National poverty estimates for 2018 show that the incidence of poverty declined by 3 percentage points since 2016 to 6.7 percent. Significant poverty reduction has been observed among ethnic minorities, with a 7.5 percentage points decline in poverty during 2016-18 or by more than 20 percentage points since 2014. But with a poverty rate of 37 percent in 2018, they remain significantly poorer than the rest of the population. Poverty reduction was driven by strong wage job growth. About 2.8 million more non-agriculture jobs, including 1.8 million wage jobs, were added between 2016 and 2018. Most of the new opportunities were in urban areas, resulting in a reallocation of labor from agriculture to the manufacturing, construction and service sectors. This, combined with rising rural wages in all sectors, significantly raised wage incomes. Being labor intensive, growth in Vietnam has been both high and broad based. Median incomes grew by an average of 5.16 percent per year during 2012-18, matching the growth in GDP per capita over this period. However, the shared prosperity premium has vanished, now being estimated at -0.11 percent during 2012-18. Since the remaining poor were closer to the poverty line, poverty reduction in more recent years is being purely driven by high growth than its distributional pattern. So, while welfare is improving, gaps between the poor and non-poor are not closing. The Gini of 35.7 in 2018 is a marginal increase compared to 2014, suggesting that inequality is beginning to rise again or at best, has not improved. Gaps are also emerging in access to tertiary education. Enrollment or graduation rates in tertiary education among 19-24 year olds in the top 60 percent households are twice that of the bottom 40 percent, for example.

In 2020, reduced demand and temporary work suspension caused by the COVID-19 crisis, could temporarily increase poverty during the first half of 2020 and stall poverty reduction. This risk is elevated by the high informality of both wage and self-employment in affected sectors, implying that most of the exposed non-agriculture workers – up to 42 percent of the labor force - are not covered by social insurance. While Vietnam has fared well in both health and economic outcomes compared to other economies in the region, the extended slowdown in business activity is starting to take a toll on households. Preliminary data from a 2020 Q2 nationally representative household survey shows that almost one-third of households are earning lower income in July/August than in the previous month.

### POVERTY

<table>
<thead>
<tr>
<th>Poverty Measure</th>
<th>Number of Poor (million)</th>
<th>Rate (%)</th>
<th>Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Poverty Line</td>
<td>6.4</td>
<td>6.7</td>
<td>2018</td>
</tr>
<tr>
<td>International Poverty Line</td>
<td>1.8</td>
<td>1.9</td>
<td>2018</td>
</tr>
<tr>
<td>19383.5 in Vietnamese dong (2018) or US$1.90 (2011 PPP) per day per capita</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lower Middle Income Class Poverty Line</td>
<td>6.5</td>
<td>6.8</td>
<td>2018</td>
</tr>
<tr>
<td>32645.8 in Vietnamese dong (2018) or US$3.20 (2011 PPP) per day per capita</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Upper Middle Income Class Poverty Line</td>
<td>22.0</td>
<td>23.1</td>
<td>2018</td>
</tr>
<tr>
<td>56110 in Vietnamese dong (2018) or US$5.50 (2011 PPP) per day per capita</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multidimensional Poverty Measure</td>
<td>3.8</td>
<td></td>
<td>2014</td>
</tr>
</tbody>
</table>

### SHARED PROSPERITY

Annualized Consumption Growth per capita of the bottom 40 percent

4.91 2012-2018

### INEQUALITY

Gini Index: 35.7 2018

Shared Prosperity Premium = Growth of the bottom 40 - Average Growth

-0.11 2012-2018

### GROWTH

Annualized GDP per capita growth

5.27 2012-2018

Annualized Consumption Growth per capita from Household Survey

5.01 2012-2018

### MEDIAN INCOME

Growth of the annual median income/consumption per capita

5.16 2012-2018

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of September 2020, and Global Monitoring Database for the rest.
**KEY INDICATORS**

**POVERTY HEADCOUNT RATE, 2002-2018**

**INEQUALITY TRENDS, 2002-2018**

**Gini Index**

**Multidimensional Poverty Measures: 2014 (% of population)**

- **Monetary poverty (Consumption)**
  - Daily consumption less than US$1.90 per person: 2.6

- **Education**
  - At least one school-aged child is not enrolled in school: 1.3
  - No adult has completed primary education: 5.9

- **Access to basic infrastructure**
  - No access to limited-standard drinking water: 7.1
  - No access to limited-standard sanitation: 19.8
  - No access to electricity: 0.9

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

**Source:** World Bank using VHLSS/EAPPOV/GMD

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**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, are considered to be good quality, and have been widely used in research.

Poverty is estimated using the cost-of-basic-needs approach, while household welfare is measured using consumption, which includes imputations for housing rent and durables. The current GSO-WB poverty line methodology was updated in 2010 and has since 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 deflate (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 (EAPTS). 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.