the number of deprivations increases.

Among residents, the top four contributors to multi-dimensional poverty are the lack of social security, poor housing services, housing quality/size, and education. For this group, social inclusion contributes almost nothing to their overall poverty.

Income does not correlate much with the other poverty dimensions. Instead, social security and social inclusion are the dimensions which most correlate with the other dimensions.

The above results strengthen our presumption that for Hanoi and Ho Chi Minh City, poverty reduction based only on a strictly economic dimension (e.g. income/expenditure) does not seem to be relevant. The multi-dimensional approach appears to be more suitable, in which people's living standards are measured based on a number of economic and social dimensions. Poverty reduction programmes/policies will be better formulated using this multi-dimensional approach. The survey results suggest a number of areas to which the city should pay more attention; these include strengthening the social security system, improving housing services, increasing housing quality and size, as well as improving the educational system and ensuring universal lower-secondary education. Migrants without registration in the two cities accounts for a large proportion of the poor; long-term strategies and policies are needed to help migrants escape from deprivation in basic living conditions.

The report's results on multi-dimensional poverty can be used to select a number of prioritized deprivation dimensions which contribute mainly on the overall poverty, in order to help the cities target their efforts. The selection of priorities can be different between the cities, between urban and rural areas, or among various population groups (e.g. migrants versus residents), and used as a base for budget allocation for different sectors and locations. The report's results and methodology can be used also for identifying targeted populations for poverty-reduction programmes by defining the minimum number of deprivations for which a person would be considered poor. This minimum number can be selected at a low level to cover more people or can be set at a higher level to include only people who are very poor (in multi dimensions) into the policy-targeted groups. The selection totally depends on localities' poverty-reduction strategies and budgets.

This paper introduces a methodology to assess poverty based on a multi-dimensional approach and selects eight deprivation dimensions with relevant indicators and poverty lines. The UPS-09 dataset is used as a baseline survey. Further studies may be needed to refine the methodology, and to develop a sustainable and reliable method for monitoring and evaluating urban poverty.

Subtitle

Sampling Design

Poverty rate and Inequality

Multi-Dimensional Poverty

REFERENCES

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