

Poverty and inequality trends in Vietnam towards sustainable development goals

Nguyen Thanh Binh¹, Bach Tan Sinh^{2*} and Le Van Thuy Tien¹

¹Mekong Delta Development Research Institute, Can Tho University, Vietnam

²Institute of Circular Economy Development, Ho Chi Minh VNU.

*Corresponding author

1. Introduction (to be completed)

2. Government policies on poverty – general and specific

The Vietnamese government has implemented a range of policies aimed at reducing poverty and promoting social welfare. These policies are typically focused on improving economic growth, ensuring equitable distribution of resources, and providing social assistance to vulnerable populations. Some of the key government initiatives and policies to combat poverty in Vietnam are presented in Table 1.

Table 1: Key policies of Vietnamese government on poverty

Year	Code	Issued by	References
1998	Decision 133/1998/QD-TTg	The Prime Minister	The national target program on hunger elimination and poverty alleviation in the 1998-2000 period
1998	Decision 135/1998/QD-TTg	The Prime Minister	The program on socio-economic development in mountainous, deep-lying and remote communes with special difficulties
2001	Decision 143/2001/QD-TTg	The Prime Minister	The national target program on hunger elimination, poverty alleviation and employment in the 2001-2005 period
2004	Decision 134/2004/QD-TTg	The Prime Minister	Some policies to support production land, residential land, housing and domestic water for poor ethnic minority households with difficult life
2006	Decision 07/2006/QD-TTg	The Prime Minister	The program for the socio-economic development of extremely difficult communes in ethnic minority and mountainous areas in the 2006-2010 period
2007	Decision 20/2007/QD-TTg	The Prime Minister	The national target program on poverty alleviation in the 2006-2010 period
2008	Resolution 30a/NQ-CP	The Government	The support program for fast and sustainable poverty reduction in 61 poor districts
2012	Decision 1489/QD-TTg	The Prime Minister	The national target program for sustainable poverty reduction in the 2012-2015 period
2016	Decision 1722/QD-TTg	The Prime Minister	The national target program for sustainable poverty reduction in the 2016-2020 period
2022	Decision 90/QD-TTg	The Prime Minister	The national target program for sustainable poverty reduction in the 2021-2025 period

(Source: Authors, 2025)

Poverty reduction has always been a concern of the government, especially since Vietnam began its reform in 1986. However, it was not until 1998 that Vietnam had its first National Target Program on poverty reduction in the period of 1998-2000 by Decision 133/1998/QĐ-TTg of the Prime Minister. Accordingly, it is a comprehensive socio-economic development program aimed to reduce the percentage of hungry and poor family households in the whole country to 10% by the year 2000. To achieve this goal, the program has introduced 9 component projects including: (i) investment project on infrastructure construction (excluding the rural clean water supply) and population rearrangement; (ii) project in support of production and the development of branches and crafts; (iii) project in support of credits for the poor; (iv) project in support of education; (v) project in support of public health; (vi) project on guidance for the poor to earn their living and promote agricultural, forestry and fishery production; (vii) project on raising qualifications of the contingent of cadres engaged in the hunger elimination and poverty alleviation work and cadres in poor communes; (viii) project on resettlement, migration and new economic zones; (ix) project in support of ethnic minority people facing fierce difficulties. After that, the program continued by Decision 143/2001/QĐ-TTg on approval of the national target program on hunger elimination, poverty alleviation and employment in the 2001-2005 period. Every 5 years, the program is renewed and reviewed by a decision of the Prime Minister. At present, this program is implemented by the Decision 90/QĐ-TTg of the Prime Minister called the national target program for sustainable poverty reduction in the 2021-2025 period. The program objectives and its components are summarized in Box 1.

Box 1: Overall objectives, specific objectives and components of national target program for sustainable poverty reduction in the 2001-2005 period

General objective

Achieve the goal for multidimensional, inclusive and sustainable poverty reduction, prevent households from entering and returning to poverty; assist the poor and poor households to raise the standard of living, access the basic social services according to the national multidimensional poverty line and improve the quality of life; assist poor districts and communes with special difficulties in coastal sand dunes, coastal areas and islands to get rid of poverty and especially difficult circumstances.

Specific objectives:

- The rate of multidimensional poverty household is expected to reduce by 1.0 – 1.5%/year;
- The rate of poor ethnic minority households is expected to decrease by over 3.0%/year;
- 30% of poor districts, 30% of communes with special difficulties in coastal sand dunes, coastal areas and islands will get rid of poverty and especially difficult circumstances;
- The rate of poor households in poor districts is expected to decrease by 4-5%/year.

Component projects of the program:

- Project 1: Investment in development of socio-economic infrastructure in poor districts and communes with special difficulties in coastal sand dunes, coastal areas and islands;
- Project 2: Diversification of livelihood, development of models of poverty reduction;
- Project 3: Development of production and improving nutrition;

- Project 4: Development of vocational education and sustainable jobs
- Project 5: Housing for poor households, near-poor households in poor districts
- Project 6: Communication and access to information

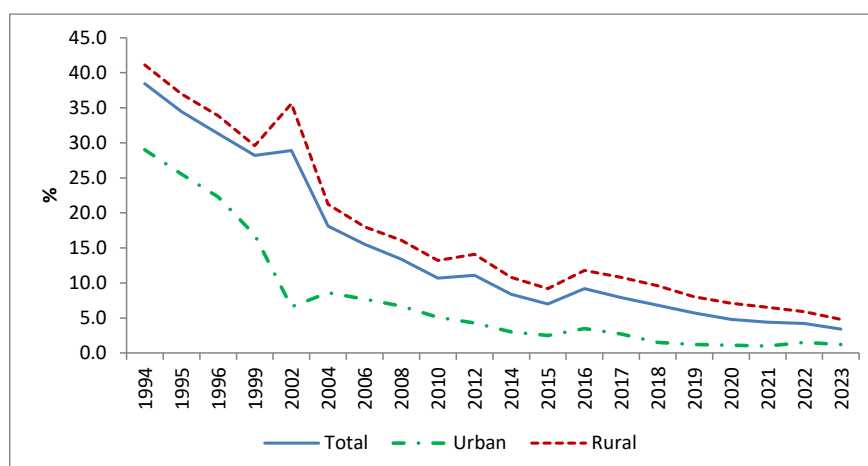
(Source: Decision 90/QĐ-TTg of the Vietnamese Prime Minister, dated January 18th, 2022)

In addition to the national target program for sustainable poverty reduction, the government also has special support programs for ethnic minorities, mountainous areas, remote areas and islands. Importantly, the program on socio-economic development in mountainous, deep-lying and remote communes with special difficulties by the Prime Minister Decision 135/1998/QĐ-TTg in 1998 (well-known as Program 135); some policies to support production land, residential land, housing and domestic water for poor ethnic minority households with difficult life (Decision 134/2004/QĐ-TTg); the program for the socio-economic development of extremely difficult communes in ethnic minority and mountainous areas in the 2006-2010 period (Decision 07/2006/QĐ-TTg); the support program for fast and sustainable poverty reduction in 61 poor districts (Resolution 30a/NQ-CP in 2008; well-known as Program 30a).

In short, Vietnam has made significant progress in reducing poverty over the past few decades, and government policies have been central to this success. By combining economic reforms with social support systems, the government has been able to lift millions out of poverty. However, challenges remain, especially in remote and mountainous areas, and continued focus on inclusive development is needed to ensure that all Vietnamese people benefit from economic growth and social advancements.

3. Poverty and inequality statistics – time series

Trend of poverty rate in Vietnam in the last three decades is depicted in Figure 1. The results show that the poverty rate has decreased significantly, from 38.4% in 1994 to 3.4% in 2023. The results also show that it has decreased in both urban and rural areas. The poverty rate in urban areas decreased from 29.0% in 1994 to 1.2% in 2023. Meanwhile, the rate in rural areas decreased from 41.1% to 4.8% in the same period. This achievement is thanks to the government's poverty reduction policies and the community's efforts. However, the poverty rate remains high in rural, remote, mountainous and ethnic minority areas.



(Source: Own figure based on data from Vietnamese General Statistics Office)

Figure 1: Trend of poverty rate in Vietnam between 1994 and 2023

Indeed, Table 2 shows that the poverty rate among the Kinh and Chinese (the majority ethnic groups) has always been lower than that among other ethnic groups (ethnic minorities) and has not changed much over time. Similarly, urban areas have always had lower poverty rates than rural areas. By ecological region, the lowest poverty rate in 2023 is situated in South East (0.3%), followed by Red River Delta (0.7%), Mekong River Delta (3.1%), Northern central and Central coastal areas (3.9%), Central Highlands (9.0%) and Northern midlands and mountain areas (10.7%). Also according to the data in Table 2, this order has not changed over the past two decades.

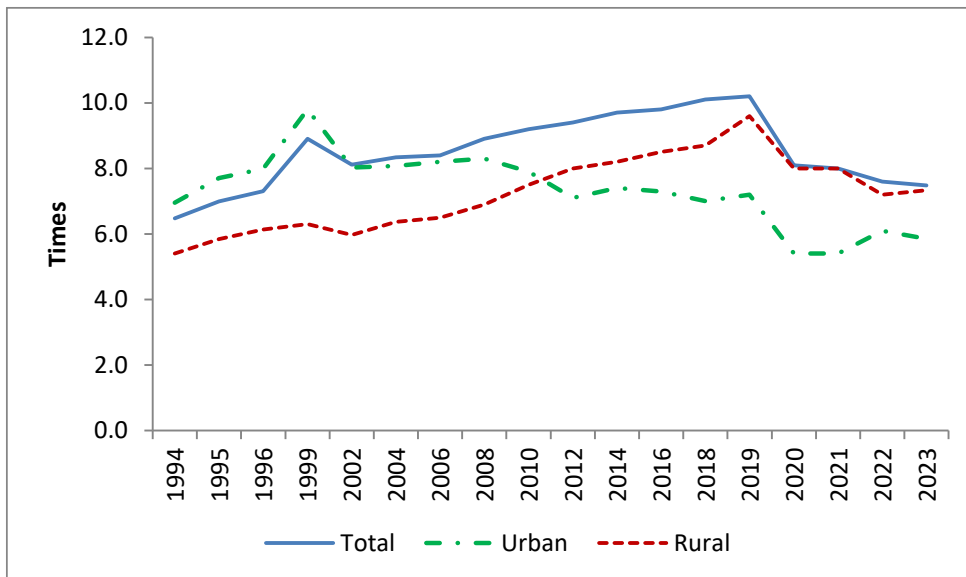
Table 2: Poverty rate (%) by household head's ethnic, residence and region

		2004	2019	2023
Whole country		18.1	5.7	3.4
By household head's ethnic	Kinh/Chinese	---	2.2	1.4
	Other	---	28.3	19.3
By residence	Urban	8.6	1.2	1.2
	Rural	21.2	8.0	4.8
By region	Red River Delta	12.7	1.6	0.7
	Northern midlands and mountain area	29.4	16.4	10.7
	Northern central and Central coastal areas	25.3	7.4	3.9
	Central Highlands	29.2	12.4	9.0
	South East	4.6	0.5	0.3
	Mekong River Delta	15.3	4.8	3.1

(Source: data collected from Vietnamese General Statistics Office)

Regarding the income gap between the highest income quintile (20% the richest) and the lowest income quintile (20% the poorest) on monthly average income per capita, the results show that the income gap in Vietnam has been increasing from 6.5 times in 1994 to

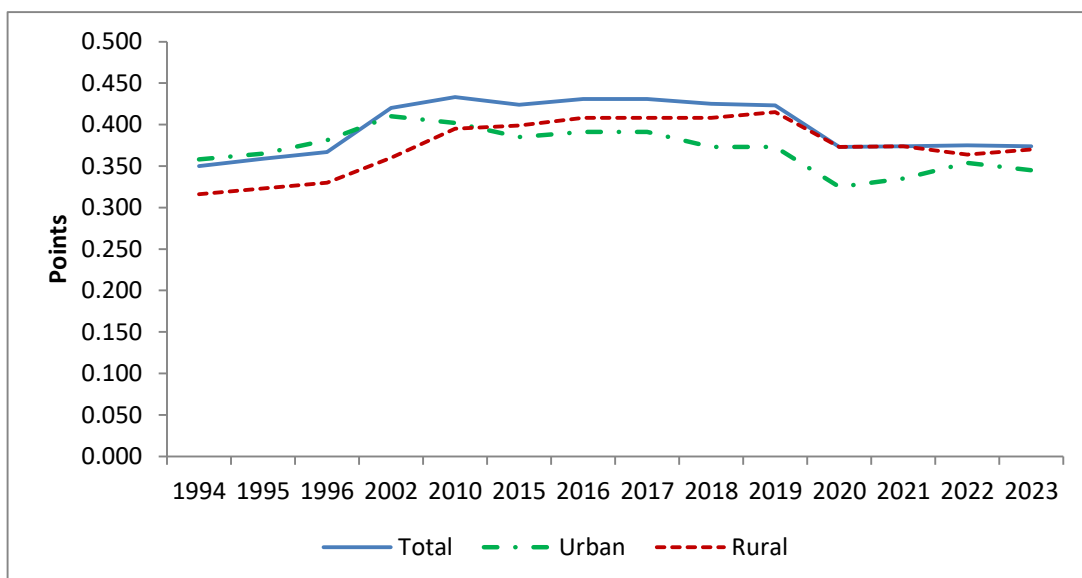
10.2 times in 2019 but then decreasing to 7.5 times in 2023. Comparing rural and urban areas, this gap tends to increase in rural areas (from 5.4 times in 1994 to 7.3 times in 2023) but it doesn't change much in urban areas (Figure 2).



(Source: Own figure based on data from Vietnamese General Statistics Office)

Figure 2: Difference between the highest income quintile and the lowest income quintile

Income inequality is measured by the GINI index. This index has a value from 0 to 1, meaning that the closer to 1, the greater the income inequality within the population. The GINI index in Vietnam from 1994 to 2023 is shown in Figure 3. The results depict that the GINI index has not changed much over time in both urban and rural areas. In urban areas, this index increased from 0.358 in 1994 to a peak of 0.410 in 2002, then decreased to 0.345 in 2023. Meanwhile, this index in rural areas increased from 0.316 in 1994 to a peak of 0.415 in 2019 and decreased to 0.370 in 2023.



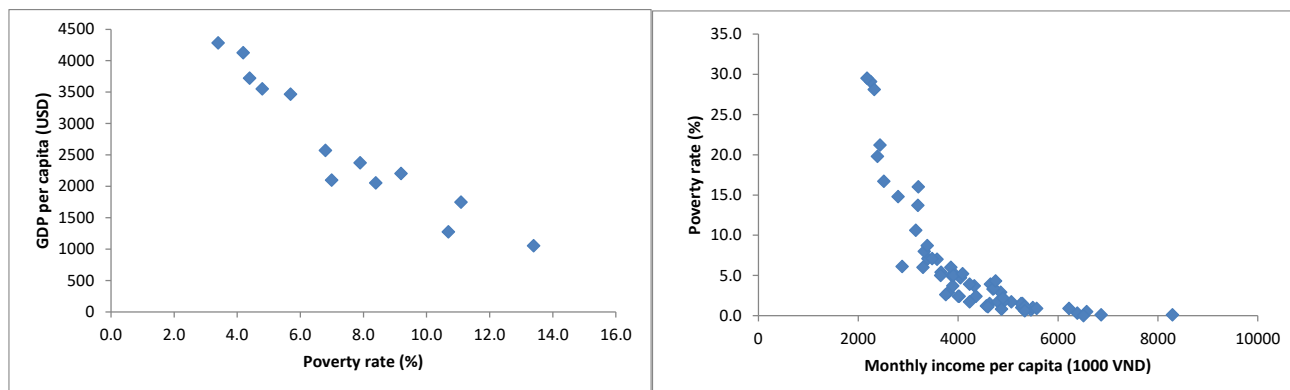
(Source: Own figure based on data from Vietnamese General Statistics Office)

Figure 3: Index of income inequality distribution (GINI index)

In short, Vietnam has made extraordinary strides in reducing poverty and improving living standards for millions of people in the last 30 years. However, economic growth has brought with it increased income inequality, particularly between urban and rural populations, and among different regions and ethnic groups. While poverty has been significantly reduced, income inequality remains a pressing issue that requires continued attention. Going forward, the focus will need to shift toward ensuring that the benefits of growth are more equally distributed across all sectors of society, with greater emphasis on addressing the needs of vulnerable and marginalized populations.

4. Qualitative and quantitative relationship between GDP Per capita and Poverty incidence

The relationship between GDP per capita and poverty rate in Vietnam has been largely positive over the past few decades, with improvements in GDP per capita contributing significantly to the reduction of the poverty rate (Figure 4, left). For example, GDP per capita in Vietnam increased gradually from USD 1052 to USD 4,282 in 2023. Meanwhile, the poverty rate decreased from 13.4% to 3.4% in the same period. As Vietnam's economy has grown, the increase in national income, reflected by GDP per capita, has provided more opportunities for employment, better access to services, and improved living standards, all of which have contributed to poverty reduction. Figure 4 (right) also depicts the positive relationship between monthly income per capita and poverty rate. The provinces with high incomes have low poverty rates and vice versa. For example, Ha Giang province has lowest income in 2023 (VND 2.25 million per capita per month) and it is also recognized as the poorest with poverty rate at 29.1% in 2023.



(Source: Own figure based on data from Vietnamese General Statistics Office)

Figure 4: Relationship between GDP per capita and poverty in Vietnam in 2008-2023 (left) and between monthly income per capita and poverty in 63 provinces in 2023 (right)

In short, the relationship between GDP per capita and poverty rate in Vietnam is generally positive, with higher GDP per capita contributing to the reduction of poverty. However, the benefits of growth have not been equally distributed, and regional and income

inequalities persist. While GDP per capita has risen steadily, it's important for the government to continue addressing the challenges of inequality, ensuring that economic growth is more inclusive and reaches marginalized communities. As such, the reduction in poverty is not solely driven by GDP growth but also by targeted policies that address the needs of the most vulnerable populations.

5. Diffusion of digital and climate resilient policies that have a bearing on the poor in Vietnam

5.1. Diffusion of Digital Policies

Vietnam has been actively promoting digital transformation policies, particularly focusing on marginalized and vulnerable communities. These policies aim to enhance economic opportunities, improve social welfare, and protect low-income populations from climate shocks. The government's National Digital Transformation Programme focuses on three key pillars: digital government, digital economy, and digital society. The diffusion of digital policies in Vietnam and their impact on underprivileged communities is illustrated in the details as below.

Opportunities

Development of current digital policies

Digital Infrastructure Development

Recognizing the importance of robust digital infrastructure, Vietnam aims to provide nationwide fiber optic internet and 5G services by 2035, ensuring more than 80% of the population has electronic payment accounts. However, challenges persist, especially in rural and remote areas where access to reliable internet connectivity and digital devices remains limited. This digital divide hampers the widespread adoption of digital services among marginalized communities. (xxxxx)

Enhancing Digital Literacy

Low digital literacy is a significant barrier to the effective utilization of digital technologies, particularly among rural populations, women, and marginalized groups. To address this, the government has launched training programs, including the National Digital Transformation Program, aiming to equip one million people with digital skills by 2025. Despite these efforts, bridging the digital skills gap remains a considerable challenge. (xxxx)

Inclusive Digital Services

The Vietnamese government emphasizes the need for digital transformation to be inclusive and beneficial to all citizens and enterprises. Prime Minister Phạm Minh Chính has underscored the importance of prioritizing resources to achieve targets that place citizens and businesses at the center of digital initiatives. This includes ensuring that public services are accessible online and that a significant portion of the adult population benefits from these services. (xxxxx)

The implementation of current digital development areas

Digital Financial Inclusion

Vietnam has made significant strides in providing digital financial services to underserved populations:

- **Mobile Payments & Fintech Expansion:** Platforms like MoMo, ViettelPay, and ZaloPay help low-income populations access banking and payment services without traditional bank accounts.
- **Government Cash Transfers via Digital Platforms:** Social welfare payments are increasingly being distributed digitally to ensure transparency and accessibility.
- **Microfinance & Digital Credit Access:** The Vietnam Bank for Social Policies (VBSP) and fintech companies offer low-interest digital loans to small businesses and farmers.

Digital Connectivity & Infrastructure Expansion

To reduce the urban-rural digital divide, Vietnam is investing in:

- **5G and Fiber Optic Internet Expansion:** Aiming for nationwide 5G coverage by 2030 to enhance connectivity in remote areas.
- **Affordable Smartphones & Data Plans:** Telecom providers offer subsidized phones and low-cost internet for students and low-income workers.
- **Public Wi-Fi Initiatives:** Free Wi-Fi zones in rural and urban areas increase access to digital services.

Digital Skills & Education for the Poor

Vietnam is improving digital literacy to help the poor participate in the digital economy.

- **E-Learning Platforms:** Initiatives like VNPT E-learning and Vietnam Open Educational Resources (VOER) offer free online education.

Challenges

Digital Infrastructure Gaps

Ensuring comprehensive digital infrastructure including nationwide access to reliable internet connectivity remains a challenge, especially in remote regions, and requires substantial investment and coordination. (xxxx)

Digital Literacy Disparities

Continuous efforts are needed to enhance digital skills across all societal segments to prevent the exacerbation of existing inequalities.(xxxx)

A substantial portion of the population, especially in rural areas, lacks adequate digital skills, hindering their ability to engage with and benefit from digital services. (xxx)

Cybersecurity and Privacy Concerns

As digital services expand, safeguarding citizens' data and ensuring secure online environments are critical to maintaining trust and participation.(xxxxx)

The rise of cybercrimes and online scams poses risks to users, potentially deterring engagement with digital platforms. (xxxx)

6.2. Diffusion of Climate Resilient Policies

Vietnam has been actively implementing climate-resilient policies aimed at enhancing the livelihoods of its population, particularly the poor. These initiatives encompass various sectors and have yielded notable impacts as bellow.

Opportunities

Development of current Climate resilient policies

Coastal Community Support

In 2017, Vietnam, in collaboration with the UN Development Programme and the Green Climate Fund, initiated a project to bolster the resilience of vulnerable coastal communities. This project focuses on constructing safe housing with resilient designs and increasing mangrove coverage to act as natural buffers against typhoons. Such measures directly benefit impoverished families by providing secure shelter and enhancing their capacity to withstand climate-induced disasters. (xxxx)

Mekong Delta Climate Resilience Programme (MCRP)

Co-financed by the Governments of Germany and Switzerland, the MCRP aims to improve the climate-resilient management of natural resources in the Mekong Delta. The program supports regional coordination, investment planning, and the application of innovative technologies to combat coastal and riverbank erosion. By focusing on sustainable development, the MCRP addresses the vulnerabilities of poor populations dependent on agriculture and fisheries. (xxxx)

Social Protection Systems.

Recognizing the disproportionate impact of climate change on vulnerable populations, Vietnam has been working to strengthen its social protection systems. Efforts include expanding coverage and enhancing benefits to provide safety nets for those affected by climate-induced risks, thereby promoting income security and facilitating just transitions.(xxxxx)

The implementation of current relevant climate resilient areas

Climate-Smart Agriculture & Livelihood Protection

Since many of Vietnam's poor depend on farming and fishing, climate change adaptation strategies are essential:

- Drought & Flood-Resistant Crops: Farmers are encouraged to adopt resilient rice and vegetable varieties.
- Smart Irrigation & Water Management: Digital technology is being integrated into agriculture to optimize water use.
- E-Commerce for Farmers: Platforms like Postmart.vn and Voso.vn help farmers sell produce online.

Disaster Risk Reduction & Resilient Infrastructure

Vietnam is highly vulnerable to typhoons, flooding, and rising sea levels. Efforts to protect the poor include:

- Community-Based Disaster Risk Management (CBDRM): Training rural communities in disaster preparedness and response.
- Climate-Resilient Housing: Government programs support flood-resistant housing construction in vulnerable areas.
- Early Warning Systems: Digital tools and mobile alerts help communities prepare for extreme weather events.

Renewable Energy for Rural & Poor Communities

Vietnam is expanding clean energy access to improve living conditions and reduce dependence on fossil fuels:

- Off-Grid Solar Power for Remote Villages: Government incentives support small-scale solar installations.
- Renewable Energy Job Training: Green energy sector jobs provide new employment opportunities for low-income workers.
- Subsidized Solar Home Systems: Programs help rural families access affordable and sustainable electricity.

Challenges

While these policies demonstrate Vietnam's commitment to integrating climate resilience into its development agenda, challenges remain:

Energy Transition

Vietnam's efforts to shift towards greener energy sources are complicated by the need to balance environmental goals with immediate energy demands. The continued reliance on coal to prevent blackouts highlights the complexities in achieving a sustainable energy transition. (xxxx)

Environmental Activism

The government's crackdown on environmental activists poses concerns regarding civic engagement and the inclusivity of policy development processes. Ensuring that policies are participatory and consider the voices of all stakeholders, including marginalized communities, is crucial for equitable and effective implementation. (xxxxx)

5. Conclusions and Way Forward

Despite progress and noticeable results from diffusing the digital and climate resilient policies that have a bearing on the poor in Vietnam as discussed above, several barriers hinder the widespread adoption of digital and climate-resilient policies are the followings:

- **Digital Divide:** Many rural areas still have limited access to affordable internet and digital literacy programs.
- **Financial Barriers:** Poor households struggle with the high upfront costs of digital devices and renewable energy solutions.
- **Implementation Gaps:** Policies often face bureaucratic inefficiencies and funding constraints, slowing their rollout.
- **Limited Awareness & Adoption:** Many farmers and low-income individuals lack information on available digital and climate-resilient programs.

To ensure wider adoption among the poor, the followings need to be considered for further development including : (i) Expand digital literacy programs to reach more underserved communities; (ii) Enhance financial support mechanisms, such as subsidies for smartphones, internet access, and climate-resilient technologies; (iii) Strengthen public-private partnerships to boost innovation and funding in digital and climate resilience projects and (iv) Improve local implementation and awareness campaigns to increase policy uptake at the grassroots level.

REFERENCES (to be completed)