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Urban Poverty in Vietnam: Recent Evidences from Household Surveys

Cuong Viet Nguyen

Abstract

This study examines the poverty trend and profiles of urban population in Vietnam using recent household surveys. While the poverty rate in the urban areas is very small, at 1.1% in 2018, the vulnerability rate remains rather high, at 8.3%. We find different poverty rates across population sub-groups. Even living in the same urban areas, ethnic minorities have much higher poverty and vulnerability rates than Kinh/Hoa. The poverty rate of Kinh/Hoa was only 0.6% in 2018, while this rate of ethnic minorities was 14.6%. Similarly, there are large differences in the poverty and vulnerability rates between households with different education levels and occupations.

Keywords: Urbanization; Urban poverty; Inequality, Household Survey; Vietnam.

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1. Introduction

Viet Nam's economy has grown steadily since the economic reform, with an annual GDP growth rate of around 6%. Since 2010, Vietnam has been classified as a lower middle-income country. Viet Nam has had broad-based economic growth, with all socioeconomic categories benefiting (Nguyen et al., 2013; Lanjouw et al. 2017). Viet Nam's poverty reduction efforts will be built on the foundation of inclusive economic growth. Furthermore, a wide variety of poverty reduction programs targeted at vulnerable groups and conducted by governments and international organizations help to strengthen the economy, especially the income of low-income poor households, and reduce poverty rates. The proportion of persons living below the spending poverty line, as determined by the General Statistics Office of Vietnam and the World Bank, fell from 20.7 percent to 7.0 percent between 2010 and 2018.

In Viet Nam, the urbanization process is occurring in tandem with economic expansion. Over the last 20 years, the proportion of people living in cities has climbed by ten percentage points, reaching 34.4 percent in 2019. According to the 2019 Population and Housing Census, urban regions had 33,059,735 people while rural areas had 63,149,249 people (GSO, 2019). Viet Nam is one of the world's and the region's most densely inhabited countries. To satisfy socioeconomic growth, urban planning and development are insufficient. Weak urban infrastructure networks, restricted access to clean water, a deteriorated environment, bad urban sanitation, flooding, unmanageable solid waste, traffic congestion, and a lack of transparency in the land market are all difficulties that metropolitan regions face. Despite the fact that the poverty rate in Viet Nam's urban districts was low when measured by national poverty lines, the poor and vulnerable have experienced hardships in the city. Because of their lack of education, the poor are more likely to work in low-wage

jobs and live in substandard housing. Due to limited access to public services, urbanization increases the number of urban migrants, the majority of whom are at danger of becoming vulnerable.

The main objective of this study is to examine the urbanization process and poverty reduction of urban population in Vietnam using recent data sets. It also estimates the poverty profiles of urban poor. The remaining report is structured as follows. Section 2 discusses the urbanization process in Vietnam. Section 3 presents the poverty measurement in urban areas. Section 4 and 5 presents estimation of the urban poverty trend and profile in recent years. Finally, section 6 concludes.

2. Urbanization in Vietnam

Since 1998, the Government has issued the Government Decision No.10/QĐ-TTĐ on the master plan for urban areas up to 2020. In the 2011-2020 Socio-Economic Development Strategy, the government emphasized that urbanization plays an important role to achieve the country's goal of industrialization and modernization. In Decision No. 445/QĐ-TTĐ of the Prime Minister dated on 07/04/2009 'Adjustment of the overall planning development of Vietnam's urban system to 2025 with a vision to 2050', the Government aims that the urban population will be about 44 million people by 2020, accounting for 45% of the national urban population; and the urban population will account for 50% by 2025.

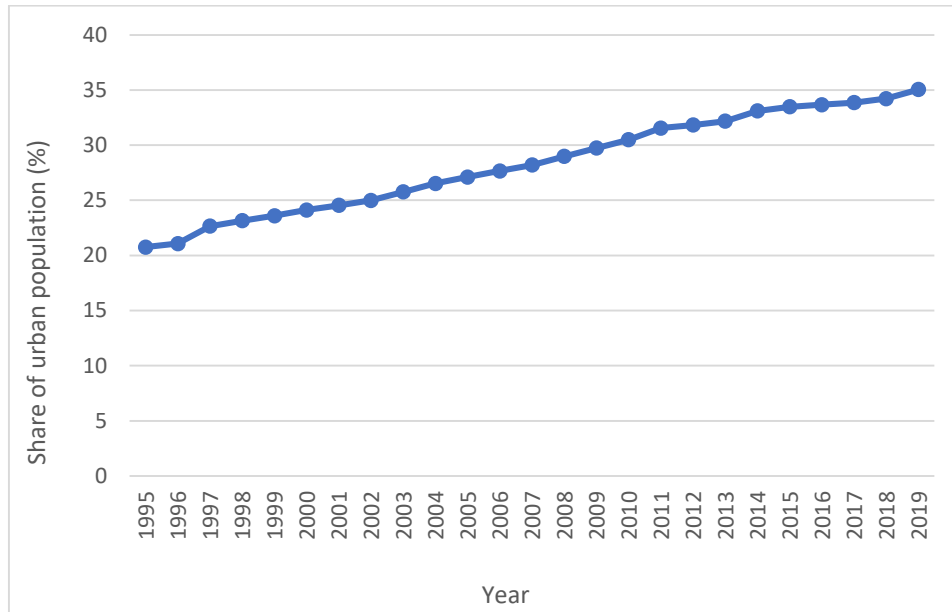
In reality, the urbanization process is slower than the planning. According to the 2019 Population and Housing Census, the population of urban areas in Vietnam in 2019 is 33,059,735 people, accounting for 34.4%; 63,149,249 people in rural areas, accounting for 65.6% (GSO, 2019). From 2009 up to now, the proportion of the population in urban areas has increased by 4.8 percentage points (Figure 1). A reason for the slow urbanization process

is the relatively low growth rate of industrial and service sector. The agricultural sector still accounts for 17% in GDP. Around 40% of the workers are in the agricultural sector.

Cities in Vietnam are divided into 6 categories, including: special grade cities, and grade I to grade V towns. The decision to establish cities of special grade, grade I and II is issued by the Prime Minister. The Ministry of Construction issues the decision to establish grade-III and grade-IV urban centers. The grade-V urban centers are approved by provincial-level People's Committees.

A typical feature of urban system in Vietnam is the existence of two urban poles in Red River Delta and Mekong River Delta. Hanoi and HCM city are the two biggest cities in Vietnam, which have high population density. Although the overall urbanization process is rather slow, the urbanization process in Hanoi and HCM city is very fast. Vietnam's urban areas, especially big cities are facing many challenges such as unsustainable growth depending on the exploitation of natural resources, ineffective and not transparent use of urban land, poor infrastructure system, flood, traffic jam, air pollution and sea rise in some cities in Southeast and Mekong River Delta. In big cities, the land and house price is very high. Poor people face low-quality housing and living conditions.

Figure 1. Share of urban population (%)



Source: preparation using data from Statistical Year Book

3. Poverty measurement in Vietnam

Poverty targeting

The Government of Vietnam issues national poverty reduction programs every five years. To be eligible for supports from poverty reduction programs, households should be identified as the poor by Ministry of Labor, Invalid and Social Affairs (MOLISA). Poverty identification and poverty lines are adjusted every five years. It should be noted that poverty lines are adjusted based on not only the change in the living standards but also the budget capacity of the State to support the poor.

Before 2016, Vietnam identified the poor households using the income poverty line. The income poverty line is the average income per person per month of the household that ensures the consumption of food, which is equivalent to a food basket providing a calorie of 2100-

2300 Kcal/person/ day and non-commodities. Table 1 summarizes the poverty lines before 2016. Based on this poverty line, the Ministry of Labor, Invalids and Social Affairs (MOLISA) identifies poor households at the commune level.

Table 1. Income poverty lines during the 1993-2015 period

Area	1993-1995	1996-1997	1998-2000	2001-2005	2006-2010	2011-2015
Urban	20 kg rice/ person/month	25 kg rice/ person/month	25 kg rice/ person/month (90,000VND)	150,000 VND /person/month	260,000 VND /person/month	500,000 VND /person/month
Rural	15 kg rice/ person/month				200,000 VND /person/month	400,000 VND /person/month
Rural areas in mountain regions		15 kg rice/ person/month	15 kg rice/ person/month (55,000VND)	80,000VND /person/month		
Rural areas in delta regions		20 kg rice/ person/month	20 rice/ person/month (75,000VND)	100,000VND /person/month		

Source: Author's preparation using legal documents

Since 2015, the Government of Vietnam has decided to adopt a multidimensional approach to poverty measurement (Decision No. 1614 / QD-TTg dated September 15, 2015). The 2016-2020 poverty identification approach combines income poverty line and deprivation of access to 5 basic social services including: health care; education; housing; clean water and sanitation; and information. These five dimensions are measured by 10 indicators. A household is identified as the poor if they meet one of the two criteria:

- Rural areas: Having monthly income of 700,000 VND or less; or over 700,000 VND to 1,000,000 VND and at the same time having deficits at least 3 indicators out of the 10 indicators.
- Urban areas: Having monthly income of 900,000 VND or less; or over 900,000 VND to 1,300,000 VND and at the same time having deficits at least 3 indicators out of the 10 indicators.

MOLISA is proposing the new poverty identification for the coming period 2021-2015. The number of indicators which are used to measure the multidimensional approach is extended to 12 including nutrition; health Insurance; adult education level; the child's attendance status; housing quality; housing area per capita; water source; hygienic latrines; telecommunications services; access to information access; job; dependents in the household. A household is identified as the poor as follows:

- Rural area: having monthly per capita income of 1,500,000 VND or less and at the same time deprived of at least 3 indicators out of 12 ones.
- Urban area: having monthly per capita income of 2,000,000 VND or less and at the same time deprived of at least 3 indicators out of 12 ones.

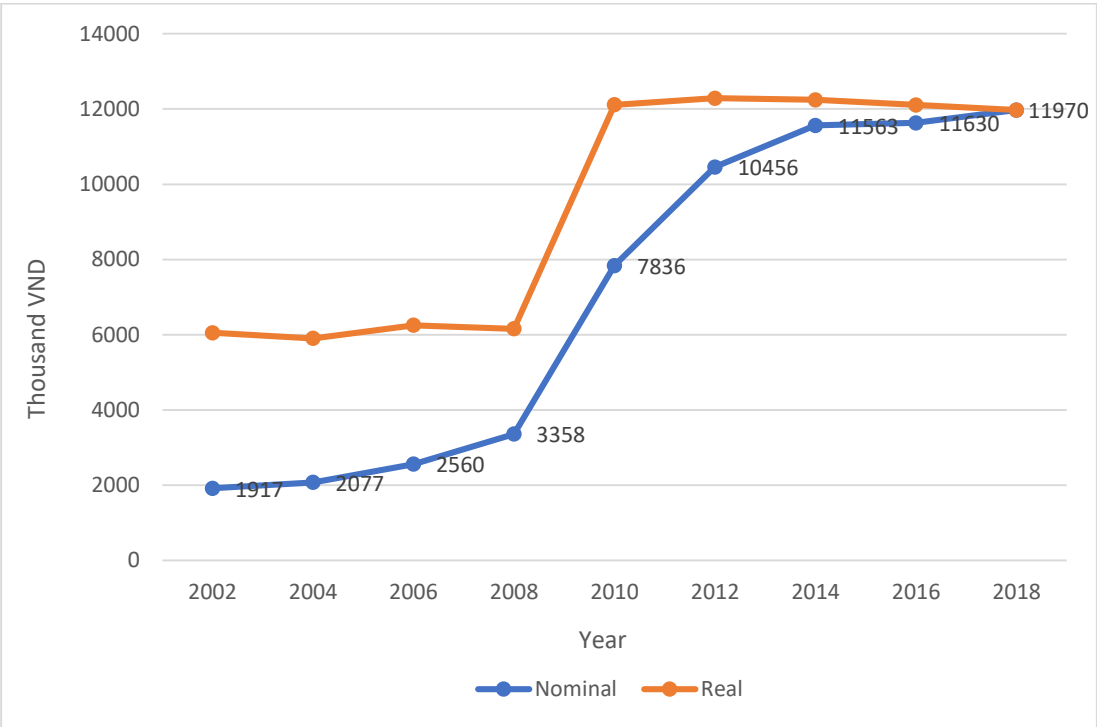
Poverty monitoring

In addition to the poverty targeting system of MOLISA, Vietnam also uses the expenditure poverty line to provide the poverty estimates consistently over time and regions. The expenditure poverty lines have been constructed by the General Statistics Office (GSO) and the World Bank since 1993. The poverty line is constructed based on the basic need approach. The poverty line is equivalent to the expenditure level that allows for nutritional needs with food consumption securing 2100 calories per day per person for the 2002-2008 period and 2230 calories per day per person for the 2010-2018 period, plus some essential non-food consumption such as clothing and housing.

Also based on this poverty line, the General Statistics Office (GSO) only calculates the poverty rate based on data from the Vietnam Household Living Standards Survey (VHLSS), but cannot identify the poor based on the sample survey. In addition, since the Household Living Standards Survey was conducted in 1993 up to now, the World Bank and GSO have

also estimated the poverty rate according to the average expenditure poverty line (commonly known as the GSO- World Bank). Accordingly, a household is classified as a poor if the average household expenditure is lower than the expenditure poverty line. The GSO-WB poverty line is updated in VHLSSs every two years. Most recently, the expenditure poverty line in the VHLSS 2018 is 11,970,000 VND/person/year or 997,500 VND/person/month.

Figure 2. Expenditure poverty line (VND/person/year)



Source: Author’s preparation using legal documents

Poverty lines in several cities

Several cities such as Hanoi, HCM city and Da Nang have a higher economic level than the national average. Using the national poverty line, the poverty rate is very small in these cities. To support the poor, these cities have issued their own poverty lines and provided the poor with supports. Currently there are 9 cities and provinces using higher poverty lines than the national poverty lines including Hà Nội, HCM city, Bình Dương, Đà Nẵng, Đồng Nai, Khánh

Hòa, Vũng Tàu, Bình Phước, Long An. The provinces and cities use the same 10 indicators in the multidimensional approach but apply a higher income poverty line than the national income poverty line. Table 2 reports the poverty identification in several cities and provinces with higher poverty lines than the national ones in the 2016-2020 period.

Table 2. Poverty identification in several cities during the 2016-2020 period

	Hanoi	Da Nang	Dong Nai	HCM city	Vung Tau	Binh Duong
Urban	Having monthly income of 1,400,000 VND or less; or over 1,400,000 VND to 1,950,000 VND and at the same time having deficits at least 3 indicators out of the 10 indicators.	Having monthly income of 1,500,000 VND or less; or over 1,500,000 VND to 1,900,000 VND and at the same time having deficits at least 3 indicators out of the 12 indicators.	Having monthly income of 1,450,000 VND or less; or over 1,450,000 VND to 1,900,000 VND and at the same time having deficits at least 3 indicators out of the 10 indicators.	Having monthly income of 1,750,000 VND or less; or having deficits at least 4 indicators out of the 10 indicators.	Having monthly income of 1,500,000 VND or less; or over 1,500,000 VND to 1,950,000 VND and at the same time having deficits at least 3 indicators out of the 10 indicators.	Having monthly income of 1,400,000 VND or less; or over 1,400,000 VND to 1,800,000 VND and at the same time having deficits at least 3 indicators out of the 10 indicators.
Rural	Having monthly income of 1,100,000 VND or less; or over 1,100,000 VND to 1,500,000 VND and at the same time having deficits at least 3 indicators out of the 10 indicators.	Having monthly income of 1,300,000 VND or less; or over 1,300,000 VND to 1,600,000 VND and at the same time having deficits at least 3 indicators out of the 12 indicators.	Having monthly income of 1,200,000 VND or less; or over 1,200,000 VND to 1,550,000 VND and at the same time having deficits at least 3 indicators out of the 10 indicators.	Having monthly income of 1,750,000 VND or less; or having deficits at least 4 indicators out of the 10 indicators.	Having monthly income of 1,200,000 VND or less; or over 1,200,000 VND to 1,500,000 VND and at the same time having deficits at least 3 indicators out of the 10 indicators.	Having monthly income of 1,200,000 VND or less; or over 1,200,000 VND to 1,600,000 VND and at the same time having deficits at least 3 indicators out of the 10 indicators.

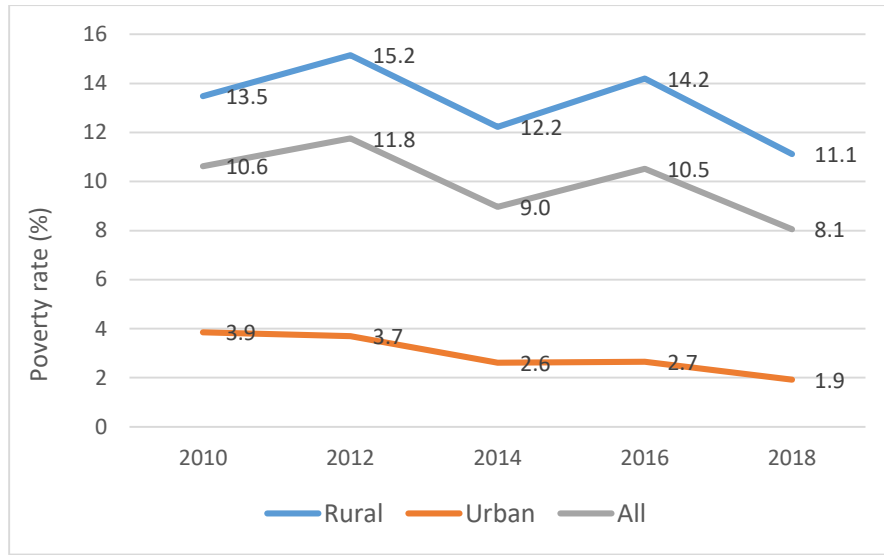
Source: Author's preparation using legal documents

4. Urban poverty trend

In this section, we use the Vietnam Household Living Standard Survey (VHLSS), which were conducted by GSO every two years since 2010 to analyse the urban poverty in Vietnam. Each VHLSS collects data on living standards from 9,400 households nationwide, representative at urban/rural areas and regional levels. Individual data include demographics, education, employment, health, and migration. Household data cover durables, assets, production, income and expenditure, and participation in government programs. VHLSSs have been widely used by the government, international agencies and researchers to provide estimates on poverty and living standards.

Figure 3 presents the proportion of people living in poor households identified by the local authorities using the MOLISA approach. The poverty classification is adjusted every five years. Thus the poverty rate from the government cannot be compared between five-year periods. In 2010, the poverty rate was 10.6%. The poverty line was increased for the 2011-2016 period. As a result, the poverty rate in 2012 was higher than that in 2010 (which used the poverty line of the 2006-2010 period). The poverty rate decreased in 2014. In the 2016-2020, the poverty line and the poverty identification were adjusted. The poverty rate decreased from 10.5% in 2016 to 8.1% in 2018. The poverty rate of urban households was only 1.9% in 2018.

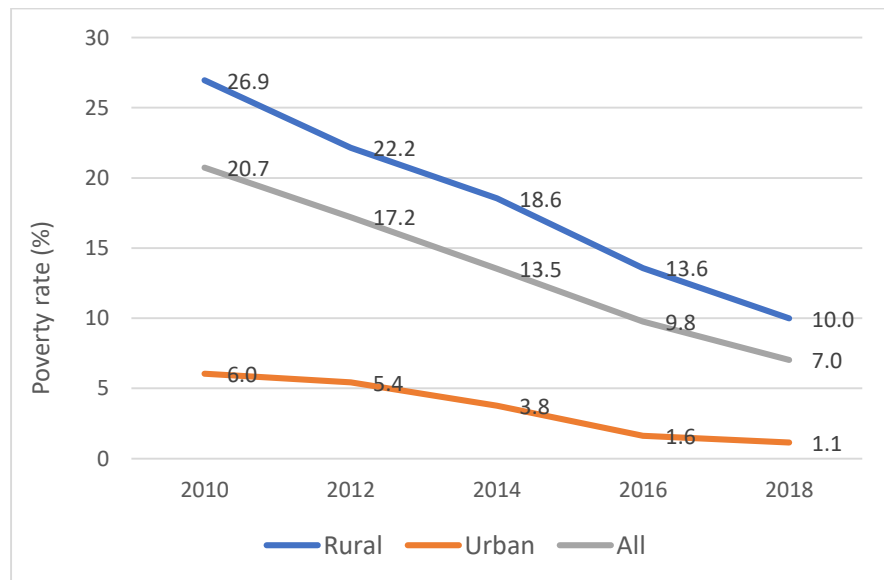
Figure 3: The MOLISA poverty rate (%)



Source: author's estimation from the VHLSSs

The expenditure poverty line is comparable over the 2010-2018 period. It shows that the poverty rate decreased steadily from 20.7% in 2010 to 7.0% in 2018. The poverty rate in urban areas also decreased from 6% to 1.1% during this period.

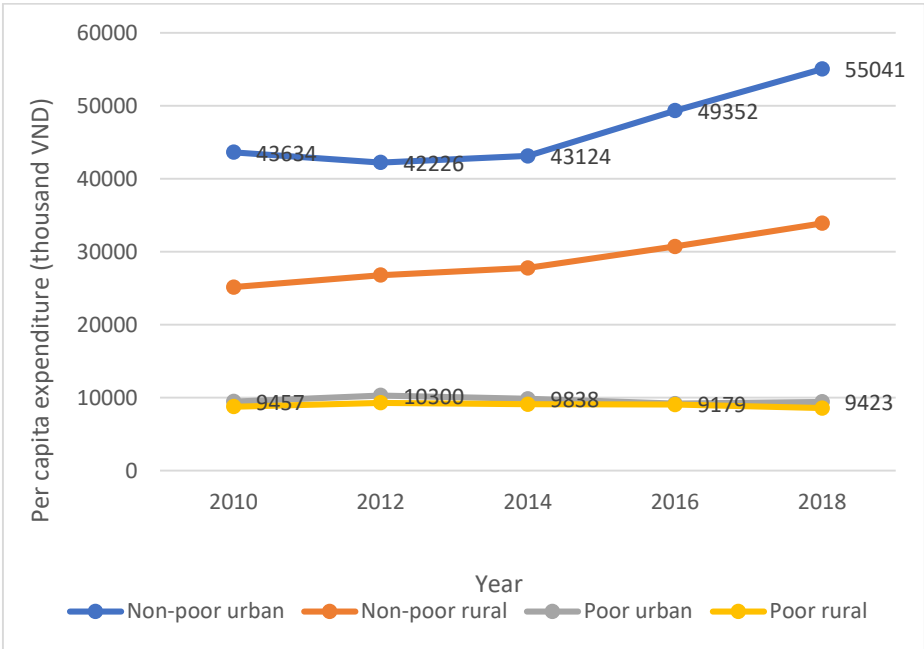
Figure 4. The expenditure poverty rate (%)



Source: author's estimation from the VHLSSs

Although the proportion of the poor decreases over time, the gap between the poor and non-poor tend to increase (Figure 5). Urban people have higher expenditure than rural people, but the poor in urban areas have similar expenditure mean as the poor in rural areas. As a result, the gap between the poor and non-poor in urban areas is higher than that in rural areas. The ratio of the mean per capita expenditure between non-poor and poor people in urban areas increased from 4.6 in 2010 to 5.9 in 2018.

Figure 5. Mean per capita expenditure of the poor and non-poor

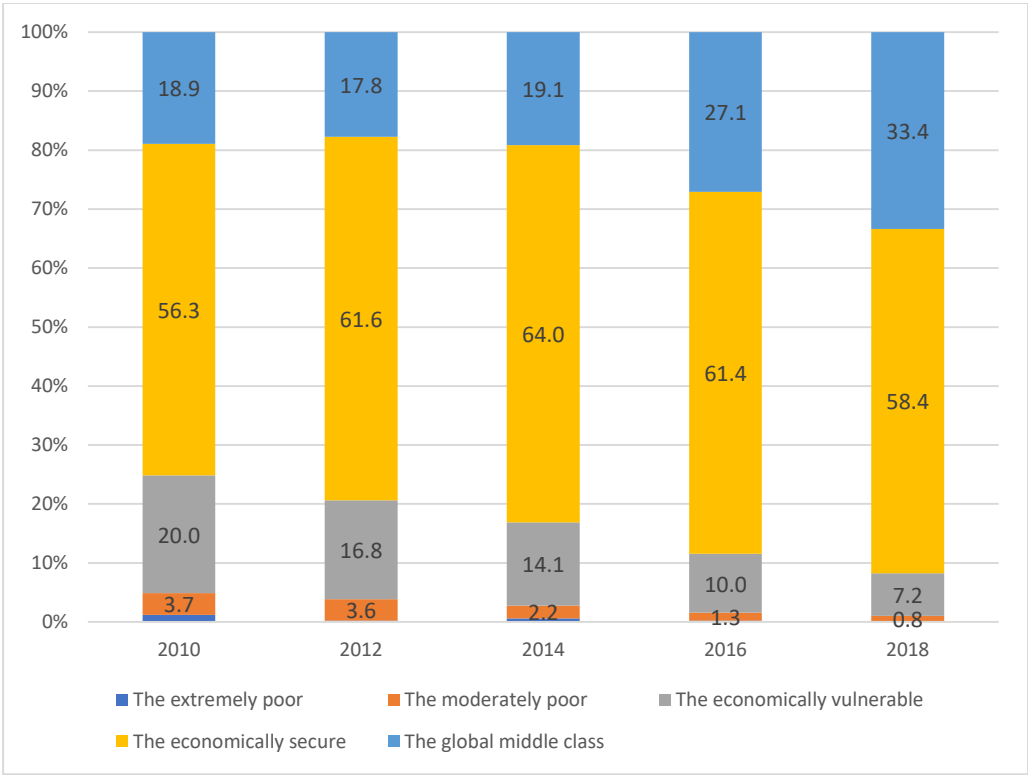


Source: author’s estimation from the VHLSSs

As we can see, the poverty rate in urban areas, which is based on the national poverty line as well as the expenditure poverty line, is very low. Following international norms (World Bank, 2017; Pimhidzai, 2018), we classify households into five economic classes based on their daily consumption per capita in 2011 PPP dollars: (i) the extremely poor, who live on less than \$1.90 per day, (ii) the moderately poor, whose per capita consumption ranges from \$1.90 to \$3.20 per day, (iii) the economically vulnerable, who consume \$3.20 - \$5.5 per person per day, (iv) the economically secure, consuming \$5.50 - \$15 per person per day,

and (v) the global middle class, who live on more than \$15 per person per day. Figure 6 shows that the proportion of the poor and the proportion of the vulnerable in urban areas decreased significantly between 2010 and 2018. In 2018, there are almost no extremely poor in urban areas. The proportion of the moderately poor and the economically vulnerable was 0.8% and 7.2%, respectively.

Figure 6. Distribution of people by economic class in urban areas



Source: author’s estimation from the VHLSSs

The poverty rate in the urban areas is very small. Thus in this study, we also compute the vulnerability rate, which is equal to the proportion of people who have per capita expenditure less than \$15 per person per day. The expenditure poverty rate was 1.1% in 2018, while the vulnerability rate was 8.3% in 2018.

Table 3 shows the poverty and vulnerability rates in urban areas by the characteristics of households. Vietnam has 54 ethnic groups. Kinh accounts for 85% of the total population. They tend to live in delta and have higher living standards than other ethnic minorities. Ethnic minorities are mainly located in mountains and highlands. In urban areas, ethnic minorities account for around 5% of the urban population. Hoa or Chinese also tend to delta and have similar living standards as Kinh. Kinh and Hoa are often grouped into one group. Even living in the same urban areas, ethnic minorities have much higher poverty and vulnerability rates than Kinh/Hoa (Table 3). The poverty rate of Kinh/Hoa was only 0.6% in 2018, while this rate of ethnic minorities was 14.6%. The vulnerability rate of ethnic minorities was around 4 times as many as that of Kinh/Hoa.

Female-headed households have a lower vulnerability rate than male-headed households. Female-headed households have higher per capita income as well as consumption. One reason is that female-head households tend to have a smaller household size. Female heads are more likely to live without husbands who can migrate or divorced.

Household with very old household heads have higher poverty and vulnerability rates. Older people have lower income and suffer from health problems. This finding is consistent with observations from Actionaid, UKaid, Oxfam (2013) that poverty is often found in households raising children, elderly, lonely, disabled and sick for a long time.

Households with head with lower education have very high poverty and vulnerability rates. There are no poor households whose head complete tertiary education. The vulnerability rate of these households was only 1.1% in 2018. However, the poverty rate and the vulnerability rate of households with heads with less than primary education were 5.2% and 25.5% in, respectively.

We also classify households by the main occupation of household heads. Although our sample is limited to urban areas, there were around 10% of households whose heads were still working in the agricultural sectors. These households have the highest poverty and vulnerability rates. Households with unskilled heads also have high poverty and vulnerability.

Table 3. Poverty and vulnerability rates by household characteristics (%)

Population groups	The poverty rate (%)			The vulnerability rate (%)		
	VHLSS 2010	VHLSS 2014	VHLSS 2018	VHLSS 2010	VHLSS 2014	VHLSS 2018
Total	6.0	3.8	1.1	25.7	17.5	8.3
<i>Ethnicity of household head</i>						
Kinh/Hoa	4.8	2.7	0.6	24.3	16.0	7.3
Ethnic minorities	36.5	30.5	14.6	59.6	57.7	31.6
<i>Gender of household head</i>						
Male	6.4	4.1	1.2	28.0	18.3	9.2
Female	5.4	3.0	1.1	21.2	15.9	6.2
<i>Age of household head</i>						
Aged 30 and below	7.1	4.8	2.0	23.7	20.3	10.9
Aged 31-50	6.4	4.4	1.3	26.6	19.8	9.3
51-60	4.7	3.4	0.8	22.4	13.9	6.1
61-80	6.8	2.7	0.7	28.4	14.9	7.7
81+	4.3	4.4	4.6	20.7	17.6	14.4
<i>Head's completed education</i>						
Less than primary education	19.5	12.0	5.2	52.8	39.8	25.5
Primary education	7.1	5.5	1.1	37.0	25.2	13.9
Lower-secondary	4.8	3.9	0.9	28.6	20.0	7.7
Upper-secondary	2.5	0.5	0.5	15.5	8.3	3.5
Post-secondary	0.3	0.0	0.0	2.8	2.2	1.1
<i>Head's occupation</i>						
Leaders/Technicians	0.0	0.0	0.0	4.2	1.8	0.9
Clerks/Service Workers	3.1	1.2	0.8	17.9	10.4	5.0
Agriculture/Forestry/Fishery	19.1	11.6	4.5	55.7	41.6	23.4
Skilled Workers	5.2	3.3	0.2	29.5	20.4	7.9
Unskilled Workers	11.3	9.9	2.2	44.1	34.9	15.6
Not working	4.3	2.3	1.0	21.1	11.8	6.6

Source: author's estimation from the VHLSSs

Although the poverty rate in urban areas for the whole country is low, it remains rather high in some regions. The poverty rate varies across geographic regions. In 2018 the

poverty rate was 5.5% in Central Highlands and 4.0% in Northern Mountain (Table 4). The vulnerability rate was also very high in these regions, nearly 20%. Although the poverty rate is much lower in delta regions, the number of poor people in these regions is not small because of high population density in these regions. Mekong River Delta have the highest number of the poor (Figure 7). Other regions have quite similar number of the poor people, though their poverty rate is very different.

Table 4. Poverty and vulnerability rates by regions and migration status (%)

Population groups	The poverty rate (%)			The vulnerability rate (%)		
	VHLSS 2010	VHLSS 2014	VHLSS 2018	VHLSS 2010	VHLSS 2014	VHLSS 2018
<i>Regions</i>						
Red River Delta	4.0	2.0	0.4	19.3	11.1	5.0
Northern Mountain	11.0	4.8	4.0	36.9	27.0	18.8
Central Coast	7.9	3.9	0.8	31.5	18.4	7.3
Central Highland	8.0	10.7	5.5	37.0	30.8	19.2
Southeast	3.0	1.9	0.1	17.4	12.4	3.6
Mekong River Delta	9.8	7.7	1.6	35.1	29.3	15.1
<i>Having registration book</i>						
No	n.a.	3.9	2.0	n.a.	17.8	9.3
Yes	n.a.	2.2	1.1	n.a.	13.9	8.2

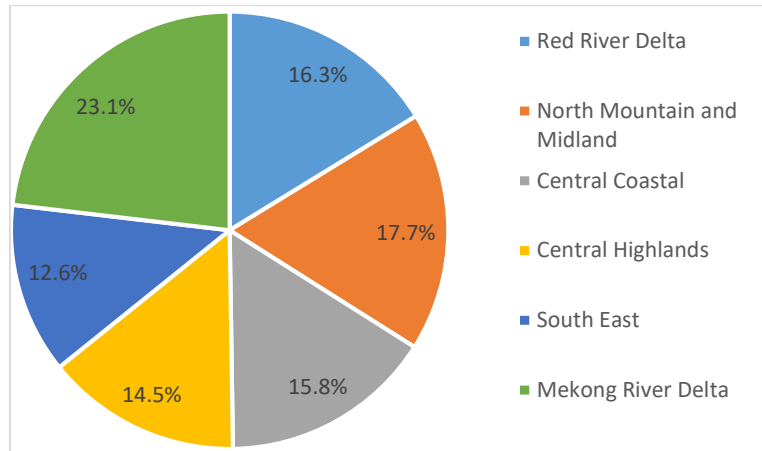
Source: author's estimation from the VHLSSs

There is a large number of people migrating from rural to urban areas, especially big cities in Vietnam. There is a growing concern that migrants are underpaid in urban areas (Özden and Maurice 2006), since they tend to have lower education, working skills, language skills, network, and information on employment opportunities (Borjas 2012; Maurer-Fazio et al. 2015). For the case of Vietnam, Nguyen and Pham (2016) finds that migrants receive substantially lower wages than non-migrants. The wage gap tends to be larger for older migrants. However, once observed demographic characteristics of workers are controlled, there are no differences in wages between migrants and non-migrants. Thus the main difference in observed wages between migrants and non-migrants is explained by differences in age and education between migrants and non-migrants (Nguyen and Pham, 2016).

Marx and Fleischer (2010) highlight that migrants have limited access to social, health, and employment insurances in the destination areas. Like China and several countries, Vietnam maintains a household registration system to manage public security and population movement (Demombynes and Vu 2016). People without a household registration book (or permanent residence permission) in an area have less access to public services such as education and health care.

In the VHLSSs, there are no information on whether an individual migrates to their current place. However, there are data on whether people have registration book in their current areas. This information can be a proxy of migration and access to public services. Table 4 reports the poverty and vulnerability rates of households with and those without registration book. In 2018 households without a registration book have slightly higher rates of poverty and vulnerability than households with a registration book. We have further look at the differences in housing conditions between households with and those without a registration book (Table in Appendix). Households without registration book tend to stay in smaller house with less durables such as television, computer, washing machines and air-conditioning.

Figure 7. Distribution of the vulnerable by regions in 2018



Source: author's estimation from the VHLSSs

5. Poverty profile

In this section, we examine the differences between the vulnerable and non-vulnerable in urban areas. The poverty rate in the urban areas is very small. Thus we look at the vulnerable who are defined as those having per capita expenditure less than \$15 per person per day (World Bank, 2017; Pimhidzai, 2018).

Table 5 compares several characteristics of the vulnerable and non-vulnerable in urban areas. Vulnerable households have a large family size than non-vulnerable ones. Larger family size can reduce the per capita consumption and less investment in education for children. Recently, Mont et al. (2020) find that having an additional sibling increases the risk of dropping out of school in Vietnam. The share of ethnic minorities among the vulnerable is substantially higher than the non-vulnerable. The vulnerable households tend to have a household head with lower education and unskilled employment.

Table 5. Characteristics of the vulnerable and non-vulnerable in urban areas

Characteristics of households	VHLSS 2010		VHLSS 2014		VHLSS 2018	
	Non-vulnerable	Vulnerable	Non-vulnerable	Vulnerable	Non-vulnerable	Vulnerable
Household size	4.1	5.0	4.4	4.8	4.2	5.2
Ethnic minorities	3.5	13.2	3.6	15.2	4.6	22.2
% male household head	64.9	72.7	66.0	69.8	67.9	76.3
Education of hh. head						
% without education	9.7	31.4	10.5	32.9	9.3	35.4
% with primary education	16.4	27.8	17.2	27.3	16.6	29.7
% with lower-secondary	18.4	21.4	21.0	24.6	21.4	19.7
% with upper-secondary	32.9	17.5	30.5	12.9	30.6	12.5
% with post-secondary	22.6	1.9	20.7	2.2	22.1	2.6
Occupation of hh. head						
% leaders, technicians	21.7	2.7	16.9	1.4	17.3	1.8
% clerks/service staffs	20.0	12.6	21.2	11.6	20.5	11.9
% agricultural workers	7.4	26.9	9.4	31.5	9.3	31.7
% skilled workers	17.8	21.6	19.2	23.2	19.6	18.7
% unskilled workers	7.0	15.9	6.0	15.0	7.4	15.3
% not working	26.1	20.2	27.4	17.2	25.8	20.4

Source: author's estimation from the VHLSSs

Table 6 compares assets and housing conditions between the vulnerable and non-vulnerable in urban areas. The vulnerable have lower per capita living area than the non-vulnerable, 13.8 m² compared with 27.4 m². They are less likely to living in permanent house. The access to tap water and flush latrines of the vulnerable is also limited than other people. The proportion of the vulnerable with computer, air conditioning and washing machine is very low. The weather extremes such as flood and very hot weather can affect the living conditions of the vulnerable heavily.

Table 6. Assets of the vulnerable and non-vulnerable in urban areas

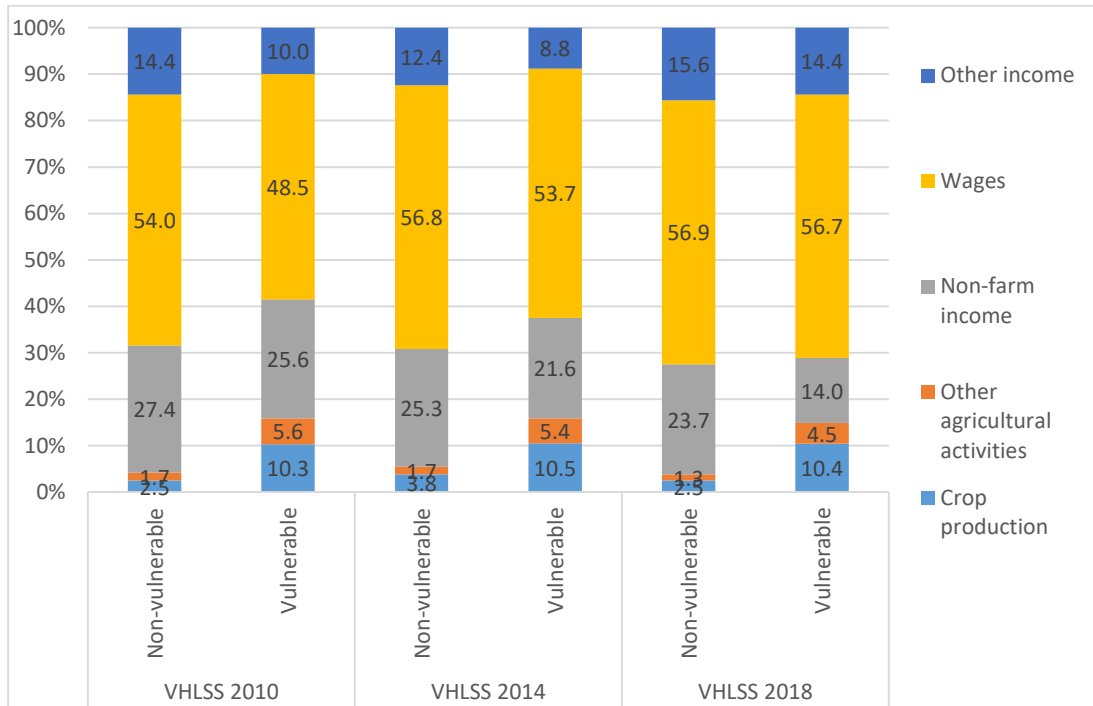
Assets	VHLSS 2010		VHLSS 2014		VHLSS 2018	
	Non-vulnerable	Vulnerable	Non-vulnerable	Vulnerable	Non-vulnerable	Vulnerable
Electricity consumption (kWh/month)	222.6	103.0	254.6	122.1	286.6	131.1
Living area per capita (m2)	24.2	13.2	25.9	14.4	27.4	13.8
Living in permanent house (%)	60.0	20.2	58.8	22.8	60.6	19.3
Having tap water (%)	75.8	45.7	77.3	46.5	81.5	50.8
Having flush latrine (%)	90.8	60.7	94.5	70.1	98.1	75.9
Having television (%)	96.4	92.0	86.4	88.5	92.4	88.7
Having computer (%)	49.6	8.5	46.8	6.6	44.1	6.8
Having motorbike (%)	93.3	77.2	84.3	81.2	90.9	84.8
Having washing machine (%)	60.5	14.4	58.8	17.9	76.0	18.7
Having electric cook (%)	92.5	83.6	82.6	79.7	91.2	84.1
Having air conditioning (%)	31.9	1.5	34.8	4.2	52.1	7.2
Having electric fan (%)	92.9	87.3	84.6	84.3	91.2	89.1
Having fridge (%)	83.4	41.2	80.0	49.7	90.5	66.0

Source: author's estimation from the VHLSSs

Figures report the share of income from different sources in total income. Wages account for around 60% of the total income of urban households. The main difference in the income share between the vulnerable and non-vulnerable is the share of non-farm income and agriculture. A number of urban vulnerable household remain to rely on agricultural production. Compared with the non-vulnerable households, vulnerable households have a larger share of agricultural income but a lower share of non-farm income. The climate change and natural hazards can have direct effects on households relying on agriculture.

In Figure 9, we look at the change in per capita income between 2014 and 2018 of households disaggregated by the main employment industry of household heads. It shows that households with heads working in service sectors tend to have lower per capita income than other households.

Figure 8. Share of income from different sources



Source: author's estimation from the VHLSSs

Figure 9: Per capita income of households by occupation of household head during 2014-2018

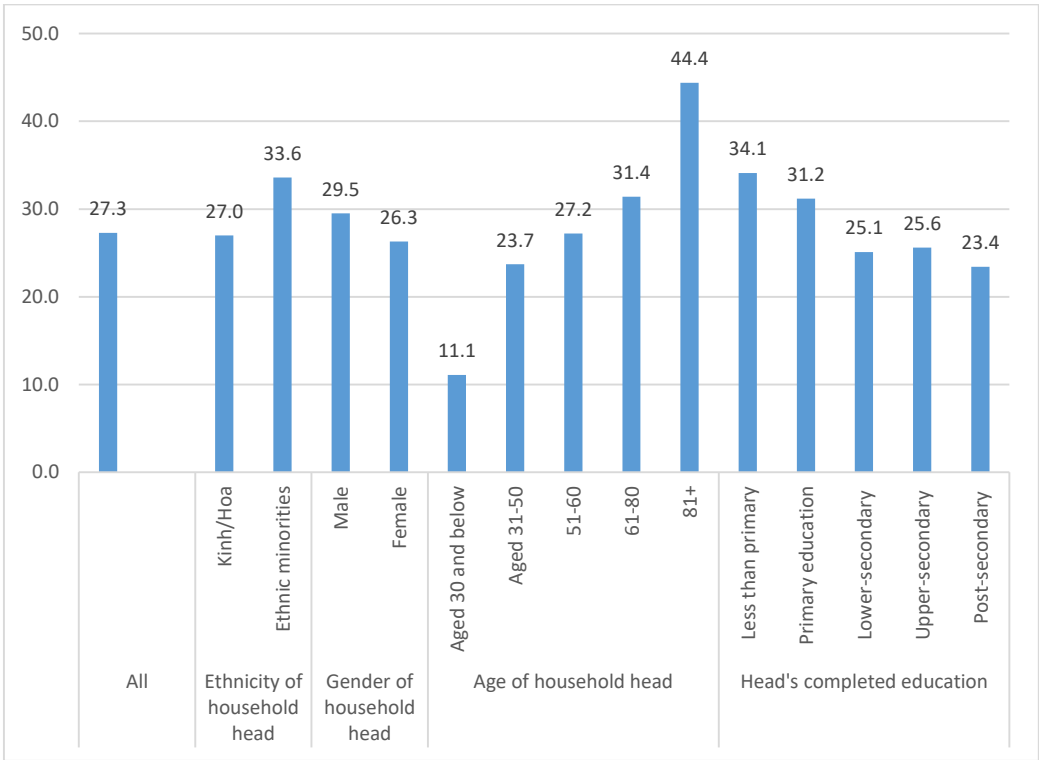


Note: Per capita income is measured in the 2018 January price.

Source: author's estimation from the VHLSSs

In Figures 10 and 11, we use the panel data for the 2016 and 2018 VHLSS and examine households who experienced a reduction in real per capita income between 2016 and 2018. 27% of households had a fall in real per capita income in this period. It shows that ethnic minorities, older household and lower education households are more likely to experience income decrease. 44% of people with households aged from 81 in 2016 had a decrease in income between 2016 and 2018. Young families who are in the early stage of life cycle are less likely to have income reduction. Low education, especially households with head not completing lower-secondary education are vulnerable to income reduction. It suggests that secondary education should be the minimum level and the government should set the universal secondary education for the population.

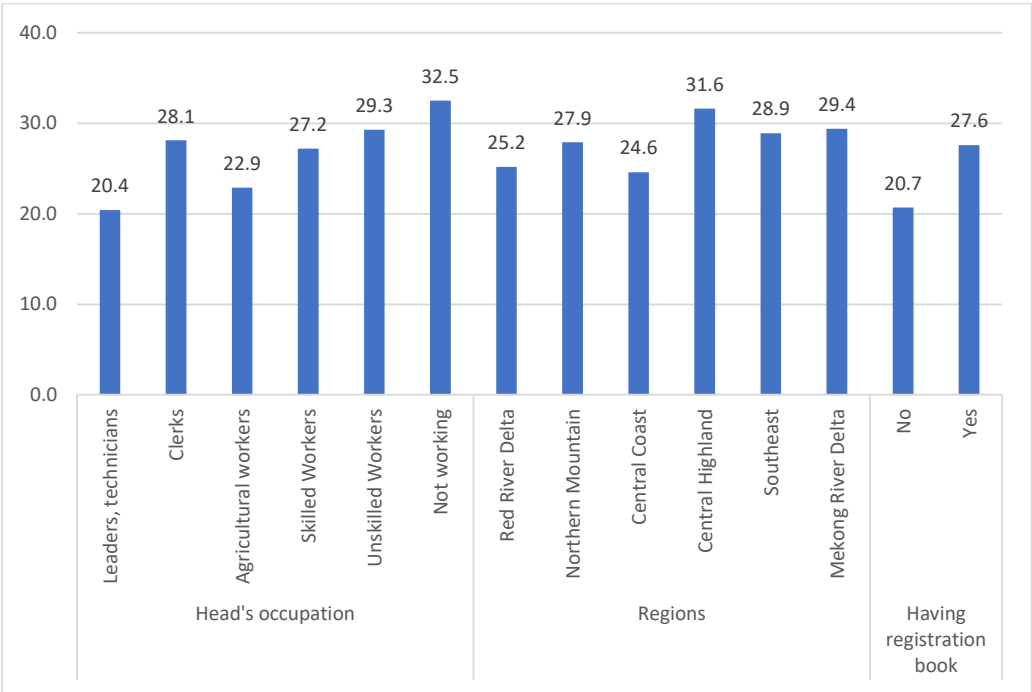
Figure 10. The proportion of households with decreasing income between 2016 and 2018 by characteristics (%)



Source: author's estimation from the VHLSSs

Figure 11 shows the proportion of households with decreasing income between 2016 and 2018 by occupation of household heads, regions and migration status. Households with heads not working or having unskilled employment in 2016 are more likely to experience income reduction. Households without registration books are less likely to have income fall than those with registration books. Possibly, the migrating households are younger, who tend to have increase income rather than decreasing income.

Figure 11. The proportion of households with decreasing income between 2016 and 2018 by occupation, regions and migration status (%)



Source: author's estimation from the VHLSSs

6. Conclusion

This study examines the poverty trend and profiles of urban population in Vietnam. While the poverty rate in the urban areas is very small, at 1.1% in 2018, the vulnerability rate remains rather high, at 8.3%. The gap between the poor and non-poor tend to increase. Urban people have higher expenditure than rural people, but the poor in urban areas have similar expenditure mean as the poor in rural areas. As a result, the gap between the poor and non-poor in urban areas is higher than that in rural areas.

Different poverty rates are found in different population subgroups. Ethnic minorities have substantially greater poverty and vulnerability rates than Kinh/Hoa, even when they live in the same city. In 2018, the poverty rate in Kinh/Hoa was merely 0.6 percent, whereas ethnic minorities had a rate of 14.6 percent. Similarly, there are significant disparities in poverty and vulnerability rates across households with various levels of education and jobs.

In metropolitan regions, the ratio of non-poor to poor people's average per capita expenditure climbed from 4.6 in 2010 to 5.9 in 2018. Wages account for over 60% of urban households' total income. The share of non-farm income and agriculture that the vulnerable and non-vulnerable have in their income is the most significant distinction. A number of urban poor families continue to rely on agricultural output. Vulnerable households have a higher share of agricultural income than non-vulnerable households, but a lower share of non-farm income. Climate change and natural disasters can have a direct impact on agriculturally based households.

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