Poverty & Equity Brief

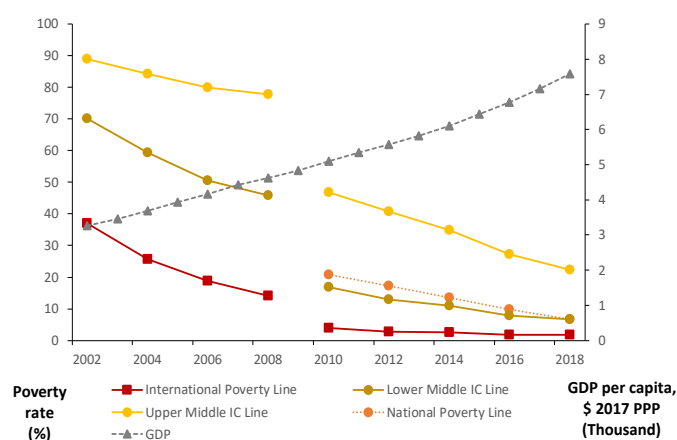East Asia & Pacific

Vietnam

April 2021

Poverty estimates based on the GSO-WB poverty line 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 6.25 percent per year during 2014-18. However, the shared prosperity premium has vanished, now estimated at -0.7 percent during 2014-18. While welfare is improving, gaps remain between the poor and non-poor. The Gini index was 35.7 in 2018, 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 of households are twice that of the bottom 40 percent, for example.

Nearly a year has passed since the onset of COVID-19, and uneven distributional economic impacts are emerging. Most households are recovering, but not all at the same pace. COVID-19 impact monitoring high frequency surveys suggest that by January 2021, average household income was estimated to be 11 to 22 percent lower than in June 2020. The sharpest decline was recorded between the first two survey rounds in June and July 2020, and has since stabilized for most, but those in the poorest quintile continued to experience a decrease in household income through January 2021. Income recovery rates are much lower among households who were in the lower end of the income distribution pre-COVID, as well as women and ethnic minorities. These results show that despite the remarkable resilience of the Vietnamese economy, there are challenges for an equitable recovery, especially in the absence of widely accessible COVID-19 relief policies.

POVERTY	Number of Poor (million)	Rate (%)	Period
National Poverty Line	6.4	6.7	2018
International Poverty Line 18872 in Vietnamese dong (2018) or US$1.90 (2011 PPP) per day per capita	1.7	1.8	2018
Lower Middle Income Class Poverty Line 31784.4 in Vietnamese dong (2018) or US$3.20 (2011 PPP) per day per capita	6.3	6.6	2018
Upper Middle Income Class Poverty Line 54629.4 in Vietnamese dong (2018) or US$5.50 (2011 PPP) per day per capita	21.4	22.4	2018
Multidimensional Poverty Measure		3.0	2018
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		5.75	2014-2018
INEQUALITY			
Gini Index		35.7	2018
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		-0.71	2014-2018
GROWTH			
Annualized GDP per capita growth		5.61	2014-2018
Annualized Consumption Growth per capita from Household Survey		6.46	2014-2018
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		6.25	2014-2018

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of Feburary 2021, and Global Monitoring Database for the rest.
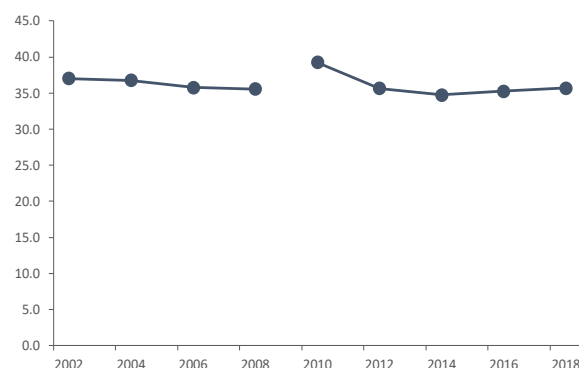
POVERTY HEADCOUNT RATE, 2002-2018

Source: World Bank using VHLSS/EAPPOV/GMD

INEQUALITY TRENDS, 2002-2018

Gini Index

Source: World Bank using VHLSS/EAPPOV/GMD

KEY INDICATORS

Distribution among groups: 2018	Lower Middle Income line(%)		Relative group (%)	
	Non-Poor	Poor	Bottom 40	Top 60
Urban population	99	1	18	82
Rural population	91	9	51	49
Males	93	7	40	60
Females	93	7	40	60
0 to 14 years old	90	10	50	50
15 to 64 years old	94	6	36	64
65 and older	95	5	40	60
Without education (16+)	71	29	74	26
Primary education (16+)	93	7	48	52
Secondary education (16+)	97	3	29	71
Tertiary/post-secondary education (16+)	100	N/A*	11	89

Source: World Bank using VHLSS/EAPPOV/GMD

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

Multidimensional Poverty Measures: 2018	(% of population)
Monetary poverty (Consumption)	
Daily consumption less than US$1.90 per person	1.8
Education	
At least one school-aged child is not enrolled in school	1.7
No adult has completed primary education	11.8
Access to basic infrastructure	
No access to limited-standard drinking water	4.7
No access to limited-standard sanitation	11.1
No access to electricity	0.4

Source: World Bank using VHLSS/EAPPOV/GMD

POVERTY DATA AND METHODOLOGY

The primary source of poverty data is the Vietnam Household Living Standards Survey (VHLSS). Expenditure is collected every two years. The GSO-WB poverty line is estimated using a consumption-based cost-of-basic-needs approach, which includes imputations for housing rent and durables. The current GSO-WB poverty line methodology was significantly revised 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 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 similar, 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 (EAPTSD). As of January 2021, the collection includes 20 countries and 106 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.

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