

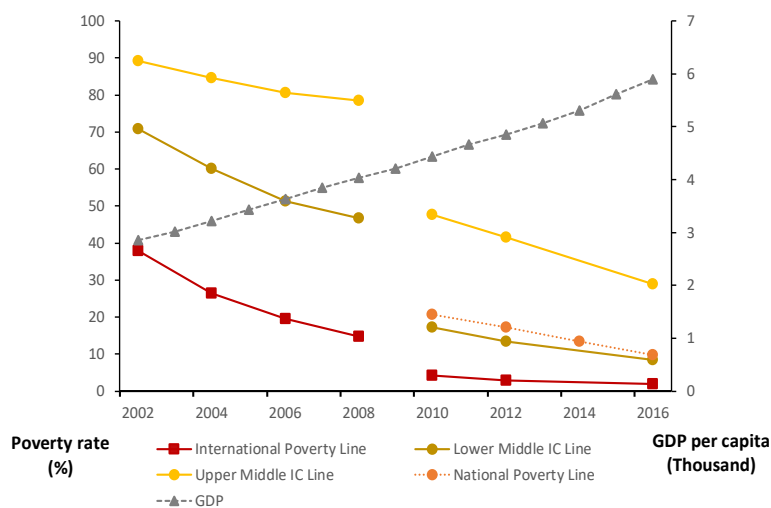
National poverty estimates for 2016 show that the incidence of poverty declined by almost 4 percentage points since 2014 to 9.8 percent. Poverty is expected to continue declining rapidly as both the rate and pattern of growth sustain the underlying drivers of poverty reduction in Vietnam. About 1.8 million more wage jobs and 2.8 million more non-agriculture jobs have been added between 2016 and 2018. Most of the new opportunities were in rural areas, resulting in a reallocation of labor from agriculture to the manufacturing, construction and service sectors. Rising rural wages across all sectors further contributed to high growth in rural non-agriculture incomes. More recently, significant poverty reduction has been observed among ethnic minorities, though with a poverty rate of 44 percent in 2016, they remain significantly poorer than the rest of the population.

Being labor intensive, growth in Vietnam has been broad based, with a shared prosperity premium (higher consumption growth in the bottom 40 compared to the average) of 0.14 percent during 2012-2016. Median incomes grew by an average of 5.06 percent per year, matching the growth in GDP per capita over this period. Fiscal policy also contributed in making growth more inclusive by enhancing people's ability to secure new and better opportunities through human capital investments and providing targeted benefits to the poor. Vietnam was ranked among the top 20 in the 2017 PISA rankings - one reason its Human Capital Index of 0.67 places it above most middle-income countries. The bulk of social transfers (excluding pensions) goes to the bottom 40 percent of the population who are clearly net beneficiaries of fiscal policy once government spending on social services is considered. With a Gini index of 35.3, Vietnam has grown without a significant increase in inequality. Pro-poor fiscal policy is estimated to have lowered inequality by more than 3 points.

POVERTY	Number of Poor (million)	Rate (%)	Period
National Poverty Line	9.3	9.8	2016
International Poverty Line 17947.5 in Vietnamese dong (2016) or US\$1.90 (2011 PPP) per day per capita	1.8	2.0	2016
Lower Middle Income Class Poverty Line 30227.4 in Vietnamese dong (2016) or US\$3.20 (2011 PPP) per day per capita	7.9	8.4	2016
Upper Middle Income Class Poverty Line 51953.3 in Vietnamese dong (2016) or US\$5.50 (2011 PPP) per day per capita	27.1	29.0	2016
Multidimensional Poverty Measure		3.9	2014
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		4.92	2012-2016
INEQUALITY			
Gini Index		35.3	2016
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		0.14	2012-2016
GROWTH			
Annualized GDP per capita growth		5.0	2012-2016
Annualized Consumption Growth per capita from Household Survey		4.78	2012-2016
MEDIAN INCOME			
Growth of the annual median income		5.06	2012-2016

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of September 2019, and Global Monitoring Database for the rest.

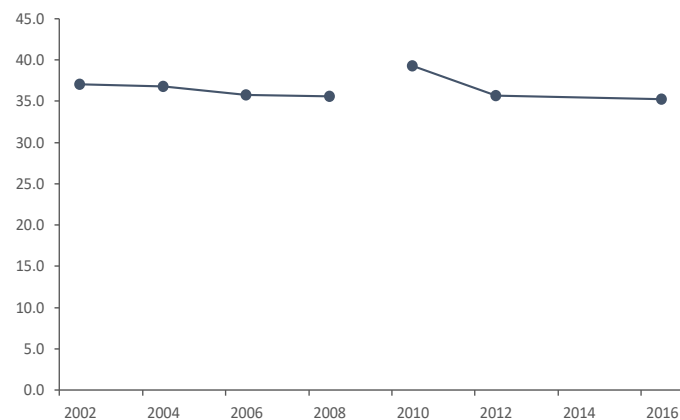
POVERTY HEADCOUNT RATE, 2002-2016



Source: World Bank using VHLSS/EAPPOV/GMD

INEQUALITY TRENDS, 2002-2016

Gini Index



Source: World Bank using VHLSS/EAPPOV/GMD

KEY INDICATORS

Distribution among groups: 2016	International Poverty Line (%)		Relative group (%)		Multidimensional Poverty Measures (% of people): 2014
	Non-Poor	Poor	Bottom 40	Top 60	
Urban population	100	N/A*	17	83	Monetary poverty (Consumption)
Rural population	97	3	51	49	Daily Consumption or income is less than US\$1.90 per person
Males	98	2	40	60	Education
Females	98	2	40	60	At least one school-age child is not enrolled in school
0 to 14 years old	96	4	49	51	No adult in the household has completed primary education
15 to 64 years old	98	2	37	63	Access to basic infrastructure
65 and older	99	1	41	59	No access to limited-standard drinking water
Without education (16+)	91	9	73	27	No access to limited-standard sanitation
Primary education (16+)	98	2	48	52	No access to electricity
Secondary education (16+)	100	0	28	72	
Tertiary/post-secondary education (16+)	100	N/A*	11	89	

Source: World Bank using VHLSS/EAPPOV/GMD

Source: World Bank using VHLSS/EAPPOV/GMD

Notes: N/A missing value, N/A* value removed due to less than 30 observations

POVERTY DATA AND METHODOLOGY

The primary source of poverty data is the Vietnam Household Living Standards Survey (VHLSS), which is conducted once every two years. The data, collected over a 12-month period for each survey, are available to users and have been widely applied in research. The consensus is that the data are of good quality.

Poverty is estimated using the cost-of-basic-needs approach, with household welfare measured using consumption, which includes imputations for housing rent and durables. The current poverty line was estimated in 2010 and has been updated only for cost-of-living changes. The international poverty line estimates are generated from the same consumption aggregate as national estimates, with the CPI used to inflate (deflate) the 2011 PPP-based poverty line into the survey-year prices. Poverty trends using both the national and international poverty lines are consistent. The point estimates for the lower middle income poverty line of 2011 PPP \$3.20 per person per day and the national GSO-World Bank poverty line are also close, since the implied poverty lines are similar.

HARMONIZATION

The numbers presented in this brief are based on the EAPPOV database. EAPPOV is a database of socio-economic statistics constructed using microdata from household surveys in the East Asia and the Pacific (EAP) region and is managed by the East Asia & Pacific Team for Statistical Development (EAPSTD). As of January 2019, the collection includes 19 countries and 93 surveys. Harmonized surveys in the EAPPOV database are compiled into 4 modules following Global Monitoring Database (GMD) Harmonization guidelines. A subset of the harmonized variables form the basis of the GMD collection, including the welfare aggregate which is used for Global Poverty Monitoring. Terms of use of the data adhere to agreements with the original data producers.