

**INTERNATIONAL LABOUR ORGANISATION (ILO)  
MULTI -BILATERAL PROGRAMME OF TECHNICAL CO-OPERATION**

**PROJECT DOCUMENT**

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| <b>Project Number:</b>                            | ILO/VIE/00/MO1/GER   |
| <b>Project Title:</b>                             | SAFEWORK and Integrated Labour Inspection  |
| <b>Duration:</b>                                  | 48 months  |
| <b>Starting Date:</b>                             | 1 January 2001   |
| <b>Geographical Coverage:</b>                     | Socialist Republic of Viet Nam   |
| <b>Project Sites:</b>                             | Hanoi and Ho Chi Minh City   |
| <b>Project Language:</b>                          | English/Vietnamese   |
| <b>Executing Agency:</b>                          | International Labour Office (ILO)  |
| <b>Responsible Government Agency:</b>             | The State Labour Inspectorate (SLI), of the Ministry of Labour, Invalids and Social Affairs (MoLISA)   |
| <b>Other cooperating agencies:</b>                | Trade Unions and Employers' organizations, Ministry of Health  |
| <b>Contribution by external financing agency:</b> | 440,000 US\$ <sup>1</sup> (approximately 120,000 US\$ in 2001, 160,000 in 2002, 80,000 US\$ in 2003, and 80,000 in 2004)   |
| <b>National Contribution:</b>                     | In cash and in kind (staff of the labour inspectorates, the labour colleges, support for national project management, training facilities, participants for all training courses, local transport, etc.) |
| <b>Preparation Date:</b>                          | 16 December 2000   |

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<sup>1</sup> Subject to exchange rate fluctuations. The exact amount in German Marks is DEM 1 000 000, including 13% agency support costs.

## 1. INTRODUCTION

### 1.1\_ Overview

Since the launching of its policy of renovation (Doi Moi) in the late 1980s, Viet Nam has made outstanding progress in both the economic and social spheres. Thanks to the double digit annual economic growth rates engendered by transition to a market economy in the first half of the 1990s, to its strong agricultural performance since the late 1980s, and to the Government's prioritisation of poverty alleviation, Viet Nam has enjoyed one of the most socially equitable development processes of any developing country. Poverty declined sharply in the 1990s, falling from around 58 per cent of the population in 1993 to 37 per cent by 1998, even though per capita GDP is still low at US\$352 in that same year.

Notwithstanding Viet Nam's long-term development goal of joining the ranks of the newly industrialized countries of Asia, labour (and labour protection) has to be seen within the context of the predominantly family-oriented nature of the economy. In rural areas, where about four fifths of the labour force is still to be found, paid employees are thought to comprise no more than one tenth of the labour force, the rest being family workers. In urban areas, this figure rises to around 50 per cent of the labour force. In addition, unemployment has risen since the crisis and urban unemployment stood at 6.8 per cent in 1998.

The labour force in Viet Nam was estimated at around 37 million in 1999 (of which about 20 per cent in urban, and 80 per cent in rural areas) and, given current population trends, is expected to increase substantially over the next decade. At present, over one million jobs would have to be created annually to absorb the new entrants into the labour force, and a further 200,000 jobs would be needed each year up to 2010, to clear the current unemployment backlog of one million workers. Government targets for employment up to 2010 include reducing the proportion of the labour force in rural areas to 60 per cent; reducing the corresponding proportion in agriculture from 60 to 40 per cent, and dropping the incidence of poverty from 25 to 10 per cent. Employment targets for the non-agricultural sector would require employment to grow in those sectors by 7-8 per cent annually, a much higher rate than has been achieved in the recent past due to the capital-intensity of the industrial sector and the fall in FDI.

While growth of the private sector has been impressive (since the entry into force of the new Enterprise Act at the end of 1999, some 1000 new private enterprises are said to be created each month), regulatory requirements and problems of access to capital, technology and markets has limited the potential of the formal private sector, and its contribution to employment growth is smaller than that of other countries in the region. The new Act attempts to address this situation, and a viable small enterprise sector is now acknowledged as a potential source of productive and sustainable employment. The *National Target Programme on Employment (1998-2000)* recognizes that 80 per cent of new employment opportunities must come from the non-state sector and places special emphasis on the development of SMEs and self-employment. Nonetheless, the state sector continues to dominate the economy, and the process of equitization (i.e. privatization) remains slow. About 60 per cent of the roughly 6,000 large state-owned enterprises (SOE) run at a loss, and there is considerable pressure for reform from the international donor community.

Working women comprise slightly more than half the labour force in Viet Nam, constituting around 51 per cent of workers in agriculture, 49 per cent in services and 48 per cent in industry and construction. Changes in the labour market brought about by the transition to a market economy have affected women's access to employment. Retrenchments due to the equitization or closure of SOEs have affected women more than men, with estimates of women's share of redundancies varying from 60 to 75 per cent. More positively, women have benefited from the new job opportunities being opened up by the development of industrial zones and private sector enterprises. Viet Nam has a strong commitment to gender equality.

## **1.2 ILO Constituents**

The *Ministry of Labour, Invalids and Social Affairs* (MoLISA) has been the main focal point for the ILO since Viet Nam rejoined the Organization in 1992. MoLISA continues to express interest in promoting tripartism and in working closely with the other ILO constituents in the context of the ILO's technical assistance programmes. Areas of assistance provided to MoLISA include: labour administration, employment services; social security; overseas migration; women workers; child labour; occupational safety and health; and public sector pay reform.

The *Viet Nam General Confederation of Labour* (VGCL), which is affiliated to the WFTU, represents Vietnamese workers. It comprises an umbrella organisation under which all local-level trade unions operate. The Labour Code requires that trade unions be established in all enterprises with ten or more employees and that these, in turn, must be affiliated with the VGCL. With the transition to a market economy, the strengthening of trade union capacity to engage in dialogue and action on a wide spectrum of labour issues has become necessary and the ILO has been providing technical assistance in a number of areas, including collective bargaining, tripartism, dispute settlement, employment services, occupational health and safety, and working women.

There are still two organizations representing employers at the national level: The Viet Nam Cooperative Alliance (formerly the Viet Nam Central Council of Cooperative Unions and Small and Medium Enterprises, VICOOPSME) and the Viet Nam Chamber of Commerce and Industry (VCCI). With the establishment, in 1997, of a Bureau of Employers' Activities within its structure, the VCCI has become the ILO's focal point for employers' activities. It represented Vietnamese employers at the International Labour Conference for the first time this year. Work is being undertaken to strengthen its role, functions, management and services.

## **1.3 International Labour Standards**

Viet Nam has ratified fourteen ILO Conventions to date, only two of which are among the core Conventions (Nos. 100 and 111). However, the Government has signalled its intention of moving towards the ratification of other core Conventions, including the two child labour Conventions (182 and 138). Specifically, Viet Nam has ratified ILO C. No. 81 on Labour Inspection in Industry and Commerce, and No. 155 on Occupational Safety and Health and the Working Environment. Application of both instruments is, however, clearly unsatisfactory.

## 2. BACKGROUND and JUSTIFICATION

### 2.1 Antecedents

For several years now ILO has been actively involved in the process of social infrastructure reform and capacity building of the labour protection system in Viet Nam. Thus, project VIE/97/003 on “Strengthening Labour Administration Capacity for Effective Implementation of the Labour Code“, is a UNDP-funded project, executed by the Ministry of Labour, Invalids and Social Affairs (MoLISA), with the ILO as co-implementing agency.

The ultimate goal of this project is to establish sustainable and mutually beneficial relationships between government, employees and employers that are conducive to national socio-economic development. The project aims to do that by improving the implementation of new labour legislation (in particular the Labour Code, which also contains the basic OS&H provision, together with implementing decrees and regulations) through effective and efficient labour protection administration.

Most problems concerning ineffective implementation of the Labour Code in Viet Nam, fall into three categories:

- (i) workers, employers and labour officials lack knowledge of the content of labour protection legislation;
- (2) those who are required to implement this legislation through, for example, labour inspection or related services lack the knowledge and the skills to do this effectively; and
- (iii) some existing provisions do not sufficiently reflect reality and can therefore not be properly implemented.

Activities designed to address these problems have so far included, inter alia:

- a National Plan of Action on Implementation of the Labour Code;
- a national survey on the effectiveness of labour inspection in Viet Nam; and
- a five-year plan of action for improving performance of labour inspection in Viet Nam in the context of a transition economy, covering inspection of general conditions of work and occupational safety and health.

Internationally, since the beginning of the 1990's, rapid transformation and development of civil administration including labour administration, and labour inspection in particular, have taken place in virtually all countries in transition, from a strict, centrally planned system to market economy conditions. In many of them, the former labour “control“ system has begun to be transformed into a modern, independent State Labour Inspection service. Major efforts in political, legal and institutional change were undertaken in this context, but much still remains to be done to bring these inspection systems up to a level of performance comparable with other industrialized market economies. The ILO has been a partner in this transition process in most of its member States in Europe, Asia and elsewhere.

In this process, the following priority areas for development of labour inspection systems have been, inter alia, identified by top labour inspection representatives of transition countries themselves:

- Setting up and consolidating an independent, integrated State Labour Inspection System under the political responsibility of the Ministry of Labour;
- Adopting a comprehensive, coherent and consistent national labour inspection policy;
- Integrating all labour protection enforcement functions within the single inspectorate;
- Developing modern, appropriate labour inspection methods;
- Analysis and dissemination of socio-economic benefits of more effective and efficient labour inspection;
- Introduction of a system of tripartite consultations and social dialogue, on labour protection matters at different levels (i.e. national, sectoral, regional);
- Regional cooperation amongst labour inspectorates in transition countries, including experience-sharing in adapting new institutional patterns, solutions to common problems, joint training programmes, etc.; and
- Approximation of national systems, regulations, inspection policies and methods, to ILO Conventions and Recommendations, and best inspection practice in high-performance systems of market-oriented industrialized countries.

Under its programme of cooperation, the ILO fielded high-level systems evaluation missions, as well as senior-level consultants, to most of the transition countries. The sum of this experience has been laid down in a comprehensive ILO publication entitled “The Role of Labour Inspection in Transition Economies.” (Geneva, 1998),<sup>2</sup> which will be translated into Vietnamese and used as the basic working document for this project.

In the sphere of labour inspection reform, the ILO continues to be a major international partner for member States in transition. Ratification and application of ILO Conventions has been declared by many of their political leadership to be of particular importance. ILO instrument on labour inspection, Convention No. 81 has been ratified by almost 130 countries worldwide including, as mentioned, Viet Nam, making it a truly universal standard against which to measure and develop national inspection systems.

## **2.2 Labour Protection Administration in Viet Nam**

### **2.2.1 The Labour Administration System: Structure and Staffing**

The Labour Administration system in Viet Nam consists of:

- The Ministry of Labour, Invalids and Social Affairs (MoLISA).

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<sup>2</sup> Other fundamental, new ILO publications on labour inspection, such as “New Prevention Strategies for Labour Inspection” (Geneva, 1999) will also be used for project implementation.

- Provincial/City Departments of Labour, Invalids and Social Affairs (DoLISA).
- Local Office of Labour, Invalids and Social Affairs (LoLISA).
- Commune and Ward level institutions.

(Viet Nam is divided into 61 administrative provinces, 605 Districts and 10,396 communes.)

#### 2.2.1.1 Ministry of Labour, Invalids and Social Affairs (MoLISA)

MoLISA constitutes the apex of the labour protection system and is responsible for 15 major subjects including social affairs and welfare of invalids. The directly labour-related areas are:

- Labour and employment - special groups of workers, women workers;
- Salaries and Wages;
- Working conditions - labour safety and labour protection;
- Vocational training and employment services, including overseas employment;
- Loans and employment programme;
- Labour policy and social inspection;
- State labour (safety) inspection and inspection of labour protection legislation; and
- Social insurance (including workmens' compensation).

Ministry functions involve national policy formulation and implementation, and the rulings of the Ministry are manifested through legal documents (Ordinances, Decrees, Decisions, etc.). The Labour Code of 1995 provides the basic occupational safety and health and general conditions of work legal frame.

MoLISA is said to have a staff strength of over 2,300 employees (1998), of whom 747 hold bachelor degree qualifications and 353 possess secondary school level qualifications. Only about one third of these officials do the job they have been trained for. Implicitly, most staff have been trained in other professional areas and/or transferred from other agencies.

#### 2.2.1.2 Provincial Departments of Labour, Invalids and Social Affairs (DoLISA)

The Provincial Departments are mandated with the task of assisting Provincial People's Committees in state labour administration at decentralized levels, as well as implementing the Government's policies and other activities as stipulated by law under technical guidance of MoLISA. Each DoLISA is headed by a Director, and assisted by one to three Deputy Directors.

The specialized offices in the provincial/regional labour administration are, inter alia:

- Labour, Salaries and Wages Office;
- Vocational Training and Administration Office;
- Labour policy and social inspection;
- Labour safety and labour protection inspection; and
- Social evil prevention.

#### 2.2.1.3 Local Offices of Labour, Invalids and Social Affairs (District Level) (LoLISA)

The LoLISAs' are specialized branches of district people's committees. They are in charge of labour administration within the district. The main task of the offices is to guide and organize the implementation of the labour law and policies on labour, invalids and social affairs.

The labour-related tasks assigned to DoLISA and LoLISA focus on:

- Implementation of the labour laws and other policies of the labour protection system (guiding, coordinating with other bodies etc.);
- Conduct of inspection and supervision visits for implementing the labour laws and other policies;
- Assisting disadvantaged groups under preferential treatment (coordinating with other bodies to launch movements of assistance etc.);
- Technical training; and
- Reporting, performance review, dissemination of information etc.

Developing plans for implementation at these decentralised levels is another important task of the local/provincial level administrations.

## **2.3 The Public Health Administration System**

Given that the focus of this project is to be on Integrated Labour Inspection, a brief summary of Public Health Administration is provided to place Occupational Health Inspection in context.

### **2.3.1 Health Administration Structure**

Public Health Administration in Viet Nam has a similar administrative structure to that of the Labour Administration System.

The structure's apex is the Ministry of Health (MoH), which is responsible for 16 major professional areas, one of which is the Board of Health Inspection.

The Health Inspection Board is responsible for four areas, one of which is hygiene inspection, which includes occupational health inspection.

### **2.3.2 Provincial/City Level**

At Provincial and City levels, the Health Administration System is the responsibility of the Provincial Peoples Committee. These Committees operate a Department of Health (DoH), which includes a health inspection unit responsible for four areas of health inspection. Once again, one of these areas is hygiene inspection, including occupational health inspection.

It is reported that in some provinces the number of specialist labour health inspectors is either very low or non-existent.

## **2.4 Elements of Labour Inspection**

**2.4.1 Three elements of the labour inspection function** are divided between MoLISA and MoH at national level, and between DoLISA and DoH at provincial and city levels.

At MoLISA level, the general labour inspection function is located within the labour and social affairs policy inspection unit. The occupational safety inspection function only is located separately in the labour safety and labour protection unit. Both units are under the supervision of a Vice-Minister.

At DoLISA levels, both labour protection legislation and labour safety inspection functions are located within the general DoLISA inspectorate responsible for the full range of labour and social policy inspections.

At MoH level, labour health inspection is part of a larger unit responsible for hygiene inspection. The Hygiene Inspection unit is one of four specialist Inspection Units reporting to the Chief Health Inspector.

At DoH levels, the Chief Inspector has responsibility for all forms of health inspection within the city/province including the labour health function within the Hygiene Inspection Unit.

#### **2.4.2 Inspector Numbers**

The most recent available source of information on the number of inspectors in Viet Nam is contained in the report - '*National Plan of Action: Implementation of the Labour Code*' as follows:

'The total number of labour inspectors in Viet Nam as at November 1999 is 312 with 47 of these in MoLISA headquarters and the remainder of 265 located in the nation's 61 provinces. The 312 inspectors comprise 180 inspectors with responsibility for general labour matters (as well as inspections concerning social affairs), 83 work safety inspectors, and 49 inspectors with responsibility for general labour matters and work safety. The general inspector's capacity to implement the Labour Code is reduced by the need to devote time to social affairs inspection, respond to workers' complaints and handle grievances. In addition, not all of the 312 have the full legal powers of inspectors and some are engaged mostly in administrative work. Thus the number of fully empowered and active inspectors (that is, those regularly undertaking enterprise inspection visits) is considerably less than 312 and may be as low as 100.'

In addition to the above, there are said to be perhaps some 70 specialist labour health inspectors within the MoH and DoH system.

By way of example, in Ho Chi Minh City, the industrially most active province in the country, there are less than 20 labour inspectors (2 senior technical safety inspectors from MoLISA, 7 labour protection legislation inspectors, 8 junior safety inspectors at DoLISA, and 2-3 occupational hygiene inspectors at MoH/DoH).

The overall number of inspectors is clearly totally insufficient. for an industrializing country like Viet Nam, an adequate ratio would be about one inspector for every 20,000 workers. (In industrialized countries, it is often below 1 for 10,000.) Thus with a labour force of 37 million, an adequate number of (well-trained) inspectors would be about 1,850.

### 2.4.3 Inspection Visits

The number of inspection visits to enterprises for the country as a whole is uncertain. But if the work of MoLISA headquarters is taken as a guide, the number is very low. Since 1995 MoLISA inspectors have undertaken an average of 115 inspections on working conditions (excluding safety and health) per year. This means each of the 26 inspectors makes an average of about 4.5 visits each year. If this standard is used for the nation as a whole, 1,404 inspection visits take place each year with 312 inspectors. But if the number of "active" inspectors is used as a base (and assumed to be 150), the number of inspection visits is only about 675 each year.

Clearly, this is a dismal performance when compared with the number of enterprises covered by the Labour Code. (On this basis, each enterprise would be inspected on average once every 336 years.) Even if inspections were to concentrate on the 35,000 enterprises employing more than 10 workers (and this is neither recommended or endorsed), each of these enterprises would be inspected on average only once every 93 years.

## 2.5 Identification of core problems

**2.5.1 The main problems concerning labour protection** in particular occupational safety and health, **in Viet Nam are twofold**: those inherited from the command system, and those created by the rapid transformation process to market economy structures.

Inherited problems are, inter alia: fragmentation of labour protection responsibilities between sector ministries: separation of occupational safety inspection from occupational hygiene (health) inspection, under different inspectorates reporting to different ministries; non-operational tripartite representation; lack of a prevention culture in enterprises; absence of any real preventive orientation of inspection activities; near-total lack of relevant, accurate data on work accidents and occupational diseases; poor labour relations, and other related issues. Furthermore, the system is largely perceived by both employers and workers as bureaucratic, superficial and lacking (public) service or client orientation.

Since the transition began, and as a result of economic, social and technological developments, the protection of the workers is becoming increasingly more problematic, and labour protection standards are being seriously eroded. Though changes in legislation and organization have already been initiated, the privatization process, and "learning the rules" of market economies and social partnership, have had very diverse impacts on working conditions, often leading to a drastic degradation of the working environment, reduced levels of labour inspection activities, and renewed exploitation of the labour force. The role of the social partners in labour protection, which is the cornerstone of labour inspection in Industrialized Market Economies, is still insignificant and as yet little understood in Viet Nam.

Many of the larger state-owned companies still continue the dysfunctional practices of the old system, and the new small and medium-sized private enterprises find it difficult to understand, accept and follow both existing and new policies. In addition, the transition situation has led to a polarization process in society, between those without work and those still working. In this situation, it is understandable that the wage-earning population is more concerned with day-to-day questions of employment and wages, (and bonuses for dangerous or unhealthy working

conditions), rather than with the (longer-term) improvement of the working environment.

As a result of industrialization, an increasing number of workers are being exposed to hazardous substances, resulting in the increase of occupational accidents and diseases. A Government survey reported that 30.0 per cent of enterprises have “bad“ or “very bad“ working environment, and 49.9 per cent workers are working in hazardous working conditions. There is a clear indication that occupational fatalities are increasing, though the occupational injury statistics in Viet Nam do not cover all workplaces. Recent surveys concluded that occupational injuries in Viet Nam occur mainly because of the lack of safety and health information and knowledge among workers and employers. Industries having the high rates of occupational accidents are: construction, mining, electricity, and chemistry. Occupational diseases are still under-reporting. However, among the reported occupational diseases, silicosis is the major part, followed by noise-induced hearing loss, and lead poisoning.

ILO OS&H-related TC activities in Viet Nam, funded for the most part under Danish multi-bilateral resources, have been implemented mainly with the Trade Unions’ National Labour Protection Institute, concentrating on certain high-hazard sectors such as construction and fisheries. While they included some training of MoLISA safety inspectors, they have not, so far, addressed the issues of structural reform. It will, however, in future be necessary to provide structural solutions to the deeper, structural problems of labour protection in Viet Nam. The emphasis will have to be not just on activities but on achievements, on outcomes rather than outputs.

The project is designed to make a significant impact in redressing these difficult problems.

**2.5.2 Two recent reports**, which are pertinent to labour inspection in Viet Nam, have been used as background material in the development of this project document:

**2.5.2.1 Report on the Results of Survey on the Actual Situation and the Effectiveness of the State Labour Inspectorate – (ILO/VIE/97/003)**

This report was produced by several consultants (Investconsult Group) following a significant survey of a large number of stakeholders in seven provinces in Viet Nam. It concludes that:

“Strengthening Labour Administration Capability for Effective Implementation of the Labour Code in Viet Nam” is the objective of Project VIE/97/003. One of the orientations of this project is to assess the present status of the State Labour Inspection system and its effectiveness so as to have sufficient information and foundation to amend and supplement policies and legislation, to improve the effectiveness of labour inspection, and to contribute to efficient implementation of labour legislation. The national survey on the effectiveness of labour inspection in Viet Nam was the first activity of the project in this regard.

Through the result of the survey, it can be concluded that **the effectiveness of the State labour inspection system and inspection visits is very limited**. This system has not developed its own role and met the demand for better labour protection to safeguard the rights of all sides in labour relations, to ensure basic occupational safety and health, and to contribute to the stability and

development of production and services. This shortcoming is indicated in all aspects:

- Low quantity and qualification of inspectors;
- Dysfunctional organization structure of the inspection agencies;
- Low frequency and distribution of inspection visits;
- Lack of compliance and application of inspection procedures, attitude of inspectors;
- Lack of participation and cooperation of employees and employers in the inspection process;
- Low impact and effectiveness of inspection visits;
- Poor compliance level of enterprises with inspection decisions;
- Non-coordination between inspection agencies and others;
- Ineffective regulations on inspection and inspectors;
- Low level of understanding, and sense of compliance with the regulations, of employees and employers, etc.

All the **issues above show that it is necessary to reformulate, amend and supplement policies relating to the State Labour Inspection**, increase full time staff and strengthen training of State labour inspectors. These initiatives will make the system a more effective tool for State labour administration, which in turn will contribute to improved implementation of labour legislation, in particular its occupational safety and health provisions, in Viet Nam.

#### 2.5.2.2 National Plan of Action: The Implementation of the Labour Code

The second report titled: '*National Plan of Action: The Implementation of the Labour Code*' was also produced under Project VIE/97/003. Under "Priorities for Improvement", it states that:

'Increasingly, national working conditions and compliance with labour legislation is a subject of concern (not only in Viet Nam, but) to other countries. With more and more countries and enterprises engaging in international trade, the attention of consumers particularly in Western countries, is drawn to working conditions in producing countries. This places increased pressure on producing nations to ensure compliance with labour legislation if they wish to sell their products in Western countries. This nexus between trade and labour conditions can be expected to intensify in future years and could be a major force in encouraging labour inspection and enterprises themselves to devote greater attention to compliance with, and enforcement of labour legislation. This is of particular interest to Viet Nam as discussions continue concerning a Viet Nam-USA general trade agreement, possibly to be followed by agreements for particular sectors.'

The report also states that:

"Labour inspection in Viet Nam faces many challenges and it is too simplistic to say "more and more frequent inspection" is the sole answer. The need for more inspection is not disputed and will need to be supported by information and awareness raising, retraining for inspectors and an improved information base. But there is also a need to reconsider the organizational and structural arrangements for inspection, and consider new approaches to address the issue of resource constraints including possibly "self- inspection" through compulsory self-reporting systems."

Overall, these reports conclude on the need for integration of existing inspection services as a matter of utmost priority, and a precondition for better occupational safety and health services, in the light of rising work-related accidents, in particular also fatalities, and an unknown, but no doubt enormous, number of occupational diseases.

The need for integration was most recently underlined by public remarks attributed to the Prime Minister, that too many inspectors from different agencies were visiting enterprises in an uncoordinated manner, with very low levels of professionalism, often for purposes unrelated to their official mandate.

Once integrated, with a new, modern labour inspection policy to implement, there will be an enormous need for training and re-training of serving and new inspection staff, to attempt to meet the expectations of Government and social partners alike.

## **2.6 Project Strategy**

The overall project strategy aims to assist the Vietnamese Labour Inspection System in optimal fashion, i.e. with only the indispensable minimum of (costly) external interventions, to bring about the major changes proposed by the ILO consultancy missions. The most important of the latter's main conclusions and recommendations was to move towards **a new Integrated State Labour Inspectorate**, which should have the sole enforcement responsibility not only for occupational safety, but also for occupational health and hygiene legislation and standards, as well as for general conditions of work (social labour protection). In order to transform the old labour inspection system, the whole staff of presently some 300 inspectors will have to be trained or retrained in a variety of tailor-made training programmes.

The development strategy is based on the assumption that the transition process can be considerably speeded up by improving human resource management, and especially by training and re-training of existing labour inspectorate staff. Such training is considered an indispensable prerequisite for successful reform. Once the basic administrative and organizational changes have been decided upon, a modern training capacity will also have to be built up, different training programmes and curricula designed, and training and re-training of existing staff undertaken. The project, however, will not only rely on high-quality training programmes, but also provide assistance in putting into practice the reform decisions and modernization processes. The project's strategy therefore has to reflect the concept of "learning by doing", in that while the labour inspection system must itself implement the planned reforms, it will get guidance and assistance in this context from international and national experts throughout the project's lifetime.

While different forms and levels of training will constitute the main project activity, there is as yet still no real training capacity for modern labour protection or integrated labour (occupational safety and health inspection) in Viet Nam. Furthermore, the inspection approach and related advisory services, if any, are today still based largely on old concepts, when enterprises did not have any real responsibility of working conditions, while inspectors themselves were considered responsible for the working environment as one of the many elements of the State control system. This will have to be changed substantially.

The project's strategy will therefore be based on a modern, balanced, view of the role of labour inspectors as advisers for employers and workers as well as enforcers of legislation. Building up a competent human resources development capacity will bring this about. Project activities will follow the context of ILO Conventions Nos. 81 (Labour Inspection in Industry and Commerce), 155 (Occupational Safety and Health and Working Environment) and 129 (Labour Inspection in Agriculture) – this latter not yet ratified – and other relevant international standards on occupational safety and health and general working conditions. It is expected that, also as a result of this project, several new SafeWork Conventions, for instance No. 167 on OS&H in construction, will be ratified.

Furthermore, there is at present no modern management concept, and therefore no effective management capacity at the top level of the State Labour Inspectorate, either at Headquarters or in the provinces. In consequence, altogether three basic different types of training concepts will have to be developed, and training courses organized for the different categories of inspection staff: (i) management training for the top level; (ii) re-orientation training (including social skills development) for longer-serving, senior inspectors; and (iii) comprehensive induction training for junior inspectors and new entrants. For these different types of programmes, trainers will have to be trained and completely new curricula will have to be developed. A sustainable HRD and Capacity building component will be part of the project.

## **2.7 Target groups**

The primary target group of the project will be the management and staff of the three existing labour inspection services as well as the Department of Labour Protection of MoLISA (presently some 400 plus officials). Particular attention will be given to women inspectors and their possibilities of advancement and of obtaining qualifications. Scores of new recruits are also expected to receive substantial induction training, particularly towards the third and fourth year of project activities. Indirectly, the project will be of benefit to all labour protection professionals in Trade Unions and Employers' organisations, institutions and enterprises in the country, and ultimately to the millions of workers in all sectors of activity in Viet Nam.

## **2.8 Project Implementation Concept**

### **2.8.1 Project management arrangements**

The ILO as executing agency, namely its International Focus Programme, SafeWork, with administrative backstopping from its newly established Hanoi Office, and technical assistance from its South East Asian Multidisciplinary Team, EASMAT, Bangkok, will have overall responsibilities for project implementation. SafeWork and EASMAT will also coordinate support provided by other ILO units and other (e.g. donor country) partner institutions, and will link project activities with SafeWork's global labour inspection system development programme. The project will be implemented over 4 years, with roughly equally distributed annual external inputs.

As this project proposal is based upon the outcome of the comprehensive survey on "The actual situation and effectiveness of the Labour Inspection System in Viet Nam" (August 2000), and the

report of an ILO consultant to “Develop a five year Plan of Action for Labour Inspection in Viet Nam” (November 2000), both commissioned by the ILO-UNDP Project VIE/97/003 “Strengthening Labour Administration Capacity for Effective Implementation of the Labour Code in Viet Nam”, it follows that the present project proposal must have the closest possible ties with the - much larger - “mother project” VIE/97/003, both in technical and project management terms.

Implementation will be organized through a special project structure and identity, to be set up in Hanoi under MoLISA. Nevertheless, it is proposed that the project management structure of VIE/97/003 be given the responsibility also for implementation of this new project. The gains in synergy and dynamic project organization would be very considerable, as would be the savings of overall project management. In any case, activities of the two projects would have to be coordinated in the closest possible manner. An integration of the new project into the national project implementation structure of project VIE/97/002 would be both feasible and desirable (and this has been confirmed in consultations with UNDP Hanoi and the National project management of VIE/97/003). The National Project Manager of that project would be paid an additional “Responsibility Allowance” for his duties, and a new relatively senior and experienced assistant project manager or programme officer would be recruited, for day-to-day implementation management, as well as necessary additional project secretarial staff. The feasibility of a project coordination officer in Ho Chi Minh city should be looked into.

A separate Project Steering Committee (PSC) would be set up, with representatives of MoLISA, MoH, and the social partner organizations. The donor, Germany, and ILO (SafeWork/EASMAT) would also be members in this PSC. While these different elements would be fixtures in the project implementation strategy, the emphasis, however, would be on flexibility. It will be for the PSC to continuously monitor the development (and training) needs situation, and to target activities and resources to where the most urgent needs are identified. For this purpose, in addition to the twice annual PSC meetings, several major tripartite meetings with donor and executing agency participation will also be organized, the first one at the beginning of the project, to establish a definite project work plan and action programme, and to “kick off” (i.e. highlight) nationally the start of project activities; another in the second half of 2002, for a comprehensive “mid-term” review, and to reorient and consolidate project activities and achievements in phase II. Implementation will, where possible be closely coordinated with ongoing German bi-lateral (GTZ) TC project activities, i.e. for vocational training, and public administration reform, which dispose of important training and methodology capacities. Contacts have already been established with these bilateral projects, and their training expertise, materials, methods, etc., suitably adapted, may be used by the ILO project, to the extent possible, at costs equivalent to national (Vietnamese) consultancy service charges. Linkages will also be maintained with any other relevant activities in the target field of labour protection development, and with institutions in the donor country active in this field.

### **2.8.2 Technical implementation**

Technical project implementation will follow a strictly logical sequence indispensable for attaining the necessary long-term sustainability of project achievements. Once the project structure has been set up, preparations will start for organizing a national, high-level tripartite conference to discuss, define, agree and adopt a general policy framework for the future integrated labour inspection system. This concept will then be further developed into a comprehensive, coherent and consistent

national labour inspection policy. Competency criteria for the different levels of inspectors at HQ, provinces and local offices needed to enable them to implement the new policy will then be determined. A comprehensive training need analysis will then have to be undertaken to define the gaps between existing qualifications and desired, new (higher) competency levels. Performance criteria will be set. Model curricula will then be developed for training of the three main groups (management, serving inspectors, new recruits). Trainers will then be selected, and pilot trainer-trainee courses organized, with sub-contracting to other institutions, such as the labour colleges in Hanoi and Ho Chi Minh City, and possibly others. After evaluation of the pilot training, the full programme will be run with the intent of reaching all serving and newly recruited staff. Additionally, high-level workshops and tripartite meetings will be organized annually to address specific labour inspection issues. The first one of those will presumably be on “Labour Inspection in the SME sector.” Two study tours will be organized, to enhance and underwrite this overall institutional capacity building and development process, one for a group of top system managers, and social partner representatives, to donor country labour inspection institutions, and the other for selected senior operatives, to neighbouring Asian countries.

## **2.9 Links with international labour standards**

As already mentioned, a significant number of international labour standards are relevant to the project. It will provide a channel of information about these instruments to the target groups and participating organizations. It will, in particular, promote full application of the Labour Inspection Convention (No.81) and Recommendation (No.133), the Protocol of 1995 to Convention No.81, the Occupational Safety and Health Convention (No.155) and Recommendation (No.171), 1981, and other important SafeWork and ILO Conventions.

## **2.10 Environmental implications**

Working environment and general environment issues are very closely related, as many pollutants, especially those of a chemical nature, originate from industrial activities. Other environmental threats are created by industrial installations with a potential for major hazards, e.g. chemical plants, power plants and storage areas for toxic, etc. chemicals.

The project will respond to environmental challenges by sensitizing, and improving labour inspectors’ understanding of, and capacity to deal with work-environment-related factors. The ILO’s well established major hazard prevention concepts and procedures and other SafeWork products will also be promoted in this context.

### **III. OBJECTIVES and INDICATORS**

#### **3.1 Development objective**

This project will improve the labour protection system, in particular occupational safety and health and the working environment in Viet Nam, thereby contributing to prevention of work accidents and diseases, increased productivity and quality of production, and also to better relations and dialogue between employers, workers and Government. It will strengthen and modernize the nation's labour inspection system in the face of structural adjustment and political, social and economic reform.

#### **3.2 Achievement indicators**

Indicators of a well-functioning, prevention-oriented labour inspection system and its field structures are, inter alia:

- an appropriate, integrated structure and organization which correspond to the needs of both the inspectorate and its client system;
- coverage, by the inspection services, of all major areas of economic activities, particularly also the emerging private SME sector;
- updated and suitable legislation, regulations and procedures, compatible with international labour standards and applied in collaboration with established tripartite advisory bodies;
- a comprehensive staff training and human resources development policy for all levels in the inspection services;
- modern, adapted curricula for all inspection staff training programmes;
- well trained inspectors, and
- effective and efficient inspection programmes and services.

#### 4. IMMEDIATE OBJECTIVES, OUTPUTS and ACTIVITIES

This project is directed towards the achievement of a number of immediate objectives:

##### **4.1 First immediate objective**

By the end of this project an integrated State labour inspectorate as the Government enforcement agency responsible for supervisory and advisory activities in occupational safety, occupational hygiene and health, and general conditions of work, will be established and operating effectively.

##### **Indicators of Achievement**

- The new State Labour Inspectorate will exist in name and functions.
- New inspection report forms and procedures will be in use.
- Reports from inspection visits will indicate the integrated nature of the inspection function.
- Surveys of employers, workers, inspectors, and relevant government agencies will indicate the effectiveness of the new arrangements.
- The number of inspection visits will have tripled overall.

##### **Output 4.1.1**

A project workplan will be prepared and endorsed by the Project Steering Committee (PSC).

##### **Activities**

- 4.1.1.1 Select and appoint members of the PSC and agree on its Terms of Reference.
- 4.1.1.2 Prepare project workplan in consultation with key agencies.
- 4.1.1.3 Present workplan to PSC for discussion and implementation.

##### **Output 4.1.2**

A report to establish a new, integrated labour inspection policy and service, covering occupational safety, general conditions of work, occupational hygiene and health, and (illegal) employment inspection, will be prepared, endorses and implemented.

##### **Activities**

- 4.1.2.1 Prepare terms of reference for an international consultant (8 weeks) to prepare a report on the reorganization of the labour inspectorates.
- 4.1.2.2 Discuss draft report at national, high-level tripartite meeting on the development of an integrated labour inspection system and new national inspection policy.
- 4.1.2.3 Present final report to Government for approval.
- 4.1.2.4 Progressively, implement recommendations of the report.

## **4.2 Second Immediate Objective**

By the end of the project a comprehensive labour inspection training and staff development policy and programme will have been prepared and implemented.

### **Indicators of Achievement**

- Training needs assessment report, training policy document, and training action plan widely known and used.
- Labour inspectors trained and retrained.
- Training materials widely distributed.
- Surveys of inspectors and enterprises to verify impact of training.

### **Output 4.2.1**

An inventory of all existing labour inspectors, both MoLISA and MoH at all levels, covering qualifications, experience, competencies and job descriptions, completed.

#### **Activities**

- 4.2.1.1 Prepare and trial the survey questionnaire.
- 4.2.1.2 Conduct the survey, undertake selected interviews and prepare survey report.
- 4.2.1.3 Prepare terms of reference and appoint international consultant (4 weeks) to undertake a comprehensive training needs analysis for both the short and medium term for all categories of inspectors.

### **Output 4.2.2**

A comprehensive labour inspection training and staff development policy document prepared and endorsed by MoLISA and the social partners.

#### **Activities**

- 4.2.2.1 Prepare terms of reference and appoint international consultant (4 weeks) to draft policy document.
- 4.2.2.2 Discuss draft document at national, high-level tripartite meeting.
- 4.2.2.3 Submit policy document to Government for endorsement.

### **Output 4.2.3**

A detailed training action plan, based on the policy document, prepared and endorsed.

#### **Activities**

- 4.2.3.1 Prepare terms of reference and appoint international consultant (4 weeks) to prepare the action plan.
- 4.2.3.2 Discuss and adopt training plan at national, high-level tripartite meeting.

#### **Output 4.2.4**

Up to 500 labour inspectors and other personnel trained in accordance with the training action plan.

##### **Activities**

- 4.2.4.1 Prepare terms of reference and appoint international consultants (8weeks) to develop the curricula and training materials for different types and levels of training, to support the implementation of the training plan.
- 4.2.4.2 Organize, conduct and evaluate individual training activities.
- 4.2.4.3 Organize, conduct and evaluate study tour programme.

#### **Output 4.2.5**

Up to 200 representatives of government, employers and workers aware of issues of concern to labour inspection (e.g. labour inspection in SME's), labour inspection and occupational safety and health management systems/standards, labour inspection and major hazards).

##### **Activities**

- 4.2.5.1 Prepare terms of reference and appoint international consultants (4 x 1 week) to prepare materials on selected technical issues.
- 4.2.5.2 Plan, organize and conduct four high-level tripartite meetings on selected technical issues.
- 4.2.5.3 Prepare technical reports from each meeting and distribute widely.

#### **5. ASSUMPTIONS**

- 5.1** Government and the social partners will give high priority to effective and efficient, modern labour inspection and improvement of working environment in the transition to a market economy.
- 5.2** The functions and duties of a modern labour protection system will be integrated within a single State labour inspection service.
- 5.3** There will be a rising demand for training of labour protection professionals from the private sector.
- 5.4** MoLISA will recruit substantially more inspectors.
- 5.5** Trained officials will remain in their assigned duties sufficiently long to allow them to use their newly acquired qualifications effectively.

6. LIST of MAJOR INPUTS

6.1 International inputs

The donor, the Federal Republic of Germany, will finance the project by approving the release of approximately 440,000 USD (USD 390,000 operational and USD 50,000 agency support costs, subject to exchange rate fluctuations) as follows: approximately 120,000 USD in 2001, 160,000 in 2002, 80,000 in 2003, and 80,000 in 2004. for the following purposes:

|       |   |  |
|-------|---|--|
| 6.1.1 | National project staff                                      | US\$ 75,000  |
| 6.1.2 | International short-term consultants (in all 8 work-months) | US\$ 120,000   |
| 6.1.3 | Training activities   | US\$ 165,000   |
| 6.1.4 | Equipment   | US\$ 30,000  |
|       | —   | translation of English materials into Vietnamese<br>US\$ |
|       | —   | 5,000<br>two over-head projectors                        |
|       | —   | US\$ 3,000<br>one video projector                        |
|       | —   | US\$ 5,000<br>two white screens                          |
|       | —   | US\$ 1,000<br>training videos, 10 pces                   |
|       |   | US\$   |

|       |   |                             |             |   |      |
|-------|---|-----------------------------|-------------|---|------|
|       | — |                             | 500         | a demonstration kit<br>of direkt measuring<br>instruments | US\$ |
|       | — |                             | 5,000       | a photocopying<br>machine                                 |      |
|       | — |                             | 5,000       | 20 boxes transparency<br>films                            | US\$ |
|       | — | a small reference library   | 1,000       |   | US\$ |
|       |   |                             | 4,500       |   |      |
|       |   |                             | -----       |   |      |
|       |   | Sub-total:                  | US\$        | 30,000  |      |
| 6.1.5 |   | Agency support costs (13 %) | US\$        | 50,000  |      |
|       |   | Grand-total                 | <b>US\$</b> | <b>440,000</b>  |      |

## 6.2 Contribution by the recipient Government

The local organizations (MoLISA, MoH, employers' and workers' organizations and institutions) will appoint one person as a focal point for project activities. They will make available senior personnel for the Project Steering Committee (PSC). The recipient organizations will collect and furnish all necessary data and information for production of national training policies, strategies and action plans, and they will provide office and secretarial facilities during the project's activities as necessary. The Government will also make available all necessary reports, documents and statistics, etc.

MoLISA will have the responsibility for customs clearance, local transportation, handling, storage, insurance and safe custody of any equipment provided by the project. It will release all staff for training, as necessary.

## **VII. INSTITUTIONAL FRAMEWORK**

The project will collaborate with government agencies, and employers' and workers' organizations, other bilateral or international TC projects, notably project ILO/VIE/97/003, and German bilateral (GTZ) projects on public service reform, vocational training, etc. The ILO's Hanoi Office, experts from the multidisciplinary advisory team, EASMAT and Asia-OSH in Bangkok, and ILO Headquarters technical units, in particular the Labour Inspection Systems Development cluster of SafeWork, will provide the necessary administrative and technical backstopping. Where possible, the project will also cooperate with relevant institutions in the donor country, such as the State Labour Inspectorates, the Mutual Accident Insurance Associations (Berufsgenossenschaften), the Federal Institute of Labour Protection and Occupational Medicine (BAUA) and others.

## **VIII. PROJECT BUDGET**

A certified budget will be provided by the ILO's Budget and Finance Branch at the start of the project.

## **IX. MONITORING, EVALUATION and REPORTING**

project monitoring will be done by SafeWork and EASMAT. Annual workplans will be established by the NPM, and adopted by the PSC at the start of the project, and in advance of each subsequent calendar year. Six-monthly progress review reports will be prepared by the NPM and submitted to the donor no later than 2 months after the period under review. A full tripartite (BMZ, ILO, MoLISA) mid-term project evaluation will be undertaken at the end of 2002/early 2003. A comprehensive terminal report will be prepared by the NPM and SafeWork.

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