

## 4. THE RELATIONSHIP BETWEEN POVERTY AND FOOD SECURITY

### Poverty and food insecurity in Viet Nam

The proportion of poor household steadily declined in the 1993-2002 period. However, the poverty reduction rate has been slowing down. In 2002, the proportion of general poor households was 28.9%, and that of food poor households was 10.9% (Table 4.1). Food poor households are the households facing food insecurity and their incomes are not enough to buy minimum goods, including food and foodstuff to meet their energy demands, while they still need other non-food products.

The annual rate of poverty reduction in the 1998-2002 period was 2.1%, while this figure was 3.2% in the 1993-2002 period. This situation was also the same for the food poor households, in the 1998-2002 period the figure was 1% per year, while in 1993-2002 this figure was 1.6%.

**Table 4.1**  
**The general and food poverty rate (%)**

	1993	1998	2002
% of general poverty	58.1	37.4	28.9
% of food poor households	24.9	15.0	10.9

### Poverty in Viet Nam is clearly identified by geographical features

The investigated data of living standards in 2002 showed that the poorest regions were observed in the North East (The proportion of general poor household was 68%) and the Central Highlands (51.8%). The lowest proportion of poor households was observed in South East (10.6%). The people's living standards, even in the poorest regions improved significantly within 10 years (1993-2002). The orders in the poverty ranking among regions were not caused by an increase of the poverty rate in some regions, but the different

**Table 4.2**  
**General poverty ranked by regions, Viet Nam**

	Year			2002 compared	
	1993	1998	2002	1993 (+/-)	1998 (+/-)
South East	1	1	1	0	0
Red River Delta	4	2	2	2	0
Mekong Delta	2	4	3	-1	1
Central Coast	3	3	4	-1	-1
East North	8	7	5	3	2
North Central	6	5	6	0	-1
Central Highlands	5	6	7	-2	-1
West North	7	8	8	-1	0

rate of poverty reduction among regions (Table 4.2).

The region with the fastest poverty reduction was the North East (From 86.1% in 1993 to 38.4% in 2002, with an annual average of 2.24%). The region with the slowest reduction was the Central Highlands (from 81.0% in 1993 to 68.0% in 2002, with annual average of 1.44%). As a result, the North East increased by three levels, from the 8<sup>th</sup> position in 1993 to the 5<sup>th</sup> position in 2002; meanwhile the Central Highlands dropped down by two levels, from the 5<sup>th</sup> to the 7<sup>th</sup> position. (Table 4.2)

Two regions, which made some progression, were the North East (increased by 3 levels, from the 8<sup>th</sup> in 1993 to the 5<sup>th</sup> in 2002) and the Red River Delta (increased by 2 levels, from the 4<sup>th</sup> position in 1993 to the 2<sup>nd</sup> in 2002). The two regions, which remained the same were the South East (ranged the 1<sup>st</sup>) and the North Central Coast (the 6<sup>th</sup>). There were four regions changing their orders, including the Central Highlands (down by 2 levels), the Central Coast, the Mekong River Delta and the North East (down by 1 level each).

Vietnam's achievements in the renewal process are a foundation for social development, hunger eradication and poverty reduction. During 10 years (1993-2002), the Vietnam's GDP was doubled, which corresponded to a reduction of 1/2 of poverty rate (from 58.1% to 28.9%). This policy could be regarded as “growth for the poor”.

Coming back to the significant development in the North East, this was one of the poorest regions of Viet Nam in 1993. Previously, at the end of the 1970s and in early the 1980s, this region suffered from severe affects of the border war. After that, along with the process of normalization with China, this region became Vietnam's most crowded border trade area. In spite of a low starting point, many favorable conditions providing the economic development had played an important role to the rapid poverty reduction in the region.

In the 1998-2002 period, the position of the poor regions, generally, still remained the same, apart from the Central Highland (gained one level from 8<sup>th</sup> to 7<sup>th</sup>) and the North East (from 7<sup>th</sup> in 1998 to 8<sup>th</sup> in 2002, replacing the position of the Central Highlands) (*Table 4.3*).

**Table 4.3**  
**Food poor ranked by regions, Viet Nam**

	Ordered by year			2002 compared to	
	1993	1998	2002	1993 (+/-)	1998 (+/-)
South East	1	1	1	0	0
Red River Delta	4	2	2	2	0
Mekong Delta	2	3	3	-1	0
Central Coast	3	4	4	-1	0
North East	6	5	5	1	0
North Central	8	6	6	2	0
Central Highlands	7	8	7	0	1
North West	5	7	8	-3	-1

### Significant gap in poverty between rural and urban areas

Given Vietnam's geographical features stretching from the north to the south with many hills,

mountains, therefore the expenditures for investing in infrastructure are high and inefficient. This is one of the major reasons creating an inequality in socio-economic development among regions, especially between the rural and urban areas.

**Table 4.4**  
**Percentage of poor divided by rural and urban areas**

	%		
	1993	1998	2002
<b>General poor</b>	58.1	37.4	28.9
Urban	25.1	9.2	6.6
Rural	66.4	45.5	35.6
<b>Food poor</b>	24.9	15.0	10.9
Urban	6.4	1.7	1.3
Rural	29.1	18.6	13.6

In 2002, the general poverty rate in the urban areas was 6.6%, while that of rural areas was 35.6%. The poverty rate in rural areas in 2002 was equal to that of Vietnam's poor households in 1998. The poverty rate of ethnic minorities decreased significantly in the 1993-2002 period (from 86.4% to 69.3%). However, the poverty reduction rate in ethnic minorities was lower than that of Kinh and Chinese people. This was seemingly not in line with the annual expenditures of VND 600-900 billion for over 2,363 communes in the highland and remote areas (equal to 20% of Vietnam's total communes - The 135 program).

In term of time, the disparity of the poverty rate in rural areas lags behind more than 10 years compared to the urban areas. To fill the gap, however, is not easy because there are not enough material conditions to built infrastructure, enhance people's knowledge, and improve land conditions, especially in the far and remote areas.

### Inequality tends to increase

According to 2002-data, the expenditure of the 20% poorest people accounted for only 7.8% of the total social expenditures, while the 20% richest people made up 45.9%. In other words, the

expenditures of the 20% richest people were six times higher than that of the 20% poorest people. This is evidently proving the inequality in people's expenditures.

The inequality increased gradually between 1993 and 2002. The expenditure of the 20% richest households has increased from 41.8% of total social expenditures in 1993 to 43.3% and 45.9% in 1998 and 2002 respectively. Similarly, the gap between the 20% richest households and the 20% poorest households has also increased, from 5 times in 1993 to 5.5 times in 1998 to more than 6 times in 2002 (Table 4.5).

**Table 4.5**  
**Expenditures of the richest and poorest in total household's expenditures (%)**

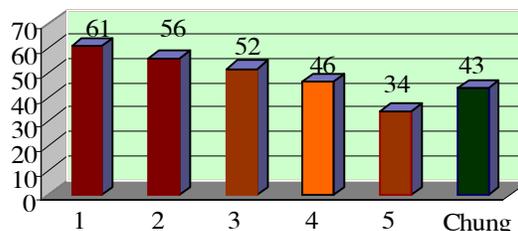
	1993	1998	2002
20% richest households	41.8	43.3	45.9
20% poorest households	8.4	7.9	7.8
Disparity rate between Rich and poor (time)	5	5.5	6

For estimating inequality, experts also consider the Gini index (annex 2). The Gini index is a value between 0 to 1, and the bigger the Gini index, the higher inequality is. If the Gini index is equal to 0, the equality is absolute, and if the Gini index is equal to 1, the inequality is absolute. The Gini index has increased during 1993-2002 period, from 0.34 in 1993 to 0.35 in 1998 and 0.36 in 2002. There is a difference in the Gini index between urban and rural areas. In 2002, Gini index in urban areas was 0.35, while 0.28 in rural areas. In 2002, regions with the highest Gini index were the South East, Central Highlands and Red River Delta.

**Household expenditure structure for food shows clear progress in living standards**

In 2002, the expenditure for food of the household's total expenditures accounted for 43%. The richer the household, the lower the

**Figure: 4.1**  
**Spending for food in total expenditure by expenditure quintile**



expenditure on food was. The expenditure on food in the 20% poorest group represented 61% of their total expenditure, while this figure was only 34% for the 20% richest people (Figure 4.1).

The reduction of spending rate for food is not caused by a decrease of total expenditures, but money spent for food increases more slowly than the total expenditures. Spends for food would be stable, while the expenditure for other non-food products would increase, it means that living quality will increase.

In terms of time, expenditure for foods decreased significantly between 1993 and 2002, particular in the 1998-2002 period, from 56% in 1993 to 53% in 1998 and to 43% in 2002. It is consistent with the fact that, household living standards in period of 1993-2002 were improved evidently.

**Table 4.6**  
**Spend on food in the total expenditure by expenditure quintile (%)**

	Divided by expenditure quintile					Average
	1	2	3	4	5	
National	60.8	55.6	51.5	46.0	34.1	43.5
Agri-HHs	61.4	56.3	51.8	47.2	35.3	50.3
Non-agri HHs	57.1	53.8	51.2	45.0	33.8	39.0

## **Some other issues concerning to food security in Viet Nam**

The population in Viet Nam, particularly in urban areas, has increased rapidly, and as a result, the average agricultural land per farmer is gradually reduced. The reduction of agricultural labors, while the number of consumers using agricultural products (food) increases, will create a premise for food insecurity in Viet Nam.

Food insecurity is the most serious endangerment for households without land, while their lives are essentially dependent on agricultural production. During 5 years (1993-1998), rural households without land have increased slowly, (from 8% in 1993 to 9% in 1998) compared to the 4 years between 1998 and 2002 when the percentage of rural households without land increased to 19%. The proportion of rural households without land is highest in the South East (43%), followed by the Mekong River Delta (29%), the Central Coast (20%) and the Red River Delta (14%).

The number of households without land will increase because of the following reasons: (i) The urbanizing process of agricultural land, (ii) The government withdraws land in order to set up industrial zones, and (iii) Part of the people lost their land because of inefficient production, facing risks such as: illnesses, seasonal losses, natural calamities or failing to “fight against” the attraction of the land prices.

Most of the poor households are agricultural producing units. In 2002, of the 20% poorest households, 86.9% was involved in agricultural production. This figure was only 18.5% in the group of 20% richest households. It means that, in order to have a better life, instead of agricultural production, people have to take off-farm careers. The absolute result is that people tend to seek other careers, including moving to urban areas to earn their living. In the future, if we don't have appropriate policies, food insecurity will occur.