Title: Household welfare dynamics in rural Vietnam, 2008 to 2018

Vietnam is widely understood as an impressive success story in terms of economic growth and poverty reduction over the last thirty years, a process in which rural areas have very much shared. However, reflecting the SDG concern with leaving no one behind, we consider in this paper the extent to which welfare progress was shared across the population. A particularly relevant issue in Vietnam is the extent to which ethnic minorities have taken part in this progress, as this has been a major government policy focus over the past 25 years.

Our analysis is based on a high quality 6 wave panel data set collected over a period of 10 years in partnership with the government, covering the period from 2008 to 2018. This allows us to examine welfare dynamics based on three different measures of welfare: household income, food consumption and an index of household assets. All three measures show significant minorities becoming worse off despite substantial progress in aggregate. We seek to understand this diversity of experience, by modelling the evolution of welfare using dynamic panel data methods. In this way we identify the factors associated with welfare change over time, and in doing this focus on heterogeneity of experience, with an emphasis on ethnic minorities and female headed households – both of which have been important policy priorities. The results show strong path dependence of welfare levels over time. They also show that significant numbers among the ethnic minorities have benefited less than the majority population, in spite of the different policy initiatives put in place.

Overall, we seek to show the value of high quality repeated panel data for analysing the evolution of welfare over time and the implications for the evolution of inequality. While the results have important policy lessons for Vietnam, the extent to which minority populations share in progress is a critical issue across all countries, given the context of the SDGs and their call of leaving no one behind.