

# **PARTICIPATORY MONITORING OF URBAN POVERTY IN VIET NAM**



**Five-year Synthesis Report (2008 - 2012)**

November 2012



# TABLE OF CONTENTS

<b>PREFACE</b>	<b>I</b>
<b>ACKNOWLEDGEMENTS</b>	<b>III</b>
<b>ABBREVIATIONS AND TERMS</b>	<b>V</b>
<b>EXECUTIVE SUMMARY</b>	<b>VII</b>
<b>INTRODUCTION</b>	<b>1</b>
Objectives of the Report	1
Research methodology	2
<b>PART 1. OVERVIEW OF URBAN POVERTY</b>	<b>9</b>
1. Urban poverty trends: various measures	9
1.1. The WB/GSO expenditure poverty lines	9
1.2. The Government's national income poverty line	10
1.3. Income poverty lines defined by localities	10
1.4. People's perception of changes in their lives in the last five years	12
1.5. Reasons households have improved their living standards and escaped poverty in the last five years	14
<b>PART 2. MULTI DIMENSIONAL POVERTY IN URBAN AREAS</b>	<b>21</b>
2. Multi-dimensional poverty of local residents	21
2.1. Lack of labour and skills	22
2.2. Lack of capacity to find alternative livelihoods	23
2.3. Lack of social capital	25
2.4. Limited access to public services	26
2.5. Uncomfortable and unsafe living conditions	27
3. Multi-dimensional poverty of migrants	28
3.1. High costs of living	29
3.2. Insecure jobs	30
3.3. Lack of social integration	30
3.4. Limited access to public services	32
3.5. Uncomfortable and unsafe living conditions	32
<b>PART 3. KEY ISSUES OF URBAN POVERTY REDUCTION</b>	<b>35</b>
4. Education and skills	35
4.1. Education	35
4.2. Employment and skills	42
5. Vulnerability and social protection	48
5.1. Vulnerabilities	48
5.2. Insurance	52
5.3. Cash transfers	54
6. Inequality	60
6.1. Inequality in outcomes	60
6.2. Inequality in opportunity	62
6.3. Inequality in process	65
7. Socialization	65
7.1. People's awareness of socialization	65
7.2. Contribution and cost sharing	66
7.3. Diversification of services	68
7.4. Participation and empowerment	69

8. Special issues of migrants	71
8.1. Origins of migrants	71
8.2. The role of migrants in local development	72
8.3. Strategies and experiences of migrants	73
8.4. Migrants who face particular difficulties	75
8.5. Disadvantages of migrant workers from interview data	77
<b>PART 4. TOWARD SUSTAINABLE URBAN POVERTY REDUCTION</b>	<b>83</b>
9. Proposal for discussion	83
9.1. Conclusion	83
9.2. Toward sustainable urban poverty reduction in Viet Nam	83

# PREFACE <sup>1</sup>

In early 2007, Viet Nam was admitted as the 150th member country of the World Trade Organization (WTO). This has brought and continues to create many opportunities for Viet Nam but also poses continuing challenges, particularly in ensuring that the benefits of WTO membership are shared by all, especially the poor and vulnerable.

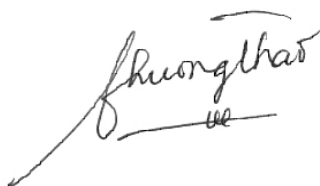
As organizations with a long history of working to support the poorest and most marginalized groups in Viet Nam, ActionAid International Viet Nam and Oxfam, in collaboration with local partners began “Participatory Poverty Monitoring” in early 2007.

This initiative is a periodical study of poverty monitoring and how outcomes are linked to changes in livelihoods and market access of poor and vulnerable groups in selected communities throughout Viet Nam. The intention is to provide recommendations for policy discussions at a national level, as well as for the adjustment and design of programmes of ActionAid and Oxfam in VietNam.

This report aims to provide a synthesis of our findings on urban poverty in Viet Nam from the last five years (2008-2012).

We hope you find it interesting and useful.

For ActionAid International Viet Nam



Hoang Phuong Thao  
Country Director

For Oxfam



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<sup>1</sup> Many organizations and individuals contributed to this study. The opinions, standpoints and recommendations expressed in this study do not necessarily represent the policy position of AAV, Oxfam or the organizations or researchers whose work is cited below.



# ACKNOWLEDGEMENTS

This 5-year synthesis report on urban poverty monitoring is a collective effort that could not have been completed without the valuable contributions of many people.

We would like to thank the leadership and staff of ActionAid International Viet Nam and Oxfam for their valuable comments throughout the whole design process and in fieldwork, and report development. Some staff from ActionAid and Oxfam participated in fieldwork and contributed their knowledge and experience to the research methodology and contents.

We are grateful to the People's Committees, Departments of Foreign Affairs, and various government departments at provincial and district levels for approving and creating favourable conditions for our urban poverty monitoring. We thank the members of the core groups in Dong Anh District (Ha Noi), Kien An District (Hai Phong City) and Go Vap district (Ho Chi Minh City) including officials in the departments involved, mass municipal and district level organizations, and ward and commune officials who devoted their time and effort in working with us to complete our field work and reports. We especially thank the street, living quarter and hamlet officers who accompanied and supported us. The active participation and smooth coordination among AAV's local partners, including the Centre for Poor Workers, under the Hai Phong City Federation of Labour, Support Program for Development of Go Vap District under the Go Vap District People's Committee (Ho Chi Minh City) and the social affairs sub-department in Kim Chung Commune, Dong Anh District (Ha Noi) have also been critical to the success of this urban poverty monitoring.

Last but not least, we would like to thank the poor men, women, migrant citizens, youth and children in the streets, living quarters and hamlets selected for sharing with us in discussion and in-depth interviews their difficulties, advantages in their lives, plans, and future expectations. None of this work could have been achieved without their lively and active participation.

We would appreciate comments<sup>2</sup> from interested readers and would like to thank you in advance.

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# ABBREVIATIONS AND TERMS

<b>AAV</b>	ActionAid International Viet Nam
<b>AIDS</b>	Acquired Immune Deficiency Syndrome
<b>C&amp;D</b>	Centre for Cooperation Human Resource Development
<b>CPI</b>	Consumer Price Index
<b>CWR</b>	Center for Poor Workers
<b>Decree 49</b>	A Government policy on exemption and reduction of school fees and support for schooling cost (based on Decree No. 49/2010/ND-CP dated 14 May 2010 of the Government)
<b>Decree 67</b>	A government policy that supports beneficiaries of social welfare assistance programmes (based on Decree No. 67/2007/ND-CP dated 13 April 2007, and Decree No. 13/2010/ND-CP dated 27 February 2010)
<b>Decree 13</b>	
<b>DOLISA</b>	Department of Labour, Invalids and Social Affairs
<b>GOV</b>	Government of Viet Nam
<b>GSO</b>	General Statistics Office
<b>HCMC</b>	Ho Chi Minh City
<b>HH</b>	Household
<b>HIV/AIDS</b>	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
<b>HN</b>	Ha Noi
<b>HP</b>	Hai Phong
<b>MOET</b>	Ministry of Education and Training
<b>MOLISA</b>	Ministry of Labour, Invalids and Social Affairs
<b>PC</b>	People's Committee
<b>RC</b>	Residential Cluster (Khu pho)
<b>RQ</b>	Residential Quarter (To dan pho)
<b>SME</b>	Small and Medium Enterprise
<b>SPB</b>	Social Policy Bank
<b>TV</b>	Television
<b>UNDP</b>	United Nations Development Programme
<b>VHLSS</b>	Viet Nam Household Living Standards Survey
<b>WB</b>	World Bank
<b>WTO</b>	World Trade Organization

1 USD ≈ 20,900 VND or dong (as of November 2012)



# EXECUTIVE SUMMARY

Poverty in Viet Nam is primarily considered a phenomenon in rural areas, but after a period of rapid urbanization poverty is also becoming a significant issue in urban areas.

In the last five years, the lives of most poor people in urban areas have improved, although the pace of change is slow. Many households have escaped poverty thanks to changing livelihoods and investments in children's education. Rapid urbanization and land expropriation has meant those without the skills and knowledge to adapt have struggled. Even so, some, particularly those with rooms to rent or small traders, have benefitted. Many poor households have borrowed or saved to invest in their children's education in the hope that their children will have a stable job with a higher income.

Although urban poverty levels based on economic indicators of income or expenditure are relatively low, a multi-dimensional assessment of poverty reveals serious problems. The five major issues are: a lack of labour and skills, an inability to change livelihoods, insufficient social capital, limited access to public services and uncomfortable and unsafe living environments. Poor migrants have additional disadvantages, such as high living costs in urban areas and a lack of social integration, leading to difficulties accessing public services and social security.

Urban poor people are disproportionately affected by shocks. Over the five year period people in the monitoring sites were affected by high inflation in 2008 and 2011, the global financial crisis in 2008-2009, and domestic economic difficulties in 2012. Most poor people have limited access to social protection programmes as many work in the small enterprises and in informal sector. Insurance support programmes and cash transfer programmes need to be improved so as to better identify beneficiaries and to increase the level of support.

The high cost of education is a burden for the urban poor. There is a mismatch between the quality of human resources (particularly technical skills) and market demand. Secondary education graduates lack objective and in-depth vocational advice. Short term vocational programmes for the urban poor are not effective. Workers in labour intensive industries do not learn transferable skills and many college and university graduates struggle to find jobs in their areas of expertise.

People are increasingly concerned about inequality. Socialization has helped to mobilize society to reduce poverty and improve education and health care. However, socialization is only understood as the requirement to make contributions in return for services. Socialization as a means to empower people and increase levels of participation in the provision of health care and education is less well understood. Socialization also contributes to increasing inequality in access to education and healthcare.

***The results of urban poverty monitoring show that urban poverty reduction in Viet Nam is facing new challenges and requires new approaches.*** If the challenges are not properly dealt with, quality of lives of the local and migrant poor will remain low, their vulnerability will be high, and the inequalities will continue to be increased.

This report proposes eight areas policy makers should consider:

1. ***Use multi poverty dimensions to monitor urban poverty.*** A system of regular monitoring and evaluation is required to design policies to address the needs of specific groups. This should include the means to measure the impact of shocks on different groups of poor and vulnerable people. This would be a significant improvement on the annual "poverty review" which uses only income as an indicator of poverty.

2. **Design proper support policies that do not discriminate against migrants and rely on ownership of a resident registration book.** Migrants need support finding safe employment, accessing social protection and reducing urban living costs. “Social capital” of migrants can be improved by creating more opportunities for them to participate in community activities, self-help services, peer group activities, cultural and communications activities on legal knowledge and life skills, with the active participation of stakeholders.
3. **Urban planning and budget allocations should be based on the total population, including migrants.** This would gradually solve the problem of overloaded housing services (especially water supply and environmental sanitation), health care and education, with priority given to suburban areas with large populations of poor people and migrants, many with young children.
4. **Allocate more investment to urban poverty reduction.** Employment in urban areas and remittances by migrants play an important role in the diversification of livelihoods for rural residents. Therefore, urban poverty reduction programmes should have greater resources. The instruction by MOLISA to hold a poverty review of temporary residents of more than six months, regardless of the status of registration status, should be adhered to.
5. **Develop comprehensive and easily accessible social protection that does not discriminate against migrants in urban areas.** Simplifying the procedures and consolidating the individual social security policies. Expanding the group eligible for subsidized health insurance so as to reach the target of universal health insurance should be continued. Groups who receive cash transfers defined as “specially poor” or experiencing “extremely difficult” conditions, poor with young children in urban areas should be expanded. There should be a policy to provide timely support to groups at risk, including migrants. The level of support should be increased so as to have a practical impact, and there should be a mechanism to adjust it in response to relevant market price movements. A mechanism to supervise cash transfer programmes should be developed and a mechanism to monitor the implementation of social protection policies (with tools such as citizen report cards, social audits, public debate, local budget analysis, etc.) should be established.
6. **Adjust policies to support effective vocational training for the urban poor,** such as supporting enterprises to provide training for workers, supporting studying and working in parallel with attachment to private households business, or urban business associations (not “official vocational training center”). **Provide more in-depth and objective vocational information for secondary school graduates.**
7. **Develop a concrete policy to facilitate participation and empowerment** especially in health care and education. Closely manage schools in mobilizing parents to contribute to various funds, so as to reduce the costs for urban poor.
8. **Create more effective policies to support small enterprises in promoting enterprises’ social responsibility and promote the formalization of informal activities.** These policies in the medium and long term will support the poor and migrants to reduce the risks of unemployment and to have better access to social safety nets.

# INTRODUCTION

## OBJECTIVES OF THE REPORT

Viet Nam has changed rapidly over the last 25 years. From being one of the world's poorest nations, Viet Nam has made tremendous achievements in economic growth and poverty reduction. In 1993, nearly 60% of the Vietnamese population was living in poverty. This figure dropped to only 14% in 2008<sup>3</sup>.

Between 2007 and 2012 the Government of Viet Nam undertook a series of reforms to promote economic development and lift remaining poor households out of poverty. Viet Nam's full accession to the World Trade Organization (WTO) in early 2007 marked an important milestone in the country's integration into the global economy. The country's fast changing situation brings both opportunities and challenges to people, especially to poor communities in both rural and urban areas.

In order to monitor the changes in Viet Nam after its WTO accession and subsequent reforms, the international NGOs including Oxfam and ActionAid International Vietnam cooperate with the local partners at the provinces where these organizations have support programs, in order to build a participatory poverty network, this aims to:

***“Carry out periodic poverty monitoring of vulnerable groups in specific communities, in the context of WTO accession and the government's projected reform policies up to 2012, to provide analysis and recommendations for policy dialogue and implementation of programmes and projects by AAV, Oxfam, and their partners.”***

The goals of the **annual poverty monitoring** are to:

- Provide qualitative information on poverty and development, for use in conjunction with statistical and survey data collected from other sources, such as the Government and other stakeholders.
- Establish an 'early warning' network to identify changes if the living standards of the poor and vulnerable people, following accession to the WTO and Government's reform policies.
- Improve local capacity and enhance people's participation in monitoring, with a view to making poverty alleviation more effective and equitable.

The urban poverty monitoring network was established in 2008 in Hai Phong and Ho Chi Minh City. By 2009, the urban poverty monitoring network included to Ha Noi City. The synthesis urban poverty monitoring reports, Round 1 in 2008, Round 2 in 2009, Round 3 in 2010 and Round 4 in 2011 have been published<sup>4</sup>.

This report provides the results of the five-year urban poverty monitoring (from 2008 to 2012) in Ha Noi, Hai Phong and Ho Chi Minh City.

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<sup>3</sup> GSO, "Viet Nam Household Living Standards Survey 2008", Statistics Publishing House, Ha Noi, 2010.

<sup>4</sup> See "Participatory monitoring of urban poverty in Viet Nam: Synthesis Report 2008", Oxfam and ActionAid Viet Nam, April 2009, "Participatory monitoring of urban poverty in Viet Nam: Second-Round Synthesis Report 2009", Oxfam and ActionAid Viet Nam, November 2009 and "Participatory monitoring of urban poverty in Viet Nam: Third-Round Synthesis Report 2010", Oxfam and ActionAid Viet Nam, November 2010 and "Participatory monitoring of urban poverty in Viet Nam: Fourth-Round Synthesis Report 2011", Oxfam and ActionAid Viet Nam, October 2011.

# RESEARCH METHODOLOGY

## Annual repeated monitoring

This poverty monitoring initiative differs from other poverty assessments in that it is repeated annually in order to identify changes at the monitoring sites. The working group returned to the same survey points in each round, using the same list of households and interviewing the same representative households and enterprises. The continuous participation of the core group members has been maintained in each city in order to effectively monitor changes in poverty status at different times at each monitoring point.

### Survey location

In each city, a typical ward or commune regarding the poverty status of local people and migrants was chosen. Based on AAV and Oxfam’s working relationship with local partners, the following monitoring locations in suburban areas with high immigration were chosen:

- Ha Noi: Kim Chung Commune, Dong Anh, an outlying district, with foreign investment companies located in Thang Long Industrial Park.
- Hai Phong: Lam Ha Ward, Kien An. An peri-urban district.
- Ho Chi Minh City: Ward 6, Go Vap. An peri-urban district.

In each ward or commune, two residential quarters or hamlets were chosen. Therefore, three wards/communes and six residential quarters/hamlets participated in the project.

The goal of the poverty monitoring network is not to provide representative statistics, but rather to collect qualitative evidence and opinions from local people to provide a basis for policy discussions and development programmes. Therefore, the chosen wards/communes purposefully reflect the diversity among monitoring sites (See Table 1).

**TABLE 1. Urban poverty monitoring sites**

Ward/ commune	District	City	Geographic location	Total land area (ha)	Total permanently registered (HH)	Total permanently registered (resident)	Total temporary registered (resident)	Proportion of poor (HHs) at monitoring time - July 2012 (%)
Kim Chung	Dong Anh	Ha Noi	Suburban Industrialized	395	2,822	10,913	24,305	2.1
Lam Ha	Kien An	Hai Phong	Peripheral urbanized	175	3,344	12,652	4,500	0.4
Ward 6	Go Vap	HCMC	Peripheral urbanized	165	2,600	14,976	14,599	1.8

Source: Ward/commune level information cards as of August 2012

Some of the main features of six residential quarters/hamlets at monitoring sites are shown in Table 2.

**TABLE 2. Some characteristics of the 6 surveyed Residential quarters/Hamlets**

City	Ha Noi		Hai Phong		HCMC	
District	Dong Anh		Kien An		Go Vap	
Ward/Commune	Kim Chung		Lam Ha		Ward 6	
Residential quarter/ Hamlet	Nhue	Bau	RQ 3 (former RQ 2)	RQ 14 (former RQ 30)	RQ 25	RQ 27
Total permanently registered households (HHs)	950	1,026	156	166	60	64
Total permanently registered residents (persons)	3,685	4,122	568	700	240	428
Total temporarily registered residents (persons)	2,743	15,878	0	130	405	490
Proportion of poor households in late 2011 (%)	1,9	2,3	0	0,6	0	32,8
Proportion of near-poor households in late 2011 (%)	0,7	0,4	0	1,2	0	15,6
Proportion of households using tap water (%)	65	100	100	100	100	70
Proportion of households using electricity network (%)	100	100	100	100	100	100
Proportion of households using septic/semi-septic tanks (%)	100	100	100	100	100	100
Proportion of households living in temporary houses (%)	0	0,1	0	0	0	0
Proportion of malnourished under five years old (%)	11	0,1	0	0	0	0
Total number of people receiving monthly social allowance (according to Decree 67/CP)	21	10	1	4	0	2
Of which:	0	0	0	0	0	0
Orphans	1	0	0	1	0	0
Single elderly	14	7	1	0	0	2
Disabled people	2	0	0	0	0	0
People living with HIV/AIDS	4	3	0	3	0	0
Single parent caring for young children	100	100	100	100	100	100
Proportion of children of primary school age entering schools (%)	100	100	100	100	100	100
Proportion of children of secondary school age entering schools (%)	100	100	100	100	100	100
Proportion of children of high school age entering schools (%)	150	214	31	5	5	18
Number of households borrowing preferential loans (households, equivalent to % of total households)	(15,8%)	(20,8%)	(20%)	(5%)	(9,4%)	(28%)

Source: Information sheet at residential quarter/hamlet levels, as of August 2012  
(Note: N/A – not available)

## Poverty monitoring core group

In each district, a core monitoring group of 15-20 people was established, including:

- Representatives of AAV's local partners in the area, such as the Center for Poor Workers (CWR) in Hai Phong, and The Support Programme for Development in Go Vap District, HCMC.
- Representatives of municipal departments, such as the Department of Labour, Invalids, and Social Affairs (DOLISA), Women's Union, and Trade Union.
- Representatives of district departments, such as DOLISA, Department of Finance and Planning, Department of Natural Resources and Environment, and Women's Union.
- Representatives from wards/communes and residential clusters/quarters/hamlets selected to carry out the survey.

The core monitoring group is responsible for monitoring the poverty status at respective monitoring sites in its area, including organisation, data collection and field reporting. The core group received training and technical support from Truong Xuan (Ageless) Consultants and Oxfam and AAV programme officers.

## Urban poverty monitoring framework

This urban poverty monitoring based on participatory methodology undertaken in the fifth round in 2012 is organised around three main themes.

**Theme 1: Overview of urban poverty:** urban poverty trends using various measures, people's feedback on the process of poverty review, awareness of changing lives; perception of inequality and socialization in urban areas. This topic aims to present an overall picture of urban poverty and local poor residents in monitoring sites through the voices of local residents and officials.

**Theme 2: Multi-dimensional poverty:** multi-dimensions of urban poverty. This topic aims to summarize dimensions of urban poverty and emerging issues that concern poor local residents and migrants.

**Theme 3: Urban poverty related to migrants:** specific dimensions of urban poverty relating to migrant groups working in the informal sector and migrant workers. This topic explores the features, education, skills, living conditions, livelihoods, and vulnerability of migrant groups in urban areas.

In addition to summarizing changes in urban poverty over the last five years the fifth round report **surveys the key themes** that have had a major impact on urban poverty alleviation including education and skills, vulnerability and social security, perception of inequality, socialization, and specific issues that concern migrants.

## Field work

The fifth round of urban poverty monitoring was implemented in **July and August 2012**. The monitoring was undertaken using participatory approaches for a week in each ward/commune. The main data and information were collected via:

**Group discussions** conducted with groups of officials of wards/communes, core members of residential quarters/hamlets and local resident groups including males, females, the poor, the non-poor, officials, young people and some migrant groups (migrant workers, vendors, motorbike taxi drivers, masons, masseurs, use bottle and scrap collectors). Participatory appraisal tools used included household wealth ranking, time lines, colour card presentation, listing and ranking, livelihood analysis diagrams. The objective was to understand the rich-poor disparity, develop an accurate community profile, monitor livelihood changes and the risks people faced and record feedback on the implementation



of programmes and projects. In the fifth round of urban poverty monitoring **63** group discussions were held with the participation of **365** local people, migrant workers and local officials, of which **152** were male and **213** females. The majority of participants were ethnically Kinh.

***In-depth interviews to record life stories*** were undertaken with representative poor and near-poor households, households that had escaped poverty, returned to poverty, well-off households and migrant households. The objective was to further understand people's perceptions of poverty, assess their living conditions, vulnerabilities and coping mechanisms. Ninety-four in-depth interviews were conducted, of which **28** were male and **66** females.

***Questionnaire-based interviews with migrant worker groups.*** A questionnaire was developed for migrants working in enterprises with a focus on demographic characteristics, living and working conditions, and vulnerability. The interview locations were randomly selected rental properties in which migrant workers were living. As migrant workers frequently change their work places and accommodation the 2012 survey sample was not the same as previous years. One hundred and eighty questionnaires were completed in Ha Noi, Hai Phong and HCMC. Of the 180 interviewees, **55** were male and **125** were female; **175** were Kinh and **5** were from ethnic minorities.

***Information sheets*** were used to record basic information at the time of monitoring in respective wards/communes and residential quarters/ hamlets. Direct observation and photographs were used as tools to provide additional information.

***Interviews with officials:*** In addition to the tools mentioned above, **ten** interviews were conducted with officials of district departments.

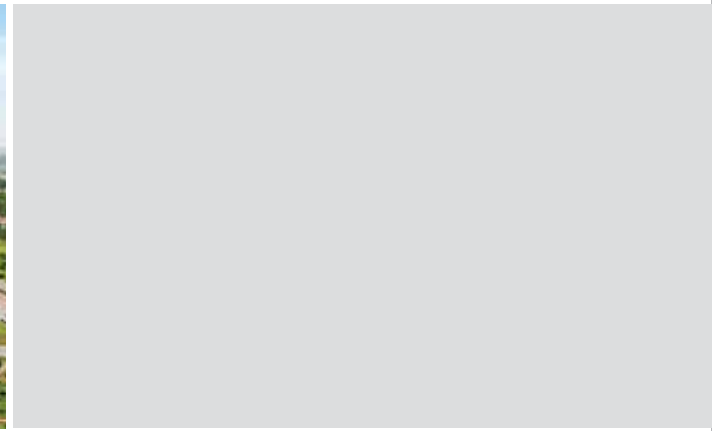
The method of cross-checking information in qualitative survey is used throughout the report in order to try to verify responses from those surveyed. Many information sources are used, such as data from local reports, group discussions, in-depth interviews, data from questionnaire interviews and observations and survey team analysis.

This report summarizes the results of the survey at different monitoring sites in the three cities. It highlights perceived changes in urban poverty and the ***implications of observed trends for poverty reduction policies***<sup>5</sup>. The report is in four parts: Part 1 presents an overview of urban poverty trends over the last five years; Part 2 explains the multi-dimensions of poverty for poor local residents and migrants in urban areas; Part 3 discusses key issues of urban poverty alleviation; and Part 4 provides conclusions and recommendations for sustainable urban poverty reduction in Viet Nam.

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<sup>5</sup> Secondary information is taken from separate sources. Information without citing sources in this report is synthesized from field work notes in the five years from 2008 to 2012 in three cities: Ha Noi, Hai Phong and HCMC.





## **PART 1.**

### **OVERVIEW OF URBAN POVERTY**



# PART 1. OVERVIEW OF URBAN POVERTY

Viet Nam is undergoing a process of rapid urbanization. It is projected that by 2020 the urban population will account for 45% of the total population, against nearly 30% in 2009<sup>6</sup>. Rapid urbanization means poverty is becoming as much an urban as rural phenomenon in Viet Nam.

## 1. URBAN POVERTY TRENDS: VARIOUS MEASURES

Poverty in Viet Nam is often measured quantitatively using the World Bank/ GSO expenditure poverty lines or the Government’s national income poverty lines. Multi-dimensional poverty can also be measured qualitatively through people’s perceptions.

### 1.1. The WB/GSO expenditure poverty lines

The expenditure poverty lines is defined by WB/GSO and derived from the Viet Nam Household Living Standard Survey (VHLSS). According to the WB/GSO expenditure poverty lines urban poverty reduced slowly between 2004 and 2008 (Table 3). The main reason for the slow rate of poverty reduction is that the poverty rate is very low, and reducing it further is more difficult. Recent economic shocks have disproportionately affected the poor, and particularly the urban poor as they are dependent on the cash economy, and suffer in a period of increasing unemployment and inflation.

In 2010, the World Bank and the General Statistics Office of Viet Nam (GSO) proposed that the expenditure poverty line should be brought in line with the current structure of household expenditure as well as current prices and adapted to geographical areas. According to the new poverty line, the urban poverty rate in 2010 was 6% (rather than 3.3% in 2008 according to the former poverty line). The urban poverty has higher rate in small cities, which have similar characteristics to rural areas, is much higher than in major cities. About 8.6% of those living in poverty live in urban areas<sup>7</sup>.

**TABLE 3. Poverty incidence in Viet Nam according to WB/GSO expenditure poverty lines, 1993–2010 (%)**

	1993	1998	2002	2004	2006	2008	2010
<b>National</b>	58.1	37.4	28.9	19.5	16.0	14.5	20.7
Urban	25.1	9.5	6.6	3.6	3.9	3.3	6.0
Rural	66.4	44.9	35.6	25.0	20.4	18.7	27.0

Source:

- GSO, “Results of Household Living Standards Survey 2008”, Statistics Publishing House, Ha Noi, 2010
- World Bank, “Well Begun, Not Yet Done: Vietnam’s Remarkable Progress on Poverty Reduction and the Emerging Challenges”, June 2012.

Note:

- New expenditure poverty line applied since 2010 proposed by WB/GSO is **653,000 VND/person/month**.

<sup>6</sup> In 2009, 29.6% of Viet Nam’s population lived in urban areas against 23.7% in 1999. Between the general population census in 1999 and 2009, the average increase of annual population rate in urban areas was 3.4%/year, while that in rural areas was 0.4%/year. Source: GSO, Results of general population census in 2009.

<sup>7</sup> World Bank “Well Begun, Not Yet Done: Vietnam’s Remarkable Progress on Poverty Reduction and the Emerging Challenges”, June 2012.

## 1.2. The Government's national income poverty line

Every five years, the Government calculates a new income poverty line to serve as a basis for the implementation of social security policies. According to the Government's income poverty line applied for 2006-2010, the urban poverty incidence reduced slightly by one percent.

In late 2010, GOV promulgated a new income poverty line for 2011-2015 that was nearly twice as high as the poverty line for 2006-2010. According to the new poverty line, national urban poverty incidence in 2010 increased by two percent. However, by 2011 urban poverty incidence had returned to the figure for 2010, calculated under the former poverty line (Table 4).

**TABLE 4. Poverty incidence in Viet Nam according to GOV's income poverty lines, 2006-2011 (%)**

	Former income poverty line				New income poverty line	
	2004	2006	2008	2010	2010	2011
<b>National</b>	18.1	15.5	13.4	10.7	14.2	12.6
Urban	8.6	7.7	6.7	5.1	6.9	5.1
Rural	21.2	17.0	16.1	13.2	17.4	15.9

Source:

- GSO, "Results of the Household Living Standard Survey 2010", June 2011;
- Poverty statistics in 2011 in an announcement on "Socio-Economic Situation, Quarter 1, 2012" by GSO in the website <http://www.gso.gov.vn/default.aspx?tabid=621&ItemID=12291>

Note:

- The former income poverty line of GOV for 2006-2010 was VND200,000/person/month in rural areas and VND260,000/person/month in urban areas. The proportion of poor households in 2004, 2006, 2008 and 2010 was calculated by GSO against this income poverty line with adjustments to account for inflation for each year.
- The new income poverty line of GOV for 2011-2015 is VND400,000/person/month in rural areas and VND500,000/person/month in urban areas (according to Decision No. 09/2011/QĐ-TTg dated 30/1/2011 signed by the Prime Minister).

## 1.3 Income poverty lines defined by localities

Each city and province in Viet Nam is allowed to define its own income poverty line based on the local cost of living and local people's living standards, provided that it is not lower than the GOV's national poverty line.

In the last few years income poverty lines for Ha Noi and HCMC have been regularly adjusted to keep pace with rising urban living costs and local capacity to allocate funds for the implementation of policies to support the poor. In early 2011, Ha Noi set its own poverty line 1.5 times higher than the GOV's. HCMC has also adopted a poverty line twice as high as the GOV's line since 2009. Hai Phong set its own poverty line for 2010 but decided to reapply the GOV's line from 2011 (Table 5). As the cost of living in Hai Phong is as high as Ha Noi, the poverty line in Hai Phong does not reflect the true poverty situation in the city.

**TABLE 5. The Government's national poverty line and poverty lines defined by three major cities (average income: VND/person/month)**

	2006	2007	2008	2009	2010	2011	2012
GOV's poverty lines	200,000 in rural areas 260,000 in urban areas					400,000 in rural areas 500,000 in urban areas	
Poverty lines defined by Ha Noi	270,000 in rural areas 350,000 in urban areas			330,000 in rural areas 500,000 in urban areas		550,000 in rural areas 750,000 in urban areas	
Poverty lines defined by Hai Phong	200,000 in rural areas 260,000 in urban areas				300,000 in rural areas 390,000 in urban areas	400,000 in rural areas 500,000 in urban areas	
Poverty lines defined by HCMC	500,000			1,000,000 (no distinction between rural and urban areas)			

Source: Decisions on poverty line adoption of the People's Committees of Ha Noi, Hai Phong and HCMC

According to the poverty lines defined by each city, the proportion of poor households at three monitoring sites in late 2011 continued to decline and is now at a low rate (Table 6). People's salaries and wages have increased in line with inflation, contributing to the reduction in the formal number of poor households. In Lam Ha Ward (Hai Phong), only a "hard core" group of poor households remain. However, as Hai Phong applies the GOV's national poverty line poverty rates would be higher if Hai Phong introduced a poverty line calculated using local prices.

**TABLE 6. Proportion of poor households in monitoring sites, 2005-2011**

Ward/ commune	District	City	Geographical location	Proportion of poor HHs according to former poverty line (%)				Proportion of poor HHs according to new poverty line (%)				
				2005	2006	2007	2008	Early 2009	Late 2009	Early 2010	Late 2010	Late 2011
Kim Chung Commune	Dong Anh	Ha Noi	Suburban industrialized	-	6.6	3.8	1.7	5.0	5.2	-	3.1	2.1
Lam Ha Ward	Kien An	Hai Phong	Peripheral urbanised	-	1.54	0.93	0.68	-	0.51	1.28	0.5	0.44
Ward 6	Go Vap	HCMC	Peripheral Urbanised	3.6	2.2	1.26	0	9.1	8.1	-	5.76	2.58

Source: Data from poor household surveys 2005-2011 undertaken at monitoring sites

The poverty reviews at monitoring sites have been more carefully conducted in the last five years. Ward 6 (Go Vap District, HCMC) used a questionnaire especially designed for urban areas (compared to MOLISA's form which is more suitable to rural areas). Lam Ha Ward (Hai Phong) Lam Ha Ward (Hai Phong) added a section on expenditure to enable responses to be cross-checked to ensure accuracy. At all monitoring sites, ward/commune officials collaborated closely with partners in residential quarters/hamlets to visit the households to collect comprehensive information and to ensure poor households were not missed. Some shortcomings of poverty reviews conducted in 2010 and previously, for example including social allowances in the household's income and excluding households with newly built houses from the poverty list without taking into consideration their incomes, were corrected.



However, there are still problems with poverty reviews in urban areas. It is difficult to account for cash income from informal employment, and it is hard to verify the claimed incomes of households.

MOLISA's manual for poverty review for 2011-2015 requires that households that reside in a locality for six months or more regardless of their registration or residential status (registered for permanent, temporary residence or not registered) are included in the exercise<sup>8</sup>. However, at the monitoring sites, only some long-term temporary residents or those owning houses or land in the locality are included in the poverty reviews. Most renting households have been omitted.

Migrant households are omitted from poverty reviews in urban areas for a number of reasons. First, the definition of "migrant household" is not clear. Cadres in charge of poverty reviews at the monitoring sites said it is hard to identify a "migrant household" and that they do not receive guidance on the issue. MOLISA's manual provides no instruction on "what is a migrant household". Therefore, local cadres in charge of poverty reviews only include easily recognizable migrant households and exclude those less easy to identify.

--- *"We admit that many migrants have lived here for more than six months. There are as many as local residents. However, the names of individuals are not included in the poverty review, and we cannot define migrant households because there are no official documents, and the ward cannot identify them. Only cases that are obvious - houses with husband, wife and children, who have lived in a locality for a very long time - are included. For others, even a father and his children who have been living here cannot be certified as a household to be included in the exercise."*

(Group of officials in RQ 4, Ward 6, Go Vap District, HCMC)

Second, there are no procedures to cross-check migrants' status with that in their place of origin. Cadres in charge of poverty reviews in urban areas are worried that some migrant households might be classified as poor in their hometown or that although they have poor housing in the cities, they may own good houses and have stable incomes from agricultural production at their homeland. Third, in suburban areas with large populations of migrants, it can be costly in terms of both finance and human resources to conduct income surveys. Local cadres are also worried that they do not have sufficient funds to implement support policies for migrant groups.

## 1.4. People's perception of changes in their lives in the last five years

**Most local officials and people think living standards have improved in the last five years.** The household wealth ranking exercise in six residential quarters and hamlets at the monitoring sites shows that 55-65% of households have made clear improvements in living standards; households with moderate improvements account for **30-35%**; and the remaining **5-10%** is households have made small or negligible improvements (Table 7).

Households that have made clear improvements are those who rent accommodation to others, have children with high incomes, engage in successful business and do not suffer illness. Households with moderate improvements are those who have a few rooms for rent, have a small business, trade or work as freelance labour with a stable income. Some have pensions or adult children with stable jobs. Households that have not improved their living standards are single parents, those with elderly or ill members, and who have unstable manual or agricultural jobs. In Quarter 14, Lam Ha Ward (Hai Phong), according to officials and local residents, the proportion of households with clear improvements in living standards is low (about 25%). These include those with transportation or other successful businesses. Most have struggled to improve their living standards as they have been unable to develop more prosperous livelihoods - the majority have short term employment or are cyclo drivers with low and unstable incomes.

<sup>8</sup> Source: MOLISA's website: <http://giamngheo.molisa.gov.vn/vn/Tinhhinhtuchien/Chidaodieuhanh>



**TABLE 7. Characteristics of three household groups at monitoring sites in the last five years (2008-2012)**

	<b>Group 1: Households with clear improvements</b>	<b>Group 2: Households with moderate improvements</b>	<b>Group 3: Households with slow improvements</b>
Kim Chung (Ha Noi)	Stable source of income: major business (construction materials); owning many rooms for rent; trading. Children having stable jobs with high income	Have fewer rooms for rent than Group 1 Small business and small trading Adult children with jobs	Single, elderly, sick Have many children Doing farming, having no rooms to rent Some are drug users
Lam Ha (Hai Phong)	Transportation service Successful businesses: owning shops, kiosks, taking part in tontine groups No sick family members	Have a stable source of income as freelancers Factory workers Have rooms for rent	Lack of labour; illness, elderly, young children, drug users. Lack business knowledge, do not dare to borrow money. Unstable jobs
Ward 6 (Go Vap, HCMC)	Have many rooms for rent, Successful trading business	Have rooms for rent, have pension Adult children with jobs	Having no or few rooms for rent Children are freelancers Elderly households, illnesses Local residents rent rooms

Source: Discussions of official groups and people in hamlets/residential quarters, July and August 2012

The quality of life of the urban poor has improved over the last ten years:

--- *"Five years ago we did not have money to buy meat for our meals, but today we can afford it, our household economy is better. If a rich house buys one kg of rump pork, our household strives to have 200 grams of pork every day."*

(Poor group in Bau Hamlet, Kim Chung Commune, Ha Noi)

--- *"Although we are still poor, we are pleased about our life. In the past we were short of everything. Now we are poor but our house is better, road infrastructure is also better. In the past we had nothing to eat; now our children are sent to school and we can afford pork meat and bean curd..."*

(Difficult group, RQ 3, Lam Ha Ward, Hai Phong)

--- *"The rich and the poor are equal; all households have to afford their children's high school education."*

(Well-off group, RQ 25, Ward 6, Go Vap District, HCMC)

**Local officials and people often classify the urban poor into two distinct groups: the *chronic poor*** (households unable to escape poverty) and **the *temporary poor***. Chronic poor households account for 20-30% of poor households in Kim Chung (Ha Noi) and Ward 6 (Go Vap District, HCMC), and most remaining poor households in Lam Ha (Hai Phong), where the GOV's national poverty line applies. The major difference between chronic poor and temporary poor households is labour resources. Temporary poor households have more available labour (two or three members able to work) and the will to do business, however, they also tend to have many dependents, face unforeseen difficulties have unstable employment. The living standards of temporary poor households have improved slowly in the last five years.

--- *"Some households have many children going to school, others suffer from illnesses, but they have manpower and the will to earn their livings; if they are supported they will become better."*

(Group of officials in RQ 27, Ward 6, Go Vap District, HCMC)

Most chronic poor households only have one main worker and no land. Many are single parent households with young children, and elderly or handicapped members. The lives of the chronic poor have remained unchanged in the last five years, and support policies have had little impact (Box 1).

--- *"For these households, only when they die can they can escape poverty. Much support has been given but it hasn't been effective. They should be included in the list of social policy beneficiaries."*

(Group of officials in Kim Chung Commune, Ha Noi)

#### **BOX 1. Poorest single mothers in Bau Hamlet**

Ms. N.T.H. (born in 1965) has the poorest household in Bau Hamlet, Kim Chung Commune (Ha Noi). Her husband died in 2005 of liver disease. She is now living with her daughter. As she had to sell all residential land to cover her husband's medical treatment fees, funeral and exhumation ceremonies, she now has to live on the edge of the hamlet in a temporary hut of 10m<sup>2</sup> on a piece of farm land lent by her husband's brother. Her hut has no electricity and no water supply.

At present the household relies on two "sao" of agricultural land and the monthly social allowance. On one quarter of her farmland, Ms. N.T.H. grows morning glory vegetables for sale. She also borrows some land from villagers to grow ground nut and cassava. In recent years, due to the increasing number of vegetable sellers, and higher competition, her income has reduced. She keeps farming and selling vegetables and hopes to earn enough to send her daughter to school so as to escape poverty once her daughter finds employment. However, her daughter wants to drop out of school.

*"It's difficult to sell vegetables now. I can only sell 10-20 bundles, each 2,000 VND, and earn a maximum of 50,000 VND a day. My daughter does not want to go to school. Last year she passed the final exams. I don't attend the parents' meeting. My daughter will possibly stop schooling to support me growing and selling morning glory vegetables."*

The commune has had intentions to support her, but many avenues of support are not open to her. In 2010, the Commune Fatherland Front wanted to fund her housing construction, however, she had no land to build a house. In 2011, the Commune Women's Union wanted to help her bore a water well. However, as she is living on farmland, without electricity, she was also unable to receive this support. She has never taken any loans as she fears she will be unable to repay her debts.

As her daughter grows up her expenditure is increasing. Her wish is to have a house for her and her daughter.

*"It is very hard. We have no surplus money, no savings, and now everything is expensive. After a market day, I only earn 20,000 VND, which is not enough for what we need. My daughter wants to have new clothing, but I cannot afford it. No one gives us any clothing. We are now living in a hut and just wish to have a house to make our lives less difficult."*

### **1.5. Reasons households have improved their living standards and escaped poverty in the last five years**

There are two main reasons households have improved their living standards at the monitoring sites: (i) alternative livelihoods; and (ii) improvements in education.

Alternative livelihoods

The process of urbanisation has provided households with opportunities to find successful alternative livelihoods. These include building rooms for rent, transferring from cyclos to trucks and small trading.

**Building rooms for rent helps many households escape poverty.** At all three monitoring sites some households have been able to take advantage of being close to industrial parks, factories and schools and so meet the demand for rooms by migrants. In Bau Hamlet, Kim Chung Commune (Ha Noi) twelve households escaped poverty in 2012 by building rooms for rent. Some households that were extremely poor five years ago are now much better off, thanks to income from renting rooms.

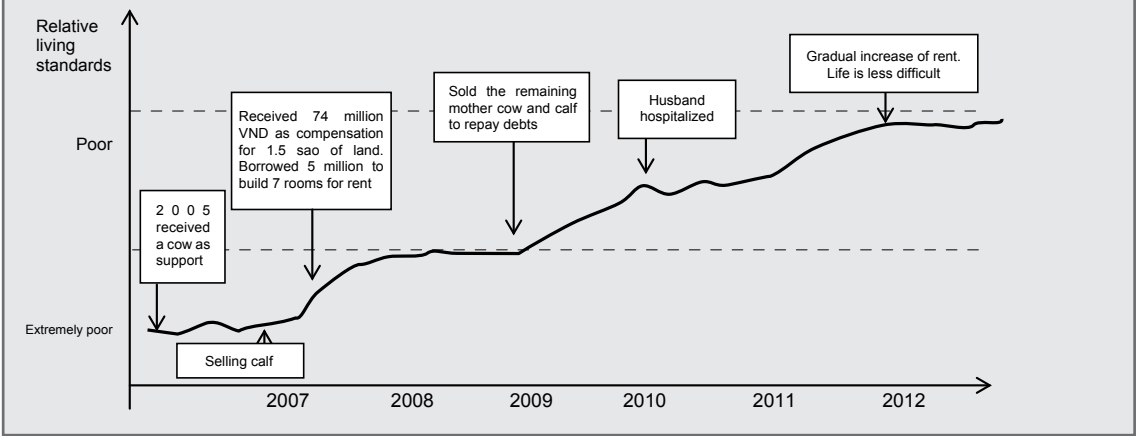
Investment in livelihoods and management of household expenditure also plays a vital role. Land expropriated for the building of industrial parks has caused households to lose income from farming. However, some have found ways to use the compensation money to develop alternative livelihoods (Box 2).

BOX 2. Extremely poor households using land compensation money to build rooms for rent, thus improving their living

The household of Ms. N.T.L (46 years old) in Bau Hamlet, Kim Chung Commune (Ha Noi) has four members, and was formerly a chronically poor household in the hamlet. Ms. N.T.L’s husband suffers from mental illness (receiving an allowance of 350,000 VND/month) and her two daughters (one, born in 1988, has finished grade 1, the other born in 1994, has finished grade 4) are school dropouts and are unemployed. Ms. N.T.L has to feed the family herself: “I do everything, transplanting rice, harvesting. If I allow my husband and children to tend the cows, I then have to look for them”.

Before 2007 farming and livestock breeding provided the family’s income. By 2007, Ms. N.T.L’s 1.5 “sao” of land was taken over by an industrial park. Ms. N.T.L received 74 million VND in compensation. Thanks to the encouragement of her brothers and sisters, she borrowed an additional 5 million VND to invest in building seven rooms for rent. In 2008, rents were low and Ms. N.T.L still had to repay her debts. She had only four “sao” of land, but half of it could not used for growing because it is effected by the industrial park. The family had to rely on two “sao” of farmland and 1.4 million VND earned from rental accommodation per month.

In 2009, Ms. N.T.L sold cows and paid her debts. Rents increased, and in 2012, Ms. N.T.L began providing day-care services for young children. “Before having rental accommodation, we did not have enough food to eat and had to borrow money all the time. When we started renting rooms we still didn’t have enough food, as rents were low. But now we have paid all debts and the price of rental accommodation is up. We have enough food to eat.”

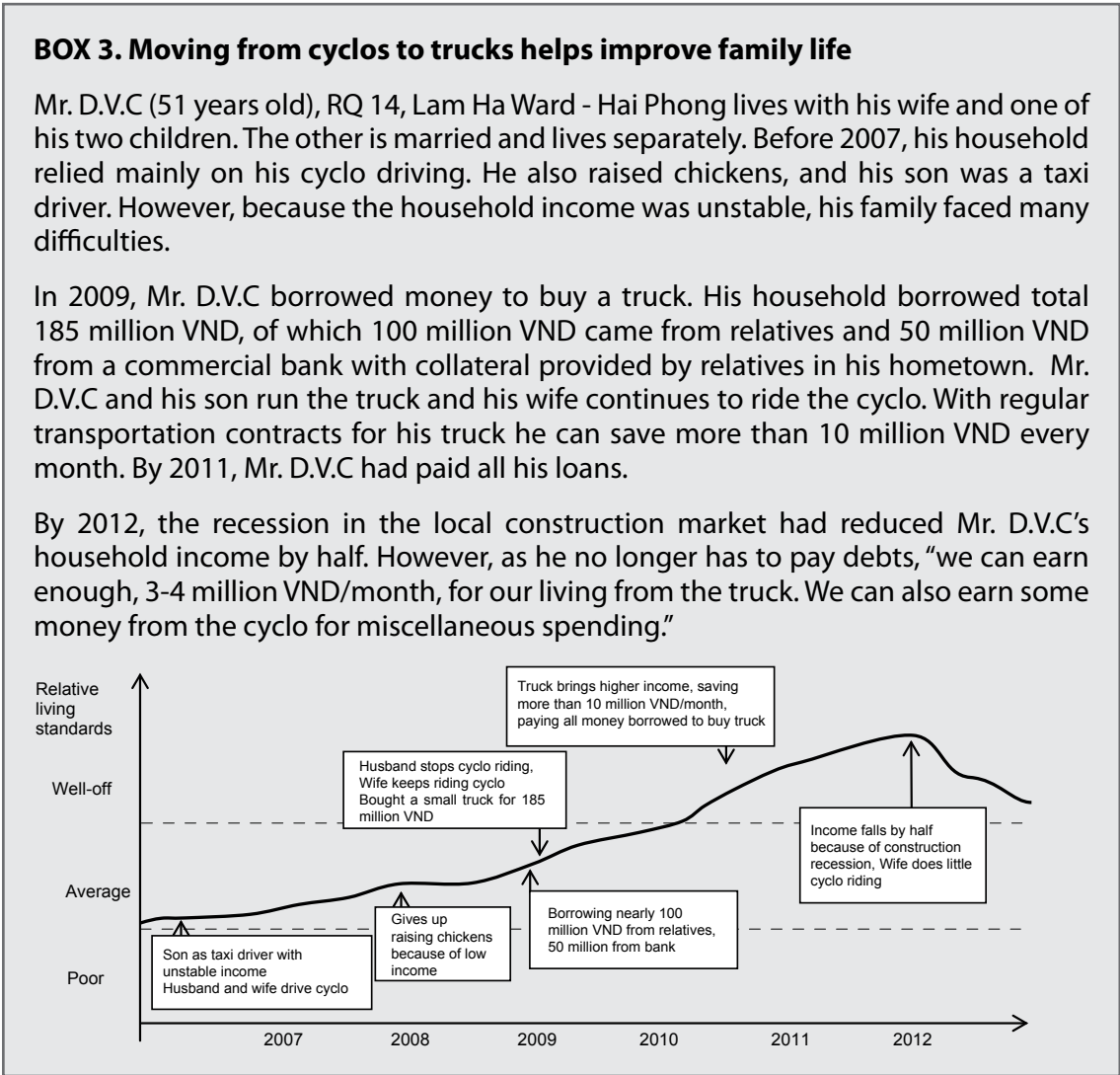


After 2010, land for building rental rooms became scarce. Profits from newly built rental accommodation are not as high as in the past due to high construction costs. From 2005 to 2012 in Kim Chung Commune (Ha Noi), the construction cost of rental accommodation increased by 5-6 times (from 3-4 million VND/room to 18-20 million VND/room) while the price of rental accommodation only increased by 2.5-3 times (from 200,000 VND/month to 500-600,000 VND/month). Most households do not have access to long-term preferential loans for building rental accommodation. Some poor households who had to mortgage land for loans to build rooms for rent are facing difficulties repaying bank loans.

--- “4-5 years ago, it was profitable to invest in rental accommodation. Now it is very difficult. Nearly 20 million VND is invested in a room for rent but the monthly rental fee is only 500,000 VND/room, so it will take very long time to recover the investment to pay the principal and make monthly interest payments. For rich households having idle money it is OK to make such investments, but poor households who have to borrow money don’t dare to build rooms for rent.”

(Group of officials in Bau Hamlet, Kim Chung Commune, Ha Noi)

**Upgrading equipment helps improve household living standards.** From 2008 to 2012, in RQ 14, Lam Ha Ward (Hai Phong), nine households upgraded their cyclos to small trucks, and so could carry greater loads at a faster speed. Most borrowed money from relatives and friends, sold land, or pledged collateral given by relatives to obtain commercial bank loans. As most households ran a successful business they have repaid the loans (Box 3). In Ward 6 (Go Vap District, HCMC) some households transferred from 3-wheel home-made vehicles to motorbike taxi driving or small trading since 2009 and escaped poverty.



**Opening businesses.** Some households have opened small businesses, particularly those with street facing land and capital (either savings or borrowed from relatives or banks). Rather than work as labourers a number of households have taken advantage of the construction boom to supply construction materials.

**Educational improvements**

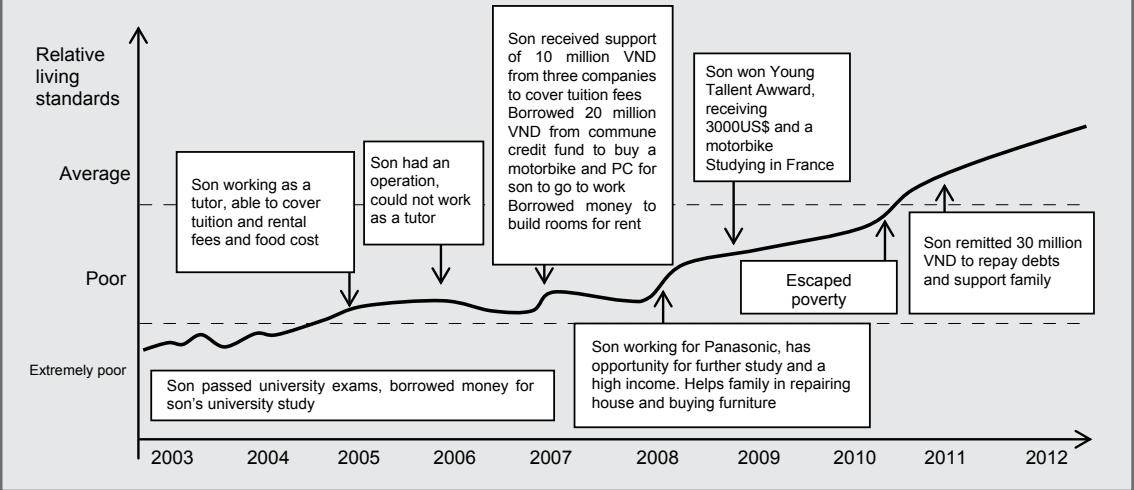
Many poor households, though facing economic difficulties, have tried to invest in their children’s schooling. Some children who do well at school can secure stable jobs and support their parents (Box 4). (See Part 4 – Education and skills for more details).

**BOX 4. Successful children’s education helps households escape poverty**

Ms. L.T.D, (52 years old) lives in Nhue Hamlet (Kim Chung, Ha Noi) and is a single mother with two children. Her husband died eleven years ago. She sent her children to school with money earned from selling her labour in the inner Ha Noi. In 2002, she was hospitalized - health care cost 10 million VND – and her son failed to pass his university entrance exams. In 2003, her eldest son passed exams to the University of Science and Technology with high marks.

Every year Ms. L.T.D had to borrow money from relatives to pay her son’s tuition fees. In his third year at the university (2005), her son started to work as a tutor to earn money to cover his tuition fees, and Ms. L.T.D only had to give him several hundred thousand VND/month to cover his living costs. In 2006, her son was hospitalized and could no longer work as a tutor. Ms. L.T.D had to borrow to cover her son’s hospital and educational costs. In 2007, her son received support for tuition fees from three companies. Ms. L.T.D also borrowed money from her relatives and built three rooms for rent. To prepare for her son’s graduation and employment, she borrowed 20 million VND from the commune credit fund to buy a personal computer and a motorbike for her son.

In 2008, after graduating from university, her son found a job at Thang Long Industrial Park. Thanks to his good performance, he was given opportunities by the company for further training and received a high income. With a stable income, her son helped Ms. L.T.D buy furniture and repay her debts. In 2009, her son won a Young Talent Award with prize of a scholarship worth 3,000 USD and a motorbike. With the scholarship, her son studied in France. In 2010, her household escaped poverty. In 2011, her son remitted 30 million VND which Ms. L.T.D used to repay loans used to buy a personal computer and a motorbike after her son’s university graduation, support her household economic activities and contribute to her younger son’s schooling. Because her son did well at school and won a scholarship for overseas study she feels that, “wherever I go in the village, I can hold my head high”.









## **PART 2.**

# **MULTI DIMENSIONAL POVERTY IN URBAN AREAS**





## PART 2. MULTI DIMENSIONAL POVERTY IN URBAN AREAS

In 2008, for the first time in Viet Nam, GSO calculated multi-dimensional poverty among children using data compiled from the VHLSS<sup>9</sup>. In 2009, UNDP supported the project “Supporting in-depth evaluation of urban poverty in Ha Noi and Ho Chi Minh City” (UPS-2009) implemented by the statistics offices in the two cities. The project adopted the multi-dimensional measure of poverty and explored the eight dimensions of “deprivation”: income, education, health care, access to the social protection system, housing quality, housing services, participation in social activities and social security<sup>10</sup>.

As part of the poverty monitoring initiative, Oxfam and ActionAid analyze changes in poverty dimensions in some rural communities between 2007 and 2011 combining data from questionnaire survey and qualitative information<sup>11</sup>. The 2012 World Bank Report updates poverty in Viet Nam using data from multi-dimensional poverty among children provided by UNICEF<sup>12</sup>.

### 2. MULTI-DIMENSIONAL POVERTY OF LOCAL RESIDENTS

The various dimensions of poverty are of great concern to local people and officials at the monitoring sites:

--- *“Poverty is a chain; low education leads to poor employment; poor employment means low income, then no housing... then poverty.”*

(Group of officials in Ward 6, Go Vap District, HCMC)

--- *“In poverty, every thing is equally difficult; no money to cover education and medical treatment costs. Occupation, good health and education; lack of these things means one remains poor.”*

(Group of difficult households, RQ 3, Lam Ha Ward, Hai Phong)

--- *“Being dependent on several “sao” of land and several “thuoc” of vegetables, illnesses and low education means poverty. With stable employment, good health, good education for children, you are not poor.”*

(Group of poor households in Bau Hamlet, Kim Chung Commune, Ha Noi)

In this section **five dimensions of deprivation** are summarized: lack of labour and skills; lack of capacity to find alternative livelihoods; lack of social capital; lack of access to public services; and uncomfortable and unsafe living (Figure 1).

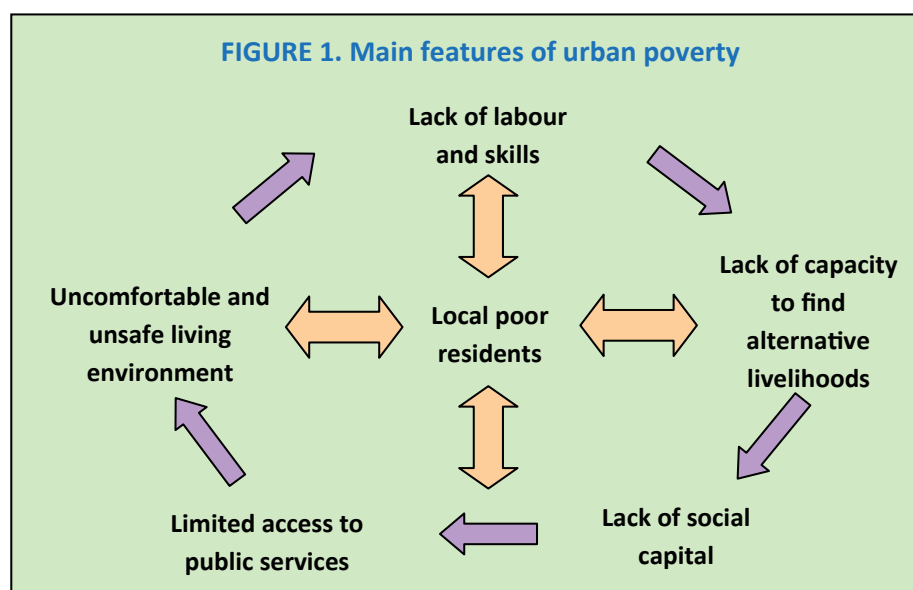
The perception of local officials and residents on the importance of different poverty dimensions has changed in the last five years. In 2008, lack of labour was considered the most serious deprivation. However, in two thirds of the monitoring sites in 2012, lack of capacity to find alternative livelihoods was considered the greatest problem. During economic difficulties livelihoods of the urban poor become unstable, and finding alternative livelihoods becomes more difficult. Limited access to education is also of greater concern to local residents than before.

<sup>9</sup> GSO, “Results of the Household Living Standard Survey 2008”, Statistic Publisher, Ha Noi, 2010

<sup>10</sup> Ha Noi, Ho Chi Minh City and UNDP, Report “Urban poverty assessment in Ha Noi and Ho Chi Minh City”, September 2010

<sup>11</sup> Oxfam and ActionAid International Viet Nam, “Participatory poverty monitoring in some rural communities in Viet Nam, 5-year synthesis report (2007-2011)”, May 2012.

<sup>12</sup> WB, “Well Begun, Not Yet Done: Vietnam’s Remarkable Progress on Poverty Reduction and the Emerging Challenges”, June 2012.



Housing and infrastructure has much improved in the last five years. Most of the interviewees said that the importance of shortage on “living environment” in the year 2012 has been reduced compare to 2008. However, shortages of “entertainment” and “recreation” are an emerging issue. When general living standards improve, spiritual factors become more important to local residents.

## 2.1. Lack of labour and skills

**Lack of labour remains the most prominent feature of local poor households.** Poor households are often households with elderly people, single parents, disabled people and people with chronic illnesses. Households with drug addicts also have great difficulties. In Nhue Hamlet, Kim Chung Commune (Ha Noi), 100% of poor households have only one worker, 40% have elderly members, and more than 70% have members with chronic illnesses or who are handicapped. Similarly in Lam Ha Ward (Hai Phong), 80% of poor households have only one worker (of which 60% are single mothers) and 80% have sick or handicapped members.

**Lack of education and skills is an increasing concern for local residents.** Group discussions indicate that residents aged over 35 feel having a limited education means they are only qualified for unstable manual jobs. Most believe young people should be educated to at least secondary level (see Part 4 – Education and skills):

--- “Today without good education, business is not good. It is unable to apply for a job if one has not finished high school. For people of 35 – 40 years of age without education, their lives are very hard now.”

(Core group in Nhue Hamlet, Kim Chung Commune, Ha Noi)

--- “In the past when one finished secondary school one could find a job, just taking into account one’s health. Today even working as a factory worker, one has to finish high school. Now poor households are more aware of the importance of education than in the past. Now without education, one can do nothing. In 2008 the qualification was not important. 14-15 years-old boys and girls could be recruited as long as they had some skills. In the past it was easily to apply for a job, today it is more difficult”

(Core group, RQ 27, Ward 6, Go Vap District, HCMC)

## 2.2. Lack of capacity to find alternative livelihoods

**The “temporary poor” lack the capacity to find alternative livelihoods.** In peripheral urbanised areas such as Lam Ha ward (Hai Phong) and Ward 6 (HCMC), poor residents often work as small traders, shop assistants, construction workers, day labourers and motorbike taxi drivers. Low levels of education and lack of skills make it difficult for poor people to find jobs in the formal sector with more stable incomes and access to social protection. In urbanized areas such as Kim Chung Commune (Ha Noi), members of poor households mainly work in the agricultural sector and face immense difficulties because arable land is becoming increasingly sparse, irrigation and drainage systems are congested.

**The occupations of the poor are becoming more diverse** (Figure 2). Some new occupations have emerged. In Bau and Nhue Hamlet (Kim Chung, Ha Noi), fewer people work in the agricultural sector in compared to 2008. New occupations include renting accommodation (each poor household has only 2-3 rooms for rent due to limited land and lack of capital), small traders, cooks, workers and childcare. In RQ 27, Ward 6 (Go Vap District, HCMC), the number of poor residents selling refreshments and groceries in a local park has increased.

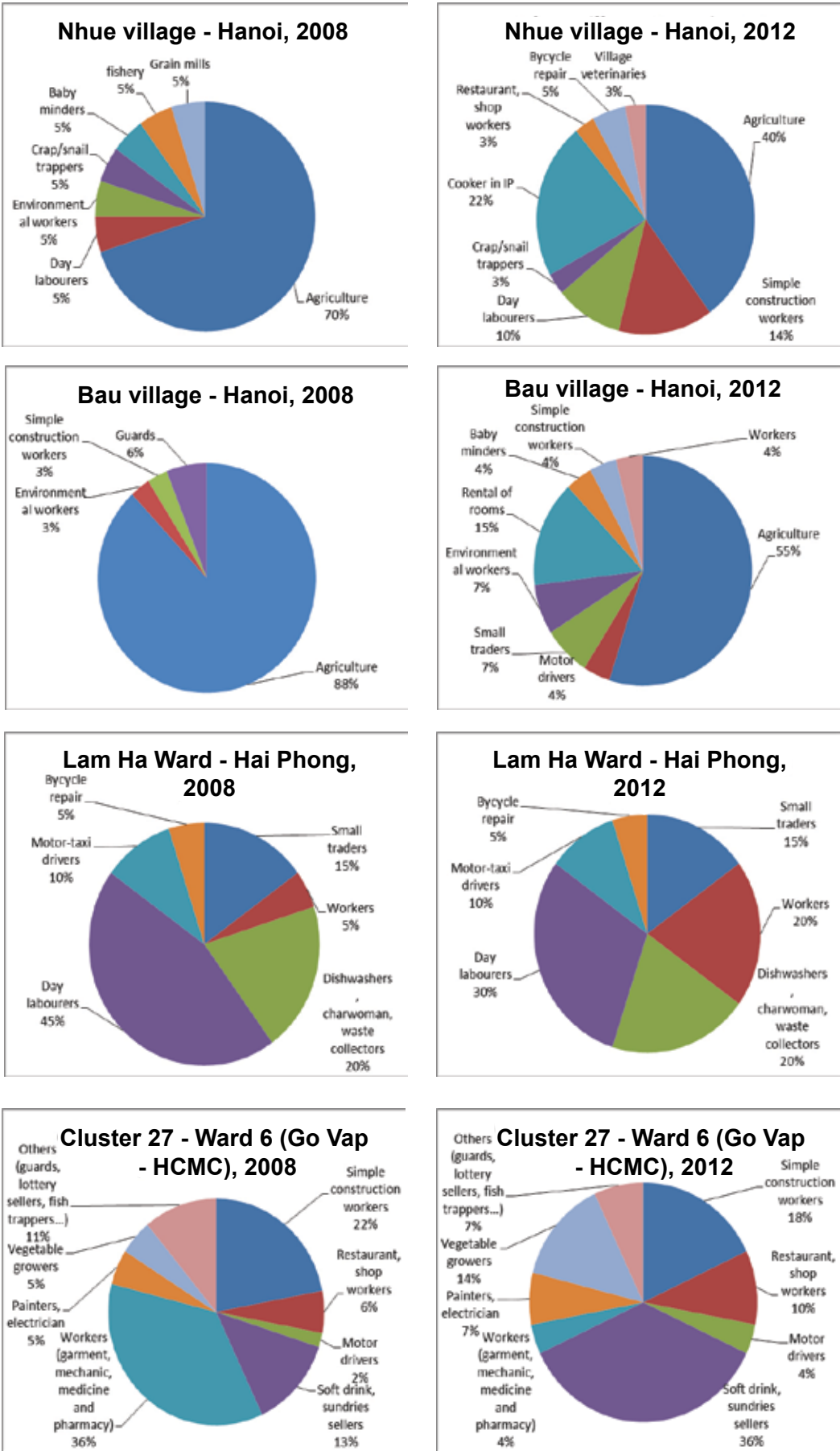
In 2010, Ward 6 (Go Vap District, HCMC) responded to a new law prohibiting three wheel homemade vehicles by providing support to households to purchase new vehicles or engage in training<sup>13</sup>. Eighteen households received funding support, of which seven were poor households, each receiving seven million VND per vehicle. The remaining 11 households received five million VND per vehicle. Some households did not participate in the vocational programme as they are too old. Only two households bought motorbike taxis to get a preferential loan of 10 million VND from the poverty reduction fund. The remaining households received a grant and became motorbike taxi drivers and small traders. By 2012, four of seven poor households had escaped poverty.

**Poor people get loans more favourably.** The size of loan granted to poor households has increased to 10-30 million VND per household compared to 5-10 million VND in 2008.

Loans from the Social Policy Bank. In all hamlets and residential quarters, borrowers' clusters have been established to make it possible for local residents to get loans from the Social Policy Bank. The most common loans are for production and business and for students. Some people in Kim Chung Commune (Ha Noi) reported that those poor households that already have loans for students will find it difficult to get loans for production and business. The size of loans from the Social Policy Bank is small. In Lam Ha Ward (Hai Phong) most poor households have no need for loans or do not have access to business loans from the Social Policy Bank. Since June 2011 in Ward 6 (Go Vap District, HCMC) the Social Policy Bank has only grants loans to poor households as defined by the national poverty line, which is much lower than the poverty line in HCMC. As there are almost no households below the national poverty line few households receive loans from the Social Policy Bank.

<sup>13</sup> Decision No. 548/2009/QĐ-TTg dated 29 April 2009 of Prime Minister

**FIGURE 2. Employment structure of members of poor households in monitoring sites, 2008 - 2012**



Loans from credit funds. The “Commune credit fund” model in Kim Chung Commune is the most successful of the six models in Dong Anh District (Ha Noi) as it has mobilized 60 billion VND. Many households that have been able to access the fund in the commune have improved their lives. However, the number of poor households with access to this funding source is limited, because the fund gives priority to households with large areas of land and feasible business plans.

The Poverty Reduction Fund has been successful for many years in Ward 6 (Go Vap District, HCMC). By June 2012, 59 households had borrowed from the Fund, of which 70% households borrowed money to buy motorbikes; 15% for small trading; 10% for expanding businesses, finding alternative occupations, and doing business; and 5% for vocational training. According to statistics from cadres in charge of poverty reduction in the ward, 15 households got loans to build rental accommodation and have already repaid them. However, some households have struggled to pay interest payments or defaulted on the loans. Other poor households fear they will be unable to repay the loan so do not apply for loans from the Fund.

### 2.3. Lack of social capital

***The urban poor has limited social relations,*** and the situation has not improved in the last five years. Poor people mostly rely on informal relationships within a small circle of relatives and neighbours. The poor tend to limit social exchanges with those with better economic conditions. In urbanised areas, the community and village lifestyle is being replaced by a closed and more individualistic lifestyle. To reduce costs, the poor have to cut off social spending further reducing the extent of their relationships.

--- *“In this hamlet, I only have a relationship with a woman like me. She has three children in school, and she is also as poor as me. She and I often share in rice transplanting and harvesting and help each other. We share the same plight.”*

(N.T.H, poor household in Nhue Hamlet, Kim Chung Commune, Hà Nội)

--- *“Poor people help each other while rich people close their door. The poor only make friends with people of the same circumstances. It is because of our inferiority complex as we are poor, so we don’t want to be in contact with them.”*

(Group of poor households in RQ 27, Ward 6, Go Vap District, HCMC)

***Some sharing and mutual-help activities benefit the poor.*** In most of the monitoring sites, contributions to funds managed by mass organizations are often small scale. In Lam Ha Ward (Hai Phong), the 18 of the 20 saving funds launched by the Women’s Union branches since 2007 have funds of up to 400 million VND to support poor women and women facing difficulties with soft loans. In Lam Ha, a “tontine”<sup>14</sup> is in place. It is flexible and convenient for participants. The amount of money contributed every month is dependent on the capacity of each group of participants, from several hundred thousand to several million VND. Tontine has helped many households have some capital for investment or spending on major household affairs.

***The urban poor rarely participate in local activities*** due to their “inferiority complex”, are busy working long and unstable working hours, or are tired after work. They do not regularly participate in plenary meetings of residential quarters. If they participate, they often sit listening passively. They do not share opinions or speak up when there are issues directly affecting their lives. Some poor households think that as they do not have much money to contribute they will not be listened to.

<sup>14</sup> Tontine (also refer to as guild) is a form of loan among individuals in the type of fund mobilization and instalments. This is a civil transaction, allowed by law and stipulated in Decree 144/2006/ND-CP. The transaction cycle of a participant is based on a “batch”: some batches lasts for one or two years depending on the number of participants in the batch. The cash contribution is made monthly and the order of drawing is agreed upon by the participants. In some cases those who draw money in advance have to pay interest, while in other cases no interest is applied.

--- *"Here they had construction projects for local headquarters and roads. I attended a meeting. They told me to vote and I voted. I think I did not make much of a contribution. Rich households contributed more. They speak more because if we speak, no one listens to us."*

(Group of poor households RQ 25, Ward 6, Go Vap District, HCMC)

Participation in social activities by the poor depends on local authorities and mass organizations, and particularly on the enthusiasm of the heads of residential clusters and quarters.

## 2.4. Limited access to public services

The poor have limited access to educational and healthcare services compared to well-off residents in urban areas because they lack financial sources and social relations.

**Education:** Most poor parents pay great attention to their children's education, and boys and girls are treated equally. In the last five years, no children of primary and secondary school age have dropped out of school because the family is in difficulty.

However, poor children face many disadvantages in education. As they often have to support their parents, they have little time for homework and play. They rarely attend extra classes and have little money to buy learning aids. Parents who are busy and parents who are not getting along well rarely attend parents' meetings or help their children with their school work.

The urban poor face many difficulties meeting the costs of their children's education. At the start of the new school year, poor parents often struggle to pay their children's tuition fees. In many cases, they have to borrow money or pay in installments. Some parents have to delay payment until the end of the school year. Many poor households are unable to invest in their children's higher education, and can only try to afford for their children to finish upper secondary school before they have to find work (see Part 4 - Education and skills).

Some policies have had positive impacts on children's education. They include the construction and upgrading of school buildings and classrooms, and the exemption of tuition fees for children of poor households. Since 2010, support policies under Decree 49 have helped poor households with tuition fees and other school contributions. The preferential student loans from the Social Policy Bank have also helped many poor households and households in difficult circumstance to meet their children's costs at vocational high schools, college and university. Procedures for student loans are straightforward and available loans have increased in line with inflation (the average loan is now one million VND per month).

--- *"My youngest daughter is now a second year college student of accounting. At first she did not want to study because the household has no money. We are lucky to have got student loans for four semesters now. In 2010 we borrowed more than 4 million VND to pay for her tuition fees, and then I got student loans from the bank to repay the debt. In 2011, I got 8.6 million VND (2 rounds of student loans) from the bank to pay for my youngest daughter's education. If I didn't have such support from the government I would have to borrow money from private lenders at a very high interest rate."*

(T.T.L, Residential Quarter 4, Ward 6, Go Vap District, HCMC)

In Ward 6 (Go Vap District, HCMC), classes organized by Ky Quang Pagoda (for children in Grade 1 to Grade 5) and An Nhon Secondary School (for children in Grade 6 to Grade 9) are still in place. The class hours are flexible, and often held in late afternoon or evening after the children return home from helping their parents. Participants in these classes do not have to pay tuition fees and receive some support to help buy textbooks and notebooks.



The curriculum is similar to normal schools, enabling children to sit final exams at different levels.

**Healthcare.** The poor can receive medical attention at hospitals with medical insurance cards. However, they lack the funds to cover extra costs, hospitals are often overcrowded and the quality of health care available to the poor is often worse than better off patients. In 2012, Go Vap District Hospital (HCMC) opened two new healthcare facilities for local people, but patients still have to wait for a long time to receive services.

At the ward commune levels facilities are overloaded. In Kim Chung Commune (Ha Noi) and Lam Ha Ward (Hai Phong), the situation has got worse in the last five years, particularly for immunization for children under six. Kim Chung Commune Health Station (Ha Noi) was allowed to register services for medical insurance beneficiaries, but is dependent on supplies from the district's social insurance fund and so has to refer patients elsewhere as it does not have sufficient drugs for the large number of patients. Although Ward 6 Health Station (Go Vap District, HCMC) is being equipped with the facilities and human resources to provide 300-500 health checks a day, only an average of 500 patients visit a month. The main reason is that the Station does not provide primary healthcare services for medical insurance beneficiaries, who then have to go directly to district and city hospitals.

Free of charge healthcare services are beneficial to the poor. Free health checks for the elderly and free gynecological check-ups for women implemented by health stations attract a lot of poor residents. Ky Quang Pagoda (Go Vap District, HCMC) provides free health checks and medical treatment, including HIV/AIDS counseling. Many poor households in Ward 6 reported that this is the main healthcare service they use when they fall ill and are quite satisfied with the quality of the service and the attitude of health providers.

## 2.5. Uncomfortable and unsafe living conditions

**Poor people often live in isolated areas, along dykes and next to cemeteries.** They have poor drainage, muddy and inaccessible roads in the rainy season and an unstable water and electricity supply.

**In the last five years, infrastructure at monitoring sites has improved** thanks to Government investment and local contributions. In 2008, all three monitoring sites had no access to safe water. However, 2012 every household had access to a safe water supply. By 2012 most roads were paved with concrete. Better solid waste collection services have helped improve sanitation. Developments in infrastructure are most clearly seen in RQ 14, Lam Ha Ward (Hai Phong). In 2008, residents of RQ 14 used a very muddy access road and shared an electric meter with electricity prices three or four times higher than average. By 2012 the main road running through the quarter and most of inter-quarter roads have been newly built and each household has a separate electric meter.

**The quality of housing and basic assets of poor households has improved in the last five years.** Most poor households now live in Grade 4 houses with concrete corrugated roofing and an average living area of 30-50 m<sup>2</sup>. Many have standard household assets (TV sets, motorbikes, telephones), however, most are old and of low value. Some households purchase new goods by paying in installments.

Housing support policies (fund "against leakage", solidarity house, charity house, preferential loans for house repair) have positive impacts on poor households. In Ward 6 (Go Vap District, HCMC), thanks to the fund to support housing leakage repair and preferential loans from the Housing Development Fund in HCMC<sup>15</sup> many poor households

<sup>15</sup> Fund for housing development in HCMC is a public financial organization under the HCMC People's committee in support of low-income people with loans of 15 million VND/household with an interest rate of 0.6%/month for upgrading, repair and restoration of houses. Borrowers must take part in savings and payment of both principal and interest by instalments monthly in 3-5 years. In 2009-2012, 42 households in Ward 6 got loans from the Fund with a total outstanding of 630 million VND.

have repaired or upgraded their houses and some households are able to rent rooms to generate extra income. In Lam Ha Ward (Hai Phong), in 2011, the Fatherland Front and Women's Union funded the construction of three solidarity houses with contributions from benefactors.

**New poor households in special circumstances still face difficulties.** In Chua Hamlet, RQ 27 (Ward 6, Go Vap District, HCMC), four households of local residents still live in rental houses. Two households rent houses on land they once owned, but were forced to sell to raise funds. In Bau Hamlet (Kim Chung, Ha Noi), a single mother lives with her child in a 10m<sup>2</sup> hut built in a rice field. These households cannot access housing support from local authorities and mass organizations.

**There are many unresolved problems with infrastructure and construction planning.** Many sections of inter-village roads and inner roads are unpaved and muddy in the rainy season. Many also experience severe flooding. Some "suspended" planning projects and "delayed" projects have seen no improvements in the last five years. These include a planned park with green trees in Ward 6 (Go Vap District, HCMC). The People's Committee of Lam Ha Ward (Hai Phong) and the ward health station still rent residential houses for their headquarters whilst they wait for a new headquarters (construction began in 2012). At monitoring sites, there is very little public space for children to play in. Poor children play football in the streets or on unoccupied grounds, but are often prevented from doing so by residential quarter guards or local households.

**Waste water pollution and gas emissions from factories remains a pressing issue for local residents,** including poor households. In Kim Chung Commune (Ha Noi) and Lam Ha Ward (Hai Phong), many factories and enterprises are located close to residential areas. The surface water sewage system is not complete. In Lam Ha Ward (Hai Phong), waste water from factories has not been treated and is discharged directly into residential areas. In Kim Chung Commune (Ha Noi), local residents are very worried about their living environment, which has long been affected by factories in nearby Thang Long Industrial Park.

--- *"In the last five years, the environment has been seriously affected. Five years ago, the canals were clear with abundant fish. Now they are dark and have a bad smell. I have witnessed 10-15 cases of cancer. Most are under 60 years of age and come from Bau Hamlet. The volume of gas emission from industrial parks is big..."*

(Middle income household group, Bau Hamlet, Kim Chung Commune, Ha Noi)

**Many poor households do not own a "red book" (land use right certificate).** In RQ 14, Lam Ha Ward (Hai Phong), nearly 90% of residents don't have red books. Many have no legal evidence of the origin of their land; cannot afford the high fees to obtain a red book; do not know or cannot complete the procedures to receive a red book or own land too close to dykes. In RQ 27 (Ward 6, Go Vap District, HCMC), most poor households do not have red books because they live on land allocated by Pho Chieu Pagoda or land set aside for the construction of a park. Without red books, local residents cannot access bank loans, as they have no collateral.

**Social order and security are a concern for local residents,** particularly in Kim Chung Commune (Ha Noi). The increasing number of migrants and rising levels of crime worry local residents. In 2011, Kim Chung Commune was identified one of the ten communes and wards with serious social order and security issues in Ha Noi. The commune has established "self-ruled migrant workers' quarters on social order and security" with the participation of owners of rental accommodation, the quarter head and under the management of Dong Anh District Police. By 2012 situation had improved.

### 3. Multi-dimensional poverty of migrants

**Few Migrants are poor as defined by the income poverty line,** as they are able to work and are often industrious. Most migrants earn millions of VND per month. However, from

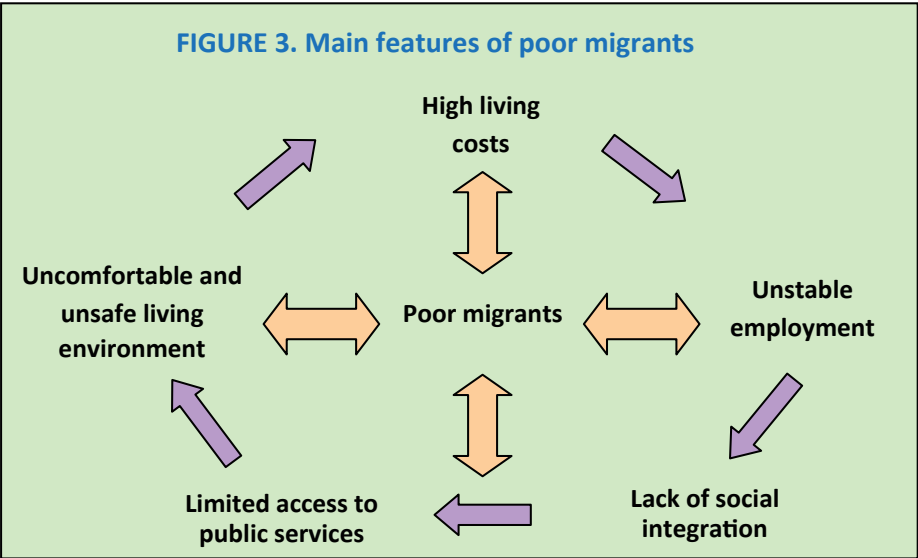


the multi-dimensional poverty perspective, many migrants can be defines as poor.

--- “They have income much higher than local residents. Compared to the poverty line of one million VND, they are not poor. But they lead a hard life, without social interaction and are disadvantaged in education. They are not poor in terms of money but poor in spiritual life.”

(Core group of RQ 27, Ward 6, Go Vap District, HCMC)

**The poverty of migrants at monitoring sites is shown in the five key dimensions of deprivation:** high living costs in urban areas; unstable employment; lack of social integration; limited access to public services; uncomfortable and unsafe living conditions (Figure 3).



### 3.1. High costs of living

Many migrants report that **living costs are increasing faster than incomes**. Rents have increased because of inflation and a high demand for rental accommodation. Rents doubled between 2008 and 2012 (Table 8). Tenants at monitoring sites share electricity meters and pay higher than average prices set by their landlords (2,500-3,500 VND/kWh); there are no records of tenants having a separate agreement for electricity and paying the same price as permanent residents<sup>16</sup>.

**TABLE 8. Rental prices at monitoring sites, 2008 – 2012 (VND/month)**

	7/2008	7/2009	7/2010	7/2011	7/2012
<b>Kim Chung<sup>17</sup> (Ha Noi)</b>	-	250 - 300,000	350 - 450,000	450 - 500,000	500 - 550,000
<b>Lam Ha<sup>18</sup> (Hai Phong)</b>	250,000	350,000	400 - 500,000	600,000	700,000
<b>Ward 6<sup>19</sup> (Go Vap, HCMC)</b>	700 - 800,000	900 - 1,000,000	1,200,000	1,300 - 1,400,000	1,500 - 1,600,000

<sup>16</sup> Circular 05/2011/BCT dated 25 Feb. 2011 of Ministry of Finance stipulates: every four persons who live in a dormitory, if it is applicable (based on long-term temporary residential registration) are calculated as a household and shall pay progressive retail electricity price. If it is not possible, the price of 1,651 VND/kWh (the retail electricity price between 151 and 200 kWh) is applied.

<sup>17</sup> 8 – 10 m2, corrugated concrete roofing, concrete or low quality flowered enameled tile floor, without attic, shared bathroom and WC.

<sup>18</sup> About 12 m2, corrugated concrete roofing, flowered enameled tile floor, without attic, with bathroom and WC

<sup>19</sup> About 15 m2, corrugated concrete roofing, concrete or low quality flowered enameled tile floor, attic (about 7 m2), with bathroom and WC.

**More migrant couples choose to live with their children in cities.** According to interviews with migrant workers with children, about 70% live with their children, and 30% send their children to their hometown. Married couples with young children living in a separate rent room have to pay more compared to a shared room. Many couples working shifts have to hire someone to take their children to and from school or pay extra for childcare. As a result disadvantaged migrant households are often households with 2-3 young children and doing manual work (See Part 8 – Specific Issues of Migrants).

Migrants in urban areas face extra costs such as telephone bills, clothing and social costs such as visits to the sick, weddings and birthday presents for friends from the same hometown. Remittances are also a burden for some young migrants.

After deducting all expenditures, most migrants have an extremely modest budget to spend on food and other daily essentials. The survey at monitoring sites shows that migrants have very simple meals.

### 3.2. Insecure Jobs

**In the last five years migrant workers have had to cope with inflation (in 2008, 2011), the global financial crisis (2008 - 2009) and declining economic growth (2012).** Some workers lost their jobs or were under-employed and had to find new jobs or return to their hometown.

**Limited “education and skills” are the root cause of employment instability in urban areas.** Demand for some occupations, such as cyclo drivers and masseurs has fallen forcing migrants to find other jobs. The incomes of freelance migrants are dependent on factors such as climate, the season and the progress of projects. Stricter urban management policy has also limited opportunities for migrant vendors.

**Changing consumption habits of urban residents** will possibly have an impact on small traders and street vendors. Increasing numbers of people use supermarkets, as they are concerned about food quality and hygiene, and prices are sufficiently low. By 2012 in Kim Chung Commune (Ha Noi), there were four mini-marts.

--- “Now more and more people go shopping in supermarkets. Big C, Co-op Mart are crowded with shoppers. Around here, there are four or five supermarkets. People spend millions of Dong on their shopping, and only buy sundries outside. Everything is available in the supermarkets, the price is not high and the price of some goods is even lower than outside markets, with better quality.”

(Core group, RQ 27, Ward 6, Go Vap District, HCMC)

Like local residents, migrants have had to diversify their livelihoods. Some migrants work as small traders and motorbike taxi drivers to earn additional income. However, these are still informal and highly unstable jobs.

### 3.3. Lack of social integration

Lack of social integration is typical among migrants since Viet Nam still has a “household registration” system and many procedures and policies made dependant on household registration. **Without household registration or being listed as a poor household, migrants find it hard to rely on formal institutions and to access social protection.**

**Social relations limited to their rental quarters, factories, colleagues and friends from the same home towns.** This “informal” network is very important for migrants. Migrants who are established help new comers access employment, and adapt to their new lives.

**At the monitoring sites, migrants rarely participate in local social activities because:** they want to earn money and have no interest in social activities; they work long hours; they are always on the move and frequently change accomodation and their work place;

they have a limited social circle; they cut down on social costs; they are not invited to participate by local residential representatives and mass organisations. Most migrants want to save money and then return home so tend to give priority to maintaining social relations in their hometowns rather than in cities.

Some local residents are also prejudiced against migrants. In addition to acknowledging the positive impact of migrants, local residents often attribute “social evils”, “traffic congestion”, and “littering” to migrants..

--- *“In the past, life was peaceful here. Migrant children bring some monetary benefits to local residents but the situation becomes more complex. Many local households ask their children not to be friends with migrant workers for fear of learning their bad habit of falling in love early. Social evils now are more than in the past. Seeing young beautiful girls wearing décolleté puts local households in a panic.”*

(Group of poor households in Bau Hamlet, Kim Chung Commune, Ha Noi)

**Participation in residential clusters and clubs can help migrants improve their social capital.** Mass organizations have established a number of groups for migrants. These include the Migrant Worker Group, the Tenant Club, the Group of Workers Overcoming Difficulties, and the Club of Grandparents and Children. These residential clusters and clubs can organize regular meetings and activities for migrants with cultural exchange activities, legal and life skills information. However, most of the migrant groups and clubs at monitoring sites are not sustainable. Without support they are dissolved or have only moderate activities (Box 5).

#### **BOX 5. Residential clusters and clubs for migrant workers are difficult to sustain**

**In Kim Chung Commune (Ha Noi)**, ten groups of “migrant workers” have been established with support from C&D (five groups were established in 2008, five groups in 2010) and coordinated by the commune Women’s Union. Each group has 30 members. Monthly meetings were organized to discuss topics of interest and for cultural and artistic activities. However, by July 2011 most groups had to close down as they had little support. At present, the migrant worker groups are maintained through the management of the “lane heads”<sup>20</sup>. However, their activities are only organized once every three months and are incorporated into the activities of the Women’s Union and so do not attract the participation of many migrant workers.

**In Lam Ha Ward (Hai Phong)**, the Young Tenant Club was established in 2009 under the management of the Ward Youth Union. The club mainly organizes interactive meetings, cultural and artistic activities and communication on reproductive healthcare, traffic safety and volunteer activities on the occasion of Youth Union anniversaries. However, since early 2011, the club has temporarily stopped its activities, as the Ward Youth Union has a funding shortage and many migrants do not have the time or the enthusiasm to take part in club activities.

**In Ward 6 (Go Vap District, HCMC)**, a “Workers Overcoming Hardship” group of about thirty members and three “Migrant Women” groups of between 15 and 20 members were established in 2006. The groups hold monthly meeting on different topics and learn about life skills (reproductive healthcare, gender equality, prevention of domestic violence and HIV/AIDS and managing household expenditure) and organize cultural and artistic activities. Group members also provide support for each other. However, since 2010 the groups have not organized regular activities and many members do not have the time to participate.

<sup>20</sup> An owner of a major rental accommodation establishment is appointed as head of “self-ruled group of migrant workers in keeping social order and security”, piloted in Kim Chung since 2011.

### 3.4. Limited Access to Public Services

Limited access to education and healthcare is a common problem for poor people. As many public schools are over subscribed migrants often have to enrol their children in private schools (especially at the kindergarten level) that charge higher tuition fees and are often poorer quality. Commune and ward healthcare services are overloaded in Kim Chung (Ha Noi) and Lam Ha (Hai Phong). As a result some migrant children have no full access to local healthcare services. Some migrant children have to return to their hometown for vaccinations or pay for vaccination services as their parents do not know how to register for vaccinations, or the local medical centres lack vaccines. Migrants pay little attention to voluntary medical insurance. As the price of medical insurance cards has increased some migrants cannot afford them, and others do not know where to buy them. Migrants often buy medicine for common illnesses in local drug stores and only go to hospital when their illnesses are serious. Representatives of commune and ward medical stations and migrant women's groups report that few migrant women have gynaecological examinations even though the possibility of contracting gynaecological diseases is high due to long-working hours.

### 3.5. Uncomfortable and unsafe living conditions

***Migrants tend to have uncomfortable and unsafe living conditions as they try to minimize their costs of living.*** Many rent cheaper rooms in areas with poor infrastructure and housing services. Narrow rooms, pollution, sewage, muddy access roads, poor water and electricity supply, high prices, poor security are common problems. Migrant women are more disadvantaged than men when living conditions are poor. For example, it is more inconvenient for women to use shared WCs and bathrooms than men.

Nevertheless, living conditions have improved in the last five years thanks to improvements in infrastructure and housing. However, because migrants rent cheaper rooms they do not take advantage of newer, more spacious and better furnished rooms.

--- *"My husband and I still live in the old room. We are used to living here. New rooms are better but the price is higher. We have low wages and cannot afford them."*

(N.T.T, RQ 27, Ward 6, Go Vap District, HCMC)

--- *"In the past years, more buildings have been constructed with spacious rooms, but migrant workers don't like them as the price is higher. They are mostly rented to households. Single workers prefer to live in old rooms..."*

(Core group in Bau Hamlet, Kim Chung Commune, Ha Noi)

Migrants in Kim Chung Commune (Ha Noi) and Ward 6 (Go Vap District, HCMC) mainly use well water, as tap water is expensive (in Kim Chung, the cost of tap water for rental residences is VND12,000/m<sup>3</sup>). In both sites unfiltered well water may be contaminated as the wells are close to an industrial zone (in Kim Chung Commune, Ha Noi) and an old cemetery (Ward 6, Go Vap, HCMC).



## **PART 3. KEY ISSUES OF URBAN POVERTY REDUCTION**





# PART 3. KEY ISSUES OF URBAN POVERTY REDUCTION

This section presents some key issues of urban poverty alleviation that need to be addressed. These include: education and skills, vulnerability and social protection, inequality, socialization, and issues specific to migrants in urban areas.

## 4. EDUCATION AND SKILLS

### 4.1. Education

People at all three monitoring sites increasingly value education for their children. Even households facing severe difficulties try to send their children to school, and many households consider education to be a means to escape poverty. All sites have sought to “universalize” education. Lam Ha Ward (Hai Phong) and Ward 6 (Go Vap District, HCMC) have completed the universalization of upper secondary education, and Kim Chung Commune (Ha Noi) has completed the universalization of lower secondary education. Table 9 shows the levels of education of surveyed migrant workers in 2008 and 2012. In 2012, 53% of workers finished high school against only 30% in 2008. The proportion of female workers finishing high school in 2012 (62%) is higher than in 2008 (28%). The proportion of male workers remains the same (33%).

TABLE 9. Levels of education of migrant workers (%)

	Kim Chung (Ha Noi)		Lam Ha (Hai Phong)		Ward 6 (Go Vap, HCMC)		Average	
	2008	2012	2008	2012	2008	2012	2008	2012
Never go to school/ not yet finish primary school	-	0	0	0	2	0	1	0
Finished primary school	-	0	0	0	3	1	3	1
Finished lower secondary school	-	2	25	11	47	37	38	16
Finished upper secondary school	-	81	33	37	27	42	30	53
Finished upper secondary school and vocational/ technical school	-	5	12	17	3	1	7	8
Graduated from intermediate vocational school	-	7	23	13	8	12	16	11
Graduated from colleges/ universities	-	5	7	22	3	7	5	11

Source: Interview questionnaire sheets with migrant workers in 2008 and 2012

### Options after finishing lower secondary school

At the three monitoring sites, very few children leave education altogether once they have completed lower secondary school. Most continue to higher secondary education. For example, in Lam Ha (Hai Phong), there have been only 2 children leaving education after the lower secondary school in RQ 14, and no such cases in RQ 3. In Kim Chung (Ha Noi), the commune official in charge of education promotion estimates that annually there is only about 5% of children leaving education after the lower secondary school.

**For those who leave school, it is hard to find good jobs and many struggle to improve their knowledge and skills.** According to youth group discussions, those who stop after finishing lower secondary school often belong to poor households and households with many children. Their parents cannot afford to invest in their schooling or pay little attention to their children's education. More girls tend to drop out after lower secondary education than boys.

--- *"My parents did not have time, so they left us with our grandparents. When we were big enough, our grandparents returned to the hometown, leaving us alone, playing with each other. Sometimes instead of doing homework at night we played cards and games without our parents' noticing. It is lucky I finished lower secondary school. Now even if our parents beat me, I cannot continue my study."*

(D.V.D, RQ 14, Lam Ha Ward, Hai Phong)

--- *"We have eight brothers and sisters in all. I am the youngest. My elder brothers and sisters are now doing unskilled jobs. I intended to continue upper secondary education but could not, so I support my parents in their business."*

(N.V.D, Residential Quarter 5, Ward 6, Go Vap District, HCMC)

Those who stopped studying after lower secondary school often work freelance or in small workshops (shoe making, garment, agar jelly making, and plastic recycling). Work is hard and few have access to social protection, medical insurance and other welfare benefits. Working hours for workers in small workshops are often longer than those working in industrial parks or major enterprises. Incomes are also lower (2 – 2.5 million VND/month), so it is difficult to save money for further education. Limited relations lead to limited information. Most do not actively seek vocational employment information.

--- *"With primary and lower secondary level of education, one can only apply for jobs at small processing workshops, or work freelance with an unstable income. With an upper secondary level education, one can apply for state-owned companies or joint venture companies with more stable incomes."*

(Group of young unskilled workers, RQ 25, Ward 6, Go Vap District, HCMC)

### **Options after finishing upper secondary school**

Students finishing upper secondary school can: (i) continue higher education at "top" universities; (ii) continue higher education at "second grade" universities, colleges and intermediate vocational schools; (iii) attend vocational schools; (iv) stop studying and find a job.

**Few finish upper secondary school and continue on to study at "top" universities.** Group discussions often classify universities into two groups: "top" universities and "second grade" universities. "Top" universities are national universities, with high entrance requirements and a good reputation. Graduates from these schools have better employment prospects as the quality of their training is considered to be higher. The "second grade" universities are private universities and provincial universities that have recently been upgraded from "college" status. They tend to have lower entrance requirements, have little tradition of training and are not trusted by people and employers.

--- *"There are no official legal documents, but every one of us knows about these two types of universities. "Top" universities include the University of Economics, Natural Sciences, University of Science and Technology, Technical Teachers' Training University, Medical and Pharmaceutical universities. They all require high entrance marks and it is easy to apply for jobs after graduation. Universities which have just been upgraded from colleges such as those in Quy Nhon and An Giang are of the "second grade."*

(Youth group, RQ 25, Ward 6, Go Vap District, HCMC)



After finishing upper secondary school most students want to continue higher education at “top” universities, but only a few students pass the entrance exams. Every year in Kim Chung Commune (Ha Noi), only one out of every ten who pass exams to intermediate schools, colleges and universities study at a major university. The low quality of general education is considered the main reason such a few number of students pass entrance exams to major universities.

--- “Here very few pass exams to enter top universities. Every year, they can only be counted on fingers. It is because the quality of Ngo Tat To and, Thang Long North High Schools is low, therefore children cannot pass the exams to those universities.”

(Group of officials in Kim Chung Commune, Ha Noi)

**The proportion of local young residents finishing upper secondary school and then studying at “second grade” universities, colleges and intermediate vocational schools is high.** These institutions are trying to improve their training quality, particularly in “soft skills” (group work, communication skills), English and computer skills. Some even require students have certificates of these skills in order to graduate. However, some youth groups reported that the teaching of soft skills, foreign languages and computer skills are low quality and excessively formal.

--- “Communication skills and group work are compulsory in our school. Certificates of these skills are required for graduation. But the training is not practical. After only three sessions of communication skills we are granted with certificates.”

(Youth group RQ 14, Lam Ha Ward, Hai Phong)

**Few young residents who finish upper secondary school attend vocational schools.**

In Lam Ha Ward (Hai Phong) and Kim Chung Commune (Ha Noi) only a few students choose vocational training after finishing upper secondary school. Most think academic qualifications have more value, or worry that available vocational training is of insufficient quality.

--- “Do you think job training graduates are better than those having upper secondary education level? I am sure no. If the vocational training centres have some contacts with employers, so that after graduation, students can have secure jobs. Now people after finishing upper secondary school get several week vocational training are the same as those who attended many years of vocational training. It is just years of service that count.”

(Working Group, Bau Hamlet, Kim Chung Commune, Ha Noi)

--- “In my home town, we never thought of attending vocational training. It is better to attend intermediate vocational school or college than vocational training.”

(Youth group RQ 27, Ward 6, Go Vap District, HCMC)

In Ward 6 (Go Vap District, HCMC), according to local officials and residents, the number of young people attending regular vocational schools after finishing upper secondary school has increased in the last five years, although it is still low. Some students chose vocational training after receiving counselling at upper secondary school or advice from their parents. Some vocational schools in HCMC are considered prestigious, and after graduation students are able to meet the employment requirements of enterprises.

--- “It is much better to study at Cao Thang or Ton Duc Thang Vocational School than those who attend intermediate vocational schools. After graduation, one can find a job immediately. For those who graduate from intermediate vocational schools, it is hard to find a job. My son and his friends sat for entrance exams to vocational schools. I encouraged them to do so as I think it is more secure.”

(Group of officials in Ward 6, Go Vap District, HCMC)

**Few young residents find work after finishing upper secondary school in urban areas.** In Lam Ha Ward (Hai Phong) and Ward 6 (Go Vap District, HCMC), only less than 10 percent of local young residents go to work after finishing upper secondary school. They are often children of poor households in difficult circumstances.

**More young residents find work after finishing upper secondary school in suburban areas.** In Kim Chung Commune (Ha Noi), around one third of young residents find work after finishing upper secondary school. Young people in Kim Chung go to work after finishing upper secondary school for a number of reasons. First, there are employment opportunities at the industrial park. A group of commune officials said that before the expansion of the industrial park in 2006, students from Kim Chung Commune, would sit university entrance exams after finishing upper secondary school, and try again the following year if they failed. Second, many people are worried that it is harder to apply for jobs after graduating colleges or universities. Third, many still believe that girls should not have a graduate education. Many work at the industrial park before getting married.

--- *"I think it's good to go to work after high school. Migrants from other provinces pour into here to work, so why shouldn't we? I think it is hard to find a job after university. It will be very boring doing jobs in the industrial park then."*

(Group of unskilled young workers in Bau Hamlet, Kim Chung Commune, Ha Noi)

--- *"For higher education, boys can try. After failing university entrance exams girls immediately apply for a job as workers. After two or three years of work, they get married."*

(Core group in Bau Hamlet, Kim Chung Commune, Ha Noi)

**Most young people say they decide when they stop studying.** Most stop studying because they want the independence a job can bring. Table 10 shows that 84% of migrant workers surveyed in 2012 with an upper secondary education decided to leave education. 74% said the main reason is that they wanted to earn money.

**TABLE 10. Reasons to stop studying and people influencing the decisions of migrant workers of high school level, 2012 (%)**

Reasons to stop studying				People influencing decision to stop studying			
Reasons	Average	Male	Female	Influencing people	Average	Male	Female
High education costs	23	6	27	Parents/family	15	17	14
No higher education institutions in hometown, do not want to study far away	0	0	0	Friends	3	0	4
Do not see benefits of higher education	1	6	0	Neighbours in hometown	2	0	3
Need to earn money	74	78	73	Own-decision	84	83	85
Want to work in cities more than studying	5	6	5	Others	2	0	3
Poor school achievement thus do not want to continue study	18	11	19				
Others	4	5	4				

Source: Interview data sheets with migrant workers in 2012

Young people in rural areas who do not continue on to higher education and instead migrate to the city to find work point to the high costs of college and university. Twenty three percent of migrant workers with upper secondary school level stopped higher education because of high tuition fees. This was a more important reason for women than men (27% against 6%). At monitoring sites, students from other provinces studying at colleges and universities in major cities have to cover the minimum cost of 2.5 - 3 million VND/month (the cost is higher if they study at semi-public or private institutions). Thanks to concessional student loans, many households are less worried about funding their children's higher education. However, loans (currently one million VND/month) can only cover one third of total monthly costs.

--- *"After finishing upper secondary school, I did not sit for university entrance exams. I wanted to go to work. My parents told me to try by all means to cover my education cost, but I did not want my parents to face a hard life. Most of my friends went to Ha Noi to find a job. None of us thought about vocational training, but earning money immediately."*

(H.T.H, migrant worker, Kim Chung Commune, Ha Noi)

Some young people in Kim Chung Commune (Ha Noi) and Lam Ha Ward (Hai Phong) worried they would not find work after graduating. The feeling that it is difficult to find jobs without the right connections also discourages many young people.

--- *"Graduating from top universities means it is easy to find job. It is harder to find jobs if one graduates from college of the same discipline or can only find jobs one does not like. My cousin studied accounting from Xuan Mai College for three years, did not find employment and now has to work as a sales girl for two million VND per month. In the past I wanted to study accounting like her, but her situation discouraged me. Then I went to work in the industrial park with an income that is higher than hers."*

(N.T.A. a Muong ethnic minority, Kim Chung Commune, Ha Noi)

--- *"I know many friends who graduate from higher education institutions and now put their diploma in drawers. Graduating from "second grade" universities and having no connections make it difficult to find a job. With practical experience in life, we can be more fruitful and successful."*

(Group of unskilled young workers in Bau Hamlet, Kim Chung, Ha Noi)

Some young people think that working after finishing school is a way to start up their career, and during the course of working, they can learn more to improve their knowledge and skills.

--- *"Today, it is not necessarily to enter universities. If everyone seek university education, who will be come workers and. If I had tried, after two or three years sitting for university entrance exams I would pass, but I did not like it. I will work for several years and save some money, then I will think of higher education; it will not be late then."*

(Group of unskilled young workers, RQ 27, Ward 6, Go Vap District, HCMC)

**High school students have increasing opportunities to access information about vocational training, but it is not objective or in-depth.** Discussions with youth groups in Ward 6 (Go Vap District, HCMC) revealed that students have access to many sources of information. This is an improvement on five years ago, when migrants said there were very few sources of information about vocational training. The book "Information for the graduates" published by MOET before college and university enrolment every year was almost the only channel.

Vocational counselling by intermediate vocational schools, colleges and universities is a useful source of information. However, the information provided was rarely objective (Box 6).

#### BOX 6. “Confused” vocational information

At all three monitoring sites, youth groups mentioned intermediate vocational schools, colleges, universities coming to high schools to introduce their institutions. They only mentioned their strong points, which was not very objective.

*“At the end of grade 12, Hai Phong University staff came to our school to talk about its economic discipline. I liked it very much. Then other institutions sent us their fliers. I also found them interesting. All of them had good communication and promise to refer graduates to employers. There was too much information and I was very confused.”*

(Youth group RQ 3, Lam Ha Ward, Hai Phong)

Some graduates from colleges and universities said that if there had been more objective information about the labour market when they finished high school, they would have selected other training institutions.

*“Every year they sent fliers to us. We don’t know about the quality of their training, but their communication is very good and interesting and they say they will refer graduates for employment. After several years I realized that if I followed their advice, it would be problematic.”*

(Youth group in Nhue Hamlet, Kim Chung Commune, Ha Noi)

***Students in urban areas have better access to information about vocational training than students in suburban and rural areas (Table 11).***

**TABLE 11. Rating of vocational information channels for students**

Order	Urban students	Rural students
1	Media, internet	Book, “Information for the graduates” by MOET
2	Vocational counselling of Youth Union, schools	Relatives with high educational level working in in urban areas
3	Book “Information for the graduates” by MOET	Internet
4	Parents	Fliers, brochures of some colleges, universities
5	Relatives with high educational level	
6	Direct consultants of the universities	
7	Fliers, brochures of some colleges, universities	
8	Employment festivals for youth	
9	Programmes “try to be a student” by some universities	

Source: 4 youth group discussions in Ward 6, Go Vap District, HCMC, 8/2012

Thanks to more information channels, the selection of disciplines of students in urban areas has much improved in recent years. In Ward 6 (Go Vap District, HCMC) and Lam Ha Ward (Hai Phong) students selected more diversified disciplines to meet the needs of the wider labour markets in cities.

*--- “3-4 years ago, students in cities ran after accounting, business administration, banking, and exports. Now it is different, they select more diversified disciplines. They*

*saw that elder sisters who graduated from accounting did not have good jobs. Many of them choose mechanical engineering seeing increasing market needs. In Go Vap District, there is lot of employment."*

(Core group RQ 27, Ward 6, Go Vap District, HCMC)

*--- "In recent years, everyone in the country studied business administration and accounting. They ran after social trends but did not know that too many students had entered those disciplines. How can they find job after graduating? But up here the situation is different. Some selected economics and others foreign trade. Those who don't do so well go for courses in mechanical engineering, environment and electricity, skills for which there is a large demand in cities and so graduates can easily find jobs."*

(Youth group of high level, RQ 25, Ward 6, Go Vap District, HCMC)

In some well-off households in urban areas, parents play an important role providing guidance to their children. This guidance is long-term and based on children's learning capacity, their own experiences and households' economic potential and connections. Poor households often leave their children to find information themselves.

*--- "Here, parents seek information about different training institutions many years before their children finish secondary school. It is not like in rural areas, where parents are overloaded with work, so they just tell their children to select whatever training institutions they like. Even if they wanted to, they could not give guidance to their children. From my own experience, they are very disadvantaged compared to those in cities."*

(Migrant youth group, RQ 27, Ward 6, Go Vap District, HCMC)

Suburban and rural young people still have limited access to vocational information channels. In many cases, role models and the advice of successful people from the same hometown is the greatest influence on student's career decisions. In Kim Chung Commune (Ha Noi) - about 20 km from Ha Noi, access to vocational information of local young residents is the same as in rural areas. For five years some colleges and universities have organized vocational training for high school students in the commune. However, due to the limited number of participants the sessions did not have a large impact.

A lack of information means some students in suburban and rural make unsuitable decisions. After the first year at university, some students realized they selected the wrong courses and so sat for exams to new disciplines. Some even study for a second diploma. This can be a waste of time and money for both students and their families.

*--- "Some of my younger sisters and brothers realized they were on the wrong course after just one year. Some had to sit for entrance exams to other universities. There are many cases like this. Students in cities are different. They know what they need to learn."*

(Migrant youth group RQ 27, Ward 6, Go Vap District, HCMC)

Some courses only have students from rural areas as young people in urban areas are better informed.

*--- "Almost no students from here have entered the Navigation University for several years now, but students from Thai Binh keep entering the University thinking they will have high-income jobs afterward. After the Vinashin incident, less students and after the Vinalines case, even less students entered the University."*

(Migrant youth group, Lam Ha Ward, Hai Phong)

Many young people value the status of being a university graduate, so choose institutions with low entrance requirements, and don't give sufficient thought to employment opportunities after graduation.



--- *"In rural areas, parents with children who have passed university entrance exams are very happy and proud. However, they have not thought about employment, and do not know that university diplomas aren't always useful."*

(Educated youth group, RQ 27, Ward 6, Go Vap District, HCMC)

## 4.2. Employment and Skills

### ***Fewer young people in urban areas want to work in the public sector than in the past.***

Young people at the monitoring sites prefer to look for employment in the private sector because: (i) there is more choice, and more opportunities; (ii) having the right connections is less important than in the public sector; (iii) there are performance-based and capacity-based benefits for employees; (iv) the private sector is more dynamic – it is easier to move between companies and accumulate experience. Some respondents said that those who want to work in the public sector often have limited capacity and are dependent on connections and family money.

--- *"Today not many people think of working in the public sector. I prefer to work in the private sector, which is based on performance. I am working for an export company. If our cargo is still in the aircraft at 9.00 p.m. I have to wait. It is my task and responsibility, not like state employee "counting hours not jobs". Only those who are dependent on others and want to enjoy themselves work for the public sector."*

(Youth group RQ 27, Ward 6, Go Vap District, HCMC)

--- *"Employment is available with many businesses. In Ha Noi employment is more diversified. After accumulating experience from one company, it is easy to move to another. Just go forward like that, not waiting for promotion as in public sector."*

(Youth group, RQ 14, Lam Ha Ward, Hai Phong)

### ***The application of learned knowledge in employment after graduating remains limited.***

Most young people with intermediate, college and university qualifications said they face difficulty adapting to their work. Those who studied in technical schools complained that their courses had been too theoretical, and practical sessions made use of poor teaching aids and outdated equipment.

--- *"I studied at Transport College for more than three years but I only learned specialist subjects in the last year. Those who graduate from my faculty would have work for the automobile manufacturing companies or automobile repair workshops. But it is hard for us to meet the recruitment requirements. If they gave us a Camry 3.0 and asked us to repair its battery, we would not know what to do"*

(T.V.T, business staff, Bau Hamlet, Kim Chung Commune, Ha Noi)

--- *"I cannot apply much knowledge learned from school to my work. The school equipment and machines were too old and they are obsolete now."*

(D.T.L, graduate from vocational school, RQ 14, Lam Ha Ward, Hai Phong)

Some factories recruiting workers in Go Vap District (HCMC) report that, ***there is a mismatch between labour market needs and the availability of quality human resources.*** Businesses employing technical workers appreciate quality of those who graduate from some prestigious vocational schools more than those who graduate from colleges and universities in same discipline as they have more practical knowledge and their salary expectations are more realistic.

Some students worked part time whilst studying, often in areas related to their course so as to gain practical experience.

--- *"As a recruitment officer, I have my own perspective and assessment. Those who study economics coming here from Ha Noi and Hue are different from those who*

*studied in Saigon. Here they are more dynamic and self-confident. Most of them have practical experience and can get used to their work immediately."*

(P.V.T, employer, RQ 27, Ward 6, Go Vap District, HCMC)

**Many students find work unrelated to their graduate qualification, and many have to take lower-skilled jobs.** More than 20% of (mostly unskilled) migrant workers surveyed in 2012 graduated from intermediate vocational schools, colleges or universities. A former student of Sea Transport Economics from Hai Phong University, in RQ 14, Lam Ha Ward (Hai Phong), currently works for a company in which about 80% of workers have intermediate level qualifications or higher, of which only 10% of them are doing management work.

*--- "My elder sister studied International Relations and specialized in International politics. After graduating she is now working at an industrial park and her wage is similar to people who only finished secondary school. I think it is very wasteful..."*

(Youth group in Nhue Hamlet, Kim Chung Commune, Ha Noi)

Local officials and residents at monitoring sites provided a number of explanations. First, many studied subjects for which there was little demand. Second, poor quality teaching meant graduates did not have the required skills, and students who had made a bad choice had no passion for their subject.

*--- "I just registered to enter the discipline without thinking of future employment. When entering the school, I knew I did not like it. After graduating, I worked as a telecommunication worker, not better than those who finished high school and got training from the company. Our wages are equal. We receive no priority from the company."*

(H.D.D, business staff, Bau Hamlet, Kim Chung Commune, Ha Noi)

Third, some lacked the connections or money required to secure jobs in their chosen discipline. This reason is most mentioned in Kim Chung Commune (Ha Noi) and Lam Ha Ward (Hai Phong), and less in Ward 6 (Go Vap District, HCMC).

*--- "I have many friends who graduated from higher education institutions and now put their diploma in drawers. Graduating from "second grade" universities and having no connections makes it difficult to find a job. With practical experience in life, we can be more fruitful and successful."*

(Group of unskilled young workers, Bau Hamlet, Kim Chung Commune, Ha Noi)

In Ward 6 (Go Vap District, HCMC), many people think they have to accept jobs in different areas, as the pay is better.

*--- "In cities, many jobs are available; one can do different jobs to those we trained for that have higher salaries. I studied fashion design but work as an accountant now with good income. I receive support from my relatives."*

(D.T.V, RQ 25, Ward 6, Go Vap District, HCMC)

**Most surveyed thought it is not difficult for young people finishing high school to find jobs at factories or industrial parks.** Many are recommended to company posts by relatives or friends already working in the company, or apply for jobs advertised on factory gates or in the media (Table 12).

**TABLE 12. Information channels used by migrant workers to find current jobs (%)**

Information channels	Kim Chung (Ha Noi)	Lam Ha (Hai Phong)	Ward 6 (Go Vap, HCMC)	Average	Male	Female
Relatives/ friends working there recommended	80	72	58	70	66	72
Through hamlet mass media with announcement on vacancy	12	10	27	16	11	18
Through notice boards in front of factories	42	5	8	18	9	22
Through employment agency/service/broker	5	3	2	3	4	3
Employer's staff going to hometown/ former work place for recruitment	0	0	0	0	0	0
Friends/relatives having connections with businesses	0	12	2	4	9	2
Don't know/ Don't remember	2	0	0	1	0	0

Source: Interview sheets of migrant workers in 2012

According to some employers in Go Vap District, it will become harder for unskilled workers with low education to find jobs, because at present companies give priority to skilful workers with high educational levels. Representatives of the SME Business Association in Go Vap District (HCMC) report that during the economic recession in 2012, many businesses had to cut their labour force and most laid off mainly unskilled workers.

*--- "Now businesses give priority to skilful workers to save themselves. The time relying mostly on unskilled workers is nearly over. My K.T Company employed more than 100 workers, cut down to only 60. We had to lay off the unskilled. Without orders, we have to lay people off, but priority is given to skilful workers because they are our strength helping us reduce production costs and enhance competition in the market."*

(T.Q.V, SME Business Association Chairman, Go Vap District, HCMC)

**Migrant workers mainly receive technical skills training at work (Table 13).** In addition, some workers also learned other skills such as foreign languages, computer skills, management and other soft skills (Table 13).



**TABLE 13. Skills learned by migrant workers at work place (%)**

Type of skills	Kim Chung (Ha Noi)	Lam Ha (Hai Phong)	Ward 6 (Go Vap, HCMC)	Average	Male	Female
Technical skills	82	65	87	78	86	74
Foreign language (English/ Japanese/ Korean...)	7	3	5	5	6	5
Computer skills	0	5	5	3	4	3
Basic calculation/reading/ writing skills	7	7	2	5	0	7
Business management, Personnel management	7	5	10	7	4	9
Soft skills (group work, problem solving, communication...)	12	8	3	8	7	8
	3	25	7	12	11	12
No skills learned						

Source: Interview sheets of migrant workers in 2012

**Most migrant workers do not appreciate skills learned in the work place.** Thirty eight percent of migrant workers surveyed in 2012 who worked in two or more companies said that former business skills are “not useful” when working for new companies (Table 14).

**TABLE 14. Skills learnt from former businesses useful to migrant workers when moving to new businesses (%)**

	Kim Chung (Ha Noi)	Lam Ha (Hai Phong)	Ward 6 (Go Vap, HCMC)	Average	Male	Female
Very useful	31	23	6	20	23	18
Little useful	19	31	83	42	42	42
Not useful	50	46	11	38	35	40

Source: Interview sheets of migrant workers in 2012

Companies often spend between one week and two months training new employees. However, training normally only focuses on the basic skills required to operate on a production chain, and is of little relevance to other production chains or companies.

--- “It’s easy to get used to working here. After a week’s training, we can do the work. Days and months pass by and we are used to the job. I don’t see any skills needed here. I work in the chip-production chain. If I move to another chain, I have to learn from the beginning. If I want to move to work in another company with higher income, I have to attend training.”

(H.T.T, migrant worker, Kim Chung Commune, Ha Noi)

Some migrant workers said that what is most useful to them when they move to a new company is experience working in a factory. It often first takes workers two to three months to get used to company practices and regulations. Some cannot adapt and have to stop working. When workers are used to working in a factory it is easier to be employed and adapt to new jobs in new companies.

--- “The thing that we feared most is the time. If you are a minute late it counts as half a day off. I myself experienced this several times and got my wage deducted. Now

*I have already learnt. Once we are used to this working style, we can work at any company in the industrial park."*

(N.T.A, Muong ethnic minority, Kim Chung Commune, Ha Noi)

More than one third of migrant workers surveyed in 2012 felt it was difficult to observe the company regulations (Table 15). Female workers think it is more difficult to follow regulations.

**TABLE 15. Company's intramural regulations difficult to be observed by migrant workers, 2012 (%)**

	Kim Chung (Ha Noi)	Lam Ha (Hai Phong)	Ward 6 (Go Vap, HCMC)	Average	Male	Female
<b>Percent of workers reporting "difficult to abide company regulations"</b>	76	25	18	36	19	46
Regulations difficult to be observed:						
Be on time	18	33	0	18	17	19
No chatting during working hours	68	20	25	49	3	58
No long breaks (tea break, lunch break)	21	87	33	38	58	34
Cash fine for defective products, operational failure	61	47	75	60	42	64
No use of mobile phone during working hours	71	20	8	48	17	55
Use of protective clothing during working hours	5	7	25	9	3	1
Others	0	7	8	3	3	0

Source: Interview sheets of migrant workers in 2012

Few workers have taken in-depth training courses. However, when motivated, they all recognize the need to attend such courses in order to improve their knowledge adapt when to work in other companies.

### **Aspirations, expectations**

After working for a period of time many unskilled workers ***will seek further education and training or undertake "on-the-job" training***. Some vocational schools have created favourable conditions for workers to attend training courses. In particular, the Northern Thang Long Intermediate Technical School (Kim Chung, Ha Noi), where, at present, 90% of students are doing "on-the-job training". The school has three training shifts a day for applicants to choose from.

Children from poor households in urban areas and disadvantaged households in rural areas have fewer opportunities for university education after finishing high school, therefore on-the-job training is popular. Thanks to the socialization of education, there are more opportunities for young people to attend classes and training. Young people who go to work for a certain period of time and then continue their education tend to have a better idea of what they would like to do.

--- *"It is rare to see any children of poor households with a university education. Normally after finishing high school they receive on-the-job training. Today up to 60% of people attend on-the-job training courses. In the past, the proportion was*

*much lower. Young people did not pay attention to such training. After working for a period they know what training is suitable to them."*

(Group of officials in Ward 6, Go Vap District, HCMC)

**Male workers often have more opportunities to improve their educational and skill levels than female workers.** Some young women working at Thang Long Industrial Park (Kim Chung, Ha Noi) reported that after 8 - 12 working hours a day it is very difficult for them to attend classes. Some are getting married and have to spend time caring for their families, and so have little time for study.

*--- "We are women working 12 hour shifts. In free our time we wash our clothing and prepare for our meals and so have no more time left. My colleague attended an accounting course, but she stopped as she was too tired after work and had no free time."*

(Workers' Group in Bau Hamlet, Kim Chung Commune, Ha Noi)

Even young people with intermediate, college and university level qualifications are active in some in-service training to improve their knowledge (some of them just study to legalize their qualifications rather than improving knowledge for their work). Normally, it takes only 1.5 years (for those graduating from college), 2-3 years for those finishing intermediate vocational school to possess a university degree.

Young freelance migrants often have no plans to continue education or work for companies. They often work as freelancers in cities until they get married, or return to their hometowns when they are too old to work.

*--- "We can only do freelance work to save some money and later on return to do some business back in our home towns. We've never thought of further education or training."*

(Freelance young labourers' group, RQ 27, Ward 6, Go Vap District, HCMC)

### **Effectiveness of support policy for short-term training**

At the three monitoring sites, many short-term vocational training programmes have been implemented such as vocational training programme for people in rural areas (under Decision 1956/QD-TTg), a project to support women in vocational training (under Decision 295/QD-TTg), and a support policy for vocational training for workers of poor households in Go Vap District, HCMC.

***In fact, most of young people are not interested in short-term vocational training programmes*** although they are supported by the State (fee reductions and exemptions, funding for poor households' training costs, and employment opportunities after training). In 2012, the Department of Labour, Invalids and Social Affairs in Go Vap District in coordination with the district Job training Centre organized a vocational training programme for poor residents. However, very few people attended the first communication session (in Ward 6, no poor households attended). The district had to ask each ward to send two children to attend the programme, but only six participated.

There are many reasons children of poor households do not attend short-term (three months) vocational training programmes. These include: (i) Poor households cannot give up work for even short periods; (ii) They prefer to receive on-the-job training or in workshops whilst working rather than attending official training courses; and (iii) People are worried about the quality of short-term training courses. Many think that short-term courses are not sufficient for students to be skilful in their jobs.

Under Decree 49, participants in regular long-term vocational training courses also receive support (50% reduction of fees for students finishing secondary school). This helps households reduce training costs and motivates children to attend vocational training. However, students still struggle to find employment after graduating.

**At present there are some initiatives to improve the effectiveness of short-term vocational training.** In Go Vap District (HCMC), freelance workers with short-term training needs can attend short-term courses at intermediate vocational schools and job training centres. They provide tailor-made training courses, at the request of participants. A leader of a vocational school in the district reports that the number of participants in such courses has increased in the past three years.

--- *"The school now has 30 short-term courses for all types of occupational skills such as hair dressers and cookery. Most participants in these courses are workers. Trainers provide training at their request. Whatever skills they need. The trainers have practical experience, thus meeting participants' practical needs without much theory."*

(Representative of Quang Trung intermediate vocational school, Go Vap District, HCMC)

Another initiative is a joint project undertaken by the Business Association of Go Vap District and the Vocational Training Association to develop training programmes. However, the project is in its early stages (Box 7).

#### **BOX 7. Joint project between Go Vap District Business Association and the Vocational Training Association**

According to Mr T.Q.V, President of the SME Business Association of Go Vap District (HCMC), the labour market now faces an imbalance between the quality of the labour force and the needs of businesses. Many businesses have to spend time and money to retrain their workers.

Since early 2012, the Business Association of Go Vap District has implemented a vocational training project in coordination with the Vocational Training Association. The Vocational Training Association will be in charge of enrolment and provide theoretical training to students. The Business Association will provide trainers who are outstanding workers in companies. The fees are similar to other vocational schools in the City. Students can study and practice in companies under the Association. Students will be paid for work they do in the companies.

After graduation, the Business Association will recommend their employment in the companies under the Association or other companies in HCMC and neighbouring provinces. Mr V. said:

*"The Business Association has relations with all the Business Associations in HCMC and other provinces. Employment for trained workers is available and is committed."*

## **5. VULNERABILITY AND SOCIAL PROTECTION**

### **5.1. Vulnerabilities**

In the last five years, the urban poor have had to cope with affects of high inflation (in 2008 and 2011)<sup>21</sup>, the global financial crisis 2008 and 2009, and slow domestic growth in 2012.

**Rising prices for electricity, petrol, food, health care and education** have stretched the budgets of the poor and people living on pensions and social protection allowance. Incomes are at a slower rate than inflation, and most people on low incomes are forced

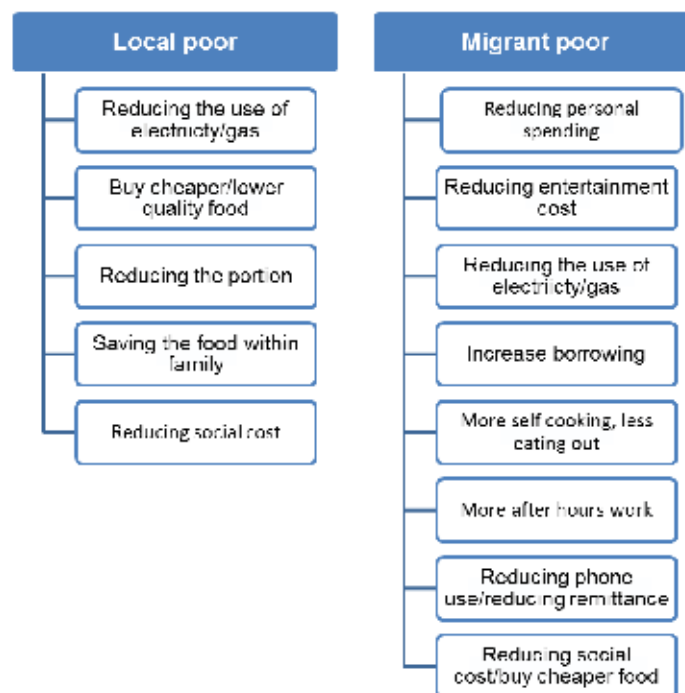
<sup>21</sup> The CPI of 2008 increased by 22,97% compared to 2007, in which the price index of food increase by 49,16%, the price index of foodstuff increased by 32,36%. The consumer price index in 2011 increased by 18,58% compared to 2010; the price index of food increased by 22,82%, and the price index of foodstuff increased by 29,34%. Source: General Statistics Office (<http://www.gso.gov.vn>).

to save less, meaning they are more vulnerable to unexpected shocks, particularly health care costs. Social care centers, such as those taking care of the elderly and children have also suffered.

Migrants to urban areas are hardest hit by inflation. In addition to food migrants have to pay rent and higher electricity prices than those with their own homes. Small traders and street vendors have to pay more for the goods they sell, and have fewer customers, as they have to raise their prices. Fruit, noodles, bottle water and fast food have all increased in price. Migrants with children face further costs, such as milk, nappies, school fees and childcare. Some women work fewer hours so as to take care of their children, and so earn less money.

The poor cope with inflation by minimizing expenditure, working longer hours or changing spending habits (Chart 4). Urban migrants from rural areas depend more on their home town. Many buy rice, vegetables and eggs from home to reduce costs. Migrants with children invite their parents or relatives to come and take care of their children.

**Chart 4. Coping measures against price hikes by local poor residents and migrants in in early 2011**



Companies have also suffered from inflation. Prices of inputs, energy, materials and rents have increased. Increased competition means it is difficult for many companies to raise prices. Some companies have had to cut salaries and other forms of support for workers.

**The global financial crisis particularly affected workers in export industries.** Companies in the footwear, garments, and assembly sectors reduced their workforce between the fourth quarter of 2008 and the second quarter of 2009. For the remaining workers, overtime opportunities were reduced, and many received only 50 – 70% of their basic salary. Many migrant workers were forced to return home as their incomes were too low, or there were no jobs. By mid-2009, once orders began to recover, companies were again in short of labour, so labour fluctuation was high.

Female workers were more vulnerable than male workers in the crisis. Many female labourers work in labour intensive industries that are dependent on export markets. Female workers who became pregnant or had to take care of children were more likely to be made redundant than men.

Many migrant workers who lost their jobs returned home. Some found work at industrial parks and companies near their home. Others stayed and worked as street vendors, construction workers or in restaurants. A third solution was to continue to work and study at the same time.

Most small traders and street vendors say that their income in 2009 was not high, or even fell because of increased competition (particularly from workers who had lost their jobs) and reduced demand.

**Slow domestic economic growth in 2012** has also created difficulties for companies producing for the domestic market. Many companies are no longer operating, but cannot register as bankrupt because of cumbersome bankruptcy procedures. The Go Vap Small and Medium Enterprises Association say that its membership fell from one hundred firms to sixty between 2011 and 2012. A labour official in Kien An District reported that about 30% of companies have experienced difficulties since the end of 2011, and many have stopped their operations.

--- *"We have never been in this kind of difficulty. Even when the price of inputs was high we survived. But now half of our members are gone, they are clinically dead but the procedures are complicated so they keep their status. Others are also near dead."*

(Representative of the small and medium enterprises, Go Vap, HCMC)

Companies cope by reducing their workforce, many by as much as 50%. For example, a company producing packaging in Go Vap, HCMC cut its workforce of 120 by half in early 2012. The majority of workers who lose their jobs are low skilled. There was few new labour recruitment in small and medium enterprises in 2012.

Jobs are more stable for the foreign invested enterprises that focus on the export market (Japanese companies in North Thang Long industrial park - Ha Noi), and workers' incomes are not seriously affected.

Workers in the formal sector. Skilled and experienced workers are not affected by the crisis, as companies are keen to keep them. Managers of some small and medium enterprises say that skilled workers are important as they can ensure quality and that the company can fulfil its orders. They will also be important once the economy improves and orders increase.

Low skilled workers working in companies that focus on the domestic market (particularly, motorbikes, mechanics, plastics and packaging) have more problems. A representative of the labour division of Kien An District, Hai Phong reported that more than 3,000 local workers lost their jobs, and 10,000 others are only receive a minimum income.

Data from interviews of migrant workers in 2012 shows that the income of one third of workers is less than normal, compared to 14% in 2011. Female workers and new workers are more likely to be affected (Table 16).

**Table 16. Lower income of migrant workers in 2012**

	Average	Male	Female	Workers working less than 18 months	Workers working less than 18 months
Income reduced in the past 12 months (%)	29	24	32	46	24
Number of months with reduced income	2.6	2.3	2.8	2.2	2.9
% of reduction	18	16	19	17	20

Source: Interview sheets of migrant workers in 2012



More than half of workers with reduced incomes say that it is because their employer is short of work. In Lam Ha Ward, Hai Phong, almost two thirds of workers report that this is the case. However, in Kim Chung Commune, Ha Noi, personal reasons such as illness are more significant (Table 17).

**Table 17. Reasons for reduced income, 2012 (%)**

Reason	Kim Chung commune, Ha Noi	Lam Ha Ward, Hai Phong	Ward 6, Go Vap, HCMC	Average
Sickness	63	32	26	39
Companies lack work	44	63	53	54
Moved to other position	0	0	5	2
Salary deductions	25	5	5	11
Other reasons	6	0	16	7

Source: Interview of migrant workers in 2012

Many more workers have returned home to work in local industrial parks or find other jobs. There are now more industrial parks in the rural areas. A representative from the Go Vap, HCMC labour division, reported that between the end of 2011 and early 2012, about 20% of migrant workers returned home to work at industrial parks near their homes. This was born out in interviews with migrants at the monitoring sites.

Migrants also have less money to send home. More than half of migrant workers in the survey sample say they could not send money home in 2012 (Table 18).

**Table 18. Proportion of workers who do not remit money, 2008 and 2012 (%)**

Year	Kim Chung commune, Ha Noi	Lam Ha Ward, Hai Phong	Ward 6, Go Vap, HCMC	Average
2008	---	37	45	41
2012	40	55	68	54

Source: Interview of migrant workers in 2008 and 2012

Despite the economic difficulties there was only one strike in the first eight months of 2012, compared to sixteen strikes in the first four months of 2011 in Hai Phong (mostly in footwear and garment companies). Workers were protesting against their reduced incomes.

Workers in the informal sector. Falling demand in the construction sector has reduced opportunities for work for construction workers, porters, and cyclo drivers. At the monitoring sites, there were almost no new houses in 2012 (while there were many new houses built in 2011). Some households that recently replaced their cyclos with small trucks using bank loans are in difficulty, and some have to borrow from other sources to pay the bank interest. Some say that if the situation continues, they will go bankrupt.

--- "This year is especially difficult. There are no jobs for truck drivers or cyclo drivers. Maybe only one or two jobs a month. The drivers are hungry. Last year was better, but this year it is damaging, because most of the people here are involved in construction works. This year is only ten percent of last year. There has been nothing since Tet. The wage for porters is lower, and they have to compete for jobs. They have to take jobs at lower wages, and they earn just two million VND for jobs that used to cost three million VND. It's most difficult for those who just bought trucks. They have to struggle to pay bank interest and sometimes having to borrow from outside sources, for which

*the interest is 3,000 VND for one million per day. Maybe they will soon have to sell the truck to pay off the debt."*

(Average income group in Quarter 14, Lam Ha Ward, Hai Phong)

As people are spending less, and there is more competition small traders' revenues have fallen. In Lam Ha market, there are more sellers. Most are unemployed workers from local factories. They usually sell things that do not require much capital.

*--- "I have never been so tired of trading like this year, no one will buy anything even if the price is the same. It's the same for other traders. Also there are many more traders. Many of the sellers in Lam Ha market are unemployed workers. They sell vegetables, used clothes, which require not much capital and but a high turnover. But because there are many sellers, revenue is not high."*

(P.T.L, Quarter 15, Lam Ha Ward, Hai Phong)

Low domestic demand and increased competition also affects scavengers. At Ward 6, Go Vap, HCMC, many scavengers have to temporarily go back home or find other jobs. Motorbike taxi drivers are also struggling as there are more alternatives, and fewer customers.

*--- "Business has never been as bad as this. Last year the price was high, but now, despite the low price there are no buyers because of competition. Sometime people choose another seller because of a 100 – 200 VND difference in price. In the place where I stay, there used to be 20 residents, now only about half stay. The rest go back home or do something else. The scavenging business is suffering."*

(Migrant group, Quarter 27, Ward 6, Go Vap, HCMC)

To cope with the slowdown, migrants have to work overtime, but incomes for many people are lower than in previous years.

*--- "I often go out very early and come back later. I work two or three more hours a day. But my income is lower than other years because the selling price is very low. In the past, I went out to scavenge at 7 p.m. but now I go out at 5 or 6 p.m."*

(Migrant group, Quarter 27, Ward 6, Go Vap, HCMC)

Mobilization for contributions. The economic slowdown makes it more difficult for enterprises to participate in socialization activities and support the poor. A representative from the Kien An District's Fatherland Front, Hai Phong, says that in 2011 the district was able to mobilize funds to build 51 houses for poor people, but by August 2012, the fund mobilized was only enough to build three houses. The Fatherland Front and officials of residential units have also been more prudent in mobilizing funding for community works in 2012.

*--- "In the past the economic situation was better so mobilization was easier, but at the end of 2011 and early 2012, it was much harder. In the past, some companies contributed ten million VND, now they contributed only 300,000 – 400,000 VND."*

(Officials group, Ward 6, Go Vap, HCMC)

*--- "A third of the local companies are experiencing difficulties and near bankruptcy, which affects the mobilization work. Contributions are significantly reduced."*

(Officials group, Kien An, Hai Phong)

## 5.2. Insurance

**Social insurance.** Voluntary social insurance is still a new concept for local residents. The Law on Social Insurance was issued in 2006 but most workers are not aware of it. Some, who are aware of the law have not seen the benefit of social insurance, and most low paid workers only think about the near future.



Compulsory social insurance payments differ between companies. Foreign or large companies pay insurance for most workers. However, small private companies usually try to avoid the responsibility.

**Health Insurance.** The provision of free health insurance for poor households and policy beneficiaries is comprehensive at the monitoring sites. Health insurance is important to people with chronic illnesses, who require long-term hospital treatment (Box 8).

**BOX 8. Health Insurance helps people with illness who go to hospital frequently**

Mr. T.K.L. (55 years old) is living with his daughter in Quarter 23, Ward 6, Go Vap, HCMC. The family's main source of income is a stall selling sugarcane juice. Sometimes Mr. T.K.L.'s wife sells water spinach. In 2006, after a high fever, his daughter suffered from a mental illness and frequently has to go to hospital at high cost for the family. In 2007, his family was recognized as a poor household and received a free health insurance card. Since then, most of the expenses for his daughter's health care are covered. He says:

*"I got a lot from the health insurance. She suffers from mental illness and sometimes there were 3 - 4 attacks a month, and she had to go to hospital almost monthly. Thanks to the health insurance card, I have to pay only 20%, and I paid only 300,000 VND last time she was in hospital. I take her to the hospital regularly for health checks and medicines."*

In 2012, his household's income improved, and the ward helped him to build a house, so he was removed from the poverty list. His daughter receives 50% of the cost of health insurance, and he himself has bought health insurance too.

Voluntary purchases of health insurance at the monitoring sites have increased in recent years. In Lam Ha Ward, Hai Phong and Ward 6, Go Vap, HCMC, the number of medical insurance cards sold by June 2012 almost equal to the total number in 2011 (Table 19). Officials working at the monitoring sites say that the number of voluntary health insurance buyers is increasing.

**Table 19. Number of voluntary medical insurance cards sold at monitoring sites**

	Kim Chung Commune, Ha Noi	Lam Ha Ward, Hai Phong	Ward 6, Go Vap, HCMC
Total number of cards in 2010	166	500	936
Total number of cards in 2011	265	959	960
Total number of cards by 6/2012	105	826	826

Source: Data provided by specialist at the wards, 2010 - 2012.

However, the number of medical insurance cards sold is small compared to the size of the population of the monitoring sites. Few medical insurance cards are sold to the near poor group, although they can receive a 50% discount<sup>22</sup>. Many people do not recognize the importance of health insurance (most buy health insurance for old people and those suffering from chronic illness). The price of health insurance has increased in line with increases in the minimum wage, limiting the number of buyers. Many people do not know

<sup>22</sup> The government recently decided to increase assistance from 50% to 70% of the cost of social insurance for near poor households (Decision 797/QĐ-TTg dated 26/6/2012 signed by the Prime Minister). In the roadmap for universalization of health insurance, the Ministry of Health is considering higher support for health insurance costs for farmers, students, near poor households and households that have just escaped poverty.

about price concessions for families<sup>23</sup>. Many people are concerned about long waiting times and low health care quality.

--- *"I buy for my husband. It's compulsory for my child at school. But I don't buy one for myself because my husband is weaker than I am. I don't know that buying for the whole family will be cheaper; they only tell us about individual purchase. Even if the price is low, young people don't normally buy it. Only old people or those with illness."*  
(Average income group in Quarter 14, Lam Ha Ward, Hai Phong)

In the last five years, mass organizations, associations, and charity groups have been mobilizing funding from patrons and enterprises to support local people with disabilities, orphans, people living with HIV, or victims of agent orange. In Ward 6, Go Vap, HCMC, one initiative is to mobilize funding from the City's Association to Support Poor Patient to provide ten medical insurance cards to members of near poor households (with an income of 8-10 million VND/year) and those living in difficult conditions.

### 5.3. Cash Transfers

The fifth round of urban poverty monitoring in 2012 focused on understanding local people and officials involved in cash transfer programmes.

#### Evaluation of Existing Programmes

The two on-going cash transfer programmes at monitoring sites provide support to social security beneficiaries under Decree 76 and Decree 13; and support with education costs under Decree 49. In addition, there is a programme to support poor people with electricity costs. Ho Chi Minh City had a programme to provide poor people with an income of less than 8 million VND per year with 100,000 VND per person per month and social security beneficiaries with 50,000 VND per person per month for nine months of 2011.

**Impact.** Cash transfers under Decree 67 and Decree 13 that support social security beneficiaries have helped with the cost of living. Ho Chi Minh City has raised the minimum level of support to 240,000 VND per month as from the end of 2010<sup>24</sup>. Ha Noi City has also increased the level of support to 350,000 VND per month as from the end of 2011<sup>25</sup>. Hai Phong City still has the same level of 180,000 VND per month according to the Government's Decree 13. However, most discussion groups felt that this was too low; and only a small number of groups thought it was enough to make an impact on education and healthcare. Some groups living in areas with rural characteristics such as Kim Chung Commune, Ha Noi think that the 350,000 VND can be used as savings for children's education.

--- *"My grandmother is more than 80 years old. The state gives her 180,000 VND a month; just enough for her to buy her favourite betel nut and sometimes breakfast. There's nothing you can do with this money."*

(V.D.Q, Lam Ha Ward, Hai Phong)

--- *"My husband is disabled, the state gives him 350,000 VND a month, sometimes I take it every two months, and it's something to count on when having to pay for my child's school fee."*

(Poor group of Nhue Hamlet, Kim Chung Commune, Ha Noi)

Education support under Decree 49 has helped poor households with school contributions. Deducting directly from the contributions has eased the pressure on poor households at the beginning of the school year. In Ward 6, Go Vap, HCMC, education support under

<sup>23</sup> The level of contributions to buy family health insurance: First person to pay 4.5% of monthly minimum wage every month. For the second, third and fourth person, the level will be 90%, 80%, 70% of the first person respectively. The fifth person onward will pay 60% of the first person.

<sup>24</sup> Decision number: 87/2010/QĐ-UBND dated 22 February, 2010 of HCMC People's Committee.

<sup>25</sup> Decision number: 34/2011/QĐ-UBND Dated 16 November 2011 of Ha Noi People's Committee.

Decree 49 has been implemented together with other support from patrons and so has helped school costs.

--- *"I have two children, one in primary school, the other in secondary school, and their fees have been halved, otherwise we couldn't afford it as my husband is ill and the whole family counts on me."*

(N.T.H, poor household of Nhue Hamlet, Kim Chung Commune, Ha Noi)

--- *"I am 50% relieved from school contributions at the beginning of the school year, and the children receive free books, so we enjoy a great deal in the new school year."*

(N.T.K.P, single parent with young child in Ward 6, Go Vap, HCMC)

**Targeting.** People at the monitoring sites say that the target group for cash transfers is small, and does not cover other disadvantaged groups in need. Most households whose living standards fall as a result of illness or accidents also receive no monthly support.

Most migrants do not have access to cash transfer programmes, and have to return home to receive their entitlements, as officials are not sure whether such people would receive support twice. Returning home procedure is difficult, especially in HCMC where many people have been away for a long time. In Ward 6, Go Vap, HCMC, migrants older than 80 years old with long residential history can be considered for cash transfers at their current residence, as long as they have certification from where they are officially registered.

In some areas some people are occasionally omitted from the review process. In Kim Chung Commune, Ha Noi, some people who are eligible for cash transfers do not know about the programme. Even without migrants all hamlets at the monitoring sites are crowded (about 2000 – 3000 people each), so local officials do not know everybody.

--- *"We don't know until they come and do the filing. There are a few thousand people in this hamlet, divided into the East quarter, West quarter, and there are also many migrants so nobody knows everyone's circumstances."*

(Core group of Bau Hamlet, Kim Chung Commune, Ha Noi)

**Filling in the application form.** According to regulations, people who are eligible for support must fill the application form themselves. However, some people do not have enough information, and cannot fill in the form accurately, and some are wary of the administrative system. At some sites, the ward or quarter officials have to help eligible people with procedures.

--- *"We report this case to the ward, and the policy official said they will do the procedures. The old people or disabled people can hardly do it, and their families are afraid of contacting the officials, and so we ask them to do it for us to be quick."*

(Local officials, Lam Ha Ward, Hai Phong)

Some people have serious disabilities but don't have hospital certification, because their families have not sent them for health checks or they lack instruction from the local officials. Some procedures are also lengthy and costly. For example, those suffering mental illness have to be monitored for between one and 1.5 months before the hospital can give them results.

--- *"For mental illness, you have to be hospitalized and stay there for over a month for the result. Who will finance it? You have to pay for hospital fees, medicines, and also take care of the housework. Living with the other mental people is also worrisome. Maybe your illness will get worse."*

(Officials group of Kim Chung Commune, Ha Noi)

**Information.** Information about programmes and projects is broadcast through the public loudspeaker system or at meetings, but these communication channels are not very effective. In Kim Chung Commune, Ha Noi, many poor people were not aware of the policy to support children's education fees (under Decree 49); they just knew that the school had reduced the fee for them, and they didn't know why. Some thought that the school was "caring" for them so the fee was reduced.

The heads of the quarters or hamlets play an important role providing information and helping people apply for support. In quarters or hamlets with enthusiastic officials, people rarely miss out on what they are entitled to. However, the heads of the quarters and hamlets know little of the detail in Decree 67 and 13, and less about Decree 49 and other support policies.

**Modes of payment.** For education support under Decree 49, people are paid by schools. The school often deducts yearly payments (630,000 VND per student) from students' contributions. When the money is transferred to the commune, the commune will pay directly to the school. This is convenient for poor households because it eases the burden of contributions at the beginning of the school year. However, it also creates difficulties for ward officials as there are many policies with different procedures and payment methods.

--- *"Currently I have to follow two types of support with different procedures at the same time. And this is just in one area, if there are more areas, it will mean a lot of work."*

(Social policy official of Kim Chung Commune, Ha Noi)

With the cash transfer policy for beneficiaries of the Decree 67 and 13, all monitoring sites apply the direct payment method. The beneficiaries, especially old people, find this suitable as they have a high level of ownership, and the opportunity to meet people and network.

--- *"Children takes care of the old people, but the old people also like to have their own money, to buy what they like, sometimes gifts for their grand children. Also they can meet and talk to others when they go to the ward headquarters or to the market."*

(Social policy beneficiary, Ward 6, Go Vap, HCMC)

In Kim Chung Commune, Ha Noi, the Nhue Hamlet is far away from the ward centre, so local policy officials go to the hamlet to make payments. In Quarter 14, Lam Ha Ward, Hai Phong, the head of the quarter goes to the ward to receive the money and distribute it to locals so that old people and disabled people do not have to travel far.

### **Proposals for Future Cash Transfer Programmes**

**Targeting.** All groups think that the access to cash transfers should depend on family circumstances and not just income. Groups in Kim Chung Commune, Ha Noi say that beneficiaries should include those who suffer sudden shocks such as illness or have many children and are in difficulty. The officials group of Lam Ha Ward, Hai Phong think the poverty line is too low, and if this is used to identify the beneficiaries then many disadvantaged people will be left out.

--- *"Somebody suffering mental illness cannot help his families, but if his family is not categorized as "poor" he cannot receive any support. If there is a support, it will ease the family a bit so his family can be better off."*

(Officials group of Kim Chung Commune, Ha Noi)

--- *"Focusing on just the people at the bottom is not good; other people above the floor should also be supported so that their life can be better. It's good to provide disabled people with 500,000 VND a month, but if you can also provide school fee for children of those less disabled, it will be better and you can see their family getting better off."*

(Officials group of Lam Ha Ward, Hai Phong)

According to the discussion groups, the following groups in urban areas should receive monthly cash support:

- Families with disabled people currently benefiting from Decree 67 and 13.  
--- *"The state is supporting them with Decree 67, but they need more support."*  
(Core group of RQ 27 - Ward 6, Go Vap, HCMC)
- Many poor households in Hai Phong (as the poverty line is low), lacking labour or with people with illness.  
--- *"The poor here should be given support. It's like you take care of them."*  
(Officials of Lam Ha Ward, Hai Phong)
- Households suffering from accidents, serious illness (not necessarily poor households) or who lose their main source of labour.  
--- *"It's most difficult if you lose the main source of labour. It's like you have no legs to walk. Supporting this group will help their children to grow."*  
(Core group of Quarter 3, Lam Ha Ward, Hai Phong)
- Households with economic difficulties (freelance and low paid agricultural workers) with many children of learning age, as education costs in urban areas are high.  
--- *"This group is most necessary. Supporting them is most meaningful. Parents care most about their children's education; everything is more expensive now, and it's difficult for poor households with children in school age. Financial support helps them survive."*  
(Core group of Nhue Hamlet, Kim Chung Commune, Ha Noi)  
--- *"Freelance work is difficult and provides a low income, and hardly pays for children's school fees. Supporting this group will help their children to learn."*  
(Core group of RQ 27 - Ward 6, Go Vap, HCMC)
- Migrants in difficult situations. This is the group that currently receives no support from the State.  
--- *"Those who have gone home for long should be considered. There are many households in difficulties, they live in shattered houses with nothing inside, just like us, and sometimes more difficult because they have to pay the rent."*  
(Poor group of Quarter 25 - Ward 6, Go Vap, HCMC)

**Minimum level of support.** The poor and policy beneficiaries do not want to identify the minimum level of support for themselves. They say that "whatever given is good" and that they "don't want to demand". Poor households also "spend whatever amount they have", so it's difficult for them to define what is a "minimum".

- *"We don't want to demand, it's good to have whatever amount is given. We are poor, so any amount is not enough, so we don't know what is minimum and what's much. We have to find all means, my husband still have to use medicines and my children have to go to school."*  
(N.T.H, poor households in Nhue Hamlet, Kim Chung Commune, Ha Noi)
- *"It's difficult; sometimes I spend four million VND a month, sometimes one million. We spend whatever we have, and we appreciate whatever is given by the state."*  
(Poor households group of Quarter 14, Lam Ha Ward, Hai Phong)

Local officials in Kim Chung Commune, Ha Noi and Lam Ha Ward, Hai Phong suggest the minimum level of support should be 500,000 VND per month. In Kim Chung Commune,



Ha Noi, this is enough to buy rice and vegetable for a household of 4-5 members (400,000 VND) and invest in children’s education. In Lam Ha Ward, Hai Phong, the money will cover minimum electricity, water and gas for a household.

Officials in Ward 6, Go Vap, HCMC suggest one million VND per month, enough to cover electricity, water, rice and gas. With this sum, poor households will be more confident to work and to find other ways to escape poverty.

--- “Last year, the poverty reduction fund provided 100,000 VND per month for poor households with an income of less than eight million VND. But it was far from enough. If the government has no other policy but just the same kind of support, it will not be successful because we want the households to emerge and not just live day by day. So we must give them one million VND to cover their basic needs, so that they can think further.”

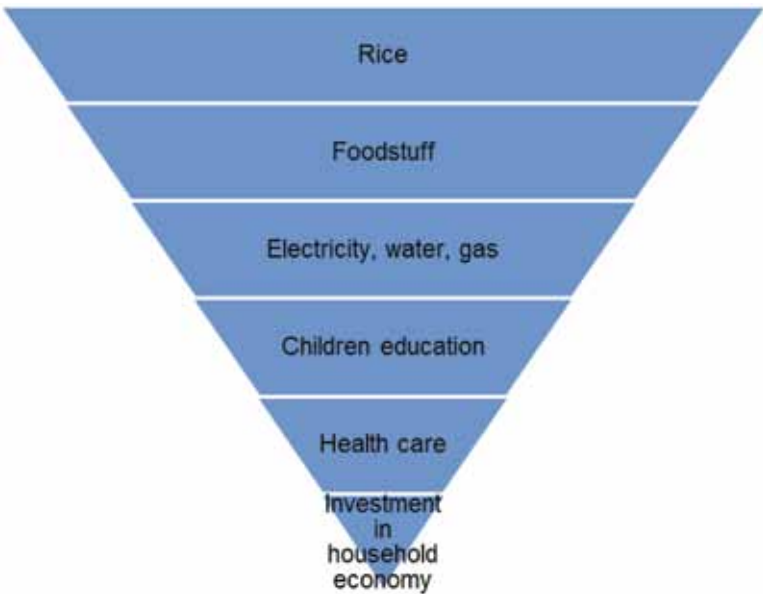
(Officials group in Ward 6, Go Vap, HCMC)

**Finding out how people use the money they are given** helps to identify the ideal minimum level of support. Most groups think that they will use the support to cover daily necessities (Chart 5). Specifically, 18 of 19 groups say the money will be used to buy rice, 15 say the money will be used to buy additional food and 12 say the money will be used to cover electricity, water and gas bills. Education (4/19), health (3/19) and economic development (2/19) are mentioned less frequently as they generally require larger investments.

--- “If the support money is 500,000 VND, I will use it to pay off the electricity and water bills first. School fees will come from other sources. Electricity and water fees are fixed and need to be paid, and then it’s easier for other costs.”

(Disadvantaged households group of Quarter 3, Lam Ha Ward, Hai Phong)

**Chart 5. Priority in using monthly support (assumptions)**



In Kim Chung Commune, Ha Noi most groups reported that they would use the money to fund their children’s schooling.

--- “Investing in our children, so they can develop. We try hard not to be hungry. Now we must take care of their knowledge.”

(Social security beneficiaries of Bau Hamlet, Kim Chung Commune, Ha Noi)

All discussion groups and interviewees agree there should not be gender discrimination in the use of support money. Disadvantaged households often give priority to educating their youngest child as their older children had dropped from school early, hoping the rest of the household will benefit if they are successful.

--- *"I will invest in the youngest one because his elders are more disadvantaged, so my only hope is that he get better in school so that all of us can be proud of him."*

(Poor group of Kim Chung Commune, Ha Noi)

Women are considered better with money than men as they have experience taking care of household finance. However, all groups think that men and women in the family should be agree on financial decisions .

--- *"Women are more thrifty, it's better if they keep the money. But spending must be for all, and transparent and then everything will be fine."*

(Disadvantaged group of Quarter 3, Lam Ha Ward, Hai Phong)

**Payment methods and impact monitoring.** All groups think payments should be made at the ward or commune headquarters because:

- As urban poor people frequently move house, it is a good way to check they are still living locally.

--- *"The poor people here are mobile; they move around to earn a living and do not report to local authorities. There are people in my list of poor people but I don't know where they are now."*

(Core group of RQ 27 - Ward 6, Go Vap, HCMC)

- By receiving money at the commune or ward headquarters people will recognize the state's contribution.

--- *"The money should be sent to the commune, the rule is that it should go to the officials and then to the people, so that it is more correct."*

(Poor group of Bau Hamlet, Kim Chung Commune, Ha Noi)

- It's easier for officials to advise people how to use the money, and monitor how it is used.

--- *"It's most reasonable to channel the money through the ward, because we will know how they use the money. If no one manages this, the money will just disappear."*

(Officials group of RQ 27 - Ward 6, Go Vap, HCMC)

When asked for other suggestions most officials thought the postal service would also be convenient, because it reduces travel costs.

--- *"It's best to bring the money to people's homes. The women are hesitant to go to the commune to pick up the money. But it shouldn't cost them; it's not good to charge them for delivery."*

(The core group of Bau Hamlet, Kim Chung Commune, Ha Noi)

Some poor households do not care how the money is delivered. For them it's more important to receive the money in full.

--- *"How is not important, the most important is that the sum must be in full."*

(N.T.H, poor household in Kim Chung Commune, Ha Noi)

Most groups think it is necessary to give some counselling to beneficiaries, because: (i) the counsellor will help manage the use of the support money, and avoid waste; and (ii) the beneficiaries are usually not good at economic development so they need counselling to find a better way out of poverty.

**Counsellors:** All groups of local officials think this should be the role of mass organizations (for example, Women's Union) in coordination with the head of the quarter, as they know the most about each household and can offer the best advice. However, most groups of local residents think that poverty reduction staff are the most suitable counsellors, as they have the expertise.



On the other hand the disadvantaged group of Quarter 3, Lam Ha Ward, Hai Phong don't see the need for a counsellor, as they believe they are competent, and argue that although state officials are good at paperwork they not be better than normal people at doing business.

## 6. INEQUALITY

Three dimensions of inequality were highlighted by the study groups: "inequality in outcomes", focusing on economic inequality of income, expenditure and asset; "inequality in opportunity", for example access to education, healthcare and employment; and "inequality in process": the role of power, connections and nepotism. All groups held that the **different dimensions of inequality are closely related**, although different groups understood inequality in different ways.

### 6.1. Inequality in Outcomes

Most urban groups perceive inequality by looking at others' expenditure and assets more than incomes, as incomes tend to vary and are paid in cash. In the rural Kim Chung Commune (Ha Noi), local people can guess others' incomes, especially from room rental, so some groups (cadres, well off families) are still looking at income.

--- *Looking at their expenditure, it's easy to know who is rich and who is poor. Poor households have to work during holidays. They have no time for leisure, may be just a walk around the park. If you go to the market, those who buy tofu and vegetables are poor. Rich households spend more time on leisure, recreation, tourism, shopping in supermarkets and going around in cars. ...*

(Well off household group, Cluster 27, Ward 6, Go Vap District, HCM City)

--- *"It's easier to look at expenditure and assets to monitor inequality. You don't know how much people earn for their work."*

(Freelance young people group, Cluster 14, Lam Ha Ward, Hai Phong City)

--- *"We first look at the income, and ask questions like, 'how many rooms for rent do you have?' Somebody having 30-40 rooms for rent must be better off, and those having no rooms for rent must be poor."*

(Well off group, Bau Hamlet, Kim Chung Commune, Ha Noi)

**The urban groups focus on wage employment and big business in explaining the outcome inequality.** As such, those having relatively senior and stable jobs (dormitory owners with many rooms, government officials or company managers) are better off. Freelance workers have unstable incomes so they are poorer.

**Urbanization is a significant driver of outcome inequalities in suburban areas.** In the past, people's lives were quite homogenous. However, as a result of urbanization people now have diverse livelihoods and some are subsequently better off than others. Those who are unable to take advantage of new opportunities found themselves in difficulties.

--- *"In the past, no one in this East hamlet said they were rich. Everyone had a small plot of land and a few pigs. Since the land was acquired, there were differences. Some started working as land brokers, earning hundreds of millions. Some started botanical gardening and sell the trees in the city, becoming well off. Some have rooms for rent and are better off. We stick to farming, and we are still poor."*

(Poor group of the Bau Hamlet, Kim Chung Commune, Ha Noi)

**Land** is considered an important determinant of inequality in the suburban areas. Households with larger plots of land can sell some land in order to invest in businesses or building rooms for rent.

--- *"The riches are those having more land, which were muddy ponds in the past. The government assigned the land to them and they fenced their land to raise pigs and chicken. Who would know that land could become so expensive? Some households sold part of their land. Some now earn 30-40 million VND per month from renting out rooms. Poor people, such as those in Chua hamlet, used to have land but they sold their land and didn't know what to do with the money, so they became poor."*

(Core group, RQ 27 - Ward 6, Go Vap, HCMC)

**Disparities between migrants and residents.** Migrants usually compare their lives with the local residents whom they meet near their working and living places. Migrants often say that local residents have more opportunities for economic gain than themselves as they do not have to pay rent, and can use their land to generate income.

--- *"It's difficult for those migrating from rural areas to get richer. The rent for our rooms is half of our income. People here live an easier life and they have enough to eat, they have land to build rooms for rent. Even poor people here can rent part of their rooms for a few million a month."*

(Young migrant workers at Quarter 25 – Ward 6, Go Vap, HCMC)

Migrants also have to pay more for electricity and water than local residents.

--- *"We feel unequal compared to locals. We have to pay for rent, and electricity and water tariffs are higher for us than locals, since they enjoy the published price."*

(Migrant workers in Lam Ha Ward, Hai Phong)

**Most groups think that outcome inequality has increased in the last five years.** In suburban areas in transition such as Kim Chung (Ha Noi), most groups care more about relative inequality, and they think that while all the groups are better off, the rich have developed faster than the poor.

--- *"Inequality in income is rising. The rich start at a better position than the poor. Both rich and poor advance forward, but rich people advance quicker, poor advance slower."*

(Young people in Bau Hamlet, Kim Chung Commune, Ha Noi)

In suburban areas such as Lam Ha Ward, Hai Phong, and Ward 6 Go Vap, HCMC, people are more concerned about absolute inequality.

--- *"I take 3-4 steps but is not even close to them if they make 1-2 steps. If I upgrade my roof, they build several more stories. If I buy a motorbike, they buy a car."*

(Poor group of Quarter 25 - Ward 6, Go Vap, HCMC)

**All groups accept economic inequality, as long as it stems from fair factors** like access to capital, skills, knowledge, ambition, willingness to take risks or hard work. People do not accept people getting richer dishonestly (for example, abuse of power or position, corruption, tax evasion, smuggling).

--- *"There are people with 40 rooms for rent here. They are getting richer. Sometimes we tell ourselves to accept our fate. There are rich and poor, wise and foolish people in society. We accept being poor. We accept our fate."*

(Groups under social protection, Nhue Hamlet, Kim Chung Commune, Ha Noi)

--- *"People are rich because they are capable; we have less knowledge, so we are not jealous of them because they are rich because of their talent. But we can't concur with those getting rich because of illegal activities, such as smuggling."*

(Poor group in Quarter 14, Lam Ha Ward, Hai Phong)

## 6.2. Inequality in opportunity

***Inequality of access to education has reduced in the last five years*** according to the different groups. Poor households consider their children’s education as a way out of poverty and invest in education. Policies to “universalize” education are believed to have worked (Table 20).

**TABLE 20. Education universalization at monitoring points**

	Level of education	Year
Kim Chung Commune, Ha Noi	Lower secondary	2010
Lam Ha Ward, Hai Phong	Upper secondary	2008
Ward 6, Go Vap, HCMC	Upper secondary	2003

Some groups say that the level of education in rural areas is now closer to that of urban areas. The number of young people from rural areas with a college or university education has increased in the last five years.

Inequality of access to education between residents and migrants is recognized at all monitoring points. Migrants with children at schools in urban areas say they are more disadvantaged than urban residents. As public schools are over crowded they give priority to residents and so children from migrant families have to attend private schools with higher fees, or go to schools in their rural homeland. Some migrants in Kim Chung Commune, Ha Noi, say they have to pay higher school fees than local residents.

--- *“It’s always more difficult for migrants. Public schools give priority to local residents first. Migrants have to send their children to private schools, with high fees and lower quality.”*

(Young freelance group, RQ 27 – Ward 6, Go Vap, HCMC).

--- *“At first, we paid a higher contribution to the school than the locals. I paid 500,000 VND while locals paid 300,000 VND. The school said I come from another place, so I had to pay more.”*

(Ms. B.T.T, migrant worker in Kim Chung Commune, Ha Noi)

***Inequality in education quality is clearly perceived by different groups.*** Most local groups also say that the quality of education in suburban areas is lower than that in urban areas, as schools in urban areas have better teachers and stronger traditions. As a result rich people in Kim Chung Commune (Ha Noi) often send their children to schools in central Ha Noi, while children from poorer backgrounds have to go to local schools. In Lam Ha Ward, Hai Phong, many people think that the quality of schools in urban areas is much higher than those in the suburban Kien An District, so richer people often send their children to schools in central areas.

--- *“There are many children going to schools in Ha Noi, because their parents are rich and want to invest more in their children. They have better teachers and better schools so those children have better opportunities. Children from farming households like us can only go to local schools.”*

(Poor group of Bau Hamlet, Kim Chung Commune, Ha Noi)

--- *“The quality is different just across the Niem bridge. Every well-off household here finds ways to send their children to schools over there. Only normal households send their children to local schools here.”*

(Core group of Quarter 3, Lam Ha Ward, Hai Phong)

The migrants report that disparities between rural and urban education remain. Particularly, in terms of the quality of teachers, household investment in children's education, school infrastructure, and access to information. The number of rural students finishing upper secondary education is increasing, but the number of students who qualify for "top" national universities (which are considered of better quality) in Ha Noi and HCMC is still low. Most go to regional or provincial colleges or universities.

--- *"There are students from rural backgrounds going to universities in HCMC, but the number can't be compared with that from HCMC. One in several graduates of secondary schools goes to university here, while the ratio in rural areas is much higher. The rest go to lower quality schools."*

(Young group of Quarter 25 - Ward 6, Go Vap, HCMC)

The gap between rich and poor in terms of access to education is considered to be increasing. Rich people can invest more in their children than poor households. They often choose "good schools and selected classes" for their children, while poorer households choose local schools. More expensive education services (international schools, English language classes with foreign teachers, and studying abroad) are only for children from well off backgrounds.

--- *"Our children learn English at school. Their children learn English with foreign teachers, costing several million a month. I am poor so I can see the inequality starting from a young age."*

(Poor group of Quarter 25 - Ward 6, Go Vap, HCMC)

Poor people and migrants say that the way to reduce the gap is to increase investment in children's education. At the monitoring points, many poor households have been working harder and borrowing money to send their children to private tuition or English classes.

--- *"Our children have to learn more. Children from rich families go to school in the city centre. We are poor so we have to send our children to extra classes here. We work extra for our children's education."*

(Poor group of Nhue Hamlet, Kim Chung Commune, Ha Noi)

**Inequality of access to health care** has increased in the last five years and is a concern for many groups. Poor people often use health insurance providing a "minimum" service, while well off people can pay for a better quality service. Many people also resent the attitude of health workers toward poor patients. Rich people paid "envelope money" so they receive more attention.

--- *"It's easy to see who's rich by going to the hospital. Poor households line up from dawn to dusk, using health insurance. They are treated with the worst attitude and the lowest quality medicines. We don't have money for expensive medicines. Rich people do not have to queue. They are treated well, with a quicker service and good medicines. Rich people go to good hospitals like Anh Vu, Hong Duc. Of course the price is high. Poor people do not dare go to such places. It's ridiculously expensive."*

(Average income group, RQ 27 - Ward 6, Go Vap, HCMC)

--- *"Inequality in health care has been increasing over the last five years and is more serious. It's different between the rich and the poor. The State has good policy, but its implementation is not good. We know who is rich if we're in the hospital. The rich are welcomed at the gate, regardless of the type of hospital."*

(Well off and average groups, Bau Hamlet, Kim Chung Commune, Ha Noi)

Most groups think that different categories of health care services are sold at different prices. But people and local officials are not happy with the discriminating attitude of health workers and say that it is unacceptable.

--- *"Of course, if you're rich, you can go to good hospital and use better medicines because you make good money. But the attitude of doctors is not acceptable. All are human beings, and must be treated equally."*

(Core group of RQ 27 - Ward 6, Go Vap, HCMC)

***Inequality of access to employment is a particular concern for young people.***

Inequality in employment in the public and private sectors. Many parents in Kim Chung Commune, Ha Noi and Lam Ha Ward, Hai Phong would like their children to work in the public sector rather than in the private sector, reasoning that the workplace is closer to home, and the work is easier and more stable. However, as the demand for such jobs is greater than the supply many people have to rely on connections and money to secure a job. The young and poor groups are most concerned about this type of inequality, which they say is increasing.

--- *"You have to have money to be able to work in the public sector. We don't have the connections. It depends on money, and is increasing. It's difficult to work in the local area even if my child graduates from university."*

(Social protection beneficiaries in Bau Hamlet, Kim Chung Commune, Ha Noi)

--- *"It's difficult to get a job even if you graduate from university. I have a child in second year, and now have to save money for him. But I don't have money, and even if I have money I don't have relationship. There are two types of relationship, either based on kinship, in which case you don't have to pay, or you have to have a thick pocket. This trend is increasing."*

(Poor group in Quarter 14, Lam Ha Ward, Hai Phong)

In Ward 6, Go Vap, HCMC, connections are perceived being less important when securing employment because there are more opportunities in the private sector.

--- *"You go to work right after you finish school. There are not many cases of people having to pay to get a job in the public sector, except those working for state companies."*

(Group of officials of RQ 27 - Ward 6, Go Vap, HCMC)

--- *"It's different here. If they can't work for a public hospital, they will work for a private hospital or clinic. They learn while they work, and change jobs often because they can see better opportunities that pay more for their experience."*

(N.V.D, cadre of Quarter 4, Ward 6, Go Vap, HCMC)

The inequality in employment between locals and migrants is reflected in access to employment information. Urban residents have better access to information than rural residents, so they have a greater choice of profession.

--- *"They are on their home turf, we are away, and so we are in a disadvantaged position. They know more people; we only know those who are like us."*

(Young group, Quarter 25 - Ward 6, Go Vap, HCMC)

Some groups believed that urban residents had priority over some jobs. Inequality in employment between local residents and migrants is considered unreasonable, and some groups say that the State should intervene.

--- *"When asking for job, usually employers want urban residents because they have lived here for a long time. We have the same skills, but are not trusted as much."*

(Migrant worker, Ward 6, Go Vap, HCMC)

Inequalities between high skill and low skill people are most discussed by young people. They think that high skill workers have to work less hard and have more stable incomes than manual workers.



--- *"High skills, light work, while low skills mean working harder. We work as a construction support worker, earning 200,000 VND a day, others working in offices earn about the same. So we accept the fact. The problem is if we want to do lighter work, we must learn more."*

(Manual worker, RQ 27 - Ward 6, Go Vap, HCMC)

### 6.3. Inequality in process

Inequality in process is said to have increased in the last five years. Discussion groups often stress the unjust role of relationships, power and corruption, considering these as an overarching factor, affecting other types of inequality. At the suburban monitoring points, the role of privilege and money in securing employment in the public sector is stressed (see Part 6.2). People with connections and power are richer because they have better access to resources and information. In Kim Chung Commune, Ha Noi, those who speculate on land have benefited and those who lost land suffered.

--- *"They have connections so they know where to buy and sell land to make money. We don't have such things so we have to accept the reality."*

(Disadvantaged group in Quarter 3, Lam Ha Ward, Hai Phong)

--- *"They say their government salary is only 2-3 million, but how come they have a big house and several plots of land. They have more relations so they earn money easier."*

(Poor group of Nhue Hamlet, Kim Chung Commune, Ha Noi)

Most groups do not accept inequality stemming from abuse of relationships and power, considering it a social injustice.

--- *"It's unacceptable that there are people abusing relations to get promoted and get money from land. If these are not stopped, it will create social injustice."*

(Poor group of Bau Hamlet, Kim Chung Commune, Ha Noi)

The high skill youth groups in Lam Ha Ward, Hai Phong and Ward 6, Go Vap, HCMC, mention the positive role of "social capital" in forming social relations to find jobs in the private sector. They value relationships with acquaintances that help them find jobs without having to pay money.

--- *"I have a younger brother that has just graduated, and was introduced to work at a friend's place with a reasonable salary. Of course if the job is offered, we can just have a party and we don't have to pay money. It is helping each other to grow."*

(High skill young group, RQ 27 - Ward 6, Go Vap, HCMC)

## 7. SOCIALIZATION

"Socialization" in local development, healthcare, education, is an important Government policy. According to the local people and cadres at the monitoring points, socialization has both a positive and negative impact on poverty reduction and inequality in urban areas.

### 7.1. People's awareness of socialization

The most common understanding of socialization is the sharing of infrastructure, health, education and other costs by the people, patrons and enterprises on the one hand the state on the other: **"State and People joining hands", "joint contribution"**.

--- *"Socialization means how much the State contributes, how much parents contribute: the state and people joining hands."*

(Group of officials of Kim Chung Commune, Ha Noi)

**"Diversification of services"** is another understanding of socialization, mostly by officials, the young and the well off and average income groups. According to this understanding,

socialization means there are more models of education and health care for people to choose from.

--- *"Socialization also means private sector involvement in health care, more private schools."*

(Young group of Quarter 14, Lam Ha Ward, Hai Phong)

The idea that socialization improves the **"participation and empowerment"** of citizens is less well understood.

## 7.2. Contribution and cost sharing

**Socialisation in infrastructure development.** In the last five years, there have been various infrastructure development activities using funding from socialization sources, such as roads, a new water supply, electricity meters and public lighting. In Kim Chung Commune, Ha Noi, about 70% of the alleys have been paved in the past three years thanks to community contributions. The level of contribution depends on the section of the alley - ranging from 3-7 million VND per household to 30-40 million VND by some well-off households. In 2012, Kim Chung Commune, Ha Noi built a cemetery costing over four billion VND, of which 800 million VND came from the city authority. The rest were mobilized from local people and companies. In Lam Ha Ward, Hai Phong, in the last five years, about twenty local companies have contributed 1.2 billion VND to build over 100 meters of dyke and upgrade the road surface. Other households contributed their land and over ten billion VND to develop local infrastructure. Quarter 14, Lam Ha Ward, Hai Phong has mobilized people's support to build the road to the dyke, house number plates, alleys and install electricity systems. Ward 6, Go Vap, HCMC also mobilized people's contribution to upgrade alleys and build the Quarter's office.

--- *"The quarter's roads are mostly built by our own contributions; some parts were supported by the State. All were trying to contribute, whether it's the rich or poor households. It's more convenient to travel now. We discussed the contribution before, so it went well."*

(Group of officials of Nhue Hamlet, Kim Chung Commune, Ha Noi)

--- *"It's changing now. We bought the meter to enjoy the state's electricity tariff. Roads are more beautiful. Everyone contributed, we did too though we were poor"*

(Poor group, Quarter 14, Lam Ha Ward, Hai Phong)

**Socialization of poverty reduction.** Through the "Day for the Poor" Campaign, "Kind hearted Fund" and the "Poverty reduction Fund" many households have received support for accommodation and livelihoods. At holidays or Lunar New Year, disadvantaged households often receive gifts from the ward or commune. Many patrons, companies, religious establishments (such as Ky Quang pagoda in Go Vap, HCMC) have joined together to help the poor in various ways. Some campaigns to contribute to poor people's livelihoods have been highly appreciated. For example, Ward 6, Go Vap, HCMC, provided poor people with motorbikes to operate motorbike taxis (Box 9).

### BOX 9. Motorbike support initiative to help poor households

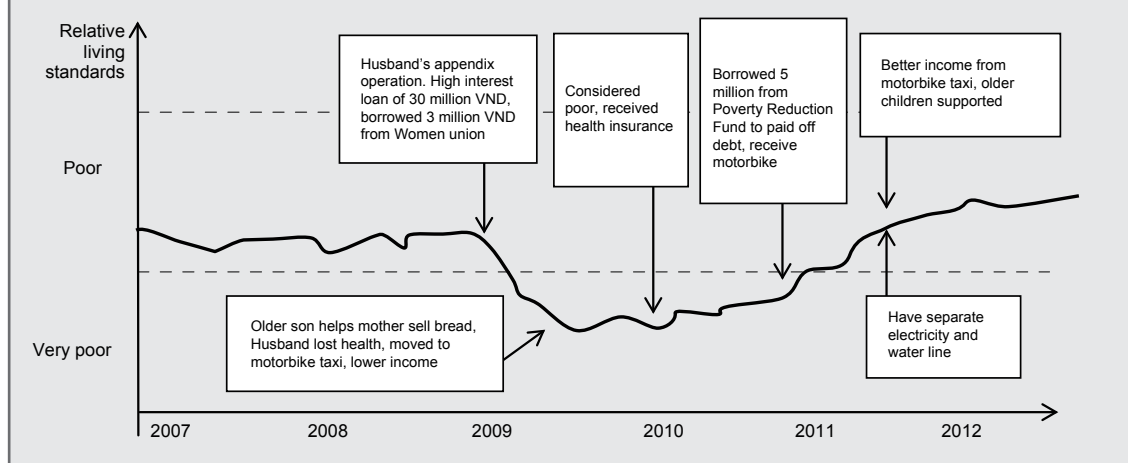
Ms. N.T.P. (38 years old) at RQ 27 - Ward 6 Go Vap, HCMC has a husband and two children. The eldest child, 15, left school after Grade 6 and the youngest is Grade 4). Ms. N.T.P. sells bread for a living, and her husband works as a porter, but he had to quit his job in 2009 after an appendix operation. The cost of treatment was high, and the couple had to borrow 30 million VND from a loan shark and 10 million VND from their relatives.



Her husband then started working as motorbike taxi driver, but because his bike was old, it broke down and so he has fewer customers. In 2010, the local quarter classified the household as poor and so they received free health insurance. In 2011, Ward 6, Go Vap, HCMC had mobilized patrons to help three disadvantaged households, including her family, to buy a good motorbike worth ten million VND. Thanks to the new motorbike, his business is better and he has a higher income. The couple also got a loan of five million VND from the Ward to pay off their debts. Her husband says:

*"The new bike requires fewer repairs, consumes less petrol, is safer and I can serve more fastidious customers. Now it helps increase my income though not so much. I want to thank the Ward for helping me. Now I leave the bike inside and have to protect it carefully."*

In the past, the household had to use the neighbour's electricity and paid 3000 VND/Kwh. In 2012, the family was able to install their own water and electricity lines. Their older child also works to support them.



**Socialization in education is discussed most.** Parents are often asked to contribute various sums to serve students' needs, such as water, meals and paper and also to upgrade schools, buy teaching aids, and pay for extra activities such as the "green fund", "campaign fund", "socialization fund", "education support fund" and "Parents' fund". Socialization has helped improve the school and provide a better learning environment for students.

**The negative side of socialization of contribution and cost sharing.** The biggest worry for people is that many contributions in the socialization campaign are too much for poor households. Some activities have concessions for poor households, but because poor households payment their "responsibility", and worry that their children may be ashamed if they do not contribute, or the teachers will ignore their children, most poor households still try to borrow money in order to contribute. Most groups accept that they have to pay contributions because they consider socialization to benefit the community. However, they believe the authorities should intervene so that the level of contribution reflects poor households' conditions.

--- *"The hamlet meeting agrees that each household contributes three million VND. It has been the practice for two years now. We are poor but we still pay our share, even if we have to borrow. We supported the road construction, as long as the level of contribution is suitable.*

(Poor group of Nhue Hamlet, Kim Chung Commune, Ha Noi)

--- *"The benefits of socialization are obvious. We can't stand to see the bad school. We hope that the Government has clear regulations as to the proper level of contribution.*

*We don't care if the rich can pay more."*

(Disadvantaged group in Quarter 14, Lam Ha Ward, Hai Phong)

### 7.3. Diversification of Services

Socialization has opened up new services in the last five years. There are new types of school (public, community, private, part public and community and international schools) and education (official, on-the-job, distance, extra). There are many new providers of health care, such as general clinics and private hospitals. Some hospitals have new and high quality facilities.

**In education.** Most discussion groups say that diversification of educational services has provided more opportunities for children. In the past, when there was only the public system, few children went on to higher education. Diversification also provides more opportunities for people from disadvantaged backgrounds, as they can learn while working.

*--- "In the past, there was only one upper-secondary school in each district, so you must be very good to get in. Now there are more schools, if you can't get into public school, you can go to semi-public or private school."*

(Core group of RQ 27 - Ward 6, Go Vap, HCMC)

*--- "In the past, it was difficult to get into universities or colleges. Now they invite us to their school, as long as we have passed their threshold mark."*

(Youth group, Quarter 14, Lam Ha Ward, Hai Phong)

**In health.** Socialization has allowed private health care services to develop (private clinics, hospitals and pharmacies) so people have more choices to suit their economic conditions.

In areas where the private hospitals are well established such as Ward 6, Go Vap, HCMC many people - especially the well off and average group - think that the private hospital provides a good service and the phenomenon of "receiving envelopes" is minimized. Private hospitals also treat patients with health insurance, creating a competition between public and private hospitals, which is good for patients.

However, in places where private hospitals have only just been established such as Lam Ha Ward, Hai Phong, people still use public hospitals as their fees are lower. Some people say that the private hospitals conduct many tests that are unnecessary, which increases the fee and causes difficulties for poor people.

**The negative side of socialization in health care and education.** People complain that socialization creates over-commercialization of education. There are many negative phenomena in education, such as uncontrolled extra classes, competition for good schools, and giving teachers "envelopes".

*--- "I think we need to review socialization. Currently, many people are competing for good schools, which shows that many schools are of low quality. Extra classes are now prevalent. Ten years ago there were not so many extra classes. Now children have to go to classes all day, with no rest. My grandchildren takes only Saturday afternoon off, and has to go to school every day, sometimes twice a day. Learning at school, at the teachers' houses, and too much learning without time for digestion. It's good to have extra class, but it should be reasonable."*

(Group of officials of Quarter 3, Lam Ha Ward, Hai Phong)

Socialization is also said to be the reason there are "too many bachelors and not enough workers". There are now many universities with easier entry conditions, and so many university graduates. However, it's difficult for many graduates to find a job in their specialist areas.

*"Education must link to employment, too many graduates but jobless"*

(Average Group of Quarter 25 - Ward 6, Go Vap, HCMC)

Households also have to save more money to pay for services, especially those suffering serious illness or who want a high level of education. This has a negative impact on the poor and disadvantaged households.

*--- "I have five "sao" of land, harvest about one ton of rice a year, and plant water spinach on one "sao", earning about 70,000 VND a day. In the beginning of the school year, I have to pay more than one million VND for each of my two children, so I have to borrow from various places. I think we are getting poorer."*

(Poor group in Bau Hamlet, Kim Chung Commune, Ha Noi)

*--- "In my time, I only had to care about school fees and construction fees. Now there are various types of fee. My mother-in-law raised six children and they all graduated from secondary school thanks to farming. Now if we just do farming, my children will all be out of school. It's unbelievable."*

(Poor group in Bau Hamlet, Kim Chung Commune, Ha Noi)

Many support policies for poor households have had only a small impact, since fees are increasing.

*--- "Children from a poor family receive 70,000 VND each for schooling, about 600,000 VND a year, which is only one third of the contributions to be paid at the beginning of the school year. The support is good, but if there's no control over the various fees, it won't have an impact."*

(Group of officials of Nhue Hamlet, Kim Chung Commune, Ha Noi)

Socialization in health care and education creates two tier services. Rich people can send their children to good schools and international schools, and enjoy better health care, better doctors and better medicines. According to most discussion groups, the attitude of service providers depends on whether you are rich or poor.

*--- "It would cost a few million to get my child into a good school. We are poor so where can we get the money. Rich households compete for good schools, we don't have money so our children go to local schools."*

(Poor group of Quarter 14, Lam Ha Ward, Hai Phong)

*--- "Rich households have money for special medicines. The doctors' attitude to them is better, poor households wait from dawn to dusk. The priority is not how serious the illness is but how much money you have. Without money, the patient has to wait."*

(Average group of Quarter 25 - Ward 6, Go Vap, HCMC)

## **7.4. Participation and empowerment**

Small infrastructure development projects financed by local people's contributions are activities with the most effective consultation, feedback and supervision. Infrastructure development is the subject of many meetings in which people can share their opinions. A People's Supervisory Board with quarter and hamlet cadre as well as responsible and educated residents is established. The Board supervises and monitors construction, and reports back in quarter and hamlet meetings (Box 10). Contributions to support the poor and disadvantaged are also transparent and the list of contributors and the amount contributed is made public.

## **BOX 10. Construction Supervisory Boards promote people's participation**

### **Construction Supervisory Board, Quarter 4, Ward 6, Go Vap, HCMC**

In March 2011, Quarter 4, Ward 6, Go Vap, HCMC began the construction of people's guard post with a budget of 100 million VND. A Supervisory Board of six people (local party cell representative, local cadre, quarter member, veterans association, and local resident) was set up. Members take it in turns to supervise the construction project. During the construction the board spotted that some wooden panels were shorter than specified in the design, and the contractor was asked to replace them.

By April 2011, the post was completed. The construction process has helped highlight the benefits of community supervision, increasing people's participation in local economic and social activities.

### **Road and water system construction Supervisory Board, Quarter 14, Lam Ha Ward, Hai Phong**

In 2011, Quarter 14, Lam Ha Ward, Hai Phong raised 91 million VND and 13 m2 of land from the local together with the State budget to construct 300 meters of road and 400 meters of drainage pipe at a total cost of over 700 million VND. A Supervisory Board of three people (two experienced residents and the head of the quarter's veterans' association) was established.

The Supervisory Board regularly monitored the construction and the materials used and asked for re-construction of some low quality sections. One interviewee said:

*"There has never been such supervision before, so we are happy because we are the owner. But we don't have the design so only supervise based on our experience. The State pays for the construction, we pay a small part, so we can't ask for the design and contract."*

**The negative side of participation and empowerment.** Reality is that only local cadres and the richer people who contributed more have opinions about the infrastructure development. Poor people have low contribution and so are often refrain from making their voice and are only voting according to the majority.

--- *"The road was just built last year; we didn't attend the people's meeting because we didn't have much to contribute. The people have decided, and so we go with the majority. Each households contribute 3 million; we are poorer so we could only contribute 1 million, because my salary was only 1.5 million, so the contribution ate up almost all my salary."*

(L.T.T, poor household in Nhue Hamlet, Kim Chung Commune, Ha Noi)

In education, most socialization activities come from the school and there are not many ideas from the parents. The parent board has not really represented the poor parents. The parents not often speak up about the contributions, because they fear that their opinions don't have weight, or that their children's education may be undermined. (Box 11)

--- *"When the representative of the parent board (he is richer) raised opinion about the level of contributions, people often agree and has no other opinion. I attended the meeting for my grandchild, and when I came back home and told my children about my intention to voice up about the high level of contribution, he told me "let's not speak, otherwise your grandchild may be marked."*

(Group of officials, Quarter 3, Lam Ha Ward, Hai Phong)

--- "There are a lot of contributions in education now. Sometimes parents do not have any opinions but inside they do not agree."

(Average and well off group of RQ 27 - Ward 6, Go Vap, HCMC)

### **BOX 11. Parent's Board mostly agrees with contributions**

Mr. M.T at Quarter 14, Lam Ha Ward, Hai Phong has a child in lower secondary school, and is a member of the Parent's Board. In the 2011- 2012 school year, his child's school intended to build a fence around the school. During the meeting with the Parent's Board, various people were against the idea because the existing fence was still in good condition and parents' contributions would be large (about 500,000 – 700,000 VND per student). However, when it came to voting, most people agreed. After a few years on the Parent's Board, his experience was "it's best to have no opinion".

*"At first, there were some opposition but most people agreed when they voted. There are insiders on the Board, and when they agree most of the others agree. Those who have no opinions are experienced meeting goers. It's useless to raise your voice, the best way is to pay."*

In addition, some teaching aids and equipment are repurchased every year. However, according to some parents, they could not have worn out after just one school year. This raises doubts about the transparency of the school's use of contributions.

## **8. Special issues of migrants**

### **8.1. Origins of migrants**

**The origins of migrants are diverse.** In Kim Chung Commune, Ha Noi, migrants come from around thirty provinces, mostly in the northern and north central regions of Viet Nam. Every year, after secondary school graduation, students flock to Kim Chung Commune, Ha Noi from provinces like Phu Tho, Bac Giang, Hung Yen, Thai Nguyen and Thanh Hoa to find jobs in industrial zones. In Lam Ha Ward, Hai Phong, migrants come from rural districts or neighbouring provinces like Thai Binh and Hai Duong. In Ward 6, Go Vap, HCMC, migrants come from many provinces nationwide.

**The origin and gender of migrants is associated with the work available.** Migrants are most diverse in Ward 6, Go Vap, HCMC. People from northern provinces like Vinh Phuc and Phu Tho often work as scrap vendors and construction support workers. Migrants from the central region work as factory workers or sell lottery tickets. Migrants from the Mekong river delta region work in restaurants. Some jobs, such as working in a factory or selling lottery tickets are popular for both men and women. Others are typically male, such as guards, motorbike taxi drivers, construction workers and masseurs. Women tend to work as scavengers, maids, and work in restaurants. In the past five years the number of female migrants has increased and there are more female workers working in industrial zones, restaurants and as housemaids.

**Most migrants at the monitoring points find work and accommodation with the help of friends and relatives from the same province.**

--- "My uncle came here first, and then he took me along. We work in the same company. Many people, through their friends, are introduced to job and they are easily accepted. Some people also take invite relatives too after a period working here."

(Migrant workers in Lam Ha Ward, Hai Phong)

The number of migrants in all areas has increased since 2008. The total number of temporary residents in Kim Chung Commune, Ha Noi increased from 20,000 in 2008 to 24,300 in 2012, double the number of permanent residents in the commune. The number



of temporary residents of Ward 6, Go Vap, HCMC increased from 12,000 in 2008 to 14,600 in 2012<sup>29</sup>, equalling the number of permanent residents. New migrants in Lam Ha Ward, Hai Phong mostly work in the day and return home in the evening.

**Although the number of new migrants is still increasing**, for example because of expanding industrial parks (Kim Chung Commune, Ha Noi) or more universities and colleges (Ward 6, Go Vap, HCMC), the number of people returning home or seeking work elsewhere is also increasing.

The number of daytime migrants has also increased in the last five years, particularly in Kim Chung Commune, Ha Noi and Lam Ha Ward, Hai Phong. Many people in neighbouring rural areas go to suburban areas to trade, drive motorbike taxis or scavenge during the day and return home in the evening.

--- *"Compared to five years ago, the number of migrants has significantly increased. Most people are from Vinh Bao and Tien Lang Districts, and there are people from Hai Duong, Thai Binh, Nam Dinh Provinces."*

(Freelance migrant worker group, Lam Ha Ward, Hai Phong)

## 8.2. The role of migrants in local development

Many believe that migrants benefit the monitoring sites. Many migrants do jobs that locals are reluctant to do (such as construction workers, house maids, scavengers and street vendors). Local people also earn additional income selling goods and services to migrants, such as accommodation and child care. In Bau Hamlet, Kim Chung Commune, Ha Noi, the number of rooms for rent increased 1.5 times between 2008 and 2012 (Box 12).

--- *"Migrants bring many benefits. Thanks to migrants most services are developed. Many households used to do farming, but now they are trading, renting out rooms and, living as well as a officials."*

(Group of officials of Kim Chung Commune, Ha Noi)

### **BOX 12. Renting accommodation is a major source of income for people in Bau Hamlet, Kim Chung Commune, Ha Noi.**

Bau Hamlet, Kim Chung Commune, Ha Noi has 1026 permanent households, of which 800 households have rooms for rent. The highest number of rooms rented by one household is 50 rooms; the lowest is three rooms. Average rents are 500,000 - 600,000 VND per room, per month. Rooms are 8 - 10m<sup>2</sup>.

Bau Hamlet used to be an agriculture hamlet. When the North Thang Long Industrial Park began operations in 2003 some well off families started to build rooms for rent. In 2005 - 2006, the industrial park expanded and the number of workers increased, more rooms were rented. Income from rents is the main source of income for many households in the hamlet. In addition, many households have additional income from trading and providing services to migrants.

Right now, the demand for rooms is still increasing while the amount of land is limited. About 50 households have built 2-3 story houses for rent. The size and furnishing of the new rooms is better, and prices slightly higher than older rooms.

However, large numbers of migrants also create problems. The Kim Chung Commune, Ha Noi Waste Treatment Company estimates daily waste has doubled to about 15 tonnes in five years. Local infrastructure cannot meet the extra demand, leading to overcrowded schools and health clinics. Social evils (theft, drug addiction) have also increased and are also attributed to the increase in the number of migrants.

<sup>29</sup> Data as of end of August 2012, provided by the staff of the office – statistics offices (Ward 6, Go Vap, HCMC) and population staff (Kim Chung commune, Ha Noi)

--- “Our biggest difficulty is that we cannot estimate the number of migrant children who need monthly immunization. Many households hear about the immunization and bring their children, and so we are short of vaccines.”  
(Representative of health clinic of Lam Ha Ward, Hai Phong)

--- “The number one worry is the environment, second is thieves and drug smuggling. Local young people are also affected.”  
(Average and well off group in Bau Hamlet, Kim Chung Commune, Ha Noi)

Some locals have a prejudice against migrants. In Kim Chung Commune, Ha Noi, most people say the female workers do not dress properly, and that their behaviour is unsuitable. Many parents do not want their children to socialise with female migrant workers.

### 8.3. Strategies and experiences of migrants

When first arriving in the city most migrants have support from relatives and friends, who help them to find accommodation and work.

Migrants tend to accept **harder work and longer hours** than local residents. Migrants can also earn extra money outside of normal work hours. Many, particularly young people with a secondary education, also try to **learn new skills**, so as to earn higher incomes.

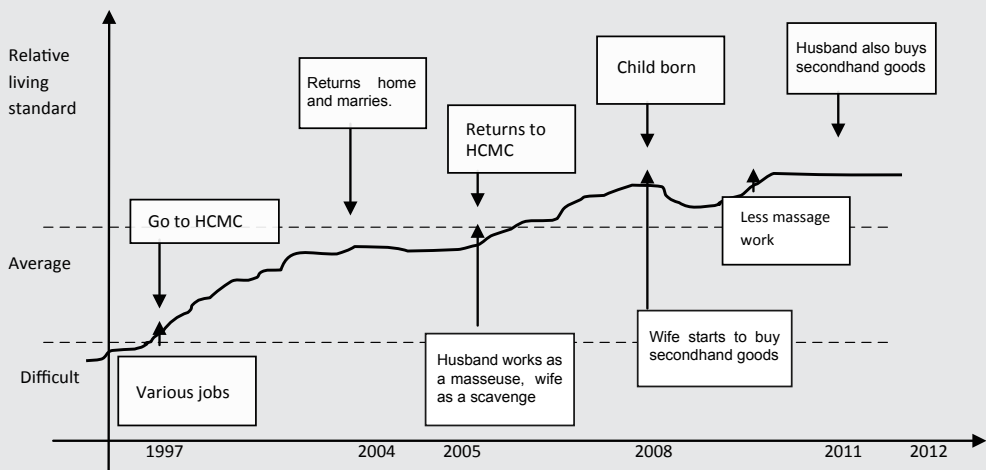
When both husband and wife are working they tend to share the housework. However, if the wife is at home then she tends to do the majority of the housework (Box 13).

#### BOX 13. Distribution of work in a migrating family

Mr. V.V.H was born in 1982 in Vinh Phuc and migrated to HCMC in 1997, where he had various jobs such as selling lighter fluid and cakes. In 2004, he returned home and married Ms. T. In 2005, he came back to HCMC and now lives in Quarter 4, Ward 6, Go Vap.

At first Mr. V.V.H worked as a masseuse because it can bring a higher income. He worked from 7pm until midnight. Before having a child, his wife worked as a scavenger (starting from midnight). In 2008, they had a daughter and his wife started to scavenge in the daytime. They share the housework and childcare. Their income is relatively high and every year they send home tens of millions of VND. In 2010, when their daughter was one year old, they decided to send her home to her grandparents.

By the end of 2011, Mr. V.V.H recognized that massage didn’t bring as many customers and decided to buy and sell second hand goods. The couple find things to sell in the daytime and sort them in the evenings. After seven years in HCMC, they have saved about 200 million VND.





**Migrants are usually engaged in unstable employment.** They don't normally work in one job for long periods, whether working for a company or for themselves. Their situation is even more unstable during periods of economic instability.

**In the last five years many migrants are moving from cities to suburban or rural areas.** In Ward 6, Go Vap, HCMC, migrant workers are moving to northern provinces, as their incomes can no longer cover expenses. Some northern provinces also have job opportunities in industrial parks and some migrants want to be closer to their families and take care of their children's education. In Kim Chung Commune, Ha Noi and Lam Ha Ward, Hai Phong, some migrants have returned home from the south.

--- "I moved back because of my family. I want to be closer to home. I used to work in HCMC as a seasonal mechanical worker. Now I work for T.D paper company in the mechanical unit. It is stable and life is ok."

(Migrant worker group, Lam Ha Ward, Hai Phong)

--- "This year is not so good. There is less work for workers, compared to the first half of the year. 20% less. Many people go back home, especially construction workers."

(Migrant workers group, Quarter 25 - Ward 6, Go Vap, HCMC)

Table 21 shows that half of the migrant workers surveyed in 2012 know their peers who have returned home. Apart from difficulties living in urban areas (high prices, low incomes, work pressure), 44% of workers are returning home because there are new job opportunities at home.

**Table 21. Ratio of people with knowledge of workers going home, 2012 (%)**

	Kim Chung commune, Ha Noi	Lam Ha Ward, Hai Phong	Ward 6, Go Vap, HCMC	Average
Ratio of people who know workers going home	72	48	30	50
Perceived reasons:				
Low salary	84	76	83	81
Expensive city life	88	93	89	90
Work pressure	88	59	33	68
Home companies offer jobs	21	83	39	44
Comparative advantages of working near home, having available rice and vegetable...	7	52	0	20
Personal reasons (getting married, sick parent)	65	10	11	37

Source: Questionnaire of migrant workers 2012

The majority of migrants who want to return home permanently have young children and struggle with childcare, plan to marry or have to take care of old and ill parents (Box 14). Many female migrants older than 40 years old who have lost or quit their job are also returning home.

#### **BOX 14. Migrants are returning to work in industrial parks nearer home**

Ms C.T.T (31 years old), from Ha Nam came to HCMC in 2001 and works at the Gamex Sai Gon garment company. After eleven years she wants to return home to work and take care of her family. She says that many people working in the south also want to go to the north to work because incomes don't cover expenses in HCMC.

*"I plan to go back home next March, to work at the Duy Tien industrial park near my home. And my parents are old so I have to support them. I am just waiting until this contract expires. Friends here have also gone back. In the north, the income is not as high, but we don't have to pay for housing and travel."*

### **8.4. Migrants who face particular difficulties**

#### ***Migrants with young children***

Increasing numbers of migrants move with their children, especially young children. Parents want to take care of young children, and conditions for children's education are better in the cities. In Kim Chung Commune, Ha Noi, working families with children often work with their children when the children are in pre-school or in first or second grade. In Ward 6, Go Vap, HCMC, most children of migrant families are in pre-school and primary school. Families choose to send older children home, or they return with them as a family.

*--- "There are more workers with young children, and if they can't afford to keep the children, they have to send the children back to their grandparents, otherwise they will keep the children here."*

(Migrant working group of Nhue Hamlet, Kim Chung Commune, Ha Noi)

Parents with children have to rent larger rooms at a higher cost. Many landlords in Kim Chung Commune, Ha Noi say that they don't like renting to families with children as they are make noise and they are not as straight forward as single tenants.

Over the last five years, migrants with children face more expensive living costs (Box 15). Many families choose to ask grandparents or other relatives to take care of their children while they're at work. In Kim Chung Commune, Ha Noi, some families send their children to child care groups. In some other cases the parents have to change their working hours to take care of their children.

#### **BOX 15. Difficulties for working households with young children**

Ms. N.T.L. is a migrant from Vinh Phuc, and is currently living in RQ 27 - Ward 6 Go Vap, HCMC. She earns her living collecting rubbish, and her husband is a construction worker. She has two children aged four (currently living with her grandparents) and two. A cousin working in the same city helps to look after the youngest child.

Ms. N.T.L.'s income is about three million VND/month, and her husband earns about 3.5 million VND. In 2012, the rent increased to 1.2 million VND. Utilities cost about 300,000 VND. She says that each day the family spends 100,000 VND to save money for the child's milk and food.

*"We only dare to spend 100,000 VND a day, and that is already about 3-4 million VND a month. We have to save for our child's milk, and sometimes we still have to borrow money".*

When asked about the family's future plans, she says they will "just take it as it comes, as my job is not stable". However, if life is more difficult, she may think of moving the family back to her home province.

## ***Migrants that work and study at the same time***

There are many young migrants who choose to work whilst they look for opportunities to study in the city. The number of workers who study whilst working has been increased over the last five years (see Part 4 - Education and Skills). They have less time to work overtime and have both living and education expenses. They do not have savings, and sometimes have to ask for support from home. Their time to rest is also limited (Box 16).

### **BOX 16. Efforts of workers who study at the same time**

Mr. M.C.T, from Thanh Hoa has been in HCMC since 2006 after completing secondary school. After failing to enter university he decided to go to HCMC to work. He worked and studied at the same time, before taking and failing a second university entrance exam. He then registered to study at the Industrial Vocation School. After two years, he decided to continue to college. Whilst studying, he continued to work.

He says that “those who work face hardship, but I am working and studying at the same time so my hardships are doubled.” Income from his workshop is about 3 million VND. His school fee is 600,000 VND, rent and meals are 2 million VND. So he doesn’t have any savings for himself. Any extra expenditure requires support from his parents. Though difficult, Mr. M.C.T says he will continue to study so that he can find a better job.

*“I am determined to study, only studying can change my life. It’s difficult without determination, sometimes I am tired after work and want to sleep but I had to try hard. I work here because I can ask for early release though the pay is not so good, so that I can have time to study. Later, when I complete my study, I can go back home and open an electricity shop.”*

The workers’ intention after studying is mostly to find a better job in another company or workshop. If they cannot find a better job in the city, they will go back to their province after learning new skills.

## ***Ethnic minority migrants***

The number of young migrant workers from ethnic minority groups has increased over the last five years, particularly is recognized in Kim Chung Commune, Ha Noi. The trend is because: (i) companies in industrial parks have begun to recruit workers from mountainous areas; (ii) young migrants from mountainous areas have started follow their peers and relatives. According to the local cadre there are migrants from fifteen northern ethnic minority groups in Kim Chung Commune, Ha Noi. The majority is Tay. Others are Muong, Nung, Cao Lan. Most are secondary school graduates, who speak fluent Kinh.

As they are unfamiliar with industrial working standards and urban lifestyles they have some difficulties and so often live close together. After a while they adapt. Most young people from ethnic minority groups do not plan to stay long in the city. They prefer to find suitable jobs at home or in industrial parks near home.

## ***Migrants who support poor families at home***

Migrants with poor and disadvantaged families back home are under greater pressure to remit money home. They have to maximize their saving and accept a harder lifestyle.

In Ward 6, Go Vap, HCMC, in 2012, the price of rubbish is lower, so many scavengers have to work harder to cover their living expenses and send money home. With the income of 2-3 million VND/month, many have to remit about 1 million VND/month home for their children’s education. They have to live in a dormitory with low rent (350,000 VND/month including utilities) to save money.

### 8.5. Disadvantages of migrant workers from interview data

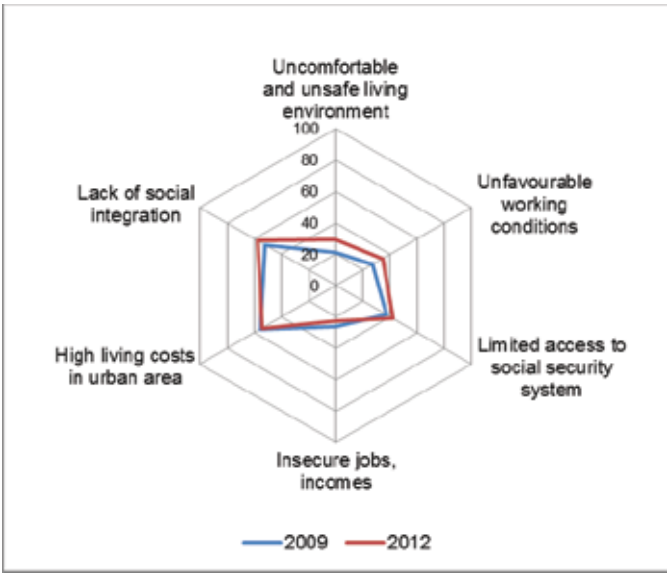
Interview data from 180 migrant workers at the three monitoring points helps clarify the six dimensions of poverty among migrants, specifically: uncomfortable and unsafe living conditions; disadvantaged working conditions; lack of access to social protection; unstable employment and income; high urban living costs; lack of social integration (Table 22).

**Table 22. Indicators of six dimensions for migrant workers**

Dimension	Indicators for each dimension
1. Uncomfortable and unsafe living	Ratio of workers experiencing living difficulties
2. Disadvantaged working conditions	Ratio of workers having difficult working conditions
3. Lack of access to social protection	Ratio of workers do not have social insurance, or Ratio of workers do not have health insurance
4. Unstable employment and income	Ratio of workers having reduced income for at least 2 months over the past 12 months
5. High living urban cost	Ratio of workers do not have money to send home
6. Lack of social integration	Ratio of workers who are not member of the Trade Union, or Ratio of workers who do not receive any help in difficult situation.

Chart 6 shows that “high living costs” and “lack of social integration” are the most serious dimensions. Four of six dimensions are perceived to be more serious in 2012 than in 2009, including “uncomfortable and unsafe living conditions”; “disadvantaged working conditions”; “lack of access to social protection”; and “unstable employment and income”.

**Chart 6. Dimensions of poverty according to workers’ perception, 2009 - 2012<sup>30</sup>(%)**



Source: Questionnaire for migrants in 2009 and 2012

<sup>30</sup> Comparing the interview data in 2009 and 2012, in all three sites, because data is not available for Kim Chung commune, Ha Noi in 2008. The data is for reference only, because the sampling is random on the same site and not repetitive panel.

### ***Uncomfortable and unsafe living conditions***

Migrant workers experience various difficult living conditions. Table 23 shows that the perception that living conditions are insufficient increases between 2009 and 2012. The three most problematic areas are “tight living spaces”; “away from entertainment areas” and “polluted/unsanitized environment”. In Kim Chung Commune, Ha Noi, six percent of workers report “uncomfortable and unsafe living conditions”. They often live in small rooms (under 10m<sup>2</sup>) in groups of two to four people. The thin walls and fibro roof mean the room is very hot in summer. The worsen security situation is also a worry for workers in Kim Chung Commune, Ha Noi. In Lam Ha Ward, Hai Phong, many have to live in rooms built before 2000, with leaking walls and unsanitized water tanks.

**Table 23. Poor living conditions, 2009 - 2012 (%)**

	<b>Kim Chung commune, Ha Noi</b>	<b>Lam Ha Ward, Hai Phong</b>	<b>Ward 6, Go Vap, HCMC</b>	<b>Average</b>
2009	38	20	5	21
2012	65	22	2	29

Source: Questionnaire of migrant workers 2009 and 2012

### ***Disadvantaged working conditions***

Migrant workers at the monitoring sites mainly work for labour intensive industries, such as assembly, garments and footwear. Table 24 shows the proportion of workers who report poor working conditions has increased in Lam Ha Ward, Hai Phong and Ward 6, Go Vap, HCMC. In Kim Chung Commune, Ha Noi, this dimension doesn't increase but stays at the highest level of all three monitoring points. The issues most complained about are “temperature, chemicals, dust and smoke, lighting and noise”; “lack of information about the rights and responsibilities of employers/employees”; “too many workers in a small space”; and “the work is boring/tense.”

**Table 24. Poor working conditions, 2009 – 2012 (%)**

	<b>Kim Chung commune, Ha Noi</b>	<b>Lam Ha Ward, Hai Phong</b>	<b>Ward 6, Go Vap, HCMC</b>	<b>Average</b>
2009	47	25	10	27
2012	47	30	27	34

Source: Questionnaire for migrants in 2009 and 2012

### ***Lack of access to social protection***

A high proportion of workers surveyed do not have social protection or health insurance. In Ward 6, Go Vap, HCMC and Lam Ha Ward, Hai Phong, many workers in small workshops do not have social protection. In Kim Chung Commune, Ha Noi, most workers work for (mostly Japanese) foreign invested companies in the North Thang Long industrial park and so have social protection policies (Table 25)

**Table 25. Lack of access to social protection, 2009 – 2012 (%)**

	Kim Chung Commune (Ha Noi)		Lam Ha (Hai Phong)		Ward 6 (Go Vap, HCMC)		Average	
	2009	2012	2009	2012	2009	2012	2009	2012
No submission to social protection	2	3	40	53	35	63	26	40
No health insurance	15	5	27	35	55	62	32	34

Source: Questionnaire for migrants in 2009 and 2012

### ***Unstable employment and income***

Seasonal workers and workers in private and small workshops tend not to have official contracts. However, more workers surveyed had contracts in 2012 compared to 2008. More than 20% of workers in 2012 survey had had their salary reduced for two months, a similar proportion to 2009. The main reason is that companies did not have sufficient work (Table 26)

**Table 26. Unstable employment and income, 2009 – 2012 (%)**

	Kim Chung Commune (Ha Noi)		Lam Ha (Hai Phong)		Ward 6 (Go Vap, HCMC)		Average	
	2009	2012	2009	2012	2009	2012	2009	2012
No official contract signed	0	0	25	18	32	3	19	7
Income reduced for at least 2 months	42	20	23	28	13	20	26	23

Source: Questionnaire for migrants in 2009 and 2012

### ***High urban living cost***

Over half of workers did not send money home to their families in 2009 and 2012 (Table 27). When asked, most migrant workers said that after deducting all costs, including rent, utilities and meals, there was little to save or send home.

**Table 27. Proportion of workers not sending money home, 2009- 2012 (%)**

	Kim Chung Commune, Ha Noi	Lam Ha Ward, Hai Phong	Ward 6, Go Vap, HCMC	Average
2009	57	42	67	55
2012	40	55	68	54

Source: Questionnaire for migrants in 2009 and 2012

Analysis shows that although workers' monthly expenditures increased by more than their income, which doubled between 2008 and 2012. Total monthly income for the workers in the 2012 survey increase by 105% compared to 2008, but total personal expenditure (not counting savings for self and remittance) increase by 115% for the same period. As a result migrant workers have to reduce their remittances and savings. In 2012, remittances and savings only accounted for 22% of total income (26% in 2008).

**Table 28. Monthly income – expenditure for migrant workers, 2008 - 2012**

Unit: '000 VND (thousand VND), current price

	2008	2009	2010	2011	2012
Total income (=1+2+3)	1.677	1.863	2.180	2.777	3.448
1. Total personal expenditure	1.247	1.435	1.679	2.328	2.684
Rent	197	259	369	438	459
Meals	526	565	666	951	1.097
Clothing	77	113	97	154	167
Travel	84	124	129	138	181
Entertainment	51	78	80	91	108
Socializing cost	127	132	158	223	246
Personal purchase	62	82	77	107	136
Other	123	82	103	226	290
2. Personal saving	196	165	209	260	364
3. Remittance	234	263	292	189	402

Source: Questionnaire for migrants 2008 - 2012

***Lack of social integration***

Table 29 shows that the ratio of workers who are not Trade Union members is high, especially in Lam Ha Ward, Hai Phong and Ward 6, Go Vap, HCMC. Almost no workers could name a specific instance of the Trade Union representing and protecting their interests. Many are also concerned that the Trade Union is not independent as its staff are also company managers or paid by the workers' employers. When in difficulty, migrant workers have to depend on their friends, but mostly for just spiritual support.

**Table 29. Lack of social integration, 2009 – 2012 (%)**

	Kim Chung Commune (Ha Noi)		Lam Ha (Hai Phong)		Ward 6 (Go Vap, HCMC)		Average	
	2009	2012	2009	2012	2009	2012	2009	2012
Not a member of Trade Union	27	3	38	63	53	67	39	44
Receive no support in when in difficulty	30	31	35	23	8	57	24	37

Source: Questionnaire for migrants in 2009 and 2012





## **PART 4. TOWARD SUSTAINABLE URBAN POVERTY REDUCTION**



# PART 4. TOWARD SUSTAINABLE URBAN POVERTY REDUCTION

## 9. PROPOSAL FOR DISCUSSION

### 9.1. Conclusion

In the past five years the lives of most of the urban poor at all the monitoring sites have improved. Poor people have better infrastructure, better housing, better education for their children and more assets. Many households have escaped poverty by changing their livelihoods and investing in their children's education.

Urban poverty in Viet Nam is lower than in rural areas if looked at only in income or expenditure terms, even if the poverty line is raised. However, once other dimensions are considered, urban poverty remains a concern. Lack of labour and skills, an inability to change livelihoods, a lack of social capital, limited access to public services, uncomfortable living conditions and unsafe conditions are the major disadvantages for poor people in urban areas. Poor migrants have additional disadvantages, such as high living costs in urban areas and a lack of social integration, leading to difficulties accessing public services and social security.

Urban poor people are disproportionately affected by shocks. Over the five-year period people in the monitoring sites were affected by high inflation in 2008 and 2011, the global financial crisis in 2008-2009, and domestic economic difficulties in 2012. Most poor people have limited access to social protection programmes as many work in the small enterprises or informal sector. Insurance support programmes and cash transfer programmes need to be improved so as to better identify beneficiaries and to increase the level of support.

The high cost of education is a burden for the urban poor. There is a mismatch between the quality of human resources (particularly technical skills) and market demand. Upper-secondary education graduates lack objective and in-depth vocational advice. Short-term vocational programmes for the urban poor are not effective. Workers in labour intensive industries do not learn transferable skills and many college and university graduates struggle to find jobs in their areas of expertise.

People are increasingly concerned about inequality. Socialization has helped to mobilize society to reduce poverty and improve education and health care. However, socialization is often understood as the requirement to make contributions in return for services, thus creating financial burdens for the poor and widening inequalities in accessing services.

### 9.2. Toward sustainable urban poverty reduction in Viet Nam

***The results of urban poverty monitoring show that urban poverty reduction in Viet Nam is facing new challenges and requires new approaches.*** If the challenges are not properly dealt with, quality of lives of the local and migrant poor will remain low, their vulnerability will be high, and the inequalities will continue to be increased.

This report proposes eight areas policy makers should consider:

1. ***Use multi poverty dimensions to monitor urban poverty.*** A system of regular monitoring and evaluation is required to design policies to address the needs of specific groups. This should include the means to measure the impact of shocks on different groups of poor and vulnerable people. This would be a significant improvement on the annual "poverty review" which uses only income as an indicator of poverty.

2. **Design proper support policies that do not discriminate against migrants and rely on ownership of a resident registration book.** Migrants need support finding safe employment, accessing social protection and reducing urban living costs. "Social capital" of migrants can be improved by creating more opportunities for them to participate in community activities, self-help services, peer group activities, cultural and communications activities on legal knowledge and life skills, with the active participation of stakeholders.
3. **Urban planning and budget allocations should be based on the total population, including migrants.** This would gradually solve the problem of overloaded housing services (especially water supply and environmental sanitation), health care and education, with priority given to suburban areas with large populations of poor people and migrants, many with young children.
4. **Allocate more investment to urban poverty reduction.** Employment in urban areas and remittances by migrants play an important role in the diversification of livelihoods for rural residents. Therefore, urban poverty reduction programmes should have greater resources. The instruction by MOLISA to hold a poverty review of temporary residents of more than six months, regardless of the status of registration status, should be adhered to.
5. **Develop comprehensive and easily accessible social protection that does not discriminate against migrants in urban areas.** Expanding the group eligible for subsidized health insurance so as to reach the target of universal health insurance should be continued. Groups who receive cash transfers defined as "specially poor" or experiencing "extremely difficult" conditions, poor with young children in urban areas should be expanded. There should be a policy to provide timely support to groups at risk, including migrants. The level of support should be increased so as to have a practical impact, and there should be a mechanism to adjust it in response to relevant market price movements. A mechanism to supervise cash transfer programmes should be developed and a mechanism to monitor the implementation of social protection policies (with tools such as citizen report cards, social audits, public debate, local budget analysis, etc.) should be established.
6. **Adjust policies to support effective vocational training for the urban poor,** such as supporting enterprises to provide training for workers, supporting studying and working in parallel with attachment to private households business, or urban business associations (not "official vocational training centre"). Provide more in-depth and objective vocational information for secondary school graduates.
7. **Develop a concrete policy to facilitate participation and empowerment** especially in health care and education. Closely manage schools in mobilizing parents to contribute to various funds, so as to reduce the costs for urban poor.
8. **Create more effective policies to support small enterprises in promoting enterprises' social responsibility and promote the formalization of informal activities.** These policies in the medium and long term will support the poor and migrants to reduce the risks of unemployment and to have better access to social safety nets.



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