

# REDUCING RURAL POVERTY IN VIETNAM

Issues, Policies, Challenges

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# Vietnam at a glance

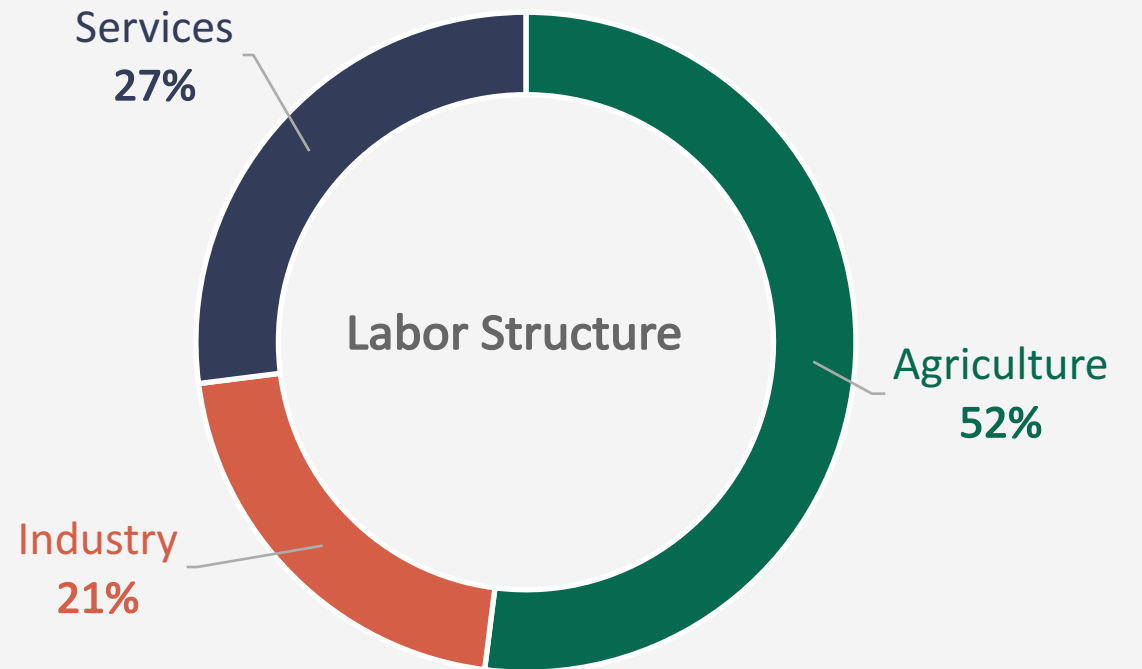
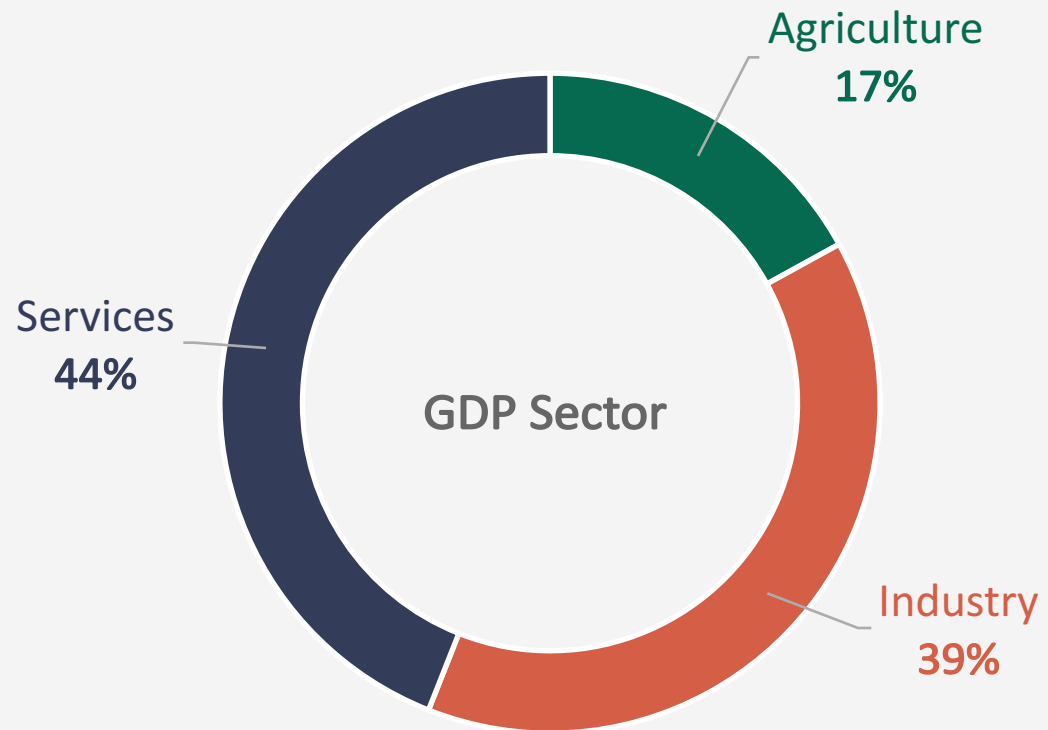
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<b>Area:</b>	331,211.6 km <sup>2</sup>
<b>Population:</b>	93,421,835
<b>GDP per capita:</b>	USD 2,300
<b>Growth rate:</b>	7.08% (2018)
<b>Labor structure:</b>	52.6% in Agriculture; 20.8% in Industry 26.6% in services
<b>Location:</b>	South East Asia
<b>Currency:</b>	Vietnamese Dong (1USD= 22,700 VND)
<b>Geography:</b>	6 ecological regions; 63 provinces
<b>Ethnicities:</b>	Kinh (majority) and 53 ethnic minorities (~15% of population)



# GDP and labor force breakdown

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# Vietnam's Growth/ Development Model

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Vietnam has made a transition from **low to middle-income country** - the \$1.90-a-day extreme poverty rate fell from 50 percent in the early 1990s to 2 percent today

Per capita income in Vietnam has gone from around \$100 in the 1980s to about \$2300 in 2017, PPP is >\$5000.

# Vietnam's Growth/ Development Model

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**Doi Moi reforms** (renovation) launched in 1986 - aimed to create a socialist - oriented market economy



Vietnam remains a **one-party socialist state** run by the Communist Party but embracing free-market policies

**Strongly export-oriented** - free trade deals with South Korea, WTO, aiming for FTA with EU

Growth model built on **heavy inward investment** and rapid transition away from farming and low value textiles

# Key drivers for growth in Vietnam

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Inward FDI



Trade surplus



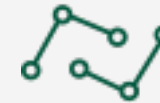
Rising per capita  
incomes



Emerging middle  
class of consumers



Favourable  
demographics



Increasing factor  
productivity



Investment in  
tourism



State investment in  
infrastructure



Rapid urbanization

# Poverty Reduction

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## Other contributing factors:

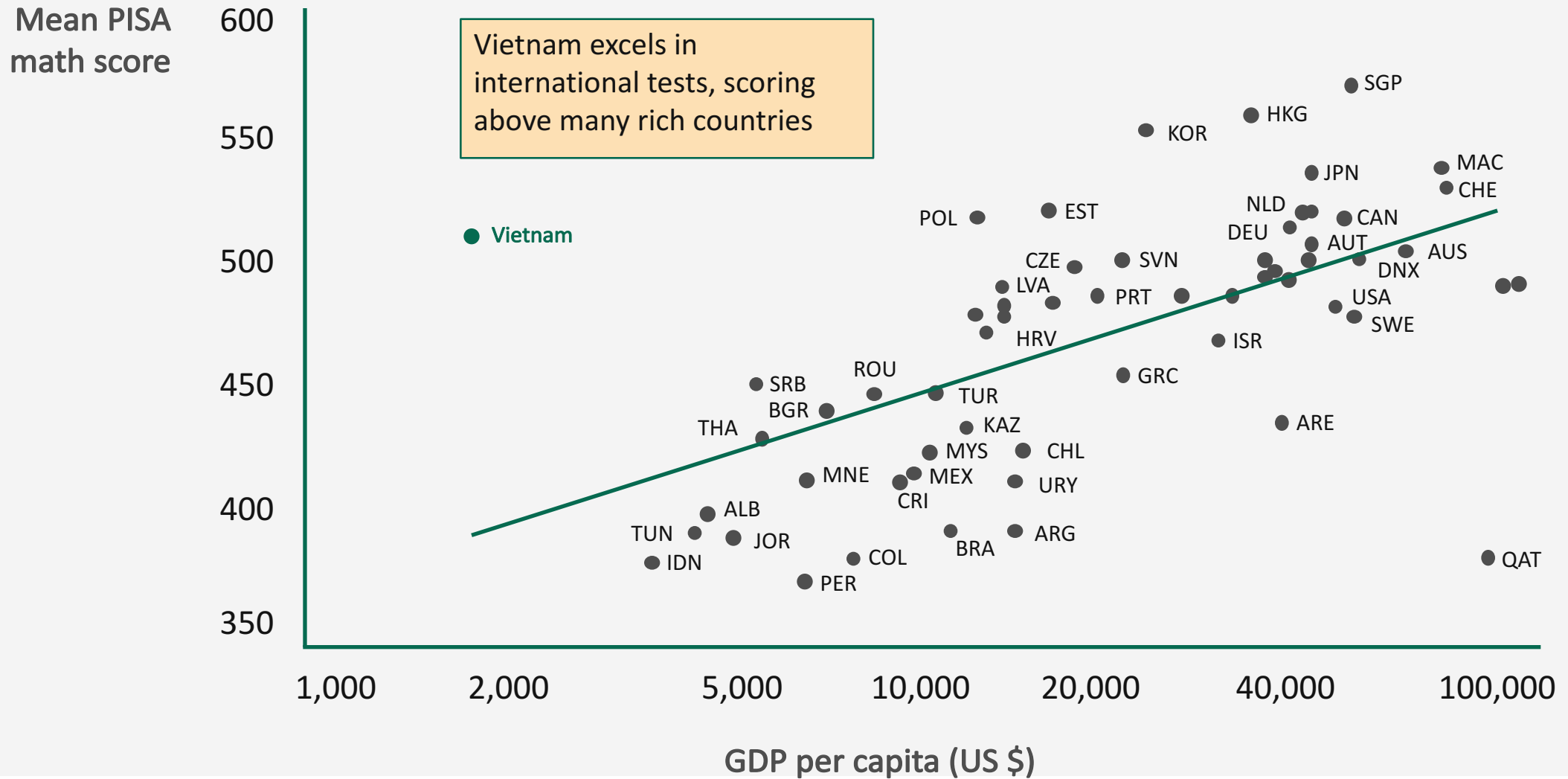


**Heavily invested in human capital:** Health 6.3% and Education 12% of GDP (2012)

Generous **aid programs** from international donors: technical assistances, capacity buildings for the Vietnamese government officials

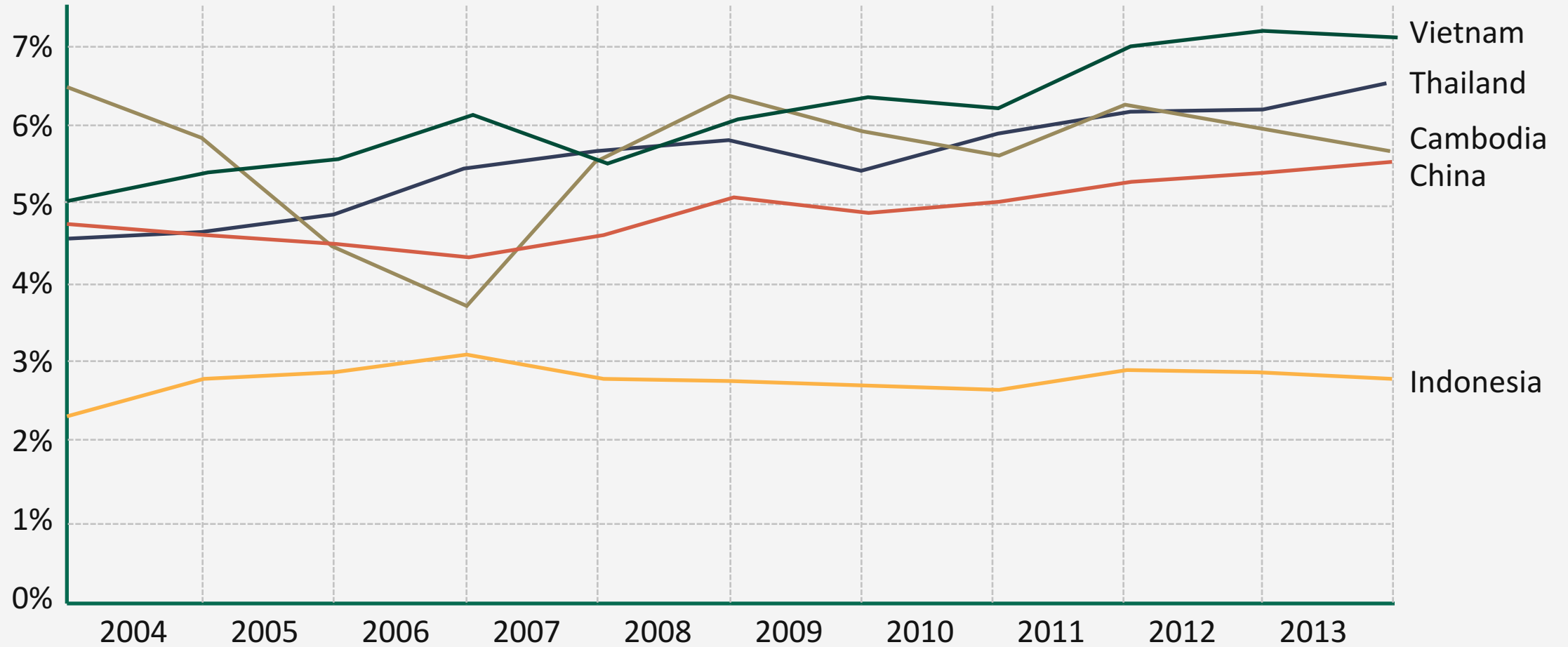
**Various poverty reduction programs:** improve living conditions, increase access to land, health insurance etc.

# Human Capital






# Health Spending (% of GDP)



# HDI Progress

	Life expectancy at birth	Expected years of schooling	Mean years of schooling	GNI per capita (2011 PPP\$)	HDI value
1990	70.5	7.8	3.9	1.410	0.477
1995	72.0	9.3	4.6	2.020	0.531
2000	73.3	10.6	5.4	2.615	0.576
2005	74.3	11.3	6.4	3.423	0.617
2010	75.1	12.0	7.5	4.314	0.655
2015	76.1	12.7	8.0	5.263	0.684
2016	76.3	12.7	8.1	5.589	0.689
2017	76.5	12.7	8.2	5.859	0.694



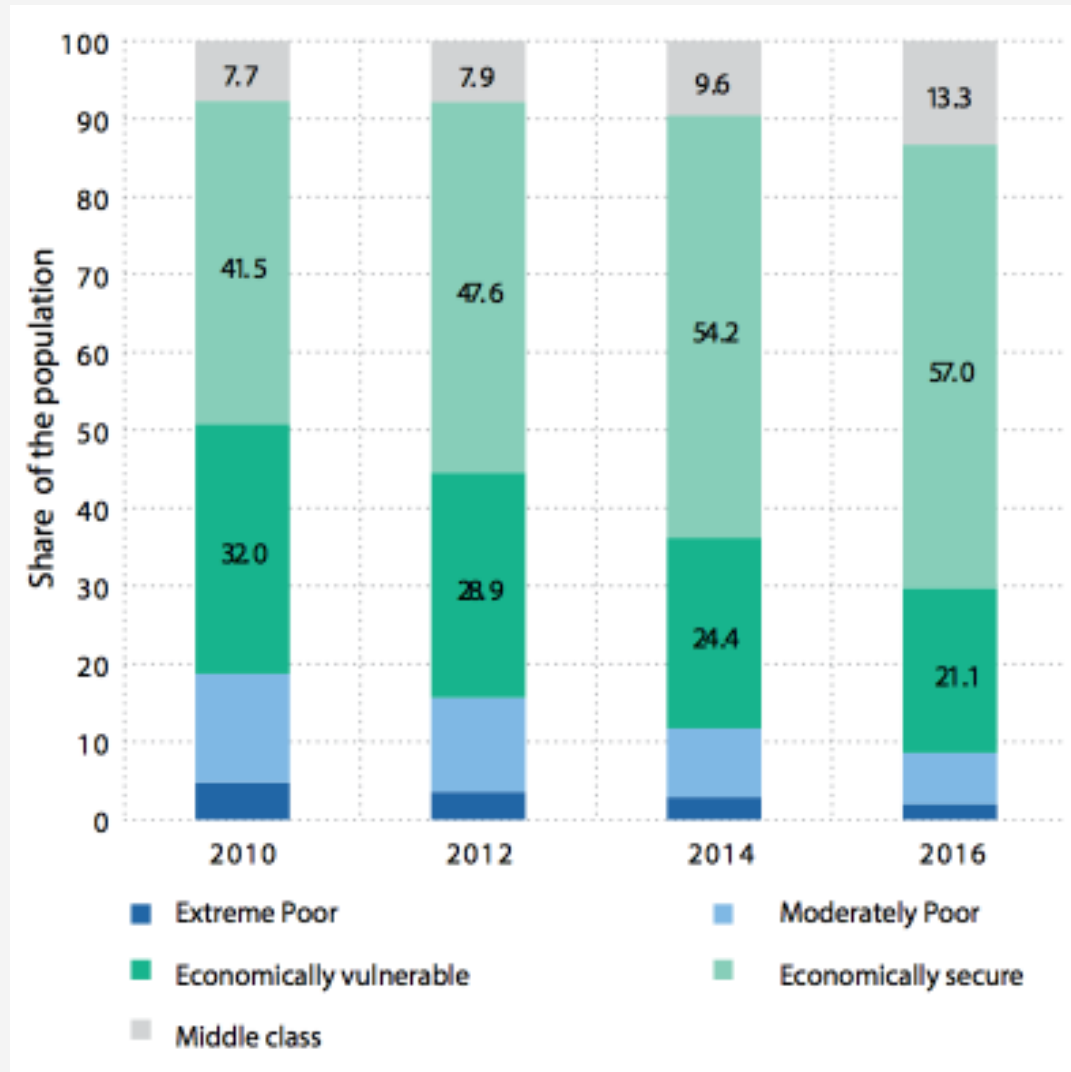
# HDI Progress

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Vietnam's HDI and component indicators for 2017 relative to selected countries and groups

	HDI value	HDI rank	Life expectancy at birth	Expected years of schooling	Mean years of schooling	GNI per capita (PPP US\$)
Vietnam	0.694	116	76.5	12.7	8.2	5,859
Philippines	0.699	113	69.2	12.6	9.3	8,395
Thailand	0.740	83	75.5	14.7	7.6	15,516
East Asia and the Pacific	0.733	–	74.7	13.3	7.9	13,688
Medium HDI	0.645	–	69.1	12.0	6.7	6,849

# Population by Economic Class (%)

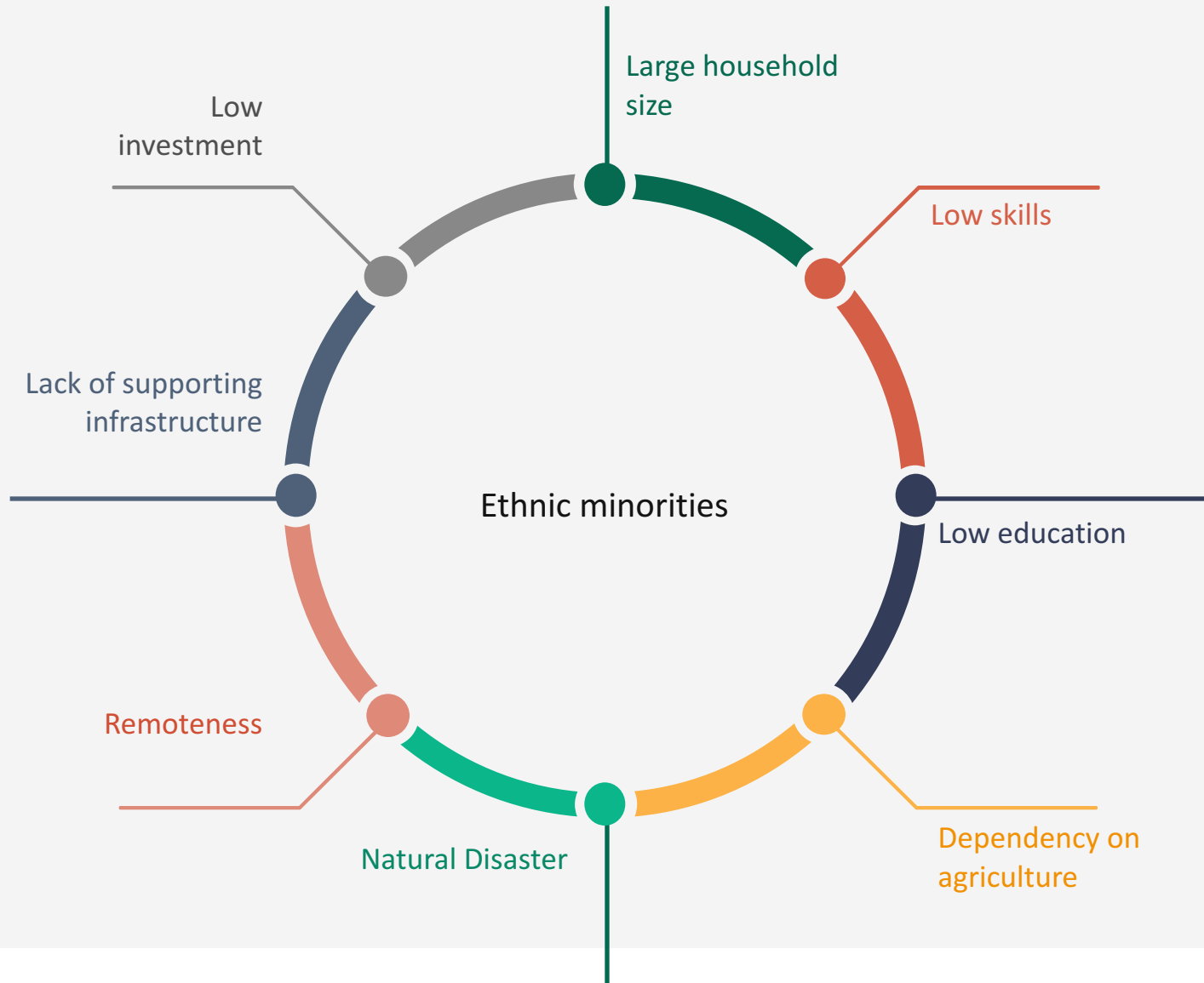


- **Extremely poor** - less than \$1.90 per day
- **Moderately poor** - from \$1.90 to \$3.20 per day
- **Economically vulnerable** - \$3.20 - \$5.5 per day
- **Economically secure** - \$5.50 - \$15 per person per day
- **Middle class** - more than \$15 per person per day.

Poverty reduction remains an issue...  
Who are the poor?

# Poor households' characteristics

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## Poverty rate and population distribution by topography (2016)

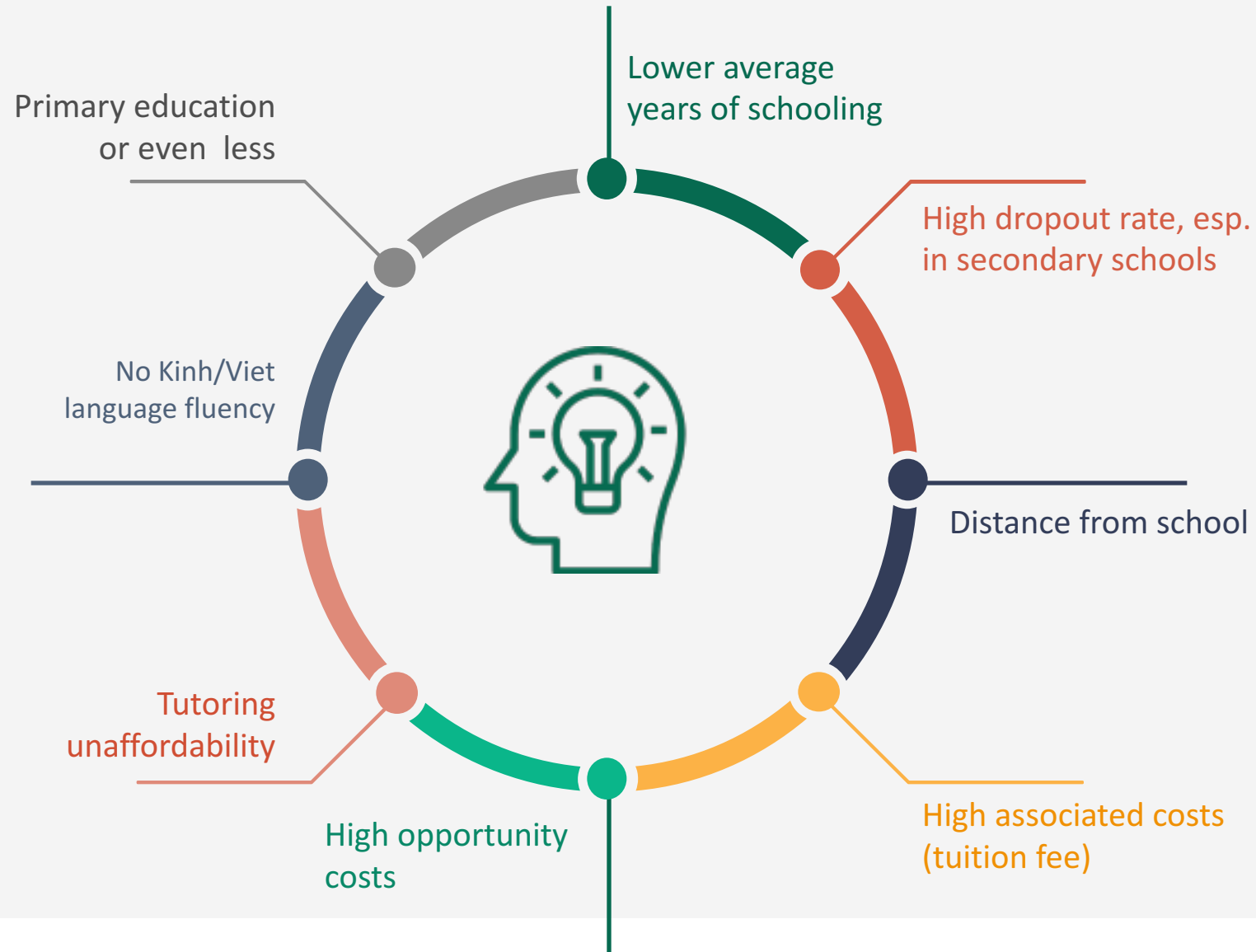
	Poverty Headcount Rate (%)		Population composition with location (%)		Population distribution across locations (%)	
	Ethnic minorities	Kinh & Hoa	Ethnic minorities	Kinh & Hoa	Ethnic minorities	Kinh & Hoa
Urban	20.4	0.7	4.5	95.5	8.7	34.7
Rural Communes						
Coastal	25.4	4.1	3.4	96.6	0.9	4.8
Inland delta	12.1	3.8	2.8	<b>97.2</b>	6.3	<b>41.4</b>
Hills/midlands	9.4	1.7	6.8	93.2	1.7	4.4
Low mountains	34.4	5.3	28.9	71.1	23.0	10.7
High mountains	<b>57.0</b>	<b>10.4</b>	<b>72.8</b>	27.2	<b>59.4</b>	4.2

Issues, Challenges and Policies



# Lack of education

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# Lack of education

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## Low agricultural income

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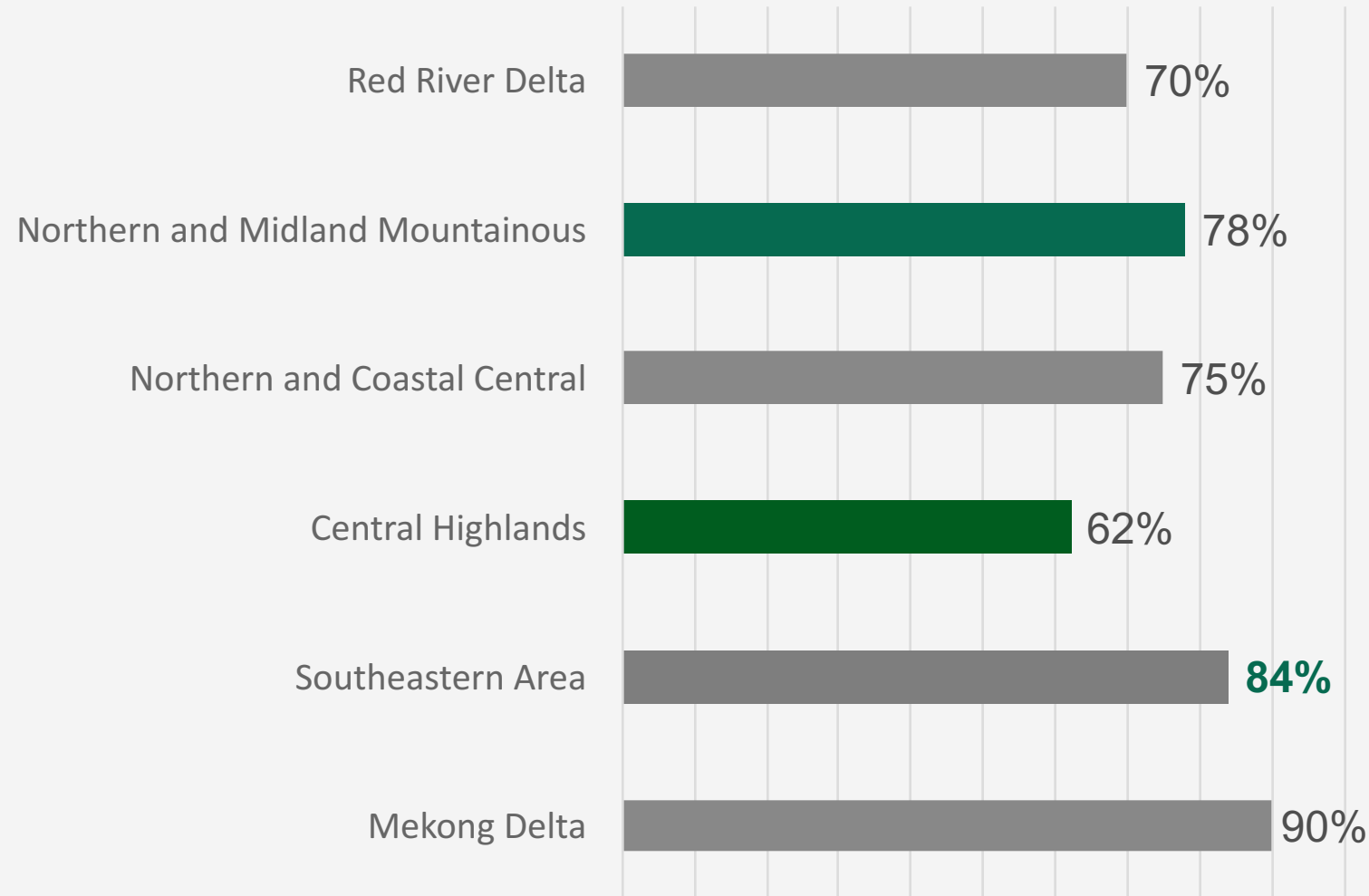
- Sub-optimal crop choice
- Less yields from same crop type on same type of land

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Limits access to non-farm income with high and stable earnings

# Lack of financial capital

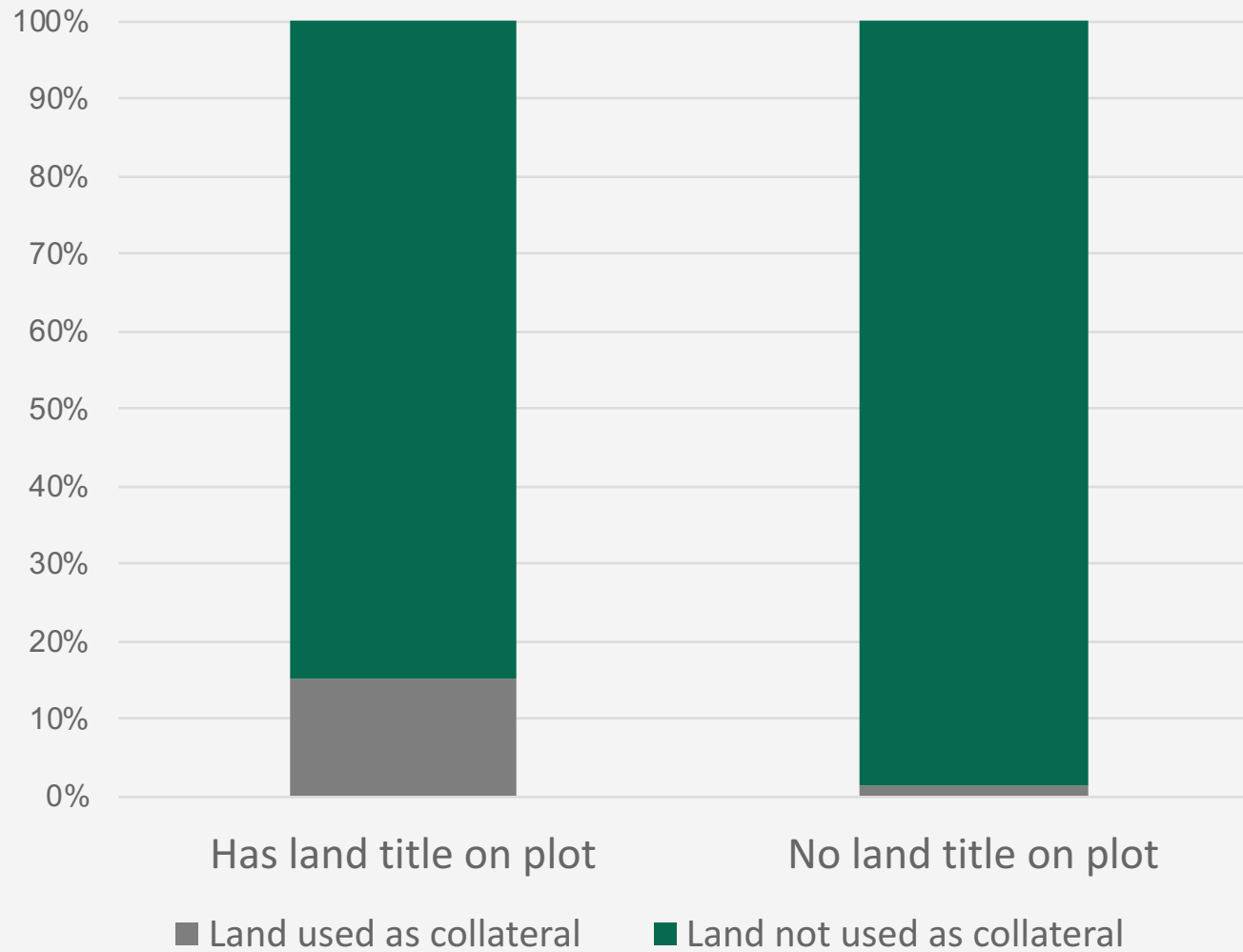
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Share of Plots with Land User Certificates (%), 2014

# Lack of financial capital

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Use of agricultural land as collateral (%), 2014

## High opportunity costs without proper social protection

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*“We offer vocational training for women and encourage everybody to join. But people from ethnic group refuse to come. They thought that it is time-consuming. They would rather save time to go to work and earn money for living. No time to learn.”*

Transcript of an interview with commune official in Bac Lieu in 2019.

# Policies targeting the remaining poor population

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Change farm land use  
towards profitable crops



Strengthen land user  
rights



Provide microfinance

Increase level of  
social protection



**Improve skills,  
education level**



Education reform towards  
equal opportunity

**THANK YOU!**

