PARTICIPATORY MONITORING OF URBAN POVERTY IN VIETNAM

Synthesis Report 2008

April 2009
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Participatory Monitoring of Urban Poverty in Viet Nam
In January 2007, Viet Nam was admitted as the 150th member country of the WTO. It was widely recognised that this would bring many new opportunities to Viet Nam, but would also pose many challenges, especially in ensuring that the full benefits of WTO membership are shared by the whole of Viet Nam’s population, including poor and vulnerable people.

In this context, and as organisations that have a long history of working to support the poorest and most marginalized groups in Viet Nam, ActionAid Viet Nam (AAV), Oxfam Great Britain (OGB) and Oxfam Hong Kong (OHK) started the ‘Post WTO’ poverty monitoring initiative in early 2007.

The initiative is intended as a longitudinal study of poverty outcomes, linked with changes in livelihoods and market access of vulnerable groups, in selected communities and cities throughout Viet Nam. Our intention is to provide analysis and recommendations for policy discussion as well as for the work of Oxfam, AAV and partners.

We hope you find this first annual synthesis report interesting and useful.
ACKNOWLEDGEMENTS

This report on the urban poverty is a joint effort and could not be completed without the contributions of many people.

We would like to express our deep gratitude to the leaders and officers of ActionAid Vietnam (AAV), Oxfam GB and Oxfam Hong Kong for providing valuable comments during the entire process, from design, to field implementation, workshops and the final report. Some officials from AAV and Oxfam participated in the field trips and contributed their precious knowledge and experience to the research methodology and content.

We would like to sincerely thank the People’s Committees and line departments of the cities and districts where the urban poverty monitoring initiative is conducted for their permission and facilitation. We would like to thank the Core Group members in Hai Phong city and Go Vap District (Ho Chi Minh City) including provincial, district and ward officials from different departments, unions and communes, who closely cooperated and spent a lot of time and effort completing the field work and writing the reports at each survey point. We would especially like to thank the officials at quarters, villages and hamlets for their field trip participation and facilitation. Without the active participation and well-managed coordination of the local partners of AAV, including the Center for Poor Workers (CWR) directly under the Labor Union of Hai Phong City and the Development Program Management Unit directly under People’s Committee of Go Vap District, this urban poverty monitoring process would not have been this successful.

Finally, we would like to express our sincere thanks to the men and women, the youngsters and children living at quarters, villages and hamlets for taking the time to share their advantages and disadvantages, comments, plans and expectations for the future through group discussions and in-depth interviews. Without their active cooperation, this urban poverty investigation could not have been conducted.

Given the tight timeframe and the complex theme of the study, errors may exist. We would appreciate receiving comments from interested readers and would like to thank you in advance.

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### ABBREVIATIONS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tr>
<td>AAV</td>
<td>ActionAid Viet Nam</td>
</tr>
<tr>
<td>CPI</td>
<td>Consumer Price Index</td>
</tr>
<tr>
<td>CWR</td>
<td>Center for Workers' Right</td>
</tr>
<tr>
<td>DOLISA</td>
<td>Department of Labour, Invalids and Social Affairs</td>
</tr>
<tr>
<td>ELBAG</td>
<td>Economic Literacy and Budget Accountability for Governance</td>
</tr>
<tr>
<td>GOV</td>
<td>Government of Viet Nam</td>
</tr>
<tr>
<td>HCM City</td>
<td>Ho Chi Minh City</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Governmental Organization</td>
</tr>
<tr>
<td>OGB</td>
<td>Oxfam Great Britain</td>
</tr>
<tr>
<td>OHK</td>
<td>Oxfam Hong Kong</td>
</tr>
<tr>
<td>PRA</td>
<td>Participatory Poverty Assessment</td>
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<tr>
<td>SCUK</td>
<td>Save the Children UK</td>
</tr>
<tr>
<td>TV</td>
<td>Television</td>
</tr>
<tr>
<td>VHLSS</td>
<td>Vietnamese Household Living Standard Survey</td>
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<td>WTO</td>
<td>World Trade Organization</td>
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SUMMARY

Urban poverty monitoring initiative

The urban poverty monitoring initiative was carried out by AAV and Oxfam in coordination with their local partners at five wards in Hai Phong and HCM City between May and July 2008. At each locality, a core monitoring group was established with representatives from local agencies. Information was gathered from group discussions, in-depth interviews with the participation of 537 people and questionnaires collected from 120 migrant workers.

Overview of urban poverty

The rate of urban poverty for the whole country is very low and stable, but in some cases experienced a slight increase since 2006. Changes of official poverty rates at surveyed points are in tune with the general trend, with a slight poverty increase in 2008. Poverty alleviation is getting harder when it comes closer to “the hard core” of the poorest groups. “Double edged” prices (a higher increase in the price of inputs than the price of outputs), unstable employment and migration are the main causes of the stagnant poverty reduction in some urban areas. The current low poverty rate is also attributable to the 2008 poverty standard, which in the context of high inflation in the last two years, is out of date. If the poverty threshold is raised by 50% and applied in some cities as planned in 2009, the number of poor households could double or triple.

However, existing data do not reflect the true state of urban poverty as no account is taken of unregistered migrants. Many migrant households are poor or near poor, yet they are not recorded in official statistics. The migrants are normally excluded from official poverty surveys as they did not have a city residence registration book at the destination places.

The local (formally registered) poor households remain few in number and have typical difficulties. The local poor living on pension/social protection allowances often belong to the near-poor group. The lives of local poor people have been greatly improved over the last four to five years. However, the gap between rich and poor is expanding in urban areas.

There is a flow of local poor people from downtown city areas to the outskirts as they cannot adapt to contemporary urban life. The poor are often concentrated in the areas with poor infrastructure and uncertain land use right. Extremely poor local people have difficulties accessing preferential loans. Few poor people participate in free vocational training programs.

Migrant poor people can be divided into two main groups: those with formal jobs and those with informal jobs. Migrants often move with others in the same group and concentrate in newly urbanized wards. Migrants are making considerable contributions to the socio-economic development of their locality.

Newly promulgated policies such as the Residence Law show more open-minded approaches towards migrants. However, only a small number of migrants have met the requirements for a residence registration book. Lower-secondary and upper-secondary education for migrant children remains difficult. The migrant poor also have difficulties in accessing social services and other support policies for poor households. Social protection policies are needed to support migrants during the current urbanization process.

Local governance towards urban poverty alleviation confronts big challenges in terms of human resources, budget and working facilities. Identification and settlement of people’s complaints are slow, especially in isolated areas. Annual reviews of poor households at the grassroots level have certain limits. Conflicts between urban civil needs and the livelihoods of the poor have not been dealt with thoroughly in ways that benefit the poor. Compensation for land clearance and “hanging” planning in urban areas remain a serious concern.
Vulnerability of specific social groups

**Migrant workers** are mostly young, unmarried people from agricultural families. Most are female. Economic reasons are often cited for migration but young people are also eager to experience urban living. Migrant workers suffer from rising rents, expensive electricity and water, overcrowded conditions and poor facilities and sanitation. Few have the time for social and leisure activities. Working conditions are inadequate in many places. Migrant workers often acquire medicine by themselves, rather than relying on their factory’s healthcare system or on medical insurance.

Migrant workers tend to move jobs frequently. Cases where no labor contracts were signed are found mostly in the private sector. Working overtime and taking more shifts are the main ways workers improve their incomes so as to save and send money back home. However, incomes are unstable because of inadequate work, illness or frequent changing of jobs. When prices increased migrants had to minimize expenses and reduce remittances. Some were no longer able to send money home.

**Small traders** are mostly women of different ages, trading all kinds of goods with small start-up capital. Most are poor, with little education and insufficient capital. Small traders’ incomes are not stable and most suffer greatly from rising prices, extreme weather and epidemics. The price hike in 2008 meant the demand for many goods fell. Stricter urban management policies are in conflict with the livelihoods of street hawkers.

**Motorbike taxi drivers** are mostly married, unskilled and poor middle-aged men. Incomes are unstable and savings are low. Drivers face competition from public transport and taxis, unfavorable weather, rising petrol prices and insecurity in remote areas. Dust and smoke pollution is also a cause of health problems.

**Impact of price hikes on the lives and livelihoods of the urban poor**

Food and foodstuff prices increased the most during the first half of 2008. In the second half prices fell slightly, yet remained more costly than the same period in 2007. “Double edged” price effectively lowered the purchasing power of the poor and near-poor.

Pensioners, people who stopped working early due to health problems and social protection beneficiaries are struggling because of rising costs. With no savings they are more vulnerable to health problems and other risks. Elderly people in poor health are also at risk. Social protection centers also have difficulties in the price hike.

The migrant poor and near-poor suffered the most from inflation. Migrant workers saw their income increase slightly whilst the market price for goods soared. They were forced to cut down on spending. They had to move to cheaper accommodation and reduce savings and remittances. Many workers are returning to their hometown or seeking better jobs.

In suburban areas, there is an increasing tendency to rent land to other farmers, as agricultural incomes are falling.

Soaring prices have consolidated the countryside-city linkage in which the urban poor turn to relatives and friends in the countryside for help and vice versa. Price fluctuations have created domino effects between the laborers, service suppliers and enterprises.

*In a price hike, the flow of migrants to the cities may slow due to low wages, high urban living costs and harsh working conditions in factories. Migrant poor people are also moving out of the centre of big cities. Smaller cities may become the preferred destination for migrants in the future.*

*In the context of the global financial-economic crisis, the export-oriented enterprises face mounting difficulties, creating further pressure on workers and especially migrants who are most affected. This is a topic for further monitoring in the future.*
Some suggestions for discussion

Some suggestions for policy discussion for more effective urban poverty alleviation drawn from this survey are as followed:

1. **Accurate understanding of urban poverty:** Urban poverty alleviation cannot be conducted effectively without a thorough understanding of the scale and role of the migrants. Supplementary data and assessment of migrant groups in urban areas and their poverty situation would help the agencies who manage infrastructure utilities (electricity, water), who provide social services (education, healthcare) and social protection services (employment, support for the poor and specific social groups) to have adequate information in planning their budgets and investment in order to address the urgent needs of both the local poor and the migrant poor groups.

2. **Adjusting the urban poverty line:** the urban poverty line should reflect the actual costs of basic needs for both food and foodstuffs and non-food items in the context of rising prices in the past two years. Heightened poverty line will require more budget to support the current near-poor group. The initiative adopted by HCM City to double its poverty line (average per capita income of less than VND1,000,000 a month for urban areas, and less than VND830,000 a month for rural areas) from the beginning of 2009 exemplifies this approach. However, other cities such as Hai Phong retains the national standard (average per capita income of less than VND260,000 a month for urban areas, and less than VND200,000 a month for rural areas) due to difficulties in budget allocations to support poor households. Not only should the poverty line be raised but there should be a mechanism for regular adjustment of support policies for poor households and of social protection policies to reflect the annual inflation rate.

3. **Designing support program for specific disadvantaged groups:** there is a need to distinguish between the general poor and the poorest with specific disadvantages, based on the principle of poverty classification by features and causes so that support policies are more efficiently implemented. HCM City’s initiative to separate the poor with distinctive disadvantages from the general livelihood support program for the poor, and to have tailored social protection policies is recommended for other cities. Support models for specific poor groups by various programs and projects also need comprehensive evaluation.

4. **Synchronizing investment and support for elimination of poor clusters:** at bordering areas on the outskirt of the city, along narrow lanes, in isolated areas in big cities, there remain poor clusters where residents are having mounting difficulties with the infrastructure, land use, and their lives and livelihoods. Line agencies should be involved in eliminating those clusters with synchronized investment and support, along with people’s active participation and enhanced community institutions.

5. **Careful consideration of the livelihoods of poor people when developing urban management policies:** Urban management policies often create constraints on the livelihoods of poor people (e.g., policies to ban or restrict street hawking and self-made vehicles in inner-city areas will make difficulties for the poor in earning their living from these jobs). Careful analysis of the impact of urban management policies on the poor and direct consultation with the affected groups should be conducted so that appropriate and effective support measures can be developed.

6. **Improving local governance towards poverty alleviation:** Wards play a critical role in urban poverty alleviation. Alongside the ongoing municipal administrative reform (for example, the pilot program for elimination of the People’s Council at district and ward levels in ten provinces and cities nationwide), there is a need to enhance capacity for staff, to improve working facilities and to boost budgetary decentralization so that the ward governments can effectively lead the implementation of support measures in the locality. Attention should also be paid to information transparency, complaint settlement on the issue of compensation for land clearance and “hanging” planning… while alleviating poverty.

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1 In Hanoi, after its annexation of the former Ha Tay province, has adopted the new poverty line since the beginning of 2009 for income below 500,000 VND/person/month for the inner city and for income below 330,000 VND/person/month for rural areas.
Programs for poverty alleviation should be designed for each ward under strong and concentrated guidance, and with full commitment from all local agencies.

7. **Promotion of the labor union’s role in supporting migrant workers**: At present, migrant workers rely mostly on their informal social network when confronting difficulties. Migrant workers need urgent support and labor unions can play a better role as their representative. The labor unions should help providing information to the migrant workers for example about labor laws, healthcare and prevention of HIV/AIDS. As intermediary between workers and employers, local authorities and community organizations, the labor unions should represent and work for migrant workers’ needs and concerns on improving their living and working conditions in urban areas.
INTRODUCTION

Objectives of the Report

Vietnam has been rapidly changing over the last 25 years. Once being one of the world’s poorest nations, Vietnam has seen tremendous achievements in economic growth and poverty reduction in recent years. The percentage of the population living in poverty in 1993 was nearly 60 percent; that had been reduced to 16 percent in 2006, according to the Vietnam Development Report in 2008.

The Government of Vietnam (GOV) is continuing to undertake comprehensive reform policies during the 2007 - 2010 periods, with the objective of moving the country out of underdevelopment and lifting the remaining households out of poverty. As part of the overall economic plans, the country officially acceded to the World Trade Organization (WTO) in January 2007, marking Vietnam’s greatest move towards integration into the global economy. Vietnam’s new role in the world economic order brings both opportunities and challenges, especially to poor communities and to poor people living in rural and urban areas.

In order to monitor the changes that Vietnam will be experiencing over the next few years as WTO accession takes hold and economic transformations deepen, a group of International NGOs decided to get together to follow these changes and their impacts over time. The group, including Oxfam Great Britain, Oxfam Hong Kong and ActionAid Vietnam, in cooperation with local partners in provinces where these NGOs have established programmes, has set up a participatory poverty monitoring network, whose objective is to:

"Carry out periodical poverty monitoring of vulnerable groups in some specific communities, in the context of WTO accession and the government’s projected reform policies up to 2010, to provide analysis and recommendations for policy dialogue and implementation of programs and projects by Oxfam, AAV and their partners."

The goals of the annual poverty monitoring exercises are to:

- Provide useful qualitative information on poverty and development to supplement the statistical and survey data obtained from other sources, such as from the state and other organizations.
- Build up an "early warning" network to determine any negative impacts on the poor and vulnerable groups in the context of WTO accession.
- Enhance the competence of local partners and to promote the participation of people in the monitoring process to reduce poverty effectively and inclusively.

The rural poverty monitoring network has been deployed in nine provinces across the country since 2007. The 2007 rural synthesis report has been published\(^4\).

The urban poverty monitoring network has been deployed in Hai Phong City and Ho Chi Minh City since 2008. This report presents the results of the participatory poverty monitoring in the two cities in 2008.

Research methodology

Survey location

Based on the differences in economic and social development conditions and poverty status between urban districts, peripheral urbanized districts and suburban districts, and considering AAV’s working relationships with local partners, the locations selected for conducting the urban poverty monitoring are as follows:

• **Hai Phong City:** poverty monitoring was conducted in three locations: an urban ward in Le Chan district, a peripheral urbanized ward in Kien An district and a suburban ward in An Lao district.

• **Ho Chi Minh City:** poverty monitoring was conducted in two peripheral urbanized wards in Go Vap district.

In each ward, two residential quarters were chosen to survey. A total of five wards and ten residential quarters were involved in monitoring in 2008. Previous involvement in an Oxfam or AAV project was not a precondition for a ward being chosen.

The goal of the poverty monitoring network is not aimed at generating representative statistical data, rather, the goal is to provide qualitative evidence and people’s own testimony as a platform for policy dialogue and programme formulation. Thus monitoring locations were specifically chosen to sample typical livelihood conditions cutting across multiple challenges of poverty, while reflecting the complex diversity of conditions across the areas surveyed. (see Table 1).

### Table 1. Urban poverty monitoring points

<table>
<thead>
<tr>
<th>Ward / commune</th>
<th>District / district</th>
<th>City</th>
<th>Geographic Location</th>
<th>Total area (ha)</th>
<th>Total number of households</th>
<th>Total number of people</th>
<th>Number of people belonging to KT 3</th>
<th>Number of people belonging to KT 4 (estimated)</th>
<th>Percentage of poor households surveyed at the end of 2007 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Niem Nghia</td>
<td>Le Chan</td>
<td>Hai Phong</td>
<td>Central</td>
<td>56</td>
<td>2985</td>
<td>11658</td>
<td>72</td>
<td>265</td>
<td>1.03</td>
</tr>
<tr>
<td>Lam Ha</td>
<td>Kien An</td>
<td>Hai Phong</td>
<td>Peripheral urbanized district</td>
<td>175</td>
<td>2853</td>
<td>12076</td>
<td>595</td>
<td>667</td>
<td>0.93</td>
</tr>
<tr>
<td>An Thai</td>
<td>An Lao</td>
<td>Hai Phong</td>
<td>Suburban rural area</td>
<td>576</td>
<td>1980</td>
<td>7865</td>
<td>11</td>
<td>0</td>
<td>11.2</td>
</tr>
<tr>
<td>Ward 6</td>
<td>Go Vap</td>
<td>HCM city</td>
<td>Peripheral urbanized district</td>
<td>165</td>
<td>3209</td>
<td>22357</td>
<td>3341</td>
<td>8909</td>
<td>0</td>
</tr>
<tr>
<td>Ward 17</td>
<td>Go Vap</td>
<td>HCM city</td>
<td>Peripheral urbanized district</td>
<td>117</td>
<td>6851</td>
<td>45669</td>
<td>6210</td>
<td>16804</td>
<td>0.11</td>
</tr>
</tbody>
</table>

*Source: Information cards filled by wards/communes by the end of 2007*

### The core monitoring group

In each urban and suburban district a core monitoring group of 15 to 20 people in charge of poverty monitoring was established including:

- Representatives of AAV’s local partners in the area, such as the Center for Workers’ Rights (CWR) in Hai Phong City and the Program Management Unit in Go Vap District - Ho Chi Minh City.
- Representatives of some city departments (only in Hai Phong), such as the Department of Labor, Invalids and Social Affairs, Woman Union, Youth Union and Labor Union.
- Representatives of district departments of the municipal administrations, such as the Bureau of Labor, Invalids and Social Affairs, Bureau of Agriculture and Rural Development, Department of Finance - Planning, Bureau of Natural Resources and Environment, the Fatherland Front, Farmers Association, Women Union, Youth Union and Labor Union.
- Representatives of the wards and residential quarters/hamlets that have been selected to survey.

The core group is responsible for directly monitoring the urban poverty status at monitoring points in their area, from organizing, information collecting to field reporting. The core group received technical support from Ageless (Truong Xuan) consultant team and AAV and Oxfam Program Officers.

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1 Current poverty line of Hai Phong city is income per capita of less than 260,000vnd per month; while current poverty line of HCMC is income per capita of less than 500,000vnd per month.
Monitoring Framework

The urban poverty monitoring initiative will build on previous reports\(^6\). It will not repeat the description of basic features of urban poverty, but, instead, use participatory methods to provide a more in-depth analysis of the vulnerability of poor urban groups, especially migrants. The core groups formulated a data collection framework based on three main themes. The report is structured around these three themes.

THEME 1. **Overview of urban poverty:** This topic aims to provide an overview of urban poverty in the surveyed areas through the voice of local residents and officials, in order to identify emerging issues related to urban poverty, including poverty dynamics, challenges for poverty reduction, diversified and multidimensional urban poverty, and feedback about related policies.

THEME 2. **Vulnerability of specific social groups in urban areas:** vulnerability is a typical characteristic of urban poverty and is related to specific social groups, often migrant workers and those working in informal sectors. This topic thoroughly explores the features, living conditions, livelihoods, living standards and vulnerabilities of such groups.

THEME 3. **Impact of price hikes on the urban poor:** the impact of changes in food and foodstuff prices and living expenses on the lives and livelihoods of the urban poor, and the ways poor people cope with this price fluctuation. This thematic topic will only be implemented in 2008.

Field work

The first urban poverty investigation round was conducted from May 2008 to July 2008. The survey team spent approximately one week in each ward/ commune. The main data and information were collected through:

**Group discussions:** implemented with core communication members of the ward, commune, residential quarter or hamlet and with male and female residents, poor children and specific social groups in the area (such as motorbike taxi drivers, small traders and people working in informal sectors). Participatory Rural Appraisal tools were used, including wealth ranking, time lines, listing and ranking, livelihood analysis diagrams, movement charts and causal charts. The objective was to gain a greater understanding of the community profile, life and livelihood trends, poverty dynamics, price fluctuations and to receive feedback on policies, programs and projects promoting poverty reduction in the area. In total 67 group discussions involving 405 people and local officials, including 182 men and 223 women, primarily Kinh people, were conducted.

**In-depth interviews to record typical stories:** in-depth interviews were conducted with a number of typical poor and near-poor households (including the poorest households with women as family heads) in each residential quarter/hamlet and with people belonging to typical social groups in each ward/commune. The objective was to further understand people's perception of poverty, their living conditions, vulnerabilities, strategies as well as their thoughts on existing policies. In total 106 interviews with 48 men and 58 women were conducted.

**Interview questionnaires for migrant worker groups:** a questionnaire was developed specifically for the migrant worker group. Interviews concentrated on demographic characteristics, working conditions and living standards. Interview locations were randomly selected rooms rented by workers in the area. 120 questionnaires (42 men and 78 women) for migrant workers in Hai Phong City and Go Vap District (in Ho Chi Minh City) were completed.

**Information cards:** used to gather basic information about the wards / communes and the residential quarters / hamlets where the surveys were conducted as well as price fluctuations of food, foodstuffs and other essentials. Direct observation and photography were used to provide supplementary information.

**Interviews with market agents:** 17 interviews with market agents related to the lives and livelihoods of people (kiosks / stores / agents / businesses trading food, foodstuffs, grocery and agricultural materials) were conducted.

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\(^6\) For example, the two reports by SCUK “Participatory Poverty Assessment in HCMC” in 1999 and 2003.
Interviews with officials: In addition to the above mentioned tools, the survey also conducted nine interviews with officials working in departments and branches at city and urban district / suburban district levels.

This first field survey aims to collect background information and identify newly emergent problems. In following years, field surveys will be repeated in order to monitor the changes of urban poverty status at monitoring points over time. Some main characteristics of the ten residential quarters as the monitoring points in the urban poverty monitoring network are described in Table 2.
| City          | Urban district/Suburban district | Ward/Community | Residential quarter/hamlet                      | Total number of households | Categories: | Number of people of KT4 (estimated) | The rate of population growth in 2007 (percent) | Proportion of poor household by the end of 2007 (%) | Proportion of households using tap water (%) | Proportion of households using electricity network (%) | Proportion of households using septic/semi-septic tank (%) | Proportion of households living in temporary houses (%) | Proportion of malnourished children under 5s. old (%) | Number of orphaned children and children in specially difficult circumstances | Number of old and single people in need of social support | Number of disabled people | Number of people infected with HIV/AIDS | Number of workers renting rooms in the area – (estimated) |
|--------------|---------------------------------|----------------|------------------------------------------------|---------------------------|-------------|-----------------------------------|-----------------------------------------------|-----------------------------------------------|-----------------------------------------------|-----------------------------------------------|-----------------------------------------------|-----------------------------------------------|-----------------------------------------------|-----------------------------------------------|-----------------------------------------------|-----------------------------------------------|-----------------------------------------------|
| Hai Phong city | Le Chan                         | Niem Nghia     | Quarter 1 Quarter 34                              | 51                        | KT1         | 40                                | 1                                           | 5.9                                           | 100                                           | 100                                           | 100                                           | 0                                             | 0                                             | 0                                             | 0                                             | 0                                             |
| Ho Chi Minh city | Go Vap                        | An Lao         | Ward 17 Quarter 27                                 | 106                       | KT2         | 11                                | 8                                           | 6                                             | 100                                           | 100                                           | 100                                           | 100                                           | 100                                           | 100                                           | 100                                           | 100                                           | 100                                           |
|                 |                                 | Lam Ha         | Quarter 30 Quarter 48                              | 105                       | KT3         | 0                                 | 0                                           | 0                                             | 0                                             | 0                                             | 0                                             | 0                                             | 0                                             | 0                                             | 0                                             | 0                                             | 0                                             |
|                 |                                 | An Thai        | Tien Cam 1 Tien Cam 2                              | 149                       | N/A         | 0                                 | 0                                           | 0                                             | 0                                             | 0                                             | 0                                             | 0                                             | 0                                             | 0                                             | 0                                             | 0                                             | 0                                             |

Notes: N/A - no data.

Source: Information sheets on residential quarters/hamlets by the end of 2007.
PART 1.
OVERVIEW OF URBAN POVERTY

1.1 Urban poverty trends

Low urban poverty rate but with little chance of further reduction

Data from the Vietnam Household Living Standards Survey (VHLSS) indicates that the poverty rate in Vietnam continues to decrease (Table 3). Rural poverty has maintained the strong reduction trend, although the speed of poverty reduction has slowed down in recent years. Conversely, urban poverty rate appeared to remain the same, between 2004 and 2006 even with slight increase. It is noted that due to the small number of the urban poor in the VHLSS sample, the reliability of the statistical data could be affected.

Table 3. The poverty rate in Vietnam in the period from 1993 to 2006 (%)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>The whole country</td>
<td>58.1</td>
<td>37.4</td>
<td>28.9</td>
<td>19.5</td>
<td>16.0</td>
</tr>
<tr>
<td>Urban areas</td>
<td>25.1</td>
<td>9.2</td>
<td>6.6</td>
<td>3.6</td>
<td>3.9</td>
</tr>
<tr>
<td>Rural areas</td>
<td>66.4</td>
<td>45.5</td>
<td>35.6</td>
<td>25.0</td>
<td>20.4</td>
</tr>
</tbody>
</table>

Table 4. The poverty rate at monitoring points in the period from 2005 to 2008

Changes of official poverty rates at monitoring points are consistent with general trends across the country (Table 4). The proportion of people in the majority of monitoring points classified as poor by the government (average income per capita less than VND260,000 a month in Hai Phong and VND500,000 a month in Ho Chi Minh city) is very low - approximately one percent. In certain points the poverty rate at the end of 2008 was slightly higher than 2007.

Table 4. The poverty rate at monitoring points in the period from 2005 to 2008

<table>
<thead>
<tr>
<th>Ward/ commune</th>
<th>District</th>
<th>City</th>
<th>Geographic location</th>
<th>The poverty rate at the end of year (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2005</td>
</tr>
<tr>
<td>Niem Nghia Ward</td>
<td>Le Chan</td>
<td>Hai Phong</td>
<td>Inside the city</td>
<td>3.6</td>
</tr>
<tr>
<td>Lam Ha Ward</td>
<td>Kien An</td>
<td>Hai Phong</td>
<td>Urbanized suburban</td>
<td>N/A</td>
</tr>
<tr>
<td>An Thai Commune</td>
<td>An Lao</td>
<td>Hai Phong</td>
<td>Suburban</td>
<td>14.5</td>
</tr>
<tr>
<td>Ward 6</td>
<td>Go Vap</td>
<td>Ho Chi Minh city</td>
<td>Urbanized suburban</td>
<td>3.6</td>
</tr>
<tr>
<td>Ward 17</td>
<td>Go Vap</td>
<td>Ho Chi Minh city</td>
<td>Urbanized suburban</td>
<td>0.11</td>
</tr>
</tbody>
</table>

Source: Poor household screening data for the period from 2005 to 2008 at monitoring points according to new poverty line. Notes: Ward 6 and Ward 17 (Go Vap district) were separated since early 2007, therefore, the number of poor households in years 2005 and 2006 is for two wards. Lam Ha Ward was separated by the end of 2005, hence there was no poor household data for 2005.

Notes: Ward 6 and Ward 17 (Go Vap district) were separated since early 2007, therefore, the number of poor households in years 2005 and 2006 is for two wards. Lam Ha Ward was separated by the end of 2005, hence there was no poor household data for 2005.
Regarding suburban wards such as An Thai Ward (An Lao suburban district, Hai Phong), the proportion of those in poverty at the end of 2008 was still relatively high - approximately nine percent. These suburban communes are still considered as rural areas in the poor household survey (according to the poverty line in rural areas – the average income per capita is less than VND200,000 a month). However, they are increasingly urbanized and people are less dependent on agriculture. The main source of income is from non-agricultural activities such as traditional handicrafts and remittances from migrant workers.

Local officials and residents gave some explanation for the lack of improvement in the poverty situation (the poverty rate even increased at some monitoring points). The poverty rate has become increasingly difficult to reduce as it is approaching “the hard core” of poorest groups having specific disadvantages. The unfavorable impact of price rises in 2008 was also an important reason, causing difficulties for further reduction of urban poverty.

Urban poverty is now becoming more complex than before, and the boundary between the poor and the non-poor is blurred. The double-edged prices, unstable employment and incomes make the poor now more vulnerable. Price fluctuations, insecure employment, uncertain incomes and other factors have made the boundary between poverty and non-poverty increasingly obscure. The number of poor households (classified by the ability to meet the basic needs in their lives) tends to increase at some monitoring points due to new settlements, new poverty cases, or near-poor households falling back to poverty (see Box 1).

**Box 1. If surveyed again, urban poverty rate will increase, not decrease**

Lam Ha Ward (in Kien An District, Hai Phong) has more than 2,800 households, but only 25 households are officially listed as poor. The wards, located in the peripheral urbanized districts, are destinations for new settlements of households who used to live in downtown areas or suburban districts of the city and were attracted by jobs as cyclo drivers or construction workers and the relatively cheap land. Hence, the actual number of poor households is far higher than the official figure.

Chairman of the Lam Ha Ward’s People’s Committee said that the Ward currently has many households without a formal residence registration book (falling into KT3, KT4 categories). If surveyed again, the actual number of poor households would rise to approximately 200-400. The main reason is the increasing number of newly migrated poor households. Another reason is that some local households who had their agricultural land taken for business development are now facing difficulties (they received compensation of between 20 to 30 million dong for an area of 1,440 to 1,800 meter\(^2\), but they have little education, no skills and no stable employment).

The urban poverty line is no longer appropriate

One of the reasons for the low poverty rate and difficulties in further reducing poverty in urban areas is the inaccurate poverty line. The Government’s poverty line for the 2006-2010 periods is an average per capita income of less than VND200,000 a month in rural areas and VND260,000 a month in urban areas. In the context of inflation making the high costs of basic living in urban areas, this poverty line is no longer appropriate. Most interviewed local people and officials agree that the poverty line is now too low in comparison with the increase in prices. Therefore any instance of poverty reduction in 2008 did not reflect the changes in the living conditions in each locality. Households may have simply been “pulled out of the poverty list”. However, whether “their living conditions have been improved” is not known. Recently, the government increased the minimum wage by 20 percent in response to price rises. Many people and local officials suggested increasing the poverty line according to the increased minimum wage.

In fact, the government allows provinces and cities to set their own poverty lines, although they cannot be lower than the national poverty line. Currently, Ho Chi Minh City has set its own poverty line, which is much higher than the national poverty line, and expects to double it in 2009. Meanwhile, Hai Phong City still applies the national poverty line (see Box 2).
1.2 Two urban poverty groups: local people and migrants

Rural-to-urban migration has been occurring on a large scale, leading to the formation of two groups of urban poor: the local poor (with the residence registration book in the city) and the migrant poor (without the residence registration book in the city). However, the existing formal poverty data only takes account for the local poor, not the migrant poor. Therefore, the low urban poverty rate (as shown in Table 3 and 4) does not reflect the true state of urban poverty. The qualitative evidence in this report covers both groups, so as trying to paint a more accurate picture of urban poverty in two big cities, Hai Phong and Ho Chi Minh City.

The local poor

According to the current poverty line there are only a few local poor households in the surveyed areas in Hai Phong City and Go Vap District (Ho Chi Minh City). In Ward 6 of Go Vap District there were no poor local households at the time of the survey in mid-2008 (per capita income below VND500,000 a month in Ho Chi Minh City).

Results from the economic classification exercise of households in surveyed areas (not including those belonging to KT3 and KT4) showed that local poor people still displayed “traditional” characteristics of poverty. The poorest group consists of the elderly, handicapped, sick people dependent on their relatives, single mothers with many young children and those with low education and skills. They mainly do informal work, own small businesses, or are hired as unskilled labors with insecure jobs and unstable incomes (Table 5). A few poor people have HIV/AIDS. Retired and early retired people (whose children have grown up and are independent) living on a pension or modest social allowance are regularly classified as near-poor.

Current statistics on poverty do not reflect the real poverty status since they do not account for migrants.

There are very few local poor household left, with typical difficulties.

The local poor relying on pension and social allowances usually belong to the near-poor group.
Table 5. Main characteristics of the poor as perceived by interviewees

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Career, income</td>
<td>- No salary, freelancer, street vendor, with low and uncertain income.</td>
<td>- No salary, freelancer, street vendor, with low and uncertain income.</td>
<td>Out of working age, unable to work</td>
</tr>
<tr>
<td></td>
<td>- Out of working age, unable to work</td>
<td>- Out of working age, unable to work</td>
<td></td>
</tr>
<tr>
<td>Family members</td>
<td>Old, sick, having many children</td>
<td>Old, sick, having many children, HIV/AIDS infected</td>
<td>Old and sick</td>
</tr>
<tr>
<td>Education level of householders</td>
<td>Below secondary level</td>
<td>Below secondary level</td>
<td>Below secondary level</td>
</tr>
<tr>
<td>Housing</td>
<td>Corrugated metal roofed 1-storey house</td>
<td>Corrugated metal roofed 1-storey house</td>
<td>90 percent tiled houses, 10 percent temporary house (roofed with bamboo and leaves)</td>
</tr>
<tr>
<td></td>
<td>100 percent having bicycle, TV, no motorbike</td>
<td>- 100 percent having old TV, 10 percent having motorbike (Hai Phong)</td>
<td>100 percent having TV, no motorbike, telephone</td>
</tr>
<tr>
<td>Borrowing</td>
<td>Having demand for borrowing from the Bank for social policy but get no guarantee because of poor economic status</td>
<td>- Unable to borrow from the Bank for social policy (Hai Phong) - Borrow from the Fund for Poverty reduction (Go Vap)</td>
<td>Do not borrow from the Bank for social policy</td>
</tr>
<tr>
<td>Education of children</td>
<td>All children are allowed to finish secondary school at least</td>
<td>All children are allowed to finish secondary school at least</td>
<td>Mostly elderly households whose children have grown up and have their own family</td>
</tr>
<tr>
<td>Social activity participation</td>
<td>Rarely</td>
<td>Attend meetings of residential quarter but rarely participate</td>
<td>Rarely</td>
</tr>
</tbody>
</table>

Source: Household economy classifying exercise at survey points, June and July, 2008

Children recognize poverty based on the ability to afford the children’s schooling of households.

Children had their own views of the poor living in the same neighborhoods. When asked "who are the poor in your residential quarter?" or "what is the difference between the poor and the rich?", teenagers aged between 11 and 16 at the monitoring points made vivid comments on the poor related to their occupation, income, housing, meals, and especially relating to school attendance of children. In the eyes of children difficulties and disadvantages of the poor are apparent in the manner with which they care about their children’s schooling (see Table 6). Children in poor families fear the most that "if their parents were sick, no one would pay for their school attendance".

Table 6. Awareness of children about the poor in locality

<table>
<thead>
<tr>
<th>Group of children in inner-urban and suburban districts of Hai Phong</th>
<th>Group of children in peripheral district Go Vap (Ho Chi Minh city)</th>
<th>Group of children in suburban agricultural districts in Hai Phong</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Families are poor and parents are usually household assistants or construction workers.</td>
<td>• Poor families are short of money and it is difficult to afford food and school fees</td>
<td>• Being poor means staying in thatched roofed houses, not in the cemented building</td>
</tr>
</tbody>
</table>
Generally, people and local officials at all monitoring points perceive that there had been an improvement in the life of the local poor during the last four or five years. Urban poor households are not short of rice. Most (except for some poor households in rural suburban areas) no longer stay in temporary housing and they can purchase basic furniture, as the urban poor households can also have motorbikes and TVs (though they may be second hand and cheap).

The wealth ranking exercises at the monitoring points also clearly show the increasing gap between the rich and poor. The rich are owners of decent businesses and shops along the main roads, having high and stable incomes and living in multi-story houses with full expensive facilities. In contrast, the poor and near-poor live along narrow lanes, are manual laborers or petty traders, have unstable incomes, are “unable to make both ends meet”, have a low pension, and are confronted daily with the increasing expenses for their children education and other food and non-food items for their families.

The transition in recently urbanized wards towards industrialization and commercialization has brought about many challenges for the local poor. Skills and capital are the essential requirements but are what the poor people lack the most. The process also creates opportunities for the poor. For instance, the poor men can work as construction workers, poor women can work as child minders and home maids. Some people find success planting decorative trees or raising pets for commercial purposes (for example, cricket and scorpion breeding models in Ward 6, Go Vap district). Generally, however, the poor rely on simple jobs and face increasing difficulties because of insecure employment and low incomes.

<table>
<thead>
<tr>
<th>Living conditions of the local poor saw improvement compared to 4-5 previous years, but big challenges remain.</th>
<th>No money to buy essential things</th>
<th>They are living in small houses, with no refrigerator, no motorcycle, and no television, have to watch TV in others’ houses, no wardrobe, with very old and rusty bed.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The rich-poor gap is widening</td>
<td>Families have many children but low incomes</td>
<td>Houses are small, with many children</td>
</tr>
<tr>
<td>The migrant household</td>
<td>They are not well educated, thus have difficulties finding good jobs. They work from morning till evening but could not earn enough money for families’ living</td>
<td>They have porridge for dinner, fried rice for breakfast. Eat only vegetables with fish sauce. They have only one delicious meal per week.</td>
</tr>
<tr>
<td>In poor families, children have little time for entertainment and have to do housework such as cooking, cleaning, baby sitting. Some children even have to sell newspapers, pump motorbikes and bicycles, assist construction workers and disseminate leaflets.</td>
<td>Families quarrel over economic matters</td>
<td>Many poor children want to go to school, but have to work to help parents</td>
</tr>
<tr>
<td>In poor families, children have little time for entertainment and have to do housework such as cooking, cleaning, baby sitting. Some children even have to sell newspapers, pump motorbikes and bicycles, assist construction workers and disseminate leaflets.</td>
<td>Children have to leave school early</td>
<td>Their clothes are old and worn. Even on Tet holiday, they have no new clothes. No private studying corner. They have to walk to school on foot. They do not have enough school bags.</td>
</tr>
<tr>
<td>In poor families, children have little time for entertainment and have to do housework such as cooking, cleaning, baby sitting. Some children even have to sell newspapers, pump motorbikes and bicycles, assist construction workers and disseminate leaflets.</td>
<td>Children do not have good conditions for studying.</td>
<td>In order to pay the school for children, parents have to sell the paddy.</td>
</tr>
<tr>
<td>The migrant household</td>
<td></td>
<td>Parents are divorced and children have to live with grandmother but she is too old to bring up the grandchildren.</td>
</tr>
<tr>
<td>The migrant household</td>
<td></td>
<td>Old and sick parents are unable to send children to the school.</td>
</tr>
</tbody>
</table>

Source: Discussion group of children at survey points, June and July, 2008.
There is a converse movement of poor households from centre to peripheral areas. Recently, many local poor people have moved from peripheral urbanized districts to suburban areas due to failures in business and an inability to adapt to urban life. Many sold sections of their land when land prices increased. They used the money to build houses and purchase goods. Then they sold the remainder of their land and moved to areas where the land price is still cheap so that they can buy a small area to settle. For example, in early 2007 Ward 6 in Go Vap District had 40 local poor households. By the end of the year five poor households had sold their houses and moved to more remote areas such as district 12. The leaders of Ward 6 said that “there are no poor households here because they all have sold their houses and moved out to suburban areas” and “the people coming to Ward 6 to buy land and houses are all rich and from inner city areas. None are poor”.

The migrant poor are divided into two groups: formal migrant workers and informal migrant workers. Migrants (having no formal residence registration book in cities, classified as KT3, KT4) are quite diverse. They generally include two major groups: migrant workers working in factories and enterprises (often young, having completed at least grade 9, unmarried, and mostly women) and migrant workers doing informal jobs such as street vendors, junk collectors, masons and sale assistants (mostly with little education, married and mainly from northern and central provinces). Migrant workers all accept hard jobs, tight spending on foods and try to save as much money as they can to send home to their families. Migrant workers normally think more of earning immediate money and they pay less attention on their living conditions in the cities.

A detailed account of the characteristics, living and working conditions, vulnerability of some typical migrant groups (migrant workers, small traders, motorbike taxi drivers) is presented in Section 4 of this report.

The migrant poor often move in groups, concentrating in newly urbanized wards. Migrant workers from the same province often stay together in wards in peripheral urbanized districts. In Ward 6 and Ward 17 of Go Vap District (in Ho Chi Minh city) fifty percent of residents were migrant workers (subject to KT3 and KT4). The most notable characteristics of the migrant workers are unstable residence. In the first quarter of 2008 in Ward 17 of Go Vap district approximately 1,800 people moved in and about 2,000 people moved out (based on the numbers of temporary residents registered in the ward).

Many migrant households are poor and near-poor, but there has been no statistics on this group. According to the current poverty threshold for monthly income single migrant workers are not poor. Workers can earn at least VND800,000 to 1 million a month. Migrant labour who do informal jobs can also earn at least VND40,000 to 50,000 a working day, although their jobs are unstable. However, married migrant workers have many difficulties. After deducting house rent, payment for electricity and water bills, many migrant worker families have only a small amount of money left for food and other essentials. Many migrant households actually belong to “poor” and “near-poor” groups; although no statistical data for this group is available.

The reason is that the official poverty investigations did not take migrants with no residence registration books into account. Migrants are not included in official poverty surveys because they do not have residence registration books in the cities. Even households with residence registration books in the same city but yet to transfer the registration to their new locations (subject to KT2 group) or migrant households who have lived for many years in the locality but yet to obtain a formal residence registration book (subject to KT3 group) are not reported in the poverty surveys. A leader of Niem Nghia Ward (in Kien An district, Hai Phong) said: “All poor households here belong to KT1 group. When considering the beneficiaries of social welfare policies, we rarely consider the households belonging to KT2 and KT3 groups. These migrant households must go back to their sending places where they originally registered their residence books. Moreover, the assistance funds allocated by the city/district are based on the number of KT1 households only. It is really hard for us to collect any fees from the KT2 and KT3 households because they have no local residence registration books”.

Migrants are making considerable contributions to the socio-economic development of the locality. It is necessary to adopt a more balanced view of the role of migrant workers in local socio-economic development. Local officials and people in urban areas with many migrant workers emphasize the problems associated with migrants, such as the increasing burdens on already poor infrastructure and social security. However, most local people do not deny the positive contributions made by migrants. For example, migrant workers are willing to take jobs that local people do not want to do (such as masons, home assistants, waste collectors). Migrant workers also provide an important source of income for local people in rent for local accommodation. At some monitoring points in the peripheral urbanized areas, rent was the main source of income for local people (see Box 3).
1.3 The challenges of urban poverty alleviation

In addition to the usual problems relating to income, expenditure and employment, the urban poor including both local and migrant people have to cope with many other difficulties and disadvantages. Clearer identification of the challenges faced in urban poverty alleviation could help deal with the issue more effectively in the future.

The poor concentrate in places with poor infrastructure

The urban poor, especially migrants, often gather in recently urbanized and peripheral districts, where infrastructure such as electricity, roads, water supply and drainage is of poor quality (hence, the price of housing and land are relatively cheap and affordable for the poor). For example, only 26 percent and 60 percent of the populations of, respectively, Ward 6 and Ward 17 of Go Vap use tap-water. The remainder use water from drilling wells containing alum. New urban areas appear spacious. However, deep inside, along the narrow lanes, roads are still muddy, and the electricity supply, water supply and drainage systems do not work.

In peripheral districts there are still poor clusters, often close to dikes, cemeteries and along long alleys with poor infrastructure where land prices are cheap. People do not possess red books for land use rights or have access to clean water. The drainage system is poor, roads become muddy when it rains and flood easily. Local dwellers, especially migrants face an electricity price three to four times the normal price because they do not have their own electricity meters. A small number of local people who could not adapt to the urbanization process also live in such areas. The majority, however, are migrants.

The residential unit 30 in Lam Ha Ward, Kien An district, Hai Phong is a typical example of a poor cluster in the centre of the city (see Box 4). Existing policies are insufficient to improve the lives of inhabitants. It is essential to develop more supportive policies, to make larger investments and to provide more comprehensive solutions with the active participation of all stakeholders.

BOX 3. Rent becomes the main source of income for local residents

The residential quarter 25 (in Ward 6, Go Vap district) has 59 households, of which 32 households (accounting for 54 percent) currently have rooms rented by migrant workers. Amongst these households, the smallest has three rooms and the largest has 25 rooms for rent. There are currently over 400 tenants (belonging to KT4), mainly from the North, of which about 200 people are workers and the rest do freelance work. The average rent is VND500,000 per month for a 12m² self-contained room with toilet.

The residential quarter 25 has been an area of the military family living quarter since 1987. There are many retired people with low incomes. In 1992, there were few rooms for rent. Between 1995 and 1996 there was a moderate increase in the number of rooms for rent. Since 1998, there was a boom of renting services as the urbanization process spread rapidly to Go Vap district. Recently, more spacious hostels have been built and the rents have increased. It is possible that household rents have become the main source of income for local people.

People in the quarter said that the advantage of renting services was to help local people improve their living standards. Besides, there were disadvantages related to security control as there were so many migrant workers from everywhere coming and leaving the quarter (about 50 people come and 50 people leave every month). However, there have been no serious problems so far.
Often poor households living in newly urbanized peripheral areas of the city have not obtained their land use certificate (“the red book”). One reason is that poor households choose to live in areas where land is relatively cheap. Most land in these areas is originally agricultural land which has been informally transacted. To obtain the red book, each house owner needs at least 20-30 millions dong. The poor do not have enough money to pay for land papers and thus cannot get the red book and so are forced to accept the legal uncertainty of their land ownership. The leaders of Niem Nghia Ward which is a recently urbanized area said: “two thirds of this commune used to be agricultural land. The people buy and sell land without certified proof because they do not have money to pay for the transfer tax. Thus almost 100 percent of poor households do not have red books. They are only interested in official papers when they are transferring land...”

The poorest have typical disadvantages

As urban poverty “approaches the hard core” the remaining local poor in the monitoring points share typical disadvantages. Typical features of the local poor are disability, prolonged illness, lonely old-aged people, female-head households with small children, or people with HIV / AIDS. For example, in Tien Cam 1 hamlet, An Thai commune, An Lao district, Hai Phong, 40 percent of the poor households fall into “202” category which means being unable to work. The remaining 60 percent of poor households can still work, but since they have many small children and own little land, they have to work as hired labors and receive an uncertain income. According to local officials there should be two different ways to help the two groups. Group “202” requires support from the State (“the hamlet and commune want to help but have no budget”). The second group requires capital and employment opportunities tailored to each household.

At the survey points, a typical case among local poor households was the presence of one disabled person in the family who could not look after themselves (see Box 5).

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BOX 4. A poor community, ‘Oasis’, near the heart of the city

Unit 30, belonging to Residential Quarter 3, Lam Ha Ward, Kien An district, Hai Phong City located next to the Niem Nghia bridge is called “an oasis”. People call it an oasis for three reasons: (i) the local people here are those returning from the new economic zones such as Ngoc Vung, Koto and Tien Yen islands, (ii) Unit 30 stands isolated, near the dike and next to the cemetery and (iii) the unit has not received much care and investment from the government.

The infrastructure of the unit 30, located near the heart of Hai Phong City, is poorer than many villages in rural areas. The road to the unit 30 has only 100 meters of asphalt, the remainder is rough and muddy and there are no waste collection services. Despite living near the 220 KV transformer station of Hai Phong City, the households pay a higher than average price for electricity. According to local people: “The road systems are downgraded. There are no public lighting systems. About ten to 15 households share one electricity meter, leading to power loss and high electricity costs (up to VND1800 /KWh). In a period of high electricity consumption, the amplitude of electricity is too weak to even run an electric fan.” As for the discussion with the children in the oasis, they said that one of their dreams is simply “to have enough light to study”.

The lives of households in the oasis are still very difficult. Because of a lack of skills and low education local people have low incomes and unstable jobs. Nearly 70 percent of households in the oasis work as cyclo drivers. In many families both husband and wife are cyclo drivers. Life has become worse since the implementation of a law prohibiting cyclo drivers from entering the city during the day. Thus, cyclo drivers have to work from evening to early morning. Many families go along rivers in search of fish, crab or snails to supplement their income.

People hardly have enough to cover their daily expenses. Thus children’s schooling is limited. Most households can only afford for their children to finish secondary school. At group discussions, the core officials of Unit 30 said: “The children attending school nowadays have to pay for different items in addition to the tuition fee which is beyond the poor’s affordability. Many children here have to leave school early because their families do not have enough to pay for their studies...”

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There should be distinctive measures to help the poorest as they share typical disadvantages.

People and local officials normally refer to such people as “202” groups after Circular 202-CP on “Policies for the elderly, orphans having no relatives and disabled people” promulgated by the Government more than 40 years ago (on 26th November 1966). Such policies have been amended and supplemented many times, most recently Decree 67/CP, dated 13th April 2007.
The central government and some localities such as Ho Chi Minh City have planned to increase the poverty threshold in order to turn the current near-poor into poor households so that they are entitled to support policies. At the monitoring points, local officials estimated that when the poverty threshold increases by up to 50 percent, the number of poor households will increase by two or three times. There is a risk that increasing the poverty line makes it harder for support policies to reach the poorest group (the poor according to current poverty lines). Therefore, in addition to the general support policies for poor households, when raising the poverty line, it is essential to continue classifying poor households so that the government can tailor policies for each group and to each poor household. As for the households with working capacity, the government should provide them with capital, know-how and employment opportunities. Households with little working capacity who cannot look after themselves should receive support from local unions and authorities and support from state social policies.

Ward 6, in Go Vap District 6, has tailored support to households’ specific circumstances. All escaped poverty by the end of 2007. This is an example of the effectiveness of beneficiary-oriented methods in the community. In order to achieve this outcome, it is necessary to obtain the strong-willed guidance from local authorities and the participation of all related unions and departments (see Box 6).

**BOX 5. Having a disabled member is typical for many poor local households**

Ms. Nguyen T.M.L, 48 years old, in Ward 17, Go Vap District (Ho Chi Minh city). She has no husband or children. She lives together with her two elder sisters who both suffer from mental illness. One sister is seriously ill, incapacitated and housebound. The other sister suffers mild illness. She has a part-time job as a sales assistant, but is sick often and stays at home frequently, and thus her monthly income is between VND300,000 and 400,000. She suffers from liver disease, and has to go to hospital often. She is often hired by local residents of the ward to weed and water the plants. She often earns VND25,000 for half a day working.

Her house is relatively spacious. Although she has a gas cooker, she does not use it because gas is too expensive. She collects firewood to cook with instead. She also has a refrigerator, but does not use it because of electricity costs. Daily meal expenses for all three sisters are about VND30,000, not including money for rice. She seldom eats meat because the meat is too expensive. She only buys about 200 to 300 grams of half fat and half lean meat every week. For breakfast she cooks instant noodles for her three sisters. She has no money to buy clothes: her clothes are mainly from her relatives.

She, although poor, still participates in the meetings of her residential unit and the Women’s Union. She still tries to make contributions like others although she has to borrow money many times. She does not want to borrow five million dong from the Women’s Union as she worries that she cannot give it back. Her biggest dream is “no disease, no illness” so that she can work to look after her sisters.

**BOX 6. Well-targeted support to help poor households to escape poverty**

In early 2007, Ward 6, Go Vap District had 40 poor households according to the poverty line of an annual income of under six millions dong /person. The Steering Committee on Poverty alleviation and Employment at ward level has collaborated with the local unions and departments in order to identify the difficulties faced by each poor household so as to tailor support to individual circumstances:

- Mobilizing the community to build two ‘houses of gratitude’ (valued at 28 million dong) and to repair three other poor households (valued at eight million dong)
- Providing credit from the Poverty alleviation Fund to nine households (43.5 million dong)
- Granting 205 free insurance cards
- Reducing tuition fees for eight poor households and 12 near-poor households (32 applications were submitted)
- Approving the social protection allowance for three households
- Granting the Partage scholarship to four children belonging to four poor households (VND480,000 a month) and the Nguyen Huu Tho scholarship to three children (VND2.7 million)
The migrant poor still find it difficult to access social services

It is noticeable that the newly promulgated policies have shown more open-minded viewpoints by the government on migrant workers, and have created more opportunities for them to integrate into urban life. The new Residence Law, put in effect from 1st July 2007, has affirmed the right to free residence of the people. The promulgation of the new Residence Law has cut down many procedures relating to the residence registration book, loosened the conditions for registering permanent residence; annulled a variety of administrative procedures and public services associated with the “residence registration book”. The new residence law is said to have recognized the positive effects of labor flows in the society, and created opportunities to narrow the gap for access to social services between local and migrant workers.

Surveys showed that migrant workers still face many difficulties accessing social services in the city (see Box 7). The requirements on issuing residence registration for migrants have been relaxed, yet few migrant households are eligible for registration. Children can now attend school whether their residence registration belongs to the locality or not. Sending all children to school from the age of six, including migrant children, has become a target of residential quarters. However, the lower secondary and upper secondary education for migrant children in the cities is still very difficult (due to the overload of the urban regular schools). At survey points, many migrant families had to send their children to “mercy class”, in the evening or had to drop out of school early. The poor migrant group was usually unable to benefit from the policies of the local authorities, such as loan programs, vocational training, education and health care as they were not included in the poverty list. Migrants often had to pay for electricity and water at prices two to three times higher than that paid by local people. Migrants from the same province often rent rooms within reach so that they can help each other when necessary. There is also no “trade union mechanism” to protect them.

As a result, by the end of 2007, the remaining poor households in the Ward (except for the five households which had moved to other places) received assistance. On 19th November 2007, the Steering Committee on Poverty alleviation and Employment of Go Vap District have verified and determined ward 6 as one of three wards in the district which no longer have poor households using the standard of income under VND6 million /person/year. According to the survey in mid-2008, no households returned to poverty.

**BOX 7. Go Vap District takes care of migrants, yet there were still many difficulties and limitations**

Ho Chi Minh City, compared to other cities, usually takes the lead in designing policies to support poor households. However, the experience of Go Vap District demonstrates that “supporting migrants” is still a difficult problem.

The government has relaxed regulations on residence registration for migrants. However, the requirement by the notary department to certify “a rental contract of 12 consecutive months” makes it difficult for migrants to obtain their residence registration as the owners of rented accommodation do not want to testify their status in the contract. Consequently, migrants are not allowed to use their own electricity meter and have to accept high prices for electricity as determined by the landowners (usually at the highest price in the progressive electricity price list).

In principle, settled migrant households or those with their own house in the locality are involved in activities within the residential quarter and are listed for poverty assessments. However, most of the current “coded” poor households in Go Vap are registered locally. Therefore, poor migrant households are excluded from supporting policies and programs of the city. For the ward administration and
In the current period of fast urbanization, which goes hand-in-hand with the cultivated land accumulation process to improve the efficiency of agricultural production in rural areas, the migrant flows from rural areas to the cities will also continue to occur on a large scale. It is necessary to develop social protection policies more supportive of migrants, and at the same time to organise various forms of cooperation (associated with informal social networks) and to launch a propaganda campaign so that migrants can better integrate into urban life.

The local poor also have difficulties accessing support policies

The main difficulties of the urban poor are often related to their chances of finding employment and stable incomes (through the leading roles of enterprises and rich households). However, access to capital is crucial for many poor households who are small traders. In Hai Phong many poor households are allowed to borrow preferential capital, whilst several other poor households, particularly those belonging to underprivileged groups, still have no access to credit. The reason that the truly poor do not have preferential loans is because they do not want to borrow or they are afraid they will not be able to pay back the loans. In addition, local unions and officials were not confident enough to guarantee and encourage the poorest households to obtain credits and use them wisely (see Box 8).

BOX 8. People in vulnerable groups have difficulties accessing favorable loans

Ms. Nguyen TH, in Hai Phong, was born in 1962. Ms. H. was infected with HIV from her husband who died in 2004 because of drug abuse. She is living with two children in a house of only 12.5 m² with a small wooden mezzanine. Her daughter, born in 1990, is preparing for high school examinations. Her son also goes to school. She told us that her two children were fortunately not infected. The main source of income for the family is from selling sticky rice, from VND20,000 to 30,000 per day. In addition, she also joins the Hoa Hai Duong volunteer club (VND400,000 a month) and the Global Fund club (VND400,000 a month). Her main tasks and duties are to take patients to have a medical test, to provide care for patients, to provide instructions on how to take care for HIV patients, and to disseminate information about HIV. Her family also gets support from people in the Christian Association who provide rice and the Red Cross who provide milk on the Lunar new year holiday. She herself helps people understand more about HIV, but she does not dare to tell their neighbors that she is HIV infected because she is afraid of discrimination.

She wishes to borrow capital from the Women's Union or the Bank for Social Policy with favorable interest rate for business but she cannot. Union and local officials (the Head of the residential quarters and the Secretary of Woman Union) do not dare to lend her because they know she is HIV infected and worry that she will not be able to return the loan. When she is in difficulty, she borrows from other sources. She now owes one million dong to her friends, and one million dong with a very high interest rate (10 percent/month, daily installments of 20,000 dong for 2 months).
In Go Vap District the lending programs for "coded" poor households (registered in the city) have been implemented very well, with the involvement of the local authority, especially the ward officials in charge of poverty alleviation. The "coded" poor households at the monitoring points in Go Vap District mostly receive favorable loans of between five and ten million dong. However, the model is no longer appropriate. Typically, these "self-governing poverty units" in Go Vap District have a limited function, and many do not operate at all (see Box 9).

BOX 9. Self-governing poverty unit model is no longer appropriate

In 1996, Ho Chi Minh City developed the model of "self-governing poverty units" including ten to 15 "coded" local poor households (with formal residence registration books), each with a maximum of 20 members who together manage loans with favorable interest rates from the Poverty alleviation Fund of the city. These units are where neighbors help each other and contribute capital to a rotating fund. They are also the places for training, and informing poor households of state policy.

Go Vap District has over 300 units. However, the "self-governing poverty units" no longer seem to be appropriate. Leaders of the Department of Labor, Invalids and Social Affair of Go Vap District said, "At first, these units had regular activities, with monthly meetings. From the middle of 2006 onwards, the units became less active. Due to price increases, everyone tried to make ends meet, thus very few units could maintain regular activities. In addition, the government urged to minimize unnecessary meetings".

In the past, Ward 17 had eight "self-governing poverty units". According to the Ward leaders: "providing capital for poor households is no longer the issue. The question now is how to use the capital effectively. The "self-governing poverty units" are comprised of poor people with limited education and are thus faced with difficulties overcoming poverty. The Ward still targets the program No. 120 to construct projects for job creation, thereby attracting the better-off households to better support poor households".

The government has a policy to provide free vocational training for poor households (and vocational students from poor and near-poor families could get preferential loans). However, very few poor and near-poor families participate in these free of charge vocational training programs. One of the reasons is that the poor care more about daily meals for immediate consumption (see Box 10). The core problem of vocational training is not only schooling costs (both real and opportunity costs), but more importantly, about the ability to find a job after graduation. Therefore, it is vital to have close coordination with business.

BOX 10. Free vocational training for the poor – a problem that remains to be resolved

The State provides free vocational training programs for the poor. Children of poor households attending the vocational training programs may borrow preferential loans from the Bank of Social Policies. Every year, district vocational training centers receive an allotted budget to organize vocational training classes for the poor. For example in Hai Phong, since 2007 the Department of Labor, Invalids and Social Affairs has arranged a budget of VND700 to 800 million yearly to organize free vocational training classes for the poor. It also has a budget of VND1.5 to 2 billion to spend on vocational training for the rural poor who have lost their land.

However, poor people pay little attention to vocational classes. One main reason is that the poor work for an immediate income ("worries about the daily food hinder long-term vision"). People working simple jobs hesitate to take on further training, being afraid that they might not be able to find a better job after graduation. In Go Vap, three vocational training classes were organized free of charge, but very few "coded" poor people participated. As in quarter 25, Ward 6, Go Vap district, when a free vocational training program was organized, the quarter officials encouraged three children to attend. However, no one took part in the program.
Challenges of local governance towards urban poverty alleviation

The changing situation is creating big challenges for municipal governance on poverty alleviation

Wards lack human resources, finance and working facilities to provide timely administrative support to local people

The 3-level model of administration from ward to residential quarters and to residential units means information flows slowly, especially in crowded wards.

Identifying and addressing people’s queries is sluggish, especially in remote, isolated areas along long alleys

The low wages and allowances for local officials also affected their enthusiasm at work

The existence of so many “calls for contributions” has made mobilizing funds for the poor less appealing.

Decentralization is not accompanied with resources whereas, socialization is challenging

Monitoring points are changing very rapidly, with rapid urbanization, a high population growth rate, (more than 5 percent in the peripheral wards), rapid inflow and outflow of migrants and changes in the economic structure. This all creates large challenges for municipal governance on urban poverty alleviation. Consultation made with local officials and residents revealed the following challenges:

Regarding administrative procedures, all wards have set up “one-stop shops” to solve problems with administrative procedures. People in Ward 6 and Ward 17 of Go Vap district gave positive feedback about fast procedures and friendly officials. However, some newly separated wards had no headquarters, and had to rent office space from local people or even borrow the quarter’s culture house with limited working space. From August 2007 onwards, the Prime Minister required all wards to work on Saturday (except holidays and Lunar new year festival) to help people with administrative procedures. Although there was a regulation on having a day off in compensation or to double the wage on holidays, the wards still have difficulties because the city has not provided extra budget for those activities. In some wards there was only one person for a certain job (for example, judicial official) so it is difficult to arrange time off.

The organizational model at the grassroots level in cities comprises of wards, residential quarters and residential units (which differ from the rural communes which have only two levels: communes and villages). Depending on population size, a ward may have hundreds of residential units. For example, Ward 17, Go Vap District with 6,800 households, is organized into six residential quarters and 102 residential units. The three-level model slows down the “upward and downward” information flows (i.e. from the wards down to the people, and from the people up to the ward administration). The participation of the people in community work primarily depends on the ways local cadres manage the tasks. When asked “what are the main tasks of the cadres of the residential units?” the answer of the local cadres in some monitoring points is that “we mainly collect contributions for different funds”. Recent training programs to enhance the capability of residential officials in urban areas have not been effective. The residential officials do not have a good and timely understanding of the policies and regulations of the State, leading to incorrect and unclear explanations to the people.

Recent ward separation, staff shortages, a large workload, and population size are the main reasons for delays in identifying and addressing people’s complaints, particularly in remote, isolated areas located along narrow lanes. Communication between the residential quarter and unit staff and ward officials in many places was irregular. For example, in Lam Ha Ward, Kien An district, Hai Phong City, the Ward leaders did not know about the demand for loans of the woman union branch at “the oasis” (residential quarter 30, see Box 4) although capital was available: “We have two billion dong put aside for loans. There is no shortage. The Ward has signed many loan projects but it is the first time we have heard about the demand in Quarter 30...”

Low wages and allowances for local officials also affected their enthusiasm at work. The “poverty alleviation official” at ward level in Hai Phong holds other official positions and has a large workload, yet earns only VND50,000/ month extra allowance. Currently, the allowance for residential officials is about VND100,000 to 200,000 a month, which is “not enough to pay for petrol to attend meetings”. “Previously, with this allowance we could buy 20kg of rice, now only 10kg”. Interviews with local officials indicated that most were not satisfied with their role as “residential quarter leader” because they had to take care of their family themselves.

Local officials often have difficulties calling for contributions from people and enterprises for funds for the poor, such as the “poverty alleviation fund” and “Go Vap’s social fund”. One reason is the existence of so many calls for contributions has made contributing to the building fund for poor people less appealing. Little effort is given to informing people about how the funds are used.

Further decentralization to the ward and commune levels is government policy. For example, in Go Vap district, the improvement of the alleys less than four meters wide is assigned to the ward level, from four to 12 meters wide to the district level, and wider than 12 meters to the city. However, there are no new funds to accompany the extra responsibility, creating difficulties at the ward level (as mobilizing people’s contributions through “socialization” movement is not easy).

Such difficulties present many challenges to the implementation of grassroots democracy. People are always sensitive to any “socialization” activities (i.e. mobilizing people’s contribution), which must
be public and transparent. All the local officials interviewed realized that "what relates to people's contributions must be carefully and closely monitored". The experiences of Go Vap District in implementing the "budget analysis at ward and commune levels" program have shown that the enhancement of local officials' capacity together with publicity and transparency will help the implementation of the State Governance and "socialization" activities easier (see Box 11). However, programme, Economic Literacy and Budget Accountability for Governance, (ELBAG)), which sets up community development groups based on the People's Council representatives, should now keep up with changes to the urban governance model in big cities. Since April 2009, Ho Chi Minh City has piloted the removal of the People's Council at district, urban ward and suburban district levels (according to the Resolution of the National Assembly). This situation requires that the program is adjusted in terms of direct beneficiaries to reach out better to the officials of residential quarters and units.

Investigation on poverty is limited due to several reasons

The identification of poor households at grassroot levels still has many limitations. Many households who are no longer poor do not want to graduate from the list because they fear of not receiving government supports to the poor, such as a free social insurance card. It is difficult to obtain income data from the poor households because of their unstable and informal jobs. Besides, participants at meetings for reviewing the list of poor households often account for less than 50 percent of total households in the residential units, thus decision in such meetings does not reflect opinions of the majority in the community. At some monitoring points, there is still a tendency to overly report the poverty reduction achievements. There were cases when the cadres of the residential units made biased judgement on the poor households due to personal relationships. There were even cases when the poverty list was compiled without any consultation with local people, and even the residential unit cadres were not aware of the poverty survey exercise.

**BOX 11. Budget analysis at ward and commune levels - a way to promote democracy at grassroots level**

Go Vap District has implemented the "budget analysis at ward and commune level" program sponsored by AAV since November 2005. During three years of implementation, the program has conducted a number of activities:

- Organizing 20 training courses on budget analysis (basic and advanced) for nearly 800 People's Council representatives, staff and officials of unions and departments at ward level and the leaders of the residential quarters and units
- Establishing 10 community development groups (ELBAG) in accordance with the structure of People's Councils at ward level.
- Monitoring the network of residential quarters in Ward 6 and Ward 17 to collaborate with the ELBAGs to address problems.
- Dissemination of information about budget status through six meetings with the constituencies.
- Organizing two standard budget analysis courses in Ward 6 and Ward 17
- Organizing seminars for sharing advantages and disadvantages in analyzing budget in Ward 17
- Publicizing information about activities on the ward’s bulletins (which are distributed to every residential quarter) and on the website of People's Committees at district level.
- Also incorporated in the national budget analysis program are activities such as family budget analysis during inflation, poverty survey retraining and budget balancing training.

The "budget decentralization to ward/commune levels" helped the program members realize that the ward needs to be transparent and accountable in presenting budget revenues and expenditures, especially on those budget items contributed by the people. Concerns of local people are updated and resolved. People could also appreciate ward's budget constraints. The leader of Ward 17 said: "This is a good way to attract the interest of local people and staff. People have a better understanding of the difficulties of the ward, and have more sympathy. Before, people put forward so many proposals to the ward but the ward could not realize them: we cannot proceed without budget. Budget publicity and transparency gained from the "budget analysis program" have benefitted the process of socialization".
Many local people and officials argued that classification based on the causes of the poverty will help the implementation of support policies more effective. According to this view support would create inequalities between policy beneficiaries. From the perspective of local governance, it is necessary to conduct a more in-depth analysis to identify the beneficiary groups, taking into consideration the community’s prejudice.

In each city, too many models such as “groups” or “clubs” to promote support for vulnerable groups were established by different organizations. In the two wards surveyed in Go Vap district, there are dozens of such models, ranging from the “Self-Help Club”, the “Club for overcoming difficulties”, the “Sympathetic Club”, the “Community Development Club”, the “Peer Group”, the “Working Children Group”, the “Business Start-Up Group”, the “Saving Credit Group” and the “Self-Governing Poverty Alleviation Group”. Some are effective, but some are not and some are no longer appropriate (such as the “Self-Governing Poverty Alleviation Units”; see Box 9 above). It is essential to re-evaluate the models in order to gain lessons and experience towards effective poverty alleviation at each locality and to avoid duplication and waste.

Typically, in An Thai, a suburban ward in An Lao district, Hai Phong, the “joint breeding buffaloes” model has been in operation for years. About six to seven households jointly raise one buffalo. Each household has one “buffalo term” (similar to shares) signifying the number of days the household can use and herd the buffalo. Households with a “buffalo term” ensure that the buffalo is well fed and clean. Programs and projects should rely on the existing community institutions in each locality such as “buffalo terms”, rather than build up completely new institutions in order to improve the sustainability of co-operative forms.

Handling conflicts between “urban civilization” and the livelihoods of the poor is a challenge for local governments. Policies such as prohibiting street vendors, junk collection points within residential areas and three or four-wheeled self-made cars create difficulties for the poorest especially migrants. It is necessary to take cautious steps, to create opportunities and support the poor to change their livelihoods.

Finally, one of the major local concerns relates to the compensation for land clearance to develop urban infrastructure and “hanging projects” which last for years. A typical example is the “green zone” and “cultural park” project which has occupied hundreds of hectares for many years in Ward 6 and 17 of Go Vap District without any prospect of implementation. Land clearance compensation is always a hot issue, not only compensation rates and resettlement methods, but also support for displaced people seeking new livelihoods. The issue of “hanging projects” should be resolved soon in order to create a stable psychological state for people. Within this survey we did not hear complaints from local people directly affected by these problems, but found it in the concerns of grassroots officials. This is a challenge for local government in the process of urbanization that requires well-thought solutions.
PART 2: THE VULNERABILITY OF THE SOCIAL GROUPS IN URBAN AREAS

This poverty investigation conducted in 2008 in Hai Phong City and Go Vap District (Ho Chi Minh City) explored the characteristics, living conditions and vulnerabilities of three typical social groups in urban areas, migrant workers (formal sector), small traders and motorbike taxi drivers (informal sector).

2.1 Migrant workers

The majority of migrant workers are young, unmarried and from farming families in the Red River Delta and North Central and Southwestern provinces. The majority are women.

Migration is primarily attributed to economic reasons. Young workers also wished to leave the countryside to experience a new environment.

The poorest groups have less chance to migrate.

The most popular way to find jobs is through friends and acquaintances.

Workers are likely to change jobs quickly.

The survey sample includes 120 migrant workers working in companies and enterprises in Hai Phong City and Go Vap District (Ho Chi Minh City). All are Kinh and 65 percent are women.

As can be seen in Figure 1, the majority of migrant workers is aged between 18 and 30, and are unmarried. Most have finished secondary or high school. The male workers surveyed had achieved a more advanced level of education than their female counterparts, perhaps because female workers often work in industries that do not require high levels of education such as garments and leather shoes.

Most migrant workers are Kinh from farming families in rural areas. The majority of migrant workers in Hai Phong are from the suburban districts and neighboring provinces in the Red River Delta, while most migrant workers in Go Vap (Ho Chi Minh City) are from the North Central and Southwestern Provinces. Workers in the North Central provinces have a tendency to seek jobs in the South because they think that it is easier to find jobs with higher incomes there.

More than half of the interviewed workers used to do agricultural work before moving to the city to seek jobs. The reasons for moving were mainly economic, such as a lack of agricultural land, few jobs and low and uncertain incomes in rural areas. However, only a small number of migrant workers thought that the money they sent home was a vital source of income for their families in the countryside. Young workers also wished to leave the countryside to experience an urban living and working environment. Better transportation and communication have made migration easier.

Figure 1 shows that only one in seven workers interviewed come from poor families, according to the government’s current poverty line. This could be because the poorest groups in rural areas have less chance to migrate to the cities to work in the formal sector.

For those workers, the two most popular ways to find jobs are through friends and acquaintances and recruitment notices in newspapers. Companies give priority to experienced workers, particularly in garment and leather shoe industries. Nearly half of the workers interviewed said that they participated in company vocational training courses, normally for one month.

About one fifth of workers interviewed worked in companies for less than six months. About half had worked with their current company for two years. Most of the interviewees had worked for at least one company before their present employer. The reason for moving was to find a better income.
Living conditions

Most migrant workers share a room with two to five people who are colleagues or come from the same town. Very few workers rent a single room for themselves, or stay in the house of relatives living in the city or in the dormitory of the factory. The sizes of rooms vary. They are usually about 10-15 m2, self-contained and with a toilet. The furniture and equipment in their room are simple. Most rooms only have beds, a fabric cupboard and electric fans. Very few rooms have TVs.

The monthly rent ranges from VND300,000 to 500,000. The rent in Haiphong is generally cheaper than in Go Vap (Ho Chi Minh City). Electricity costs from VND2,000 – 3,000 per KWh (equaling to the highest electricity tariff, usually charged to businesses). They also pay a fixed amount for water and waste collection to the landlord every month. Most migrant workers interviewed reported a rent increase of VND50,000 to 100,000 per month at the time of the survey, compared with the end of 2007.
Table 7 shows that migrant workers are most unhappy with their polluted environment, poor sanitation, bad water and cramped living areas. In addition, unmarried and young female workers who have to rent rooms in small-lane areas or areas with social criminals feel unsafe and are afraid to go home in the evenings after extra shifts.

Table 7. Opinions of workers on housing (percent)

<table>
<thead>
<tr>
<th></th>
<th>Hai Phong</th>
<th>Go Vap (Ho Chi Minh city)</th>
<th>Average value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cramped housing</td>
<td>13.3</td>
<td>16.7</td>
<td>15.0</td>
</tr>
<tr>
<td>Low-roof/ poor-quality housing</td>
<td>0.0</td>
<td>1.7</td>
<td>0.8</td>
</tr>
<tr>
<td>Bad daily water supply</td>
<td>11.7</td>
<td>23.3</td>
<td>17.5</td>
</tr>
<tr>
<td>Bad kitchen/ cooking conditions</td>
<td>5.0</td>
<td>0</td>
<td>2.5</td>
</tr>
<tr>
<td>Bad bathroom/WC</td>
<td>8.3</td>
<td>3.3</td>
<td>5.8</td>
</tr>
<tr>
<td>Poor public order</td>
<td>8.3</td>
<td>5.0</td>
<td>6.7</td>
</tr>
<tr>
<td>Anti behaviors</td>
<td>5.0</td>
<td>6.7</td>
<td>5.8</td>
</tr>
<tr>
<td>Bad power supply</td>
<td>8.3</td>
<td>0</td>
<td>4.2</td>
</tr>
<tr>
<td>Difficulties traveling</td>
<td>3.3</td>
<td>18.3</td>
<td>10.8</td>
</tr>
<tr>
<td>Polluted environment/bad hygiene</td>
<td>0</td>
<td>40.0</td>
<td>20.0</td>
</tr>
<tr>
<td>Far from markets/shops</td>
<td>1.7</td>
<td>3.3</td>
<td>2.5</td>
</tr>
<tr>
<td>Far from entertainment centres/recreation grounds</td>
<td>5.0</td>
<td>6.7</td>
<td>5.8</td>
</tr>
<tr>
<td>Bad relationship with neighbours</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Lack of care extended by local authorities</td>
<td>5.0</td>
<td>0</td>
<td>2.5</td>
</tr>
<tr>
<td>Other issues</td>
<td>1.7</td>
<td>0</td>
<td>0.8</td>
</tr>
</tbody>
</table>

Source: Interviews with 120 migrant workers in Hai Phong and Go Vap (Ho Chi Minh City), June and July, 2008.

Some views on living conditions shared by the migrant workers are as follows:

− “The room has no separate toilet, beds, two fans and nothing else. The monthly rent is VND250,000 per month, plus an electricity bill of VND300,000 per month for 5 people” - Trinh Thi N., 23 years old, migrant worker in Le Chan District, Hai Phong.

− “We rent a 14m² room, shared with five people, with toilet, and tap water. The monthly rent is VND350,000, electricity and water bill is from VND100,000 to 150,000. We do not have a TV in the room but we can watch TV at the landlord’s house” - Bui Thi H., age 26, migrant worker in Le Chan District, Hai Phong.

− “Even the price of an instant noodle pack has increased, from VND1,000 per pack last year to VND2,000 this year. The rent has also increased. Normally, the rent increases only once at the beginning of the year. But this year, it has already been raised twice. Electricity also increased from VND2,500 to 3,000 per KWh” – Group discussion among workers in Ward 6, Go Vap District, HCMC.

Most workers staying in hostels already registered for temporary residence (with the help of their landlords) without any difficulty. New regulations in the Residence Law do not require migrants to have a temporary absence notice (issued by their home authorities) when applying for a temporary residence, thus reducing travel time and costs for migrant workers.

Possessing little free time and having no transportation means (i.e. motorbikes) most migrant workers told us they rarely went out. When asked “what do you do in your free time?”, most said that they usually stay in the hostels to sleep or chat with their roommates, not going out to the city for entertainment.

Social relations are limited with few events organized by companies. Therefore, many young workers expressed a desire to participate in activities with local communities on holidays so that they could meet people. According to the group of migrant workers in Ward No. 6, Go Vap district: “We do not
get home until 8 pm, and finish dinner at around 9 pm. So, we have no time to go out. When not at the company, we stay at home or occasionally go to neighbors’ houses to watch TV. We really want to go out, but we can only do so on Saturday and Sunday, but we don’t know where to go. If the Ward’s Youth Union called for our participation, we would respond immediately”

**Vulnerable labor relations**

Contracts and welfare policies for workers are observed better in Hai Phong City than in Go Vap District (HCM. City). Table 8 shows that all workers interviewed in Hai Phong are officially contracted laborers. More than a third of workers interviewed in Go Vap (Ho Chi Minh City) are not officially contracted as most of them are working for private enterprises.

Many workers only care about their monthly income and do not know the meaning of a contract, or do not pay attention to the contents of the contract. As such, more effort should be made to enhance the awareness of employees so that they themselves can protect their legal rights. Some workers told us in the interviews:

- “I have signed the labor contract. I think it is short-term - I am not quite sure. All I know is that the HR department periodically asked us to sign a contract. And we signed quickly” - Nguyen Van T, 25 years old, male migrant workers in Hai Phong.

- “Generally, we are not required to read the labor contracts and also do not study the contract. We are mainly interested in the economic aspect in order to know how much we are paid. Is it enough to live on or not?” - Discussion by group of migrant workers in Kien An district, Hai Phong.

Most migrant workers are entitled to basic welfare, bonus, and meal subsidies. Most migrant workers are entitled to basic welfare benefits such as social insurance, health insurance, annual leave and sick leave. Most receive bonuses on occasions like Tet and holidays, and are subsidized for the whole or half of their lunch (usually costing from VND7,000 to 10,000 per person). However, workers complain that the quality of meals in the companies is not guaranteed. About half of the workers interviewed received support money to buy clothes. Only a few workers received support for rent and travel.

Table 8 shows that the proportion of workers in Hai Phong receive bonuses or social support is generally higher than that of workers in Go Vap (Ho Chi Minh City).

**Table 8. Labor contract and welfare policies applied in enterprise (percent)**

<table>
<thead>
<tr>
<th>Type of labor contract</th>
<th>Hai Phong</th>
<th>Go Vap (Ho Chi Minh city)</th>
<th>Average value</th>
</tr>
</thead>
<tbody>
<tr>
<td>No time-limit</td>
<td>33.3</td>
<td>20.0</td>
<td>26.7</td>
</tr>
<tr>
<td>Time-limit (from 1 to 3 years)</td>
<td>61.7</td>
<td>33.3</td>
<td>47.5</td>
</tr>
<tr>
<td>Short-term (less than 1 year)</td>
<td>3.3</td>
<td>5.0</td>
<td>4.2</td>
</tr>
<tr>
<td>No contract</td>
<td>0</td>
<td>38.3</td>
<td>19.2</td>
</tr>
<tr>
<td>Others</td>
<td>1.7</td>
<td>3.3</td>
<td>2.5</td>
</tr>
<tr>
<td>Social insurance</td>
<td>93.3</td>
<td>58.3</td>
<td>75.8</td>
</tr>
<tr>
<td>Health insurance</td>
<td>90.0</td>
<td>51.7</td>
<td>70.8</td>
</tr>
<tr>
<td>Annual holiday</td>
<td>91.7</td>
<td>55.0</td>
<td>73.3</td>
</tr>
<tr>
<td>Sick leave</td>
<td>98.3</td>
<td>35.0</td>
<td>66.7</td>
</tr>
<tr>
<td>Lunch, and snack between shifts</td>
<td>88.3</td>
<td>73.3</td>
<td>80.8</td>
</tr>
<tr>
<td>Bonuses on holiday, new year events</td>
<td>88.3</td>
<td>83.3</td>
<td>85.8</td>
</tr>
<tr>
<td>Financial aid for buying clothes</td>
<td>63.3</td>
<td>38.3</td>
<td>50.8</td>
</tr>
<tr>
<td>Financial aid for accommodation rental</td>
<td>25.0</td>
<td>5.0</td>
<td>15.0</td>
</tr>
<tr>
<td>Financial aid for traveling</td>
<td>15.0</td>
<td>0</td>
<td>7.5</td>
</tr>
<tr>
<td>Others</td>
<td>1.7</td>
<td>0</td>
<td>0.8</td>
</tr>
</tbody>
</table>

*Source: Interviews with 120 migrant workers in Hai Phong and Go Vap (Ho Chi Minh City), June and July, 2008*
Most workers work extra hours of up to about 10-15 hours per week, depending on the orders their company receives. As a result they do not have much chance to go out or to apply for training courses. Opportunities to make friends are also limited by the pressure of working time. Because working in factories involves long hours and is stressful, very few workers have a second job. However, the extra work is still considered the best way to earn more income for living and saving to send back to the family. Some workers told their stories:

− “I left school when I was in 9th grade in order to earn money to support my parents even though I wanted to continue schooling because I dreamed of becoming a tour guide... Although there is a complementary class at night for us it is difficult for me to follow because from September until the end of the year, we must work extra hours a lot. If I went to school, I would have to leave then.” - Ho Thi A, migrant worker in Ward 17, Go Vap District.

− “We have to work 12 hours per day, and have only two Sundays free per month. Just occasionally when companies have few orders, we work 8 hours per day. I wish that we have to work extra every other day only” - Le Thi H., age 20, migrant worker in Ward 17, Go Vap Dist.

Working conditions in many companies are not guaranteed.

Workers said that the regulations in foreign invested companies are very strict. For example, workers cannot use a telephone, have limited toilet breaks and risk wage deductions if they are sick and cannot work. According to group of female migrant workers in Ward 6, Go Vap District (Ho Chi Minh City), “In my company, there are 100 people on a production line with only one card to go to the toilet. Even when we really need to use the toilet and tell the guards, they do not agree and tell us to wait for the card to return. Using the toilet at break time requires queuing and waiting for many people. Sometimes the break ends before we can use the toilet”.

Migrant workers usually buy tablets themselves rather than rely on health insurance or the factory’s health service.

Access to health care in companies is also limited. Nearly half of those interviewed said that they never used the health service of factories. When they are sick they often buy tablets from private pharmacies for self-treatment. Some workers with health insurance can apply for sick leave to go to hospital. They said that if they apply for sick leave but do not go to a registered hospital to have a health check, then it will be considered as leave without permission and their wages will be cut.

However, most employees think that their unfavorable conditions and risks from working environment are “certain”, and a “must” in order to have jobs and income. The unhappiness of workers about working conditions seemed to be revealed better through open and friendly talks. Hence, there should be a friendly counseling mechanism to encourage the workers to express their feelings and opinion.

Income and expense vulnerability

Interviews with 120 migrant workers in Hai Phong and Go Vap (Ho Chi Minh City) revealed that the average income (including base salary, the extra hour/extra shift wage, diligence bonus, seniority allowance, responsibility allowance) of migrant workers in mid-2008 was nearly 1.7 million / month. Table 9 also shows that the incomes of some migrant workers have increased by 10-20 percent since 2007. However, over 40 percent of workers confided that their income has not increased.

Table 9. The average monthly income in 2008 compared with 2007 (%)

<table>
<thead>
<tr>
<th>Income</th>
<th>Hai Phong</th>
<th>Go Vap (HCM City)</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remain the same</td>
<td>45</td>
<td>40</td>
<td>42.5</td>
</tr>
<tr>
<td>Increase less than 10%</td>
<td>6.7</td>
<td>21.7</td>
<td>14.2</td>
</tr>
<tr>
<td>Increase from 10 to 20%</td>
<td>33.3</td>
<td>20</td>
<td>26.7</td>
</tr>
<tr>
<td>Increase from 20 to 30%</td>
<td>10</td>
<td>5</td>
<td>7.5</td>
</tr>
<tr>
<td>Decrease</td>
<td>0</td>
<td>6.7</td>
<td>3.3</td>
</tr>
<tr>
<td>Others</td>
<td>0</td>
<td>6.7</td>
<td>3.3</td>
</tr>
</tbody>
</table>

Source: Interviews with 120 migrant workers in Hai Phong and Go Vap (Ho Chi Minh City), June - July/2008.
Worker’s incomes are often not stable. Table 10 shows that in the past 12 months the income of over 20 percent of migrant workers decreased suddenly, with the average reduction amounting to over 20 percent over two to three months. The main reasons for the sudden fall in income are: (i) Factories have less work; (ii) sickness (resulting in reduced labor productivity or having to stay at home) and (iii) workers move to another position with a lower salary.

### Table 10. Sudden income decrease in the past 12 months (percent)

<table>
<thead>
<tr>
<th>Reasons</th>
<th>Hai Phong</th>
<th>Go Vap (HCM City)</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proportion of workers experiencing a sudden decrease in income in the past 12 months</td>
<td>8.5</td>
<td>35.0</td>
<td>21.8</td>
</tr>
<tr>
<td>Sickness</td>
<td>20.0</td>
<td>28.6</td>
<td>26.9</td>
</tr>
<tr>
<td>Lack of orders</td>
<td>80.0</td>
<td>38.1</td>
<td>46.2</td>
</tr>
<tr>
<td>Job transfer</td>
<td>20.0</td>
<td>14.3</td>
<td>15.4</td>
</tr>
<tr>
<td>Wage cut</td>
<td>0</td>
<td>4.8</td>
<td>3.8</td>
</tr>
<tr>
<td>Others</td>
<td>0</td>
<td>14.3</td>
<td>11.5</td>
</tr>
</tbody>
</table>

Source: Interviews with 120 migrant workers in Hai Phong and Go Vap (Ho Chi Minh City), June-July/2008.

Food and rent are the two largest expenditure items for migrant workers. In general, costs for migrant workers in Hai Phong are lower than those of migrant workers in Go Vap (Ho Chi Minh City). Wedding and funeral costs (particularly wedding gifts) are particularly significant.

The survey was carried out in Hai Phong and Go Vap (Ho Chi Minh City) in mid-2008 at the peak of the inflation. Prices of food, foodstuff, other essentials and rent increased. In the price hike, most migrant workers had to try their best to reduce their cost of living: some moved to cheaper, but less hygienic accommodation further from work.

Most migrant workers consider saving money and sending remittances home the main purpose of going to work in the city. Table 11 shows that more than half of migrant workers saved and sent home money in the last 12 months. Remittances were mainly used for education, every day expenditures and health care. In the hike price remittances fell in comparison to 2007. Some migrants even temporarily stopped sending money home.

### Table 11. Savings and remittance in the past 12 months (percent)

<table>
<thead>
<tr>
<th>Use of money sent home by migrants</th>
<th>Hai Phong</th>
<th>Go Vap (HCM City)</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Having savings (after deducting expenditures)</td>
<td>60.0</td>
<td>58.3</td>
<td>59.2</td>
</tr>
<tr>
<td>Sending money to families in the past 12 months</td>
<td>62.7</td>
<td>55.0</td>
<td>58.8</td>
</tr>
<tr>
<td>Agricultural production</td>
<td>20.0</td>
<td>0.0</td>
<td>10.3</td>
</tr>
<tr>
<td>Business</td>
<td>0.0</td>
<td>6.1</td>
<td>2.9</td>
</tr>
<tr>
<td>Study fees</td>
<td>62.9</td>
<td>33.3</td>
<td>48.5</td>
</tr>
<tr>
<td>Healthcare</td>
<td>14.3</td>
<td>48.5</td>
<td>30.9</td>
</tr>
<tr>
<td>Funeral and wedding occasions</td>
<td>22.9</td>
<td>9.1</td>
<td>16.2</td>
</tr>
<tr>
<td>House upgrading</td>
<td>28.6</td>
<td>12.1</td>
<td>20.6</td>
</tr>
<tr>
<td>Purchase of valuable things</td>
<td>8.6</td>
<td>0.0</td>
<td>4.4</td>
</tr>
<tr>
<td>Daily spendings</td>
<td>40.0</td>
<td>48.5</td>
<td>44.1</td>
</tr>
<tr>
<td>Paying debt</td>
<td>20.0</td>
<td>0.0</td>
<td>10.3</td>
</tr>
<tr>
<td>Lending/putting to bank’s savings</td>
<td>2.9</td>
<td>0.0</td>
<td>1.5</td>
</tr>
<tr>
<td>Others</td>
<td>2.9</td>
<td>0.0</td>
<td>1.5</td>
</tr>
</tbody>
</table>

### Reduction in amount of remittances from 2008 to 2007

| Minimal (< 25 percent) | 46.2 | 74.1 | 65.0 |
| Significant (25-50%)    | 15.4 | 3.7  | 7.5  |
| Considerable (> 50%)    | 15.4 | 0    | 5.0  |
| Temporarily sending no money home | 23.1 | 22.2 | 22.5 |

Source: Interviews with 120 migrant workers in Hai Phong and Go Vap (Ho Chi Minh City), June-July/2008.
Some workers described their difficulties:

- “With such a low income, we can only eat a little. Last year, a meal for four people cost VND20,000, this year we still spend that much. We buy less food. Last year we bought 0.2 kg of meat, this year we can buy only 0.1 kg. We no longer buy good quality meat. Lunch at the company is also the same price, but the quantity is less” - Group discussion by workers Ward 6, Go Vap District, HCMC.

- “Due to low income, we have to reduce food costs. In 2007, we ate for VND20,000 a day. This year, all prices are increasing but wages are not, thus we still spend VND20,000 a day. Moreover, we hardly go out, meet with friends or organize parties. Now, we cannot save money every month. Sometimes we don’t have enough money for daily expenditures.” - Quynh T. Nguyen, 25 years, migrant workers in Hai Phong.

- “Last year, eating at the food shop cost only VND5,000 per serving. This year the price is VND7,000-8,000. Because it is expensive, we, those sharing the same room, cook for ourselves to save money. We go to the market early in the morning to buy food for about VND20,000-30,000 (for five people) then cook the breakfast. We have lunch at the company. In the evening, we only cook rice to eat together with the food cooked in the morning. We in turn bring rice from our family in the countryside: about 5-10kg/ person for one month” - Bui Thi H., aged 26, migrant workers in Hai Phong.

**Role of the Trade Union**

Most migrant workers interviewed did not have full knowledge of labor unions, especially workers in private enterprises. There are many reasons for this: migrant workers are only interested in present income, the annual labor turnover rate is high, and labor unions are not prepared to play their role. Some people are not satisfied with labor unions because they think that labor unions do not truly protect the rights of workers.

Table 12 shows that more than 40 percent of migrant workers interviewed are not members of labor unions. One popular reason is that labor unions do not exist in their company (especially private enterprises in Go Vap). Over a third of workers think that labor unions are "beneficial". The remainder see labor unions as "normal" or have "no specific benefit".

**Table 12. Labor union participation by migrant workers (percent)**

<table>
<thead>
<tr>
<th></th>
<th>Hai Phong</th>
<th>Go Vap (HCM City)</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Labor union members</strong></td>
<td>86,7</td>
<td>31,7</td>
<td>59,2</td>
</tr>
<tr>
<td><strong>Reasons for not joining labor union</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dislike/think it is not necessary</td>
<td>16,7</td>
<td>4,9</td>
<td>6,4</td>
</tr>
<tr>
<td>Do not know how to apply</td>
<td>33,3</td>
<td>4,9</td>
<td>8,5</td>
</tr>
<tr>
<td>Are not the right candidates</td>
<td>33,3</td>
<td>7,3</td>
<td>10,6</td>
</tr>
<tr>
<td>Complicated procedure</td>
<td>0,0</td>
<td>7,3</td>
<td>6,4</td>
</tr>
<tr>
<td>No labor unions</td>
<td>16,7</td>
<td>70,7</td>
<td>63,8</td>
</tr>
<tr>
<td>Others</td>
<td>0,0</td>
<td>4,9</td>
<td>4,3</td>
</tr>
<tr>
<td><strong>Benefits from labor union participation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beneficial</td>
<td>36,5</td>
<td>47,4</td>
<td>39,4</td>
</tr>
<tr>
<td>Normal</td>
<td>57,7</td>
<td>31,6</td>
<td>50,7</td>
</tr>
<tr>
<td>No obvious benefits</td>
<td>5,8</td>
<td>21,1</td>
<td>9,9</td>
</tr>
</tbody>
</table>

Source: Interviews with 120 migrant workers in Hai Phong and Go Vap (Ho Chi Minh City), June-July/2008.

**Workers have limited knowledge about labor unions.**

Many labor unions do not systematically recruit workers. Some senior employees do not even know whether their enterprise has a labor union or not. Others pay labor union fees every month without knowing why they participate in the labor union.

Some workers described their relationship with their labor union:

- “I join labor union, pay the fee but I do not care about the job of the labor union and the benefits of being a member of union. The only thing I know is I pay the labor union fee” - Quynh Nguyen T., 25 years old, migrant workers in Hai Phong.
“I have been working in this shipyard for three years but I do not know whether this factory has a labor union or not. I also do not understand what a labor union is for. I go to work and come back home every day, that’s it”. - Van T. Nguyen, 25 years old, migrant workers in Hai Phong.

“Somebody came to ask whether I wanted to join the labor union. If not, they would go immediately. That’s why few people join the labor union. Some assembly lines have 100 workers, but only ten are long-term workers. The procedure to join the labor union is simple. You will be given a paper, and sign it, that’s it! As a member of labor union, you have to pay about VND5,000-7,000 per month. At the end of the year you will receive a gift such as cooking oil, seasoning or when you are ill, the labor union representative will visit you”. - group discussion by migrant workers in wards 6, Go Vap Dist.

Table 13 shows that more than two-thirds of workers seek help when they are in difficulty. However, they mainly go to their relatives and friends. No one asks for help from the local authority or job consultancy companies. Only few workers go to labor unions or other organizations at the workplace. Moreover, the most popular help is “spiritual encouragement”.

<table>
<thead>
<tr>
<th>Facing difficulty when moving to the city</th>
<th>Hai Phong</th>
<th>Go Vap (HCM City)</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Source of support</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relatives</td>
<td>30.0</td>
<td>48.9</td>
<td>38.3</td>
</tr>
<tr>
<td>Fellow country-men</td>
<td>20.0</td>
<td>2.1</td>
<td>12.1</td>
</tr>
<tr>
<td>Other friends</td>
<td>25.0</td>
<td>63.8</td>
<td>42.1</td>
</tr>
<tr>
<td>Unions at companies</td>
<td>25.0</td>
<td>2.1</td>
<td>15.0</td>
</tr>
<tr>
<td>Others</td>
<td>0.0</td>
<td>6.4</td>
<td>2.8</td>
</tr>
<tr>
<td>Receiving help</td>
<td>71.7</td>
<td>63.3</td>
<td>67.5</td>
</tr>
</tbody>
</table>

Kind of support

<table>
<thead>
<tr>
<th>Kind of support</th>
<th>Hai Phong</th>
<th>Go Vap (HCM City)</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accommodation</td>
<td>21.7</td>
<td>8.5</td>
<td>15.1</td>
</tr>
<tr>
<td>Money</td>
<td>26.7</td>
<td>37.3</td>
<td>31.9</td>
</tr>
<tr>
<td>Tangible things</td>
<td>5.0</td>
<td>5.1</td>
<td>5.0</td>
</tr>
<tr>
<td>Moral encouragement</td>
<td>65.0</td>
<td>50.8</td>
<td>58.0</td>
</tr>
<tr>
<td>Jobs seeking</td>
<td>8.3</td>
<td>6.8</td>
<td>7.6</td>
</tr>
<tr>
<td>Training</td>
<td>8.3</td>
<td>1.7</td>
<td>5.0</td>
</tr>
<tr>
<td>Information</td>
<td>8.3</td>
<td>11.9</td>
<td>10.1</td>
</tr>
</tbody>
</table>

Source: Interviews with 120 migrant workers in Hai Phong and Go Vap (Ho Chi Minh City), June-July/2008.

Table 14 shows a high proportion of migrant workers who want help on many important aspects of their work and lives. However, while most workers in Hai Phong want to promote the role of labor unions, very few workers in Go Vap (Ho Chi Minh) have this aspiration. Improving the performance of unions is an urgent problem. In fact, labor unions can help in areas such as providing information about labour laws, healthcare and prevention of HIV / AIDS. As intermediary between workers and employers, local authorities and community organizations labor unions can also articulate workers’ needs and concerns.
Table 14. Migrant workers’ needs (percent)

<table>
<thead>
<tr>
<th></th>
<th>Hai Phong</th>
<th>Go Vap (HCM City)</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facilitate residence registration</td>
<td>25,0</td>
<td>16,7</td>
<td>20,8</td>
</tr>
<tr>
<td>Improving accommodation and sanitation conditions</td>
<td>33,3</td>
<td>55,0</td>
<td>44,2</td>
</tr>
<tr>
<td>Enhance working conditions in factories</td>
<td>71,7</td>
<td>36,7</td>
<td>54,2</td>
</tr>
<tr>
<td>Enhance skills and qualifications</td>
<td>85,0</td>
<td>30,0</td>
<td>57,5</td>
</tr>
<tr>
<td>Enhance knowledge of legislation</td>
<td>66,7</td>
<td>46,7</td>
<td>56,7</td>
</tr>
<tr>
<td>Improve knowledge of health care issues</td>
<td>63,3</td>
<td>46,7</td>
<td>55,0</td>
</tr>
<tr>
<td>Improve knowledge of HIV/AIDS prevention</td>
<td>63,3</td>
<td>28,3</td>
<td>45,8</td>
</tr>
<tr>
<td>Enhance the role of trade union</td>
<td>63,3</td>
<td>11,7</td>
<td>37,5</td>
</tr>
<tr>
<td>Implement co-operative and co-assistant activities amongst workers</td>
<td>66,7</td>
<td>20,0</td>
<td>43,3</td>
</tr>
<tr>
<td>Others</td>
<td>1,7</td>
<td>1,7</td>
<td>1,7</td>
</tr>
</tbody>
</table>

Source: Interviews with 120 migrant workers in Hai Phong and Go Vap (Ho Chi Minh City), June-July/2008.

Workers’ lack of interest and lack of understanding about labor unions, together with the poor capacity of local labor union staff are two important reasons limiting the efficiency of labor unions. Other reasons include the lack of independence of labor unions. In order to overcome these limitations, in recent years the Labor Federation and other organizations and departments of Go Vap District (HCM City) with the support from AAV have implemented measures to enhance the capacity of local labor union staff and to improve workers’ understanding. Despite some achievements, these activities are still far from meeting the needs of workers in reality (see Box 12).

BOX 12. Training, propaganda and legal support for workers and local labor unions staffs in Go Vap District (Ho Chi Minh City)

In the period 2004-2007, the AAV project management board in Go Vap District in collaboration with the district’s Labor Union and other related organizations implemented a training, propaganda and legal support program:

- The Labor Union trained 28 local labor union staff from non-state enterprises about the Labor Union Law to improve their understanding of law.
- From June 2005 the Labor Union has been training staff and workers of five companies about labor union laws, in which some problems with working relationships were resolved. They organized some performance activities, creating the foundations for exchanging ideas and socializing. More than 2,300 workers and staff benefited from these activities.
- The district’s Women’s Association organized “a programme of exchange between female workers in Leather Sewing Company Saigon 2 and Regiment 276” in the form of camping with the theme “Youth towards the future”. Two hundred and sixty people participated. Female workers had the chance to exchange and gain knowledge about society and gender equality.
- Free legal consultation seven days per week for workers at the headquarters of the Labor Federation and headquarter of leather footwear company Hue Phong. From 2004 to 2007, nearly 500 workers participated. More and more enterprises and workers learned about this activity.
- In September 2007, the Labor Union organized an exchange programme to share the experience of 33 staff from the Labor Union.

Representative of AAV project management in Go Vap District said: “The consultation and communication activities of the project are widely known among enterprises and workers and have helped improve the understanding of both employers and employees, and decreased labor conflicts in many enterprises”.

There are initiatives to help migrant workers but they do not yet satisfy their needs.
2.2 The small trader group

Group features

Most small traders in the monitoring points in Hai Phong and Go Vap (Ho Chi Minh City) are women from 12-13 years old to 60-70 years old. Middle-aged small traders are often the family bread-winners. Small traders in usually sell all types of goods from food such as steamed glutinous rice, steamed rolled rice pancake, sweet potato and peanuts, to miscellaneous goods such as candy, to vegetables, meat, fish and fruit. Initial capital ranges from about 100 thousand dong to five million dong, depending on the type of goods sold.

Beside doing small trade, many women take additional jobs such as cooking at parties, providing domestic help or doing odd jobs in offices to earn more income. Those on the outskirts of the city, in addition to working as small traders, also do field work, rent land to plant vegetables or ponds for aquaculture. During harvest time they may stay at home for a few days then return to the city for trading.

Many choose to be small traders because their families are poor and they themselves have little education. The middle-aged living in the city choose small trade because it is flexible, so they may have more time for their family. For the middle-aged in rural areas, small trade helps them to increase their income as agriculture is not stable and when input prices rise. For children, peddling is a good way to help their parents financially.

Some hawkers reveal the reasons for their choice of job:

− “I went from Ha Bac to Hai Phong to become a vendor nearly two years ago. Because my family is in my home town, I chose this job, so I can go back home at any time. Working as a worker or domestic assistant, I would have to be away from home for a long time.” A hawker in group discussions in Le Chan district, Hai Phong.

− “Now everything is expensive. Fertilizers and working tool costs are all increasing, while in recent years, we have had poor crops. We produce only 30 kg per 360 m2. If we hired someone to attend the field, we would make a loss. Thus during harvest time, we have to work by ourselves. We only sell on the streets to increase income when we are free. I think that by working in the fields we least have enough rice to eat.” – said Ms. Ngo Thi B., 45 years old, from An Lao district, who sells fruits on street in Hai Phong.

− “At home, I am the eldest child. I have two younger siblings. My mum is seriously ill, my dad works in the field. My family is very poor, thus my friend took me here to sell gum, cigarettes and to earn some money to help my parents. My friends said that these goods do not go bad and are easy to sell. I did not have money, so my friend lent me VND50,000 and my dad borrowed VND70,000 for me. I took the coach to Hai Phong. The fair was VND10,000, and another VND10,000 was for food and rent. With the remaining VND100,000, my friend took me to the Do market to buy goods for selling. It was 6 months ago.” Nguyen Thi H. aged 14, from Thai Binh, vendor in Hai Phong.

Living and working conditions

The small trader group can be divided into two sub-groups based on business features and residential origins. (1) Fixed place small traders: usually local people with a house and residential registration in the area. (2) Street vendors: including small traders from neighboring districts who can go back home after work, and others coming from far away provinces/districts, who have to live in rented accommodation. Table 15 lists some of the differences between the two groups:
Table 15. Comparison of the business between fixed small traders and vendors in city

<table>
<thead>
<tr>
<th></th>
<th>Vendor</th>
<th>Small trader</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sale point</strong></td>
<td>- Different places</td>
<td>- Fixed sale point, usually near their houses</td>
</tr>
<tr>
<td></td>
<td>- Transport - walking or cycling</td>
<td></td>
</tr>
<tr>
<td><strong>Capital</strong></td>
<td>- Small, from 100,000 to 2,000,000 VND</td>
<td>- Average from 3,000,000 to 5,000,000 VND</td>
</tr>
<tr>
<td></td>
<td>- From savings or borrowings from relatives or banks through local unions</td>
<td>- From savings or borrowings from relatives or banks through local unions</td>
</tr>
<tr>
<td><strong>Goods to sell</strong></td>
<td>- Simple goods, at affordable price</td>
<td>- Diversified goods, at higher prices</td>
</tr>
<tr>
<td><strong>Ways to get supplies</strong></td>
<td>- Must pay cash to suppliers</td>
<td>- Granted credit from suppliers, depending on each case</td>
</tr>
<tr>
<td></td>
<td>- Heavily relied on the suppliers</td>
<td>- Given priority by suppliers for bulk orders</td>
</tr>
<tr>
<td><strong>Peak selling time</strong></td>
<td>- Peak hours, from Monday to Friday</td>
<td>- Weekends or holidays</td>
</tr>
</tbody>
</table>

Source: Group discussion and in-depth interview of small trader in Hai Phong in Go Vap (Ho Chi Minh City), June-July/2008.

Hawkers usually sell goods with lower a quality, model and price than fixed-place small traders. The small traders in Niem Nghia Ward, Le Chan district, Hai Phong said that “Goods sold in the shop are always better than those sold by street vendor. For example, oranges in the shop are imported at the price of VND24,000/kg, while vendors, due to little capital, only import oranges at a price of VND15,000/kg.

Hawkers have most success from Monday to Friday every week as workers are busy at work, and want to buy quickly. At weekends or holidays, workers do not have to go to work and have more free time, so they might wish to choose better food at the shop.

Small traders usually source their goods from a market in the city. Vendors usually have to pay cash when buying goods, while shop-owner can buy goods on credit. They will pay after they have sold the goods previously purchased.

In Hai Phong, vendors are discriminated against by distributors. Distributors are often nice and helpful to local small traders, who buy better quality goods in larger quantities. Vendors usually buy less at lower quality, and are consequently looked down upon and not respected.

The working hours of small traders also varies widely depending on the type of goods. Those who sell food and fruit, usually have to get up at 4 or 5AM to prepare. Like the motorbike taxi group the time spent at home by small traders is very little because if there is “no sale, there will be no money for expenditures”.

The daily income of small traders is not stable and depends on weather conditions, the type of goods sold, the time of sales and also “luck”. On average, after deducting the cost of purchases, hawkers earn from 20-60 thousand dong a day, while the fixed-place small traders earn more, from 40-120 thousand dong a day.

In the context of inflation, most small traders reduced the amount of meat and fish in their daily meals. Many families curbed expenditures by buying cheap instant noodles to cook at home or having rice instead of eating out every morning. Even people who sell meat and fish, have to limit the amount they consume.

Those who live with family in neighboring areas and commute to the city to work do not pay much attention to their lunch.

For those who rent houses in the city, the highest priority is to save as much money as possible to send home. Most bring rice from their hometown to cook. The average cost is about VND100,000-150,000/month (about VND2,000-3,000/meal). They only buy very cheap food in small quantities, mainly peanuts, small shrimp or soya curd.
Vendors from far-away districts or from other provinces usually share accommodation with 4-6 people with rent of about VND400,000-600,000/month, excluding the cost of electricity and water. Those who come to Hai Phong alone or cannot find a group to share a room can rent a place to sleep at VND4,000-5,000/night. They normally share with many people and living conditions are not as good and comfortable as the accommodation hired separately.

In Go Vap (Ho Chi Minh City), most migrant small traders rent accommodation to live with their family in a small room from 10-16 m² with a toilet and other basic facilities such as old TV, rice cooker, electric fans. Most use oil cookers, coal stoves or small gas containers. Though they know that using a big gas container would be more economical, they are too expensive.

Some small traders described their living and working conditions in the city:

− “Compared with 2007, expenditures now are very different. The price of vegetables has tripled. Selling lottery for the whole day, we can earn only VND50,000. The money is used to feed a mother and three children and for the tuition fees for children. Fortunately, the local authority has classified my family as poor, thus my children enjoy free or reduced school costs, otherwise I do not know where to find that amount of money. Now, every day, we mainly eat instant noodles, vegetables, eggs and soya curd. Last year we ate meat three times per week, this year once a week”. Le Thi V., sells lottery on street in Ward 17, Go Vap Dist.

− “We all bring rice from our home town here to cook lunch and dinner. We buy vegetables for VND1,000 and food for VND2,000 (peanut, soya curd, and small shrimp) to eat for the whole day. Only on good days would we buy pork for VND3,000 to eat for the whole day. We eat meat twice a week; previously with VND3,000 you can buy 5-7 slices of pork, now the meat is lower in quality and even less in quantity”. Group discussion by hawkers who rent accommodation in Le Chan district, Hai Phong.

− “I am from Ha Bac. I come here to be a vendor for two years. I work all day, I only need a place to sleep at night, thus I rent room by night at Station Street. A 20m² room is shared by 16-17 female workers. The room is small and very crowded; it has one fan so in summer it is very hot. I stay there because it is cheap, only VND4,500 per night. Moreover, I go home several times a month and stay at home during crop time. Renting a house by the month would be wasteful.” Ms. Nguyen Thi H, 34 years old, from Ha Bac, hawker in Hai Phong.

The local small traders usually maintain good relations with neighbors and participate in community activities. However, due to the nature of the job “staying up late, get up early”, most small traders have little opportunity to meet with friends and have less leisure time to watch TV or read newspapers.

Vulnerability

All small traders interviewed revealed that before 2007 when prices were stable, their businesses were more profitable and necessities at a reasonable price, thus life was quite easy. After Tet 2008, goods were acquired at a higher price, thus they had to sell at higher price. Many types of goods sold slowly at a high price, such as fruits, pho, vermicelli and broken rice in the morning. Drinks and snack shops also suffered from fewer customers.

However, some cheap goods increased in sale volume in 2008 because buyers like cheap expenditures such as small-packets of shampoo, wet cake, instant noodles (instead of pho or vermicelli) and pickled eggplants.

Some small traders described their sales in the period of inflation as follows:

− “Before I imported 35 kg of fruit a day, now only 12 kg because of very slow sales. Now everything is expensive, people are concerned with necessities such as rice, vegetables, food, while they can reduce fruit because they are only supplementary. Fruit sell well on the 15th and 1st of the lunar calendar, weekends or holidays. On weekdays business is very quiet”. Group discussion by small traders in Niem Nghia Ward, Le Chan district, Hai Phong.
“Beef vermicelli was VND8,000 per bowl, now the price of everything has gone up. I also have to increase the price. Now a bowl costs VND10,000. Prices go up, sale volumes go down. Previously I sold 7 kg per day, now only 5 kg per day. I previously sold 90-100 loaves of bread per day, now less than 70 loaves. Fruit shops are the same. Previously they sold a 30kg box per day, now that amount can only be sold on holidays. On a normal day, only 15-20 kg can be sold. Moreover, fruits left over until the next day are cheaper”. Group discussion by small traders in Ward 7, Go Vap district.

“Now only pickled eggplants sell well. Six months ago, my family could sell only 5kg per day, now we sell 10 kg per day. The cheapest instant noodle (VND2,000/pack) also sold twice as much as previously. It was 50 packs per day, now it is 100 packs per day”. Ms. Nguyen Thi T., miscellaneous goods shop owner, Ward 17, Go Vap Dist.

Small traders are afraid of unusual weather and diseases. Unusual weather is one of the biggest concerns of small traders, and especially those who sell food. Goods such as fresh vegetables and fruit do not last long, and if not sold quickly, they will deteriorate. Besides, when public media broadcast information about disease outbreaks such as blue-eared pig, unsafe vegetables and fruits the sales of small traders are also reduced.

Strengthening urban management policy has some conflicts with the livelihood of vendors. Peddlers or sidewalk shop owners also fear that police or urban management staff will arrest or fine or even seize all their goods and tools. Due to the strict rules and regulations applied in the inner city, migrant workers usually move to peripheral areas to earn money. One of peddlers in Ward 6 comments, “It is lucky that Go Vap District has not implemented strict prohibitions on vendors as District 1 or District 3, otherwise the only thing we can do is to go back to our hometown”. Strengthening urban management clearly conflicts with the businesses of poor street hawkers - who are creating a distribution system of common goods to each lane and alley in the city, in accordance with shopping habits of the majority of urban residents (while only a small percentage of people can afford to go to a supermarket or shopping center).

Vendors have little chance to access to local social services. Like other informal migrants workers, vendors have little chance to access to local social services. Disease, accompanied by costly treatment, is the constant concern of people who are exposed to smoke, dust, noise and bad weather on the street every day.

Poor migrant women are mostly excluded from preferential loan programs. Poor migrant women are mostly excluded from the capital loan program in the city. Even local poor women find it difficult to access to low interest capital loans, unless they are classified as a “poor family” by the local authority, but this is very rare in the city. Many small traders have to borrow money at high interest rates to cover costs for urgent family needs. There are projects to give financial support to poor women with some initial success. They should be assessed in order to be replicated (see Box 13).
The Women’s Association in Go Vap District implemented the program of lending capital to poor women, focusing on poor migrant women, sponsored by AAV since 2003. After a year of trials in three wards, from 2004 this project expanded its scope to lend to poor women in 14 wards. In 2009, the project implemented capital lending in all 16 wards of the district with 45 capital lending units.

With 450 million funded by AAV initially, the units have developed specific rules and regulation. Duration of lending is usually six months, the interest rate is 1.5 percent, and the borrower has to pay interest weekly. In addition, members participating in the group have to set aside an amount of saving every month.

In August 2008, the total outstanding balance of funds for poor women was VND596,266,000, with 319 loans, including many for migrant women at an average of VND1-5 million/loan. After five years the rate of capital recovery is 95 percent. The remaining five percent is overdue or bad debts.

Many poor women have a better life thanks to loans from the program.

The project management board of Go Vap District has evaluated:

- Supporting capital for poor migrant women and poor women with special circumstances has contributed to improving the lives of poor women in particular, helping them to stand on their own feet and to assert their role in family and society.
- The program of lending capital to poor women with simple procedures, reasonable interest rates and appropriate period of capital return has made contributions to reducing high interest rate loan in the society (the rate is about 10-20 percent) thus has strengthened the security and order of the city.
- The women’s association has organized activities on topics such as building a happy family, health care and exchanging business experiences. These activities have gradually improved social understanding and knowledge for women, at the same time enhancing the community awareness to help as well as the need to participate in the activities of the Women’s Association in the local area.
- The project has created conditions for those who have little chance to access to official loans from the state such as migrant workers, the poor, and relatives of HIV patients. They can borrow money to improve their lives and escape poverty.

However, in addition to the success of the project, some problems still exist because some wards were not willing to implement and show low commitment to the program with the prejudice that the borrowers belong to a special group, thus the risk is high (for loss of capital).
2.3 Motorbike taxi driver group

Group's features

Motorbike taxi drivers are mostly men aged 30-55, married, and with a poor family to support. Most motorbike taxi drivers in Hai Phong are local residents or come from nearby the neighborhoods. Whereas in Go Vap – a suburban district undergoing fast urbanization – motorbike taxi drivers come from different places including both local residents (KT1, KT2 categories) and migrants from other provinces (KT3, KT4).

With little capital, few skills or being too old to become an employee, many choose to make their living acquiring an old motorbike to work as a motorbike taxi driver. Some motorbike taxi drivers shared with us the reasons for their choice of job:

− “I am not well-educated, with no certificate or degree. If I do not take this job, what else can I do? In fact I can fix the electricity or water system if there are problems but with no qualifications I can not apply to any company. I have too little capital to start up a business or to find a different job. Thus, I decided to sell my labor to earn some small money. Working as a motorbike taxi driver you get payment in cash and thus you have money for your wife to buy food once you get home” – motorbike taxi driver group discussion, Niem Nghia Ward, Hai Phong.

− “I'm old now so any penny earned is a gain. My health is not as good as before. I would love to find some other better paid jobs but I do not know what to do… other than to become a motorbike taxi driver” – Bui Van H., aged 46, Lam Ha, Hai Phong.

− “Working as a motorbike taxi driver is like going fishing”, you have to go out to work every day from early morning till late evening, waiting patiently for customers in the hope you can earn money to cover living expenses. Besides taking people on their bike, some drivers also grasp every chance to increase their income such as working as a stevedore, loading, unloading goods and transporting them on request.

Living and working conditions

The monthly income of motorbike taxi drivers depends on daily earnings, the place they wait for customers, their health conditions and their time at work. In-depth interviews and group discussion with 42 motorbike taxi drivers in two surveyed urban areas showed that in Hai Phong the average income for a motorbike taxi driver is around VND1-1.5 million per month, while in HCM City, each driver gets VND1.5-2 million per month.

Households in which the husband is a motorbike taxi driver have very little to spend. Most motorbike taxi drivers told us they cannot save or have very little savings. Costs incurred such as bike repair, expenses for eating out during work hour are quite large for them. In the price hike all living costs increased and thus motorbike taxi drivers have to save even more, cutting down on spending on daily meals. They now eat instant noodles at home for breakfast and can no longer afford to go out for breakfast and coffee. For main meals they mostly eat tofu, vegetables and fish.

Some motorbike taxi drivers shared with us the difficulties and living conditions of themselves and their family:

− “I earn about 40,000-50,000 working from morning till dusk and thus around 1.2 million per month. My wife earns VND200,000 from growing vegetable and 50,000 VND allowance as the local residential unit leader. Daily expenses are: VND20,000 per person per meal, water and electricity VND150,000 per month, extra-classes for children VND100,000 (beside tuition fee of two million per month) and other expenses. I have just enough, but I cannot save” – Phan Tien B., aged 51, motorbike taxi driver in Lam Ha Ward, Hai Phong.

− “We used to spend 3,000 for vegetables for the whole day, but now it is just enough for one meal. We buy less meat this year. Before we bought half a kilo but now only 3/10 of a kilo, or we change from pork-leg to pork-belly. Our daily consumption is now tofu, dried fish or eggs. The food is mostly for the children. Few motorbike taxi drivers think about eating out, we only care about how to bring
Migrant motorbike taxi drivers have to pay monthly rent as well.

They work as motorbike taxi drivers to pay tuition fees for their children.

Migrant motorbike taxi drivers in Go Vap (HCM City) have to pay a monthly rent as well. Rent for a small room of 15-25 m² with a toilet in a one-storey house ranges from 1 to 1.5 million per month, plus VND200,000 for electricity and water. Some save money by finding rooms in remote corners of the city and in degraded houses.

Extra-class tuition fees for the children account for a large proportion of family expenses. Motorbike taxi drivers often prioritise their children’s education. In Hai Phong, some motorbike taxi drivers take extra work so that their children can finish high school or go further to college/university. The scheme to offer loans to poor students has helped some households to invest additional education of their children. In Go Vap, most motorbike taxi drivers are migrants and thus few can pay for additional education of their children. However, the municipal administration has paid attention to the facilitation of migrant children’s education recently and thus there are few cases where migrant children do not finish primary and secondary levels.

Vulnerability

Motorbike taxi drivers face risks from competition with public transportation, unusual weather, high petrol prices, and unsafe places.

Motorbike taxi drivers report that they have fewer and fewer customers since many people now own motorbikes. There are more buses with more routes at lower prices. Bad weather or very hot days also reduces customer volume.

Motorbike taxi drivers suffered directly from the petrol price increase in 2008 as they could not raise their prices as much as the petrol price. In July 2008, when the gas price rose from VND14,500 to 19,000 per liter motorbike taxi drivers found that they had fewer customers.

Having to deal with many types of people at work, motorbike taxi drivers are afraid of customers who do not want to pay for the service consumed. Moreover, they are afraid of being robbed or even murdered late at night and thus they are always on high alert.

Motorbike taxi drivers are particularly at risk from respiratory diseases caused by dust and smoke pollution as they are on the streets for 10-12 hours per day on average. Face masks cannot be used as they reduce the chance of finding customers and so lower potential income. Irregular times for meals and rest also results in stomach aches. Many who suffer from diseases do not want to go to hospital so as to save money. They do not buy medical insurance and most chose to acquire medicine by themselves.

In Go Vap (HCM City) most motorbike taxi drivers are migrants with little access to official credit sources. Their relatives, friends or colleagues are also poor and thus cannot provide help in times of need. Short-term loans with high interest rates are a possible solution whenever they have to pay rent, tuition fees or treatment for someone in the family who is ill.

Exhaustion from work discourages motorbike taxi drivers from participating in social activities.

Exhausted after a long working day most interviewed motorbike taxi drivers do not go out after work. In their free time, they either watch TV or go to bed. They seldom go out with friends or join in social activities or community events within their residential quarters or unions.

During interviews, they described the risks they encountered as follows:

– “Price hike make people prefer buses and taxis. Buses are cheaper and safer while taxis do not cost much more than motorbike taxis, unlike before” – motorbike taxi group discussion, Niem Nghia Ward, Hai Phong.

– “The weather is becoming extreme. Sometimes it’s too hot, sometimes it rains hard. If we go home during those weather conditions, we fear we may lose customers. But few people would want to go out except for when they have to. Besides, people prefer buses for they are cleaner. We just stay here and wait” – motorbike taxi group discussion, Niem Nghia Ward, Hai Phong.

– “In 2007, from here to the Eastern coach station customers were charged VND15,000. Now that the petrol price has increased we cannot charge more since the customers refuse to pay. Gas...
expense amounts to VND30-35,000 per VND100,000 we gain now. Petrol prices have gone up but motorbike taxi price stays the same, we are thus getting less money” – motorbike taxi group discussion, Ward 6, Go Vap district.

- “Many times they do not want to pay, they would ask you to wait and then disappear. We encounter the situation several times every year” - motorbike taxi group discussion, Niem Nghia Ward, Hai Phong.

- “Staying in the streets all day long full of dust and noise is hard but once taking the job we must accept it. Enduring days under direct sunshine or rain easily leads to illness but we cannot afford medical insurance. I have to save to pay for the rent and meals for my family” - motorbike taxi group discussion, Ward 6, Go Vap district.

- “Most of us do not have our family record book here so we cannot obtain official credit. All get credit but mostly from non-state sources or friends with an interest rate of ten percent. The interest is rather high but we have to accept it in needy times, if not where else can we borrow the money. Sometime we have to pay VND20,000 in interest per day for a single loan of VND500,000” - motorbike taxi driver group discussion, Ward 6, Go Vap district.

Management and support

The survey revealed different modes of management and support were extended to motorbike taxi groups in Hai Phong and Go Vap (HCM City).

In Hai Phong most motorbike taxi drivers work by themselves. They find it “stuffy” being a member of the self-governing motorbike taxi group set up through the support of local governments. Motorbike taxi drivers in Niem Nghia Ward told us “There used to be a motorbike taxi union, and the local governments encouraged us to join but no one was willing to since there are many rules/regulations to follow while being motorbike taxi drivers. We need freedom, moving here and there to get the customers. If we follow the regulations we might not make enough money”. However, at some crowded areas with plenty customers such as at the coach station or hospital gate in Hai Phong there were groups (at the motorbike taxi drivers’ own initiative or managed by the local security officers) of 7-10 drivers taking turns to get customers so as to avoid quarrels and disorder in the public places.

In Go Vap (HCM City), most people working as motorbike taxi drivers were members of self-governing groups organized by the ward administration. Few drivers worked on their own. Members would register their daily location and establish a working area for each group. As such, motorbike taxi drivers working on their own cannot compete with cohesive groups.

Self-governing groups in Go Vap are a recommended model allowing the management of motorbike taxi drivers, contributing to the social security while facilitating support among members (see Box 14).

BOX 14. Self-governing motorbike taxi driver groups in Go Vap – the extended arms of local security force

In Go Vap (HCM City), the establishment of self-governing motorbike taxi driver groups under the management of local governments is a good way to contribute to the security of the residential quarters. From 2006, regular motorbike taxi drivers with or without household registration in the city have been asked to register for a stable stop with the Ward police once a year. Once the working areas have been divided, self-governing motorbike taxi groups are be set up, each with 8-10 members located at market areas or lane entrances. Each will vote for their own team leader who is then registered with the local police.

Each group operates through turn taking, except in cases of loyal customers to a certain motorbike taxi driver. Most of the interviewed motorbike taxi drivers were happy, acknowledging the group operation led to a fair distribution of work for each member while fostering solidarity.
The manner in which ward government officials and local police acted contributed to the increased self-confidence of the motorbike taxi drivers. They no longer practiced detachment from the community. Instead, the groups have become an extended arm of the local security force and government, acting as watch-dogs and providing timely information on suspicious people in the locality so that the police and local authority can develop crime prevention plans or help resolve traffic jams.

Motorbike taxi driver group Ward 17, Go Vap District shared with us:

− “Becoming members of the group, we can support one another better. We no longer need to compete for customers and can still keep regular customers. For loyal customers, even if our turn has yet to come we can still take them. Otherwise, we take turns and depend on our own luck. This time you may be lucky to have long distance job and other time I may get the longer one”

− “People used to keep a close eye on us as motorbike taxi drivers. The police also put us on a watch list. But since we entered the self-governing group, things have changed. Now I even help the local police in keeping the peace and security for the ward. Sometimes some policemen even offer us cigarettes and talk with us”.

− “The self-governing group was also invited to join with the defense team, and invited for training and for dealing with traffic jams”.

This is a well-recommended model which can be replicated in other localities.
PART 3.

IMPACTS OF THE PRICE HIKE ON THE LIFE AND LIVELIHOODS OF THE URBAN POOR

Urban poverty was monitored at the time of inflation climax. The investigation on urban poverty in Hai Phong and in Go Vap District (HCM City) was carried out in June and July 2008 when the inflation rate was at its peak. How rising prices adversely impacted the lives and livelihoods of the urban poor was always a hot topic in all group discussions and in-depth interviews with local officials and residents.¹⁰

3.1 Price changes

High inflation has posed a significant challenge to Vietnam since its accession to WTO in 2007. The Consumer Price Index (CPI) began rising in 2007. By the end of 2007 the CPI had increased 12.63 percent compared to the end of 2006. In early 2008 inflation remained high. Figure 2 shows that from June 2008 CPI soared by 20.34 percent in comparison with the end of 2007. Food and foodstuff saw the biggest rise, 59.44 percent and 21.83 percent respectively. Food and foodstuff and meal services, accounting for 42.85 percent of the general CPI of Vietnam, have been attributed to the consumer “price storm” in the early months of 2008.

By the later half of 2008, food and foodstuff prices declined slightly but were still higher than the previous year. At the time of the survey in July and August 2008 the rate of inflation slowed. CPI increased at its lowest rate compared to the first half of the year. Food prices fell and the price of foodstuff increased slightly. An exception was the 9.07 percent rise in the price of transportation and postal services in August 2008, mostly due to a sudden rise in the price of petrol. The 2008 inflation rate was estimated at around 25 percent, the highest rate in recent years.

**Figure 2.1: Consumer Price Index in the first 8 months of 2008 (December 2007 = 100%)**

![Graph of Consumer Price Index](www.gso.gov.vn)

In urban areas, people primarily buy food. Figure 3 shows that in both surveyed areas (Hai Phong and Go Vap District of HCM City) where local residents buy mostly food, the average price for normal rice increased by 80-100 percent from June 2007 to June 2008, pork-rump by more than 50 percent, fuel by 90-100 percent, simple labor costs by 50-60 percent, and wages for workers in factories increased by 20 percent (equal to 20 percent

¹⁰ See more details in the report “Impacts of price hikes on the lives and livelihoods of the poor people in Vietnam - case studies in the provinces of Dien Bien, Dak Lak and Quang Tri, Hai Phong City and District Go Vap (Ho Chi Minh City)” published by Oxfam and ActionAid Vietnam, November 2008.
adjustment margin for minimum wages in domestic enterprises as regulated by the government: from VND450,000/month applied from October, 2006 to VND540,000/month since January 2008).

FIGURE 3. Price rise in Hai Phong and Go Vap (HCM City) from June 2007 to June 2008

Although wages increased by 50-60 percent over the past year, interviews with the poor at surveyed areas showed that, on average, the number of days worked decreased by 30-50 percent (since more people entered the cities in search of seasonal jobs and the total amount of jobs did not increase). As such, the total income of laborers increased by only 20-25 percent.

“Double-edged price” effectively lowered the purchasing power of the poor for food, foodstuffs and other basic goods and services. Converting a unit of simple labor and the average monthly income of a local or migrant household at surveyed areas into an amount of “normal rice” or “pork” at the time of the survey and comparing it with the previous year shows how “double-edged price” have reduced the relative purchasing power of the poor.

It is worth noting that social allowances are too little whereas the beneficiaries of social policies have huge difficulties. There is an urgent need for a constant, timely regulation mechanism for social allowances to better respond to the annual inflation rate (see Box 15).

BOX 15. A mechanism is needed to regularly adjust the allowance levels for social protection beneficiaries

According to Decree 67/CP promulgated on April 13th, 2007, social protection beneficiaries (orphans with nobody to rely on, elderly people aged over 85, disabled people, people with mental disorders, people with HIV/AIDS, single mothers with small children and so on) received allowances significantly lower than actual living costs (VND120,000 as standard). Article 7 of the Decree stipulated that “when the minimum living standard changes the standard allowance level shall be adjusted accordingly”. Hence, it is high time for the allowance levels to be fixed to reflect the current inflation rate.

It is noted that the standard allowance for social protection beneficiaries (VND120,000/month) equals no more than 20 percent of the current minimum wage of workers (VND540,000/month). Local government officials recommended that the allowance level should be a minimum of VND200,000.

Not only should the allowance level should be adjusted, but the poverty threshold, minimum wage, pension level, support rate for social protection centers should also be increased to compensate for inflation. Presently, social protection beneficiaries as described in Decree 67/CP do not include the near-poor groups. Moving the poverty line higher will mean near-poor households satisfy social protection criteria and thus have access to state allowances.

More importantly, it is essential to establish a mechanism for the timely and regular adjustment of the standards and levels above in the next years. The poor and near-poor, those falling into the social protection zone are the people most vulnerable to unfavorable price fluctuations and other risks. Thus, they need timely help from support policies to minimize the negative information in their life.
3.2 Consumption and purchasing features of the urban poor

Spending patterns

Spending priorities differ between the local urban poor (those with household books registered in the cities) and the migrant poor.

Local poor households give first priority to their children's education. Other priorities are compulsory family expenditures such as rice, water, electricity, funerals and weddings. The remainder is shared for other expenditures of the family. At present, education fees for urban children are too large, posing a huge burden for the poor and near-poor in cities. There are also possibilities to reduce compulsory and voluntary contributions (see Box 16).

BOX 16. Further effort is needed in cost revision and reduction for the poor

Policies to reduce costs for children's education are widely expected to be revised among the poor in times of difficulties due to the price hike. There are tens of items for school contribution for each child (through the association of pupil parents) which total around 200-300 thousand dong to 500-600 or even 700-800 thousand dong per year (for urban areas). There is obvious conflict between the policy of education socialization and the affordability of the poor and near-poor.

In the context of rising prices, further effort should be paid to reviewing and cutting contributions of the poor and near-poor in "compulsory" or "voluntary" forms. The State has discarded many compulsory fees such as "community service" fee, "security and defense" fee and "storm and flooding prevention" fee to reduce the financial burden. However, it was noted in surveyed areas that there are still many items "mobilized" in different funding forms such as: education promotion fund, fund for the poor, fund for payment of gratitude, fund for the local residential defense and so on. Required contributions may not be high, but if totaled together, costs may reach 100 thousand dong per year. For most households this may not be large but for the poor, it is a burden.

Although many contributions are, in principle, "self-mobilized" and "voluntary" they are in fact "compulsory" when collected at grassroots levels. Even fees for defense and security, and for storm and flooding prevention (rendered as non-compulsory by the State) are still collected in the old manner in many localities.

Another cause for frustration among the people comes from the surge in fees for "socialized" services. An example is the garbage collection service in Go Vap District run by a non-state association. Residents of the locality complain that the fee for this service is inconsistent, causing discomfort to their life (See box 17).
The migrant poor place a higher priority on saving and send money back to their hometown (for their children to receive an education, to support the family back in the countryside, to be able to open small business once returning or for further education for young migrants). They therefore have very little for everyday consumption. However, poor migrants are always charged two to four times more for electricity and water compared to local residents, with the highest tariff applied (electricity at VND2,000/kwh, water from VND7,000/m3). House rents have also gone up by 20-30 percent in the past year.

Figure 4 shows expenditures of a migrant worker with an average income of 1.6-1.7 million/month:

- Meals account for the largest proportion of monthly expenditures for migrant workers: more than 27 percent in Hai Phong and 35 percent in Go Vap (HCM City).
- Savings and remittances account for nearly 28 percent of monthly expenditure in Hai Phong and 23.5 percent in Go Vap (HCM City).
- Accommodation (including rent and costs for water, electricity and other payments made to landlords such as garbage collection, local defense fund fee and so on) accounts for nearly seven percent in Hai Phong and 17 percent in Go Vap (HCM City).
- Spending on funerals and weddings is large, consuming nearly nine percent of monthly expenditure for a migrant worker in Hai Phong and six percent in Go Vap (HCM City), much more than clothing, recreation and travel.

Figure 4.3: Monthly expenditure structure of migrant workers

Source: Questionnaire survey of 120 migrant workers in Hai Phong and Go Vap - HCMC (June-July 2008).

Box 17. Confusing garbage collection fee in time of inflation

In residential areas located along the narrow lanes of Go Vap district, the garbage collection service is provided by a non-state association. This is because the city’s urban environment company has not been able to extend their coverage to narrow lanes. The fee is increased inconsistently, without receipts, and with no oversight by the administration. This has been a hot issue in many local meetings convened to deal with the problem.

The core group representing dwellers of Residential Area 25, Ward 6 of Go Vap District reported many problems with the fee charged for garbage collection. In mid-2008, the fee has increased to VND10-15,000/household from VND7-10,000/household in early 2008. The fee collection is carried out in a non-professional manner: sometimes with receipts, sometimes without. That is not to mention the additional charges for holidays, special events, and charges for bulky garbage. Fee levels are also applied inconsistently.

Local residents revealed that garbage collectors were not poor. They had to bid or rebid for collection work for each lane. Some recommendations were made to give the job to the poor and unemployed members of each residential area so that local poverty can be reduced at the same time.
**Purchase customs**

Food and foodstuff are purchased mostly through networks of stalls in open markets and through agencies in cities (only a small percentage of urban dwellers can afford to buy food in supermarkets and trading centers). Prices changes are daily communicated along trading lines from wholesalers to agencies and retail shops. Interviews with retail rice stalls in Hai Phong and Go Vap (HCM City) showed that they themselves did not benefit from the rising rice price, especially during the “hoaxed” rice shortage at the end of April 2008. With limited capital, they normally never keep much rice in store. When the price went up they sold little, while having to buy rice at a more expensive price and thus when the price dropped, they lost. All retail stalls want the rice price to be stable so that they can manage their business better.

Most transactions in urban areas are in cash, with very little use of credit. Some poor families who have close connections with shops or agencies can obtain, once in a while, a small amount of food without down payment for a short period (say five kilograms of rice with payment to be made the next time of purchase).

Food storage is also no longer a habit for urban dwellers (this habit was strong in the North before the Renovation). The habit returned briefly during the rice price hike over two days at the end of April, 2008. However, the hoax was quickly condemned thanks to timely public information and an increase in the rice supply to big cities.

3.3 Impact of price hike on the life and livelihood of the urban poor

Prices of food and other services have gone up rapidly while income from jobs and social subsidies have not increased by the same amount, leading to great difficulties for most urban poor and near-poor people.

**Impacts on local poor people**

Local poor and near-poor people are facing great difficulties in the price hike. Retired people, those having stopped working due to health problems or social protection beneficiaries whose life is highly dependent upon pension or social subsidies have to struggle with increasing costs for food, foodstuff and other needs. Although the Government has decided to raise pension by 20 percent at the beginning of 2008, this growth is too small compared to the increase rate in urban living expenses in the past one and a half year between two pension adjustments. People who stopped working before retired age due to health problems received only one lump-sum subsidy and do not have a pension. These people are facing tremendous difficulties as they do not have any other source of income and have to depend on their children or have to work as handicraft employees and vendors with low and unstable income.

When the purchasing power decreases, the urban poor and near-poor have to use most of their income for food and other essential needs (electricity, water, gas and so on). They hardly have any saving, which means increasing vulnerability; particularly when facing with serious risks such as health problems.

A common way mostly adopted by the urban poor and near-poor to cope up with this situation is to apply for a different job to increase income and to try their best to lower their expenses. Urban poor households still have enough rice with no threat of hunger. However they tend to buy rice of lower quality and by smaller installments, cutting down on meat and fish and choose to consume those with lower prices, reducing dining out, minimizing use of electric devices such as air-conditioner, refrigerator, water heater, replacing use of gas by petrol cooker or mud-coal, making use of old furniture and having few entertainment activities.

The way that poor people go shopping has also changed. In order to buy cheap food, poor people usually select one of these two ways: (i) go to the market very early to select the cheap type of food when plenty of food is still available; or (ii) go the market very late to buy discounted fresh food on sale.
It should be noted that the urban poor and near-poor have to reduce spending for funerals or weddings as this is a remarkable cost, “they choose to attend celebrations and anniversaries only when invited by very closed families, and do not come in case they are living far away” while “this kind of fee has not decreased”. It was found from the surveys that many poor people have to borrow money to cover costs such as “luck money presented for weddings” – a social cost that “even the poor people have to incur” according to the tradition of Vietnamese.

The living conditions are even worse for poor elderly laborers with health constraints who lose their jobs and have no income in time of increasing inflation. There is little possibility to find a job of the same profession at another enterprise, and even when they find such a job, they have to accept a wage that does not match their qualifications.

Several local poor and near-poor people talk about their difficulties in meeting their ends and their reaction to the price increase as followed:

− “The amount of pension at the end of 2007 was 700,000 dong per month, used for living expenses of an old couple. In 2006, this amount was somehow enough for us to meet basic needs. By the end of 2007, together with the announcement of wage increase from the Government was the rise in prices of food, rice and fuel. In January 2008, the amount of pension, raised 20 percent by the State, was 840,000 dong per month and could be spent on rice, gas, spices, and some meat, fish for meal improvement. But in April 2008, 20 kilos of good rice cost nearly 300,000 dong, the rest 540,000 dong had to be spent on so many things including electricity, gas, medicines, spices; therefore, we could only have vegetables and tiny-shrimp for daily meals. Wage has not been adjusted while prices have gone up monthly, how can we cover our daily expenses?” – Opinion of a retired person during group discussion in An Hai commune, An Lao district, Hai Phong.

− “Since Tet (the Lunar New Year), 9 of every 10 households have started using mud-coal for water boiling and cooking rice due to very high gas price. Price of mud-coal has also increased: before Tet, the price was 800 dong per piece, now (June 2008) the price has increased to 1500 dong per piece. Averagely, if 2-3 pieces are used every day, around 100,000 dong is spent on mud-coal every month, much cheaper than using gas which costs 200,000-300,000 dong per month.” – Discussion of core group of residential quarter No 34, Niem Nghia ward, Le Chan district, Hai Phong.
Impact on poor migrants

Poor and near-poor migrants in urban areas are the most adversely impacted by the price hike. Unlike the local poor, migrants have to bear additional expenses such as rent, highly-priced electricity and water as well as the increasing cost of food and services. Moreover, they have to save money to send to their family in rural areas (the costs of children’s schooling in rural areas also increased).

Migrant workers: While wages increase slowly the cost of rent, food and other essentials has been soaring. In the past year, average monthly incomes have increased by a maximum of 10-20 percent, while prices of most products and services have risen by 30-50 percent. Therefore, although having tried to be more frugal in spending, migrant workers are still struggling to satisfy their basic needs with their current wage. Table 16 shows the more common ways migrant workers cope with price increases are to reduce expenses for entertainment, to cut down on family large purchases and to limit expenses for daily meals.

### TABLE 16. Ways that migrant workers cope with increasing living expenses (percent of opinions)

<table>
<thead>
<tr>
<th></th>
<th>Hai Phong</th>
<th>Go Vap district</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reducing expenses on house rental</td>
<td>16.7</td>
<td>5.1</td>
<td>9.9</td>
</tr>
<tr>
<td>Reducing the savings</td>
<td>21.4</td>
<td>28.8</td>
<td>25.7</td>
</tr>
<tr>
<td>Reduce purchase of clothes</td>
<td>78.6</td>
<td>62.7</td>
<td>69.3</td>
</tr>
<tr>
<td>Reducing expenditures on entertainment activities</td>
<td>69.0</td>
<td>72.9</td>
<td>71.3</td>
</tr>
<tr>
<td>Reducing expenditures on funerals/weddings</td>
<td>33.3</td>
<td>22.0</td>
<td>26.7</td>
</tr>
<tr>
<td>Reducing expenditures on daily meals</td>
<td>33.3</td>
<td>64.4</td>
<td>51.5</td>
</tr>
<tr>
<td>Reducing other individual purchases</td>
<td>66.7</td>
<td>30.5</td>
<td>45.5</td>
</tr>
<tr>
<td>Reducing remittances to family members</td>
<td>28.6</td>
<td>21.2</td>
<td>25.0</td>
</tr>
</tbody>
</table>

Source: Interviews with 120 migrant workers in Hai Phong and Go Vap District (HCM City) in June-July 2008.
Reducing food expense and cooking together to save cost.

As market prices have increased considerably and daily needs remain the same, migrant workers have to reduce their spending on other activities. Most people only have leftover rice and instant noodles for breakfast. Many go without. Lunch is served at the enterprise and to minimize costs for dinner people renting the same room usually cook together.

Renting rooms in more peripheral areas, with poorer facilities.

During the price storm in HCM City several migrant workers rented accommodation further from their workplace, in suburban or rural areas, with poor sanitation, infrastructure and lower rent.

Savings and home remittances are affected seriously.

Savings, the main purpose of migration, are also seriously impacted. A quarter of those interviewed said that in 2008 they had to reduce their own saving and the amount of money sent to their families compared to 2007.

Several migrant workers discussed the difficulties they faced:

− “Even the price of instant noodles has increased. Last year, an instant noodle bag cost VND1,000, this year; the price for the same type of instant noodle is VND2,000 per bag. That is the cheapest type of instant noodle. House rental has also increased. Before, house rental was reviewed only once at the beginning of each year, but since the beginning of this year, house rental has been adjusted twice. Electricity prices have also increased from VND2,500 to 3,000 per kWh. Wages are about the same so our spending for meals is limited. Last year, with four people cooking together we spent VND20,000 per meal, this year we can only spend the same. With less money, we have to buy less food. Last year we could buy 200 gram of meat, this year we can only buy 100 gram and cannot buy good meat. The quality of lunch at the company has also been reduced.” – Group discussion of migrant workers at Ward No 6, Go Vap district, HCM City.

− “Last year I rented a room near the company but the rental there was high. At the beginning of this year, room rental increased to VND800,000 per month. On average my monthly income including salary and extra-hour working wage is VND1,300,000. Now, everything is so costly. Last year, I spent 350,000 VND per month for meals but this year I have to spend VND600,000 per month but the quality of meals is lower. I also have to send my family VND500,000 per month and this amount must be kept unchanged to cover the tuition fee of my brothers and sisters. Therefore, with three other friends I had to move here to save money because room rental here is lower at VND450,000 per month. This house is three km from the company and we can only stay in the wooden garret of 10 m² which is very hot. The toilet is not clean and the water smells bad and cannot be used without being filtered. Although living conditions are bad I have not been able to find any other place to move because house rental is so high. I cannot do anything else but suffer.” – Le Thi L.H., 20 years old, migrant worker at Ward No 17, Go Vap District, HCM City.

− “My monthly wage is VND1,400,000; in 2007 I could save 500,000. In 2008 I cannot save any money. To give you a simple example, last year I could buy sticky rice for VND1,000, this year, they only sell sticky rice for at least VND2,000. Prices of everything have increased” – Group discussion of migrant workers at Niem Nghia Ward, Le Chan district, Hai Phong.

− “I have been in the city for two months and I am currently working as a tailor’s apprentice with a monthly wage of VND800,000 and free lunch. Every month, I put aside VND450,000 to send to my family to cover the tuition fee of my siblings, I spend about VND200,000 per month for house rental, electricity and water. Now I do not have breakfast, free lunch is offered at the company, for dinner, I only spend 5,000 VND for a bowl of rice noodles or buy a cake of VND4,000. My roommates also cook but I do not cook with them. Cooking costs hundreds of thousands of dong per month, excluding costs for gas and oil. I eat rice noodle for VND5,000 per bowl and spend only VND150,000 per month. I want to save as much as possible to send to my family so that my siblings can have new clothes to go to school”. - Ho Thi A., 18 years old, migrant workers at Ward No 17, Go Vap District, HCM City.

Table 17 shows that more than 12 percent of migrant workers interviewed said that they wanted to find a new job or to move to another enterprise; most of them want to find a job with higher income to cover their living expenses.
As life in urban areas has become difficult several migrant workers wanted to find another job or even to return to rural areas. At the time of the surveys, the number of migrant workers quitting jobs and returning to rural areas was increasing (see Box 19). During group discussion with migrant workers in Ward No 6, Go Vap district, four out of seven of workers participating in the discussion said that they intended to return to rural areas after Tet or to find another job in the city with higher income. One girl said that “salaries only increase by VND100-200,000 per month while prices increase twice or even three times, from house rental to food price. Life is getting more and more difficult. I think that if this trend continues, I cannot stay here longer. If by the end of this year, the wage does not increase and prices are still high, I will go back to the North”.

### BOX 19. Migrant workers return to rural areas – enterprises short of labor

In Go Vap (HCM City), migrant workers returning to rural areas have become an emerging issue. This affects the performance of many enterprises as their labor force is not stable.

The constant shortage of labor in enterprises has become common in Go Vap district: “inadequate at the beginning of the year, adequate at the end of the year”. During the year, enterprises continuously announce recruitment, receiving new employees and in quarters three and four the number of workers reaches its climax. Only 75-80 percent of these workers return after Tet because the wage is not attractive enough while working conditions are hard. Several enterprises kept back wages in January and issued the wage for the 13th month late, but it was still difficult to keep employees particularly during the period of increasing prices. For example, the paper processing enterprise in Ward No 17 announced recruitment with a monthly wage of 1.5 million dong since the beginning of 2008 but by July, the enterprise was not able to recruit 50 additional employees for the production line.

An official of the Labor Union of Go Vap district, through supervision of labour force of enterprises in the district, said of the situation:

- “Currently, most enterprises in the district are in serious shortage of workers because the average monthly wage of workers does not meet monthly living expenses. Meanwhile, in many localities, processing zones are constructed so workers tend to come back and work in their hometown. Among workers currently working for companies, enterprises and processing zones 80-85 percent are migrant workers. However, in the past 1-2 years, only thirty percent of workers in many companies returned after Tet”

- “During the first few months of 2008, many enterprises have had their production limited, having to operate and to recruit workers at the same time. In the near future, if enterprises do not change their wage level and working conditions, the number of migrant workers in cities will decrease remarkably, which means that enterprises will be short of labor and unable to ensure their production and business.”

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**TABLE 17. Plans of migrant workers for future work (percent)**

<table>
<thead>
<tr>
<th></th>
<th>Hai Phong</th>
<th>Go Vap (HCM City)</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>To continue to do this job less than 6 months</td>
<td>1.8</td>
<td>10.2</td>
<td>6.1</td>
</tr>
<tr>
<td>To continue to do this job for 6 to 12 months</td>
<td>0</td>
<td>3.4</td>
<td>1.8</td>
</tr>
<tr>
<td>To continue to do this job for 1 to 3 years</td>
<td>1.8</td>
<td>13.6</td>
<td>7.9</td>
</tr>
<tr>
<td>To continue to do this job for more than 3 years</td>
<td>14.5</td>
<td>11.9</td>
<td>13.2</td>
</tr>
<tr>
<td>Have no plan, to continue to work and react to situations</td>
<td>74.5</td>
<td>44.1</td>
<td>58.8</td>
</tr>
<tr>
<td>Have intention to apply for a new job or to move to another enterprise</td>
<td>7.3</td>
<td>16.9</td>
<td>12.3</td>
</tr>
</tbody>
</table>

Source: Interviews with 120 migrant workers in Hai Phong and Go Vap (HCM City), June-July 2008.
Migrants working in the informal sector: This group accepts hard work, working as motorbike taxi drivers, cyclo drivers, waste collectors, masons and street vendors to save money to assist their family and to cover tuition fees for their siblings. The main risk faced is unstable income. During the price storm, several jobs had fewer customers. For example, motorbike drivers faced a sharp increase in the retail petrol price at the end of July 2008 and a decrease in the number of customers. Similarly, vendors selling fruit, rice noodles and soft-drinks and food faced higher costs and had to sell their products at a more expensive price, leading to a decrease in the number of customers.

Their meals have been adjusted to fit their income, for example they eat less meat and fish and buy cheap food, but the situation is still difficult. Their saving has decreased remarkably; many people hardly have any saving at all.

The popular way that migrants working in informal sector cope with increasing prices is to work longer hours to have more income so as to cover increasing costs. For example, when petrol price increases, the number of customers for motorbike drivers decreases (more people taking buses), many motorbike drivers have to work after 9 pm (when buses have stopped) to earn more. Migrant vendors in Hai Phong have to stay overnight in narrow and hot rented rooms with 20-30 roommates where rental is only VND4,000-5,000 per night.

Enhance rural-urban linkage – “urban poor have to rely on rural poor and vice versa”.

Increased rural-urban linkage. Increasing prices are tightening rural-urban linkages where both rural and urban people rely on each other to cope with difficulties. Rural people who moved to cities to find jobs and send money back to their family now rely on their family in rural areas to cover costs for meals in the cities. The survey in Hai Phong showed that many people who moved to cities to work as vendors and workers who migrated from rural districts near the city usually come to their hometown to collect rice, vegetables and eggs to take back to the city to prepare meals and reduce living expenses. Several people even sent their children to rural areas to stay with their grandparents. More than any time “the urban poor are relying on the rural poor and vice versa”.

During the survey, there are many stories of urban poor and near-poor people who are now relying on rural people to cover their basic living expenses. (see Box 20).

BOX 20. Urban poor households rely on rural people to maintain their living

Ms. Nguyen T. B. is living in a poor household in Niem Nghia Ward, Le Chan district, Hai Phong City. Her husband passed away two months ago after two years of ineffective treatment after being injured when driving a car, leaving a debt of more than 100 million dong. Ms. B and her two children live in a small apartment with a total area of 42 m2. Two years ago, she had to quit her job to take care of her husband and now she cannot find another job.

Her two children are studying at secondary school. Since the food price doubled at Tet their life is more difficult. Ms. B. sent her two children to live with their grandparents in the countryside and to study, as they can grow vegetables and would only have to buy rice. She hopes that she is still healthy and can find a job with stable monthly income to help her parents bring up her children. She shared her thoughts: “I have never thought that my children and I can rely on my parents in the countryside, who are so poor and have nothing to sell to even earn VND50,000 per month. Seeing me sending my children to stay with their grandparents, other people said “it is so miserable, during such a price storm, snails that cannot even carry themselves have to carry the algae”. When will prices stop increasing?”

Domino effects caused by the increasing prices

The impact of price rises on the urban poor and near-poor further affects the enterprises and suppliers from whom they purchase goods and services.

One reason for the instability of jobs and incomes of migrant workers is because enterprises are facing difficult economic conditions. Prices of materials, fuel, energy, construction materials, land rental and so on all increase at the same time. Many enterprises cannot raise the prices of products and services to cover increasing costs. Profits of enterprises decrease to the extent that pressure is put on workers’ wages and benefits such as meals and support for traveling and accommodation.
There are three common trends found among enterprises:

Enterprises have to lay off workers, reduce working hours, face difficulties in recruiting workers or have to move a part of their production lines to rural areas.

i. Several enterprises had to reduce the number of workers or working hours (workers took turns to take the day off or temporarily received only 70 percent of their previous wage) and reduce production. Consequently, workers had fewer working hours and less income (see Box 21);

ii. Several enterprises who needed more workers found it hard to attract workers at the current salary. Hard working and living conditions in cities coupled with lower real wages meant many workers returned to their hometown or sought new jobs (particularly after Tet);

iii. Several enterprises tried to reduce costs by cooperating with satellite enterprises to move labour-intensive processes to rural areas. These satellite enterprises are located in villages and communes, using local workers. However, many “rural enterprises” do not meet insurance and social welfare requirements, meaning they violate regulations on the rights of workers (see Box 21). Large cities like HCM City encourage the removal of labour intensive industries to suburban areas or even to other provinces.

In addition, when urban poor people are in difficulty, those who supply goods and services to them also face difficulties due to decreasing profit as it is impossible to increase prices at same rate as other goods and services when selling to poor people. It is a challenge to find different ways to offer competitive prices to maintain the number of “poor customers who are becoming poorer”. Box 22 tells a typical story of a tailor who lost her migrant worker customers during the price hike.

**BOX 21. Chain impact on enterprises and laborers**

- **Company faces difficulties – workers in unstable conditions.** VT Company located in Lam Ha Ward (Kien An district, HP) paints helmets, motorbike frames and cars. Input materials increased by 20-25 percent. High prices and high bank interest rates mean their products cannot compete in the market and the company has to reduce production.

  Subsequently, the company has to reduce the number of workers. Remaining workers take turns to take a day off. The number of staff fell from 50 in June 2007 to 30 in June 2008, although the average daily wage has increased from VND45,000 per day in 2007 to VND50,000 per day in 2008. Company expenses for free lunches have also increased from VND4000 per meal to VND7000 per meal to ensure the quality of meals. Thirty percent of the workers are migrants who need to rent accommodation. The company has not developed special policies for migrant workers, apart from giving them more frequent work to maintain monthly wage of VND1.2 -1.5 million.

- **Rural enterprises: workers have income but no social welfare.** TH shoe and leather enterprise located in An Thai commune (An Lao district, HP) is a satellite facility of a large shoe and leather enterprise located in Hai Phong. Self investment or cooperation with satellite enterprises in villages/communes is an effective way to reduce costs and take advantage of local labour. However, currently, poor workers have to trade off their social welfare to keep their job and to maintain their income. Workers of TH shoe and leather enterprise currently have not been provided with working insurance; female workers having maternity leave only receive a subsidy equivalent to six days wage (VND800,000/22 days) x 6 = VND218,000). Workers work on average 12 hours a day and the average income is VND1.1 -1.4 million.

  According to the Director of TH enterprise more than 200 workers (110 people living in the commune and 90 people from other areas) still want to keep their job because: “they still have a stable income of more or less one million dong per month to support their family. Here, households where 1-2 people are workers of the enterprise are still classified as average income households”.

- **Service suppliers to the poor face difficulties due to declining sale volumes.**
Impact on the suburban poor

Suburban districts of cities are still considered rural areas, although the infrastructure and the living conditions are similar to urban areas. In the survey area of An Hai commune, An Lao district, Hai Phong City, most people are engaged in planting rice, weaving bamboo and rattan products and going out to work or working for local enterprises. One noticeable trend is that farmers are “abandoning their farming land” – they do not plant rice themselves but have others work on their land (although land is still 100 percent cultivated) to keep their land (the rental is sufficient to cover the fees collected by local government). People who still cultivate their land do so only because it will bring some “small saving” or just for “clean rice for food”. More than 20 percent of households in the commune have abandoned their farming land.

There are many reasons for this situation. The total area of the land plot is too small (only hundreds of square meters for one person (people who were born or arrived after the land was divided have no land), the income from cultivating the land is too low and can only be considered supplementary income, which is much lower than income from working as craftsmen or as enterprise workers. The total area of vegetable crops and winter plants has also decreased sharply. People “abandon their cultivated land” as their family has no labor (working far away, only elder people stay at home), due to bad weather conditions and increasing prices of services which leads to decreasing income from cultivated land and “if renting people to work on the land there is no profit”. People who rented “five percent” land from the commune no longer cultivate the land. Instead the land is given to others to develop large-scale farming.

Local officials and residents said that the tendency to “abandon cultivated land” will increase in the near future. This is a noticeable tendency which is related to the trend of land accumulation to increase agricultural and rural productivity (see Box 23).

BOX 22. A tailor with no customers has difficulties finding other jobs

Ms. Le T.K.A. works as tailor in Niem Nghia Ward (Le Chan district-HP). Her customers are migrants working for shoe and leather enterprises in the district. She charges half the price shops charge downtown. Her customers have decreased significantly in number because migrant workers are cutting down on purchases of new clothes. Before the price hike, customers visited her shop every day. Now, there are no customers because their wages are too low and they cannot have new clothes made any more. The number of orders is now only one tenth of the number before the price hike.

Ms A. has to earn more income by selling phone cards, “but it does not help”. Her husband rents a place in the park to work as a photographer, but his income is unstable and is highly dependent on the weather. Not many people want to have their photos taken now”. She intends to earn more through selling sausages at weekends in front of kindergartens, which can bring her about ten thousand dong per day. But she is worried that the police will catch her because selling junk food in front of gates of kindergartens and schools is forbidden. She said that, she has been selling sausages for 2 months but has been caught twice, and each time she has to pay a fine of 100,000 dong.
People engaged in handicraft production have also experienced a fall in their real incomes. A survey of a bamboo and rattan weaving handicraft village (mainly making bamboo horse puppets for worship) in the suburban area of Hai Phong showed that incomes have increased more slowly than increases in food prices. People here concluded that “before the price hike, weaving one horse puppet can earn you enough to buy an instant noodle bag. Nowadays weaving two horse puppets cannot yield enough to buy an instant noodle bag”.

The experience of Thien Cam 1 hamlet is a typical story (see Box 24).

**BOX 24. Weaving horse puppet in the price hike**

In Tien Cam 1 hamlet (An Thai commune, An Lao, Hai Phong), there is a tradition of weaving bamboo puppets for worship and the hamlet has recently been recognized by Hai Phong City as a bamboo and rattan weaving handicraft village. There are 153 households in the hamlet, 100 percent of which can make bamboo weaving products and 85 percent are usually engaged in bamboo weaving. Most laborers are under the age of 40 and have gone to other places to find jobs, mainly as shoe and leather workers, and as carpenters. Only the elderly and children stay at home. All can weave. One person working from the morning to the evening can earn VND20-25,000. Material costs account for 50 percent of earnings.

In the past few years incomes from weaving have fallen, while food prices have increased. For example, weaving a small horse puppet in 2007 could yield VND700, in 2008 the yield increased to VND1100. Meanwhile, the price of an instant noodle bag in 2007 was VND1000. In 2008 it increased to VND2500. People concluded that “before the price hike, weaving one horse puppet is enough for buying an instant noodle bag. Nowadays weaving two horse puppets cannot yield enough to buy an instant noodle bag”.

In Tien Cam 1 hamlet, An Thai commune, An Lao district, Hai Phong, the main income of residents is from weaving bamboo puppets and working as enterprise workers. In the past few years, local residents no longer plant crops. Up to 20 percent of households in the hamlet “have abandoned their farming land”, which means that they do not plant rice themselves but allow other people to cultivate their land; they only take 20-40 kg of grains per 360m2 to cover fees they have to pay. Since 2003-2004, people started to rent their farming land to others. In 2007, approximately 15 percent of households rented their farming land to others and in 2008 the number increased to 20 percent. This number is predicted to increase in the next few years.

The core group in Tien Cam hamlet said that “Currently, many households want to rent their land to others but no one wants to cultivate their land. Cultivation nowadays brings a very low income. After covering all expenses, for every 360m2, the profit is only VND100,000 excluding wages for laborers. Households can only have profit if each has more than several ha of land. However, each person has only over one ‘sao’ (384m2 per person) and people who were born after the land was divided and people who get married to local people do not have land. If, in the near future, the Nam Trieu industrial cluster begins to operate, the number of households who are not engaged in cultivation will increase sharply”.

Leaders of An Lao district also said that “abandoning farming land” has become common in the whole district. One hundred percent of agricultural land in the district is still cultivated, but many households have others cultivate on their land. The situation of “abandoning farming land” is associated with a trend toward land accumulation. People who rented “5 percent” land from the commune no longer cultivate the land. Instead they have given their land to others to form large-scale farms. Leaders of An Thai commune said that the commune completed rearranging land plots for easier production in 2005. Before one household had 5-8 scattered plots of farming land. After land rearranging, each household has 1-3 larger plots. Perhaps it is necessary for another round of “land rearranging” to have capital accumulated for large-scale farmers”.

People engaged in handicraft production have also experienced a fall in their real incomes. A survey of a bamboo and rattan weaving handicraft village (mainly making bamboo horse puppets for worship) in the suburban area of Hai Phong showed that incomes have increased more slowly than increases in food prices. People here concluded that “before the price hike, weaving one horse puppet can earn you enough to buy an instant noodle bag. Nowadays weaving two horse puppets cannot yield enough to buy an instant noodle bag”. The experience of Thien Cam 1 hamlet is a typical story (see Box 24).
The effectiveness of pro-poor policies is also negatively affected by a price storm. A typical example is slum clearance policy. In An Thai commune, An Lao district, Hai Phong City, several poor households who are living in slums cannot contribute money to construct a new house although local government and associations have supported them with VND4 million (increasing to VND6-8 million). Interviewers were told that as the "price of construction materials and labor wages have both increased, we can only construct a small house with VND10 million". Local governments had to zone households who could construct new houses so that they can complete the program of slum clearance (households who cannot construct new houses have to sign commitments that they will not ask for slum clearance any more).

Throughout the survey, it was difficult to find a positive factor related to the impact and reaction of the urban poor to price increases. There is an emerging tendency (which may increase in the next few years) that the number of migrants to large urban areas will increase at a slower rate or even decrease due to low wage and high living costs in cities, hard working conditions in factories and job opportunities in rural areas. Poor migrants may gradually move out of major urban centers. Smaller urban areas may be preferred destinations for many migrants in the near future.
PART 4.
CONCLUSION: TOWARDS URBAN POVERTY ALLEVIATION

The urban poverty monitoring initiative aims at providing supplementary information to existing data on poverty, through researching the difficulties and disadvantages of the local and migrant poor. Some specific social groups such as migrant workers, hawkers, motorbike taxi drivers were surveyed to reflect the diversification of urban poverty and the vulnerability of these groups. The impact of the price hike on the poor and near-poor was a hot topic during the 2008 survey.

The 2008 survey demonstrates that the proportion of urban poor has been reduced to a strikingly low level. As a result poverty alleviation is becoming more difficult as it approaches “the hard core”. However, current statistical data has not accounted for migrants who have no residence registration book. A considerable number of migrants who were found to have living conditions near or under the poverty line were not recorded in annual poverty surveys. Urban poverty is diverse and complicated for there are specific social groups with distinctive difficulties and disadvantages.

Urban poverty is becoming more complicated at a time when the poor are more vulnerable. ‘Double edged price’, unstable employment and uncertain incomes have made the boundary between poor and non poor blurred. The number of poor households – determined by the capacity to satisfy basic needs – is on the increase due to new poverty incidents, migrants, and the fact that near poor households or households who escaped the poverty list have fallen back into poverty. The rich-poor gap in urban areas is expanding.

In the context of the evolving global financial-economic crisis since the latter half of 2008, export-oriented enterprises face mounting difficulties and thus increasing pressure has been felt on the employment and income of workers, especially migrants. This is a theme for further monitoring.

Some suggestions for policy discussion towards more effective poverty alleviation have been drawn from this survey:

1. **Accurate understanding of urban poverty:** Urban poverty alleviation cannot be conducted effectively without a thorough understanding of the scale and role of the migrants. Supplementary data and assessment of migrant groups in urban areas and their poverty situation would help the agencies who manage infrastructure utilities (electricity, water), who provide social services (education, healthcare) and social protection services (employment, support for the poor and specific social groups) to have adequate information in planning their budgets and investment in order to address the urgent needs of both the local poor and the migrant poor groups.

2. **Adjusting the urban poverty line:** the urban poverty line should reflect the actual costs of basic needs for both food and foodstuffs and non-food in the context of rising prices in the past two years. A raised poverty line will require more budget to support the current near-poor group. The initiative adopted by HCM City to double its poverty line (average per capita income of less than VND1,000,000 a month for urban areas, and less than VND830,000 a month for rural areas) from the beginning of 2009 exemplifies this approach. However, other cities such as Hai Phong retain the national standard (average per capita income of less than VND260,000 a month for urban areas, and less than VND200,000 a month for rural areas) due to difficulties in budget allocations to support poor households. Not only should the poverty line be raised but there should be a mechanism for regular adjustment of support policies for poor households and of social protection policies to reflect the annual inflation rate.

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11 Hanoi, after its merging with the former Ha Tay province, has adopted the new poverty line since the beginning of 2009 for average per capita income of less than VND500,000 a month in the urban areas and less than VND330,000 a month in the rural areas.
3. **Designing support program for specific disadvantaged groups:** there is a need to distinguish between the general poor and the poorest with specific disadvantages, based on the principle of poverty classification by features and causes so that support policies are more efficiently implemented. HCM City’s initiative to separate the poor with distinctive disadvantages from the general livelihood support program for the poor, and to have tailored social protection policies is recommended for other cities. Support models for specific poor groups by various programs and projects also need comprehensive evaluation.

4. **Synchronizing investment and support for elimination of poor clusters:** at bordering areas on the outskirt of the city, along narrow lanes, in isolated areas in big cities, there remain poor clusters where residents are having mounting difficulties with the infrastructure, land use, and their lives and livelihoods. Line agencies should be involved in eliminating those clusters with synchronized investment and support, along with people’s active participation and enhanced community institutions.

5. **Careful consideration of the livelihoods of poor people when developing urban management policies:** Urban management policies often create constraints on the livelihoods of poor people (e.g., policies to ban or restrict street hawking and self-made vehicles). Careful analysis of the impact of urban management policies on the poor should be conducted so that appropriate and effective support measures can be developed.

6. **Improving local governance towards poverty alleviation:** Wards play a critical role in urban poverty alleviation. Alongside the ongoing municipal administrative reform (for example, the pilot program for elimination of the People’s Council at district and ward levels in ten provinces and cities nationwide), there is a need to enhance capacity for staff, to improve working facilities and to boost budgetary decentralization so that the ward governments can effectively lead the implementation of support measures in the locality. Attention should also be paid to information transparency, complaint settlement on the issue of compensation for land clearance and “hanging” planning while alleviating poverty. Programs for poverty alleviation should be designed for each ward under strong-willed guidance and with full commitment from all local agencies.

7. **Promotion of the labor union’s role in supporting migrant workers:** At present, migrant workers rely mostly on their informal social network when confronting difficulties. Migrant workers need urgent support and labor unions can play a better role as their representative. The labor unions should help providing information for example about labor laws, healthcare and prevention of HIV/AIDS. As intermediary between workers and employers, local authorities and community organizations, the labor unions should represent and work for migrant workers’ needs and concerns on improving their living and working conditions in urban areas.