Vietnam has remarkably transformed from high poverty post-war to a vibrant and modern economy today. In the last three decades, GDP per capita has grown four and half times, from $598.9 (USD2015) in 1986 to $3,409 by 2021. Meanwhile, annual household wages tripled, increasing by nearly 100 million VND during the same period. Early Doi Moi reform policies, a young and able demographic, and a growing consumer class abroad were complementary ingredients that catalyzed decades of growth and improvements in livelihoods.
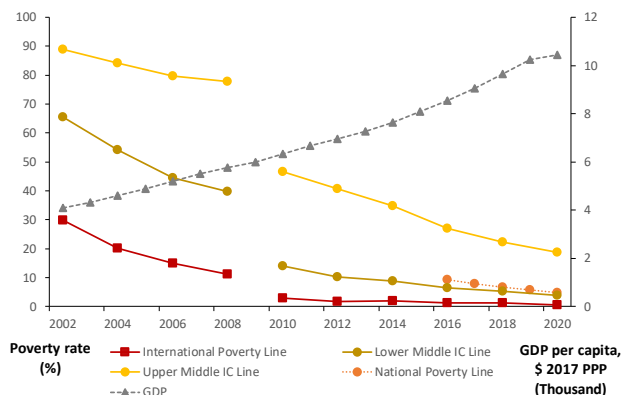
More recently, the number of poor declined from 12.3 million people in 2010 to 5 million in 2020 -- based on the World Bank's Lower-middle income country poverty line standard ($3.65/day 2017PPP). With such progress, the poverty and inclusion agenda in Vietnam is very different today; it is no longer only about meeting minimum living standards and tackling chronic poverty -- the last mile of poverty reduction. Today, a large share of households are non-poor, but are still economically insecure, facing risks and challenges from labor informality, climate and health shocks, and finding new economic pathways to middle-class.

Post-COVID-19, real labor incomes recovered strongly in Q1-2022 following the reopening of the economy and increased back to 2019 levels. The recovery was most successful in rural areas, but remains incomplete in urban areas where average real incomes have not returned to Q1-2020 levels. Despite a strong projected economic recovery in 2022, scars from COVID-19 persist as learning losses have accumulated, family businesses have closed, and some have lost their jobs.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	4,639.1	4.8	2020
International Poverty Line 18674.6 in Vietnamese dong (2020) or US$2.15 (2017 PPP) per day per capita	632.7	0.7	2020
Lower Middle Income Class Poverty Line 31703.4 in Vietnamese dong (2020) or US$3.65 (2017 PPP) per day per capita	3,655.8	3.8	2020
Upper Middle Income Class Poverty Line 59498.1 in Vietnamese dong (2020) or US$6.85 (2017 PPP) per day per capita	18,101.0	18.7	2020
Multidimensional Poverty Measure		1.2	2020
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		4.69	2016-2020
INEQUALITY			
Gini Index		36.8	2020
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		-0.91	2016-2020
GROWTH			
Annualized GDP per capita growth		5.16	2016-2020
Annualized Consumption Growth per capita from Household Survey		5.61	2016-2020
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		4.90	2016-2020

Sources: WDI for GDP, National Statistical Offices for national poverty rates, PIP as of April 2023, and Global Monitoring Database for the rest.
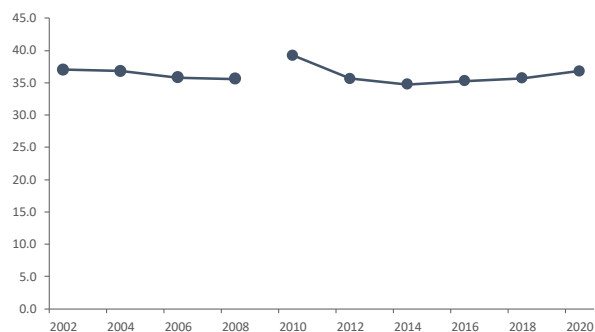
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Poverty Economist: Judy Yang

POVERTY HEADCOUNT RATE, 2002-2020

Poverty rate (%)		GDP per capita, $ 2017 PPP (Thousand)
■ International Poverty Line	● Lower Middle IC Line	
● Upper Middle IC Line	● National Poverty Line	
▲ GDP		

Source: World Bank using VHLSS/EAPPOV/GMD

INEQUALITY TRENDS, 2002-2020
Gini Index

Source: World Bank using VHLSS/EAPPOV/GMD

KEY INDICATORS

Distribution among groups: 2020	Lower Middle Income line(%)		Relative group (%)	
	Non-Poor	Poor	Bottom 40	Top 60
Urban population	99	1	19	81
Rural population	95	5	52	48
Males				N/A
Females				N/A
0 to 14 years old	95	5	48	52
15 to 64 years old	97	3	37	63
65 and older	97	3	40	60
Without education (16+)	80	20	76	24
Primary education (16+)	96	4	50	50
Secondary education (16+)	99	1	29	71
Tertiary/post-secondary education (16+)	100	N/A*	14	86

Multidimensional Poverty Measures: 2020	(% of population)
Monetary poverty (Consumption)	
Daily consumption less than US$2.15 per person	0.7
Education	
At least one school-aged child is not enrolled in school	1.7
No adult has completed primary education	3.8
Access to basic infrastructure	
No access to limited-standard drinking water	2.7
No access to limited-standard sanitation	6.9
No access to electricity	0.3

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). Expenditure is collected every two years, and income is collected annually. Poverty is monitored by the Government of Vietnam using a multi-dimensional approach, including 10 non-monetary dimensions and one monetary dimension based on income. The monetary dimension has separate thresholds for urban and rural areas. Poverty rates based on World Bank international poverty lines are based on household expenditure per capita. National CPI is used to inflate (deflate) the 2017 PPP-based poverty line into the survey-year prices. The General Statistics Office publishes inequality based on household income, while the World Bank calculates inequality based on household expenditure per capita.

Note on new global poverty lines: Poverty data are now expressed in 2017 Purchasing Power Parity (PPP) prices, versus 2011 PPP in previous editions. As price levels across the world evolve, global poverty lines have to be periodically updated to reflect the increase of the value of the lines in nominal terms. The new global poverty lines of $2.15, $3.65, and $6.85 reflect the typical national poverty lines of low-income, lower-middle-income, and upper-middle-income countries in 2017 prices. In addition to reflecting updates in nominal terms, upper-middle-income countries raised the standards by which they determine people to be poor from 2011 to 2017. Hence, the increase in the upper line is larger, and the population that does not meet the new standard is higher in most countries than it was with 2011 PPPs. See pip.worldbank.org.

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 2023, the collection includes 21 countries and 122 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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