Pro-Poor Growth, Poverty and Inequality in Rural Vietnam

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Male Speaker: [Begins mid-sentence] Poverty and Inequality and also how growth is affected by those statistics. Finally we're going to look at the main driver of inequalities within each ethnic group. Here, and something I introduced in some previous work in the Mekong region in Vietnam.

So mainly in Mekong region in Vietnam we talk about inequality or the very big gap between ethnic majority and minorities. So Vietnam is comprised of 54 ethnic groups, so my question arose from the fact that how we can think of the 53 ethnic minorities, individually, as an ethnic minority.

In previous literature, as I said, if you look at the development gap of the ethnic majority in Vietnam, including the Chinese, and ethnic minorities, the 53 groups. So the statistical technique when you observe the gap between the two groups. So one may be arising from the different socioeconomic characteristics of – for example, if group A and B, has different size land holdings. So A has better land so they are richer off that.

Another reason may be partly arising from the different returns. So even if ultimately group A and B has the same size of land, but the return from the land may be different. For example, group A has irrigated land, and group B has un- irrigated, and for example in mountainous area, it's very difference. So in Vietnam it is said that ethnic minorities are poorer than ethnic majorities because

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they have lower assets, but also their return is lower than ethnic majority.

So after that and by my -- I start to think of to disaggregate the 53 minorities into five categories. First we will look at the poverty reduction achievement Vietnam. As you know, Vietnam is one of the first countries in the reducing national extreme poverty. For example in Vietnam 2002, the poverty population is nearly 30 percent and we see it to decline to 16 percent in 2006. So in the last column, it shows the annual percentage of change.

Actually Vietnam was an early achiever of the Millennium Development Goals. And now that Vietnam is moving to the Vietnam Development Goals, it's a country version of the Millennium Development Goals. Vietnam is much more ambitious with the targets. However, we look at achievement of these goals in reducing poverty. For example, ethnic majorities have a poverty ratio of 13 percent. And at the same time, while ethnic minorities is more than half of the population are poor. So although I didn't show, the nineties, during the 1990s poverty reduction for ethnic minorities is constant.

However one good thing is if we look at – I think there's one change, and since 2000 the poverty reduction for ethnic minorities surpassed those of ethnic majority, so this is one good thing. But if you categorized in ethnic minorities is for the different group then for example, Central Highland minorities is still, 70 percent of that population is poor, and the Khmer minority is about is minority group in Vietnam, of 35 percent poor.

Also this achievement was unstable, and why I said unstable is if we apply the 100 percent poverty

line, so 2006 is 16 percent were poor, [inaudible comments] only 20 percent of [inaudible comments] increase to 25 percent. So those who lift up from poverty, shows they are marginally above the poverty line. So if there is uncontrolled _____occur, then maybe these achievements are reversed. And then the marginal population may fall down, fall into poverty again.

So I show this growth incidence curve now. There are some, several formats of the measure of pro-poor growth. But I use that growth incidence curve, but that doesn't mean it's the best measure. [inaudible comments] For example, I asked _____ and she proposed a poverty growth curve and I compared it to the [inaudible comments]. So since I picked one measure of pro-poor growth.

So if you look there is a pattern of the ethnic majority and Khmer, those are Northern Urban minorities and Central Highland minorities and the minorities. And so we looked at, between 2002 and 2006, the growth pattern is different. But for the Khmer minority group it is lower [inaudible comments] enjoyed the higher and economic growth [inaudible comments] is entered in the lowest growth rate.

So I don't talk about the Gini coefficient. So in this paper I want to show that the poverty ratio in Vietnam as a country as a whole, inequality has increased between – from 2002 to 2006. But also I feel it composed the inequalities into within and in between groups, then we look at [inaudible comments] increased this period. So even though the previous leadership we look at, as I said, ethnic minorities _____, actually the within minorities inequalities also increased, with a population change of 15 percent.

And the [inaudible comments] in a way is composed in the change in poverty that passed into [inaudible comments] lead distribution effect. So that's one important element [inaudible comments] compared to these.

If we look at the Khmer group, right here, so the Khmer minority's poverty was reduced, just only purely by the redistribution_____. Actually the Khmer group and [inaudible comments] growth, but because of improvement in leadership position. So the Khmer group has some achievement in the poverty decline. However, so central highland minorities, CH, is worse than _____ growth impact because of the wealth inequality.

So what these summary measures show is that, minorities [inaudible comments] the difference, it has different socio-economic [inaudible comments] characteristics. So maybe we cannot categorize this as a single group. So the impact that -- the growth pattern is different depending on the [inaudible comments].

Here's a timeline I want you to look at moved to my final slide. So on the -- there is one [inaudible comments] looking at the inequality decompositions by this [inaudible comments].

We use many kind of independent variable. So because coming to the 100 percent, so I just categorize these to the four -- I made them four categories.

The first, depending on the group, the measure – the driving force of inequality is difference, and also a tendency is rather inconsistent over time. So you have [inaudible comments] education factor,

and the Khmer group is [inaudible comments]. And Central Highland education and that is almost half of inequality. We didn't really know that upland minority group inequality. Central Highland is, in the land, the regression only explains that 55 percent of inequality.

Here the CH group, education only explains 3 percent. So I want to make sure that we are careful in [inaudible comments] 3 percent explains why education, we may -- draw our attention. But this doesn't mean Central Highland group has maybe _____ is generally they -- most of Central Highland minority has lowered – similarly, they have lower education and there is no inequality. So this doesn't mean that we don't know need to looking at in the absence of the _____ ethnic majority. So maybe we have to more focus on the providing the schooling services for the Central Highland group.

So through this study what I want to say is we -- an inner point like Vietnam is much an ethnically diverse society then we need to look at these areas in the -- as many as I can because there is some difficulty because of [inaudible comments]. In Vietnam, now the poverty is almost an ethnic minorities phenomenon. So in those situations, we have to look at more in-depth and also inequalities, is different across the group, and the tendencies, as you look at the final table is that _____ content. So we can maybe target each group, and what kind of policy do we have to provide.

Moderator:	Thank you. [Applause]. So comments? The point being made that it's difficult to look at all minorities and design. It needs to be more specific. And Alice's investigations into the individual minorities. And to see what specific programs

would contribute to more inclusive development for them.

Comments? Questions about the research?

Audience Member 1:   Thank you very much for your very interesting presentation. Just one comment. We were fortunate to have a speaker here at RDMA a couple of months ago who was talking about groups in the Mekong region. And we understand, then, many of the ethnic groups in Vietnam, Cambodia and Laos cross over into other countries. So if you're interested in trying to disaggregate within ethnic groups, how much of economic performance may have to do with culture is contrasted with other variables. It may be potential interesting to look at a single ethnic group and its economic behavior in different countries.

[End of Audio]