

Employment for Vietnamese Youth

Situation and Solution



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Situation and Solution

1. Overview of economic, geographic and demographic backgrounds

1.1. Economic, geographic and demographic backgrounds of Vietnam

Vietnam is located in Southeast Asia, bordering China to the North, Laos and Cambodia to the West, and the Pacific Ocean to the East and the South. It is composed of three main geographic zones -- the North, the Center and the South -- with a total area of 331,000 km².

In terms of *administration*, Vietnam has 61 provinces and centrally administered cities, which are subdivided into 609 urban and rural districts. The districts are subdivided into urban wards and rural communes.

In terms of *population*, according to a survey on labor and employment held in July 2001, Vietnam has 78.7 million inhabitants; of whom 519.2 million, or 24.4%, live in urban areas; 59.5 million, or 75.6%, live in rural areas; and 59.25% are at labor age (Ministry of Labor, Invalids and Social Affairs – MOLISA, 2001).

Vietnam is a multi-ethnic nation (with 54 ethnicities) the overwhelming majority of which is the Kinh (accounting for over 87%); the remainder consists of ethnic minorities, most of whom inhabit upland areas.

In terms of *faith and religion*, about one-third of Vietnam's population are followers of 6 main religions: Buddhism, Catholicism, Protestantism, Islamism, Cao §ui and Hoµ H¶o. Buddhism accounts for the largest number of believers, followed by Catholicism, then Protestantism, Islamism, Cao §ui and Hoµ H¶o. Throughout the historical process of their development, the various ethnic and religious communities in Vietnam have been bound to each other by economic and cultural ties, and by solidarity in the struggle against nature and foreign aggression.

In terms of *birth rate*, achievements in population activity have reduced it remarkably over the last decade: from 2.1% in 1989 to 1.4% in 2000, according to the Vietnam Family Planning and Population Activity.

In terms of the *economy*, Vietnam has embarked upon a process of economic renewal, with a switch from the centralized planning management mechanism to a market economy under State management. That the different economic sectors are recognized and their development facilitated has promoted a rapid growth of the economy. In particular, Resolution No. 10 granting long-term land use right and autonomy to farmers has breathed a new life into the Vietnamese agriculture. Foreign investments, coming to Vietnam since 1987, have led to a broad participation of various countries in an economy, which is open in orientation, multilateral in relationships, and diverse in forms. So far, the economy has acquired a fairly high growth rate, which is quite evident in all branches and fields.

GDP recorded an average annual increase of 3.9% during the 1986-1990 period, and 8.2% during the 1991-1995 period. Adversely affected by the regional financial-economic crisis during the 1996-2000 period, it still managed to score an average annual increase of 7%. Per capita per year GDP has reached nearly 400 USD, or almost doubled the 1990 figure (General Statistics Office - GSO - 2001).

Economic development has laid the premises for the settlement of social issues, such

as hunger eradication and poverty alleviation (the ratio of households below the poverty line has dropped sharply from 55% in 1990 to 11% in 2000), health care, and education. By 2000, Vietnam had completed primary education universalization and illiteracy eradication (GSO - 2000).

1.2. Labor and employment

According to a survey on labor and employment, jointly conducted by the Ministry of Labor, Invalids and Social Affairs (MOLISA) and the General Statistics Office (GSO) in July 2001, people at labor age (15-60 years' old for males and 15-55 years' old for females) account for 46.6 million, or 59.2% of the total population; those below labor age for 30.4%, and those above labor age, 10.4% (MOLISA - 2001).

As shown by the same survey, 39,489,000 persons aged 15 or older throughout the country had been engaged in permanent economic activity during the 12 months leading up to the time of the survey. Of these, females account for 19,505,000, or 49.4%; urban dwellers - 9,182,000, or 23.3%; and rural dwellers - 30,307,000, or 76.6%.

The proportion of urban labor tends to increase gradually (from 19.1% in 1996 to 23.3% in 2001), while that of rural labor tends to decrease gradually (from 80.9% in 1996 to 76.7% in 2001).

According to MOLISA agencies, the Vietnamese labor force consists of three categories:

Young labor (15-34 years old), accounting for about 50% of the total labor force;

Middle-aged labor (35-54 years' old), accounting for about 43.3%;

Elderly labor (aged 55 and older), accounting for about 6.7%.

Over the last 5 years, the proportion of young labor has dropped from 55.8% in 1996 to 50% in 2000, while that of middle-aged labor has risen from 35.6% in 1996 to 43.3% in 2000. This shows that the Vietnamese labor force tends to grow older (MOLISA - 2001).

Categorization by educational level

Viewed nation-wide, the educational level of the permanent labor force has improved constantly. Most note-worthy has been the ever-smaller proportion of illiterates and non-graduates of primary education (26.7% in 1996; 25.4% in 1997; 22.4% in 1998; 22.1% in 1999; and 20.5% in 2000). Meanwhile, the proportions of graduates of junior and senior secondary education have increased unceasingly. Especially, that of senior secondary education graduates has increased rapidly (13.5% in 1996; 14.2% in 1997; 16.0% in 1998; 17.1% in 1999; and 17.2% in 2000). There is a wide gap between the educational levels of urban and rural labor. In urban areas, out of 10 persons engaged in permanent economy activity there are almost 4 senior secondary education graduates, i.e. three times higher than the proportion for rural areas. Meanwhile, the illiteracy proportion in rural areas is six times higher than that for urban areas (MOLISA - 2001). The positive changes in educational level have facilitated job training and placement.

Categorization by vocational qualification:

By July 1st, 2001, of all persons engaged in permanent economic activity, those

vocationally qualified accounted for 17.1%, including: elementary job training - 1.3%; technical workers (with and without certificates) - 5.9%; secondary vocational training - 3.6%; college and university graduates, and higher levels - 3.7% (MOLISA - 2001).

For 1996, the proportion was 12.3%. Of the total social labor force, 11.73% had the technical worker or higher levels (compared with 8.4% in 1996).

The renewal period has witnessed efforts towards a vigorous labor restructuring; but the process remains slow-going, the division of labor irrational, the proportion of labor engaged in agriculture, forestry and aquaculture quite high but poorly productive. The tiny percentage of trained labor and its unreasonable utilization also constitute constraints for Vietnam's labor resources at present.

2. Situation of the youth and State policies on the youth

2.1. Definition of the youth

Youth is a concept commonly and broadly used in daily life, as well as in social sciences and humanities. Yet, it has been perceived differently in different domains, nations and even international organizations. As determined in the Statutes of the Vietnam Youth Federation, a Vietnamese youth is a citizen of Vietnam in the 15-35 age bracket (Statutes of the Vietnam Youth Federation). As defined by MOLISA agencies, the young labor force consists of work hands in the 15-34 age bracket (MOLISA - 2001). In the present paper, for statistical reasons and in conformity with the MOLISA definition, the youth are to be understood as persons aged from 15 to 34.

2.2. Youth population

According to the 2001 survey on labor and employment, Vietnam's youth population (from 15 to 34 years of age) amounts to 27,135,760, or 34.5% of the total population (MOLISA). Of these:

13,459,337 are males, or 49.6%;

13,676,423 are females, or 50.4%.

In terms of age:

The 15-24 age group accounts for 15,134,000, or 55.8%;

The 25-34 age group accounts for 12,001,760, or 44.2%.

In terms of place of residence:

20,477,200, or 75.5%, live in the countryside;

6,658,560, or 24.5%, live in urban areas.

Over the past 10 years, along with the process of urbanization and renewal, the urban youth population has increased by 5.2%, while the rural youth population has decreased accordingly.

In terms of social labor force:

According to preliminary figures from the 1999 general population and housing census, young people engaged in permanent economic activity account for 55.5% of the social labor force, and 73.6% of the youth population.

2.3. State policy on youth: A number of fundamental policies.

The Communist Party of Vietnam and the Vietnamese State have constantly paid attention to the younger generation, considering the training, grooming and promotion of the young human resources a decisive factor for the success of the national industrialization and modernization. Therefore, they have enacted many policies on the youth.

The youth policy represents the institutionalization of Party and State policy stance on the youth into legal institutions and a system of programs and plans, with targets, tasks, and proposed mechanisms and resources for the solution of youth-related problems, in order to tap the creative potentials of the youth and facilitate their contribution and growth in the process of national construction and safeguarding. There are the following specific policies:

- Policy on youth health and physical development.
- Policy on youth employment and income generation.
- Policy on youth education and training, to encourage the youth to strive in learning and improve their educational and vocational standards. Policy on grooming and promoting young talents.
- Policy on civic education, to shape a healthy cultural life, to preserve the national cultural identity while acquiring the cultural quintessence of mankind, to combat social vices among the youth.
- Policy on tapping and utilizing youth resources; policy encouraging and facilitating youth participation in political institutions.
- Policy on facilitating youth participation in international integration.
- Policy on particular youth groups.

The following are a number of specific policies:

2.3.1. Policy on education and training

In the process of national renewal and over the past years, especially following the 8th CPV Congress, education and training has been asserted as a primary State policy. The State has enacted many policies for the development of education and training, notably the following major policies:

- Educational reform.
- Law on primary education (1991).
- Policy on socialization of education, and the establishment of community-based, semi-public and private schools.
- Program for illiteracy eradication and primary education universalization.
- Policy on priority development of education in mountain areas, and the establishment and development of boarding schools for ethnic minority youth and adolescents.
- Policy on youth-targeted vocation through job training programs.
- Policy encouraging young talents, and granting credits to difficulty-ridden students.
- Policy on education and training has helped develop the national education, especially the restoration of vocational training for the youth.

Box 1: Targets set by the 8th and 9th CPV Congresses on raising the people's intellectual level

- To eradicate illiteracy, to raise the proportion of literates among people aged 15 and older from 94% in 2000 to 97% in 2020. To raise the proportion of school-goers among people aged 23 and younger from 47% in 1996 to 60% in 2010, and 80% in 2020. To raise the number of schooling years for persons aged 25 and older from 5 in 1996 to 9 in 2020.

- To increase the proportion of persons under uninterrupted schooling throughout the 2005-2020 period.

- To increase the proportion of students in the 17-23 age group from 2.2% in 1996 to 20% in 2010, and 25% in 2020.

- To ensure a quantitative and qualitative improvement of the scientific & technological personnel to match the regional and international standards.

Targets for human resources training

- To raise the trained labor ratio from 20% in 2000 to 40% in 2010.

- To raise the ratio of university-level scientific & technological personnel from 25 per thousand inhabitants in 2000 to 50 per thousand inhabitants in 2020. To intensify overseas training, short-term training, and post-university training for scientific & technological personnel.

2.3.2. Policy on labor, employment and income generation

Labor and employment constitute a major concern of the youth. To solve the employment problem, increase income, and improve living conditions represents one of the major challenges for Vietnam -- a developing country where income and life improvement have been adversely affected by a large and rapidly increasing labor force, a serious underemployment in the countryside and a high unemployment rate in urban areas, an outdated division of labor, a high proportion of agricultural labor (70%), a low ratio of trained labor, an uneven labor quality, a prevalent share of manual labor, and a limited labor productivity, quality and efficiency.

Against the backdrop of such a situation and characteristics, to raise the quality of labor resources and solve the employment problem for the laboring people in general and the youth in particular was one of the central tasks of the Party and the State for the 1991-2000 period. The national policies on labor and employment have the following aspects:

- + Maximum mobilization of the existing labor force.
- + Labor efficiency.
- + Job opportunities for job seekers.
- + Early re-employment for the redundant.
- + Rational relationships between economic growth and employment generation.

The State has invested in the creation of new job opportunities in the national economy through socio-economic development programs, such as the "*Program for greening barren land and bald hills*", "*Program for the exploitation and utilization of riverside and seaside alluvial banks*", "*National target program on hunger eradication and poverty alleviation*", and especially the "*National target program on employment*" and "*Program on job training for the 1999-2000 period*".

The State has also helped the population in self-employment or employment creation through the following main channels:

- + Enactment of policies encouraging economic development.
- + Funding in the form of preferential credit.
- + Support in training.

Thanks to the above-mentioned efforts, job opportunities have been created annually for 1 - 1.2 million work hands, most of whom young people.

Box 2: Targets of Government employment plan, 1996-2000

- + Employment for 6.5 - 7 million work hands.
- + Employment for averagely 1.3 - 1.4 million work hands annually.
- + A 75% ratio of rural worktime utilization in 2000.
- + A 22% ratio of trained labor in 2000.

Employment generation targets, 2001-2005

According to the 9th Party Congress (April 2001), for the 2001-2005 5-year period, employment is to be created for 15 million work hands, including those newly coming to labor age (about 1.2 million annually) and the unemployed left from preceding years. Of these, the rural areas account for (in workday equivalents) about 12.5 million, and the urban areas about 2.5 million.

For the next 5 years, employment is to be created for over 7.5 million work hands in economic and social fields, or averagely 1.5 million a year.

In 2005, the ratio of rural worktime utilization is to be about 80%; urban unemployment is to account for about 5.4% of the labor age population.

Source: National target program on employment for 1996-2000 - 9th CPV Congress

2.3.3. Medical and health care policies

Health is a valuable asset of each individual and the whole society, and a pre-condition for the socio-economic development of every nation. Proceeding from such a viewpoint, the Vietnamese Party and State have over the past years considered as a central task the issue of medical and health care for the population, especially the younger generation.

- The policy on socialization of health care is no longer exclusive to the public medical service, but common to all individuals, all sectors, all families, and the society as a whole. Diverse forms of health care organization (State, community-based and private) have been established, in which the State plays the leading role.

- The policy on developing modern medicine in combination with traditional medicine to the benefit of care and protection for the people's health.

- The policy on equity in health care in keeping with the economic capacities of society, coupled with policies on exemption or reduction of checkup and treatment fees for persons with meritorious services to the country, the poor, inhabitants of difficulty-ridden areas, and ethnic minority people.

Proceeding from those policies, national programs on health care and protection have been carried out, such as the expanded immunization program (EIP) for children with 6 vaccines, anti-malnutrition program, program against respiratory infection, program on care for expectant mothers and family planning, program on HIV/AIDS control.

Besides, there are programs for clean water supply, sanitation and the environment, against tuberculosis, etc. All this has helped develop the physical strength of the Vietnamese

younger generation.

2.4. Role of the Vietnam Committee on Youth and youth organizations:

To help the Party and the State in the elaboration and execution of youth-related policies, the Vietnam Committee on Youth and youth organizations have played an active and efficient role.

2.4.1. The Vietnam Committee on Youth:

The Vietnam Committee on Youth is an agency to assist the Prime Minister in the elaboration and organization for coordinated execution of youth-related policies and major inter-ministerial issues.

The Committee has the following tasks and powers:

- To submit to State agencies suggestions and recommendations in the elaboration of youth-related normative legal documents and policies.

- To organize the coordination with related agencies to exercise guidance, reminder and control over public servants, ministry-level agencies, government bodies, People's Committees of provinces and centrally administered cities, social organizations, and economic entities in the implementation of laws and policies concerning the youth.

At present, the Committee is drafting a national strategy on youth development for 2001-2010 to be submitted for adoption by the Government, and a youth bill to be submitted for adoption by the National Assembly.

2.4.2. The Hà ChÝ Minh Communist Youth Union

The Hà ChÝ Minh Communist Youth Union is the socio-political organization of the Vietnamese youth, founded, led and forged by the Communist Party of Vietnam and President Hà ChÝ Minh.

The Hà ChÝ Minh Communist Youth Union has legal person status, and its own bank accounts and seal. Its organizational system runs from the central to the grassroots levels. At the end of 2000, its membership accounted for 3.8 million (Source: Office of the Union Central Committee).

The Union functions as a representative of the youth, caring for and protecting their rights and interests, by making recommendations for and participating in the elaboration of youth-related policies. By means of action programs and emulation campaigns, it also creates an environment for the youth to learn, improve their educational and vocational levels, and engage in self-establishment activities.

The Union coordinates with State agencies, mass organizations and social groupings to care for the education, training and protection of youth and children.

2.4.3. The Vietnam Youth Federation

The Vietnam Youth Federation is a broad social organization of the Vietnamese younger generation and youth organizations. All young Vietnamese from 15 to 35 years of age, regardless of gender, ethnicity, religion, social origin, historical background, and place of

residence, and all Vietnamese youth organizations, which agree with the Federation Statutes are eligible for Federation membership.

The Vietnam Youth Federation has legal person status, and its own bank accounts and seal. Its organizational system runs from the central to the grassroots levels. Its membership now includes 3.2 million individuals (excluding individuals affiliated to the Federation's collective members) and the following collective members:

- The Hà ChÝ Minh Communist Youth Union
- The Vietnam National Union of Students
- The Vietnam Young Entrepreneurs' Association.

The Federation's activities are targeted at the following: to unite and rally broad sections of Vietnamese youth at home and abroad in common endeavors for an end to poverty, an equitable and civilized society, and happiness and progress for the younger generation. Implementing its various functions and tasks, the Federation represents and protects the legitimate interests of its members. It coordinates with State agencies and social organizations to cater for the lawful interests of the youth; and sponsors practical activities to help the youth fulfill their legitimate needs, such as learning, raising of educational level, job training, and employment. These activities are incorporated in action programs mapped out by Federation congresses.

2.4.4. The Vietnam National Union of Students

The Vietnam National Union of Students is the socio-political organization of Vietnamese students, a bridge linking students with the Party, the State and mass organizations. It operates as an educational entity in learning institutions. Its membership includes Vietnamese citizens studying in colleges and universities at home and abroad, who wish to join the Union on a voluntary basis, with an understanding of its Statutes, and with its approval.

The Vietnam National Union of Students has legal person status, and its own bank accounts and seal. Its organizational system runs from the central level to that of colleges and universities. At the end of 2000, it had over 300,000 members.

The Union has the following tasks: to unite, encourage and assist members and other students in their learning and self-forging by means of activity programs; to take part in the recommendation of student-related policies; together with learning institutions and social organizations, to cater for the material and intellectual life of students and protect their lawful and legitimate rights and interests.

3. Youth labor and employment

3.1. Youth labor

According to the April 1999 population census, 36,431,072 persons in the country were engaged in permanent economic activity. Of these, there were 20,211,288 young people, accounting for 55.5% of the social labor force and 73.6% of the total youth population.

Of the youth labor force, the 15-24 age group accounts for 25.2% of the social labor force and 33.4% of the total youth population; and the 25-34 age group for 30.3% and 40.2% respectively.

Table 1: Youth population engaged in economic activity, 2000 (by age group)*Unit: person*

Age group	Combined	15-24	25-34
Subject			
Youth population engaged in economic activity	19,491,900	8,566,419	10,925,571
Of these:			
- Females:	9,711,724	4,302,236	5,409,488
- Urban:	4,087,140	1,444,310	2,642,830
- Rural:	15,404,850	7,112,109	8,282,741

Source: Labor and employment in Vietnam, 2000

Since 1991, the youth labor force has tended to decrease (as a result of increased schooling), but remains the main social labor force. The proportion of youth labor force has dropped from 62.8% of the total social labor force in 1991, to 61.7% in 1995, and 50.0% in 2000.

Table 2: Youth labor population in permanent economic activity, 1991-2000*Unit: %*

Age group	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Compared with total labor population	62.8	62.9	62.4	63.1	61.7	55.8	54.7	52.6	55.5	50.0
15-24 years' old	31.7	31.2	30.2	29.9	29.1	26.0	24.9	23.3	25.2	21.8
25-34 years' old	31.5	30.2	32.1	29.1	32.6	29.8	29.1	29.3	30.3	28.2
Compared with (15-24) age group	83.5	84.9	83.3	81.8	80.1	79.1	77.2	75.8	73.6	72.8
(15-34) age group compared with total population	35.7	34.8	34.8	34.8	34.8	33.6	33.5	33.2	36.0	34.7

Note: For 1999: general census, 1999

Source: Situation regarding labor and employment in Vietnam, 1991-2000

By place of residence, rural labor has gradually decreased in proportion over recent years, but remains the main labor force (74.9%). Effected by the market mechanism, farmers have moved gradually from pure agriculture (rice monoculture) to animal and vegetal cultivation restructuring in the direction of commodity production. Under the impact of

urbanization and the market mechanism, the rural youth tend to leave the countryside and seek employment in urban areas and industrial centers. Yet, as rural labor accounts for 67.3% of the national labor force while the available 7 million hectares of arable land need only 16 million work hands, the rural population, rural youth included, are under heavy employment pressure.

According to the 1999 general population census, the activity of the youth is as follows:

Table 3: Youth activity

Youth activity	Number	% of total youth population
Working	20,211,288	73.6%
Housework	1,197,619	4.4%
Under schooling	4,290,619	15.6%
Labor incapacity	170,283	0.6%
Unemployed	1,178,122	4.3%
Without employment needs	108,937	0.4%
Undefined	411,247	1.5%

Source: General population and housing census, 1999

As shown above, the majority of youth (73.6%) are working, 15.6% are under schooling, and only 4.3% are unemployed. Worthy of note is that only 0.4% have no employment needs.

3.1.1. Annual increases of young work hands in social labor force

Table 4: Young population coming to labor age, 1999-2000

Unit: 1,000 persons

	1990	1995	1996	1997	1998	1999	2000
1. Increases in labor age population							
- Total	930	1,120	1,170	1,210	1,230	1,260	1,260
- Males	480	580	610	630	640	650	660
- Females	450	540	560	580	590	610	600
2. Persons coming to labor age							
- Total	1,448	1,651	1,653	1,668	1,719	1,742	1,769
- Males	731	828	847	863	878	889	902
- Females	717	787	806	825	841	853	867
3. Persons coming out of labor age							
- Total	377	364	359	353	350	349	351
- Males	163	164	160	155	151	148	146
- Females	214	200	199	198	199	201	205

Source: Estimates from 1989 general census

- 1.7 million people come to labor age annually, thus increasing the labor age population by 1.2 million a year. However, the youth labor population has decreased. During the 1996-1999 period, it dropped by 0.9% annually (or 176,600 persons), accounting for 1.6% of the total decrease (MOLISA).

- The large size of the labor force in 1999-2000 and the big increase in the labor age population continue to bring about a heavy employment pressure.

3.1.2. Educational level of youth population engaged in permanent economic activity

Over recent years, thanks to the anti-illiteracy campaign, the support institutionalized by State policies, and the youth's own efforts, the educational level of the young labor population has improved markedly. According to a survey on labor and employment for the 1996-2000 period, the number of persons aged 15 and older engaged in permanent economic activity (most of them are young) that have finished senior secondary education has increased constantly (from 13.5% in 1996 to 17.2% in 2000), while the number of those that are illiterate has decreased (from 5.7% in 1996 to 4.0% in 2000).

Table 5: Educational level of youth population engaged in permanent economic activity

	<i>Unit: %</i>				
	1996	1997	1998	1999	2000
Illiterate	5.7	5.1	3.8	4.1	4.0
Not finished primary education	26.7	20.3	18.6	18.0	16.5
Finished primary education	22.8	28.1	29.4	28.9	29.3
Finished junior secondary education	32.1	32.4	32.3	31.9	33.0
Finished senior secondary education	13.5	14.1	15.9	17.1	17.2
Total	100.0	100.0	100.0	100.0	100.0

Source: Situation about labor and employment in Vietnam, 1996-2000

3.1.3. Technical and vocational level of youth

As shown by the 1999 general census, 25,838,181 young people have no vocational and technical skills, accounting for 94.1% of the total youth population.

Having vocational and technical skills are 1,620,436 young people, accounting for 5.9% of the total youth population, and 8% of young people engaged in permanent economic activity. Breakdowns of their respective proportions at different levels are as follows:

- Technical training: 508,597, or 1.9% of the youth population
- Specialized secondary education: 582,866, or 2.1% of the youth population

- College, university: 517,160, or 1.9% of the youth population
- Post-graduate: 4,345, or 0.02% of the youth population

There is a difference in vocational and technical skills between young males and females. Females account for only 25% of all trained technical workers; their proportions for specialized secondary school leavers, college graduates, university graduates, and post-graduates are 58%, 64.9%, 43% and 30.9% respectively.

Over the last decade, the number of certificated youth has decreased slightly (5.9% in 1999 against 6.4% in 1989), especially certificated technical workers and specialized secondary school graduates. Meanwhile, the number of young college and university graduates has increased 3.1 times over the 1989 figure.

Table 6: Vocational level of youth, 1989-1999

Vocational level	<i>Unit: %</i>	
	1989	1999
Certificated technical training	2.1	1.9
Specialized secondary education	2.2	2.1
College, university	0.9	1.9
Proportion of vocationally & technically qualified youth among total youth population	6.4	5.9

Source: GSO, 1989 - General census 1999

The number of young people with post-graduate education has increased rapidly. In mid-1999, there were 3,940 persons with master degrees, or 22.8% of the national figure; 391 candidates of sciences (now Ph.D.s), or 4.4% of the national figure; and 14 doctors (now Sc.D.s), or 0.6% of the national figure.

However, there remain inadequacies in the utilization of learned youth. Most young people, after graduation from colleges or universities, tend to stay on in cities or prefer high-pay jobs. Thus, many trades needing vocationally qualified labor are not found attractive by the youth.

On the other hand, the low proportion of vocationally and technically qualified youth (5.9%) is too far from meeting the requirements of national industrialization and modernization.

The above situation shows that the number of youth with vocational and technical training is both small and inadequate. Their proportional structure (2% for higher learning, 2.1% for secondary education, and 1.85% for technical training) is not rational. (The national structure is 1, 1.6 and 3.6 respectively, while, according to foreign countries' experiences, a rational structure stands at 1, 4 and 10 respectively). An irrationality in the situation about youth labor and employment is the imbalance between the excessive number of university graduates and the inadequate number of technical workers, while the former are often left unemployed. As revealed by statistics of the Ministry of Education and Training, out of the country's 20,000 university graduates, 10,000 are still jobless. Meanwhile, there is a serious shortage of technical workers and skilled labor in production entities and enterprises, especially in agriculture and export processing zones. 88.6% of enterprises have technical

worker recruitment needs, but only a limited number of applicants meet recruitment requirements; and the luckiest enterprise succeeds to fill 56.7% of its needs, while the unluckiest one, only 3.9%. Over recent years, the Sảng Nai industrial park needs annually 50,000 qualified work hands, 10% of whom having secondary technical education; but only 9.2% respond to required norms.

The above cited figures testify to a reality: there is in the country's labor structure "both an excess of teachers and a shortage of workers", which further aggravate unemployment and underemployment.

3.2. Actual situation about youth employment

Employment generation has known positive developments during the 1996-2000 period, increasing by 3% annually, but remains unable to satisfy the employment demands of the society in general and the youth in particular. Urban youth unemployment and rural youth underemployment are pressing issues today.

Table 7: Youth employment in 2000

Unit: %

	Total			Females		
	Fully employed	Under-employed	Unemployed	Fully employed	Under-employed	Unemployed
Nationwide labor force	70.6	27.2	2.3	71.1	26.7	2.2
Nationwide youth labor	71.5	25.1	3.4	70.3	26.4	3.3
15-24	69.1	26.1	4.5	67.9	27.6	4.6
25-34	73.8	24.1	2.1	72.6	25.3	2.2
Nationwide urban areas	66.8	26.9	6.3	66.0	27.9	6.2
Urban youth	65.6	22.9	11.5	64.2	24.7	11.2
15-24	61.6	2.2	16.8	60.5	23.4	16.1
25-34	69.5	24.6	5.9	67.8	26.0	6.2
Nationwide rural areas	71.7	27.3	1.1	71.0	28.0	1.0
Rural youth	72.9	25.5	1.6	72.9	26.8	1.6
15-24	70.6	27.1	2.3	69.4	28.4	2.2
25-34	75.2	23.9	0.9	74.0	25.1	0.9

Source: Survey on labor and employment in 2000

As shown in Table 7, of the young people engaged in permanent economic activity, 71.5% have stable employment, 25.1% are underemployed, and 3.4% are unemployed. Youth underemployment is mainly in rural areas (25.5% of all rural youth; while the proportion for urban areas is 22.9%). Meanwhile, youth unemployment is mainly in urban areas (11.5% of all urban youth; while the proportion for rural areas is 1.6%).

3.2.1. Rural youth underemployment

Table 8: Rural youth underemployment

Unit: %

group	Age	1996	1997	1998	1999	2000
	15-24	26.6	25.5	28.2	28.0	27.1
	25-34	37.0	32.8	34.1	30.7	23.9
	Total rural youth population	38.0	29.4	28.2	29.7	27.3

Source: Situation regarding labor and employment in Vietnam, 1996-2000

Over recent years, the rural underemployment rate has dwindled between 26% and 28% of the labor force engaged in economic activity in rural areas. A decrease was registered in 2000, but only negligible. The underemployment rate for the 15-24 age group is similar to that for all the rural labor force; while that for the 25-34 age group is lower (23.9% against 27.1%). Still, the youth underemployment rate is high in many regions, such as the Red River delta (37.8%) and Northern Central Vietnam (33.6%) (MOLISA - 2001).

By economic sector, underemployment is registered mostly in the non-State sector (98.3%), then the State sector (1.4%); while the proportions for other economic sectors are negligible. There are many reasons leading to rural youth underemployment, such as:

- Limited arable land acreage.
- Slow-going restructuring of animal and vegetal cultivation.
- Irrational economic structure (almost purely agricultural), underdeveloped trades and crafts.
- Few entities offering job opportunities.
- Low educational and vocational standards compared with labor market demands.
- Lack of funds to develop production and business.

Compared with other issues, labor and employment have always been a most pressing problem for the youth. Beside millions of underemployed youth, there is quite a number of unemployed youth. Inadequate vocational skills also create difficulties to young job seekers in the market mechanism.

Box 3: Situation regarding rural labor

Nam TiŔn is an underdeveloped commune in Nam Sŕch district, Hŕi Dŕng province. It is purely agricultural, its geographical conditions being unfavorable to businesses. Per capita arable land accounts for only 380m², leading to lingering poverty. The increasing number of brick-and-tile houses are easily recognizable, but they belong to households whose wealth has been collected elsewhere (through fish pond bidding, hired work, etc). As local farmers put it, to sustain one's living is already a challenging task, given the limited arable land, excessive labor force, high prices of agro-materials and rather low prices of agro-products. In their opinion, another cause of economic underdevelopment is the high rate of idle time (usually 40%) while sideline occupations are lacking. During idle times, young men set out in search for work everywhere else, serving as porters in Lŕng Sŕn or coal diggers in Quŕng Ninh. There have been many labor accidents, but they still have to do so to earn a living.

Source: Investigation by Youth Institute

3.2.2. Urban youth unemployment

In the 1996-2000 period, job generation has made much progress, but still fails to meet the employment requirements of working people. Unemployment remains an urgent problem for urban areas. According to a labor and employment survey in 2000, the nation-wide urban unemployment rate amounts to 6.3%. Averagely, the number of unemployed work hands increased by 16% a year during the 1996-1999 period, and tends to increase in the following years.

Table 9: Urban unemployment rates by vocational skills

Unit: % of whole group

Vocational skills	1996	1999	Difference
Total in urban areas	5.7	7.2	16.0
Of which:			
- Without vocational skills	5.8	8.3	20.0
- With vocational skills	5.5	4.6	-4.2

Source: Survey on labor and employment, 1996-1999

As shown by a survey on labor and employment, the urban youth unemployment rate is high (11.5%, against 6.3% for total urban unemployment). The rate is particularly high for the 15-24 age bracket (16.8%). Unemployed were mainly those vocationally unqualified. From 1996 to 1999, their rate increased by 2.5%, while that for those vocationally qualified decreased from 5.5% to 4.6%. Still, during the same period, the unemployment rate for trained labor was also high (5.5% up). In 2000, the urban unemployment rate was somewhat lower than the 1998 and 1999 figures. But, it remained above 7% in certain cities, such as Hanoi (8%), H_à Ph_ảng (7.8%) and C_{ần} Th_ơ (7.2%).

Of the 8 territorial regions, in the 4 northern regions (from Northern Central Vietnam up) the male unemployment rate was higher than that of female unemployment, while in the 4 southern regions (from the Southern Central Vietnam coastal provinces down) the female unemployment rate was higher than that of male unemployment.

Unemployment depends a great deal on the quality, level and vocation of education. In the 2000-2001 school year in H_à Ch_í Minh City, of the 3,066 teachers' training college graduates taking part in examinations for the public service teaching profession, only 909 met the recruitment requirements. This leads to a large number of unemployed graduates, while the City still needs over 500 primary and secondary school teachers. This reflects a paradox in training and utilization at present. The situation is not bright, either, with job applications through "Youth and employment" gatherings in H_à Ch_í Minh City, Hanoi and S_{ông} Nai, and at job placement centers. Only a small number of applicants are recruited, while the number of graduates is increasing. Graduates from such faculties as agriculture, forestry, aquaculture, social sciences and humanities, and computer technology have great difficulties getting a job.

One of the causes of the growing unemployment rate is that the training quality, training structure and vocation structure fail to meet the requirements of the labor market. Besides, the limited number of work places and the unattractive policies and mechanisms provide no incentives for the qualified (trained) work hands.

Box 4: Employment and profession

One day, sipping coffee at Caf  Minh Ti n right in the center of Hanoi, I overheard an interesting conversation. They told each other their names and ages, training institutions and work records. I came to understand that they were all graduates from various universities, but were still jobless. One graduated only this year, another three years ago. They had happened to read in a newspaper an advertisement about a beauty articles limited liability company wanting a marketing agent. Although beauty articles had nothing to do with the profession they had been trained for, they did come for an interview. It turned out that the meeting at the caf  helped them coordinate employees' tactics to cope with the employer. As they put it, pending a job more conformable with their training, they had to accept this uninteresting job to earn a living.

Source: Investigation by Youth Institute, 2000

3.2.3. Youth employment structure by economic branch

Table 9: Youth employment structure by economic branch and age

Unit: %

Gender	Age group	Branches			
		Agriculture Forestry Aquaculture	Industry Construction	Services	Combined
Combined	15 - 24	64.5	19.5	16.0	24.3
	25 - 34	57.5	17.9	24.7	21.7
Males	15 - 24	65.7	19.8	14.5	24.9
	25 - 34	54.2	21.4	24.5	22.0
Females	15 - 24	63.3	19.2	17.5	23.8
	25 - 34	60.7	14.4	24.9	21.4

Source: Survey on population's living standards, 1998

According to a 1998 survey on the population's living standards, young people working in agriculture, forestry and aquaculture accounted for the largest proportion (61%), in services - 20.5%, and in industry and construction - 18.6%. The proportion of young people working in industry and construction was higher than the national average (18.6% against 14%).

By gender, for the 15-24 age group, the percentage of females working in services was higher than that of males and the average. The reason was that a high percentage of rural youth took part in small commerce, especially in farm products. For the 25-34 age group, the percentage of males working in industry and construction was fairly higher than that of females. Of these, many rural young men went to urban areas to seek employment during idle times. Their number was 500,000 for H  Ch  Minh City alone.

Table 10: Main employment structure by economic branch and location*Unit: %*

Location	Age group	Branch			
		Agriculture Forestry Aquaculture	Industry Construction	Services	Combined
Rural areas	15 - 24	70.6	17.3	12.2	25.1
	25 - 34	66.5	14.9	18.7	21.1
	35 - 59	67.7	10.3	22.1	38.1
	60+	83.3	4.0	12.8	8.1
	Combined	71.1	12.1	16.8	100.0
Urban areas	15 - 24	6.9	41.0	52.1	19.0
	25 - 34	3.9	35.7	60.5	25.6
	35 - 59	5.3	25.7	69.0	47.6
	60+	19.3	10.0	70.7	7.4
	Combined	6.3	30.0	63.7	100.0

Source: Survey on population's living standards, 1998

In rural areas, for all age groups, most of the labor force worked in agriculture (71.11%). This was quite logical, since Vietnam remains an agricultural country. Only 12% and 16.8% worked in industry and services respectively. However, the percentages for young persons within the 25-34 age bracket were somewhat higher: 14.86% and 18.65% respectively. In the main economic branches, 46.2% of the rural labor force were young people.

In urban areas, in the main economic branches, 44.6% of the labor force were young people. Of these, the proportion of those working in services was considerably higher than that of those working in industry (63.7% compared with 30%). For the labor age population, the higher the age bracket, the lower the proportion of people working in industry and the higher that of people working in services. That was why young people accounted for the majority of the industrial workforce, while their proportion was quite low in agriculture (mainly in the rural outskirts). In fact, urban services were mainly limited to the informal sector.

3.2.4. Employment by economic sector

As shown by the 1999 population census, most young people (63.2%) operate in the individual sector, 25.5% in the collective sector, 8.1% in the State sector, and the rest (in negligible proportions) in other sectors.

* The state economic sector:

According to preliminary figures from the 1999 population census, only a small

percentage of young people (8.1%) operated in the State sector.

- The proportion of work hands operating in the State sector has constantly decreased, from 14.7% of the social labor force in 1985 to below 9% in the mid-1990s, and 9% in 2000. On the other hand, it has increased gradually along with the age groups: 5.5% for the 15-24 age bracket, 10.3% for the 25-34 age bracket, and 13.1% for the 35-59 age bracket. According to reports on the reform of State enterprises, the proportion of work hands operating in the State sector has continued to decrease.

Table 11: Permanent employment in 1999 for persons aged 15 and older

Unit: %

Age group	Total	Economic sectors					
		State	Collective	Private Individual	Mixed	Foreign invested	Un-defined
Total	100.00	9.62	26.84	61.95	0.95	0.53	0.11
15 - 24	25.21	5.47	25.22	66.54	1.50	1.13	0.13
25 - 34	30.27	10.30	25.70	62.10	1.18	0.63	0.09
15 - 34	55.48	8.11	25.48	64.12	1.33	0.86	0.11
35 - 59	38.62	13.06	28.10	58.09	0.53	0.12	0.11
60+	4.30	1.75	36.38	61.64	0.08	0.03	0.12

Source: General population and housing census, 1999

- The collective economic sector: The 1999 general population census also showed that young people participating permanently in economic activities in the collective economic sector (rural agricultural cooperatives and urban handicrafts cooperatives) accounted for over 1/4 of the labor force in all economic sectors. Over recent years, this economic sector has created employment for numerous young work hands.

- The private and individual economic sector: This sector accounted for 62% of the social labor force participating permanently in economic activity. For young work hands, the sector accounted for 64.1%. During the years of renewal, this sector has provided employment for numerous redundant and unemployed work hands (accounting for about 90% of the job opportunities created annually).

- The foreign-invested sector: This sector, including services and industries, created employment for 300,000 work hands from 1993 to 1998. The figure has gone down in recent years, parallel with decreases in foreign investment. Although accounting for only about 1% of the labor force (both direct and indirect) at present, this sector has played an active role in the labor restructuring in the direction of industrialization, modernization and international integration.

3.2.5. Youth employment structure by location

According to the 1999 general population census, 21.3% of urban residents aged 13 and older had a permanent employment; the figure for rural residents was 78.7%. Of the country's

young labor force, urban residents accounted for 20.4%, and rural residents 79.7%.

- In urban areas, 65.2% of the young work hands operated in the private economic sector (mainly in the informal sector), 5.6% in the collective economic sector, and 4.69% in mixed enterprises. In State enterprises and foreign-invested enterprises, the proportions for young work hands were higher than the national average: 22.3% and 2.2% respectively.

- In rural areas, where agriculture is predominant, a high proportion of young work hands (63.8%) operated in the private and individual sector. The collective sector accounted for 30.5%; and the other sectors, only minor proportions: State enterprises 4.5%, mixed enterprises 0.5%, and foreign invested enterprises 0.5%.

4. Positive labor market policies

4.1. Supply side: Improvement of the human capital

The labor market in Vietnam, non-existent during the time of State subsidization because labor was not considered as a kind of goods, has now been in the making and development. The current high rates of unemployment and underemployment result from a greater supply than demand in terms of labor. A solution to this problem requires, among other things, an improvement of labor force quality.

To this end, there are various measures, including education, training and vocation.

The living standard surveys conducted in 1992-1993 and 1997-1998 show a fast increase in Vietnamese youth's schooling years: In 1998, youth in the 15-24 age group enjoyed an average of 7.7 schooling years, while the figure for those in the 25-34 age group was even higher - 8.0 compared with the national average of 7.8. However, these years are mainly spent at general schools rather than at occupational skills training institutions, hence the limited skills among the young people.

Youth access occupational skills mainly through the system of universities, colleges, specialized secondary schools and vocational training institutions. In addition, training institutions owned by enterprises and craft villages also engage in this field of activity.

4.1.1. Education and training

During the 1985-1987 period, socio-economic problems exerted a heavy pressure on the Vietnamese university system, leading to its overall degradation: its training scope shrunk, its training facilities became outmoded, its State budget-sourced allocations reduced. Against such backdrop, on the basis of the Communist Party of Vietnam's viewpoint on renewal, the university education sub-sector has step by step effectuated its own renewal to respond to the needs for the population's intellectual improvement, human resources training and talents grooming in service to national industrialization and modernization. Since 1986, the university and college enrollment has constantly kept growing.

Table 12: University and college training development

Academic-year	Newly enrolled students	on-studying students
1985-1986	33,006	126,195
1989-1990	35,998	126,125
1994-1995	79,564	367,486
1997-1998	187,096	671,120
1999-2000	195,160	893,754
2000-2001	215,281	918,228

Source: Education Information and Management Center, Ministry of Education and Training

At the moment, there are throughout the country 104 universities and 64 colleges, through which the education and training sector every year supplies a considerable force of quality labor for the country (Graduates numbered 38,446 in 1996; 58,059 in 1997; 74,015 in 1998; and 113,600 in 1999). According to professionals, the average post-graduate, university and college training growth rate for the 1990-2000 period is 3.7% per annum (the Development Strategy Institute).

4.1.2. The system of specialized secondary schools

In the early years of renewal, the specialized secondary schools tended to shrink in both numbers and training scope. However, since 1992, their training scope has expanded, coupled with diverse forms of training, providing opportunities for young people not in a position to continue regular schooling.

Table 13: Numbers of (formal) specialized secondary school enrollment

Academic-year	Number
1986-1987	137,618
1991-1992	122,106
1997-1998	124,608
1999-2000	129,114
2000-2001	148,737

Source: Education Information and Management Center, Ministry of Education and Training

Apart from those enrolled in formal courses, there are some 50,000 specialized secondary school students following such systems as in-service and appointment-based ones. Although the specialized secondary school enrollment has not increased considerably, this

sub-sector has supplied between 65,000 and 67,000 graduates annually to the nation's trained labor force, thus contributing to the process of industrialization and modernization.

4.1.3. The system of vocational schools and centers

In Vietnam, in parallel with the system of universities, colleges and specialized secondary schools, there is also a system of training institutions (whose number has gone down from 366 in 1980 to 129 in 1998). Thanks to the increasing attention given to vocational training, activities in this field have become increasingly diverse. According to statistics (the General Statistics Office), today's vocational training system consists of:

- 164 vocational schools, of which 157 are public and 7 are private;
- 148 vocational centers.

In addition, there are many in-enterprise vocational training units plus a large number of other centers also conducting vocational training activities such as job service centers, vocational guidance centers, etc. Vocational activity is also quite common in craft villages where workers mainly learn while working. In such a sense, vocational training has been extended to all economic sectors, with short-term training being the main form conducted in private training institutions and longer-term training being the focus of State training institutions. As reported by GDVT, the enrollment in vocational training institutions has on an average increased by 20% per annum. In the 1999-2000 academic year, the numbers of students enrolled in long-term vocational training and short-term vocational training were about 130,000 and 600,000 respectively (MOLISA). The problem with these vocational training institutions is their uneven distribution - most are based in major cities.

Findings from a survey conducted by the Institute of Labor Science and Social Issues show that as high as 53% of vocational training institutions concentrate in the two major economic centers of the Red River Delta and the Southeastern region. The remaining 47% are located in the other six economic regions. There are two economic regions covering 8 provinces, yet having a meager 1% of all vocational training institutions. This irrational distribution will exert an adverse impact on plans to supply labor force for economic and social sectors in these regions. However, according to general assessment at present, vocational training institutions are over-training 25% their capacity. Hence, the discrepancy between vocational training needs and the capacity of training institutions in response.

4.1.4. The role of youth organizations in human resources training

Along with the guiding role of the State and the participation of labor users, for the past years Vietnamese youth organizations have based themselves on their respective functions and tasks to actively and proactively involve young people in the varied forms of activity in the self-establishment movement.

With its self-establishment movement, the Hà ChÝ Minh Communist Youth Union has encouraged and motivated an innovative study campaign among the youth, organized study emulation drives, specialized young talent contests, scholarship programs for young people. The Union is currently running 23 vocational training centers, frequently taking part in vocational training, job counseling and recommendation for young people. In 2000 alone, the Union provided vocational training for 183,141 young people. The Union has also actively joined in efforts to improve scientific and technical knowledge for the youth through technical demonstration sites, training seminars and training sessions at agro-extension clubs. In 2000,

9,555 scientific and technical courses were held for 442,901 rural youths, and 3,763 technical demonstration sites and 2,500 agro-extension clubs were set up. In addition, youth organizations have also actively engaged in educating the youth in occupation and employment orientation awareness.

4.1.5. Guidance and counseling

In today's Vietnam, the labor market information system has not yet developed. Consequently, learners select education mainly on the basis of suggestions of their families rather than a close linkage between labor users and training institutions.

As revealed by a survey in 2000 on employment of college and university graduates in 1999, as high as 23.8% of them were unemployed, and as high as 24% of those employed had jobs which were not suitable with their trained skills. So, the combined percentage of the unemployed and the unfitted employed accounts for around 42%. And this again constitutes a major irrationality in college and university training plans, originating from among others lack of communication between suppliers (training institutions) and demanders (labor employers).

In vocational training in particular, learners seem to suffer greatly from a lack of information of both training institutions and users in need of technical workers. As a result, it is a common mindset for workers to rush for training in such occupations as electronics, mechanical repair, garment, etc. while a bundle of occupations closely associated with new calls of manufacturing technologies have so far been not covered, for instance clerical skills, sea-products processing, automated equipment operation, etc. which are in great need by enterprises. Typical is the water subsurface welding, which is among the occupations that Japan wishes to receive trained Vietnam labor, yet there has been no institution providing such training. A survey conducted by the General Department of Vocational Training on graduates from vocational training institutions in 1999 shows that:

- Regarding short-term vocational training (less than 12 months): The training intake for goods storage and delivery was only 12 students, for chemical equipment operation - 18 students, but for automobile driving - 39,400 students, IT - 17,000 students, and garment - 10,300 students.

- Regarding long-term vocational training (12 months and longer): The training intake for automated equipment operation was 31 students, for diving - 32, but for electrical engineering - 4,750 students, and for smithery - 3,900 students.

The above-mentioned figures prove that while the needs of the economy for different occupations are varying, but the differences in the training scopes in different occupations are just too vast, distorting the real needs of the economy. And this is due to the inadequate attention given to vocational guidance as well as insufficient information on technical and occupational needs.

Box 5: Impact of market mechanism on youth occupation

Mr. Nguyễn Kim is well-known within and without the country for his artistic carpentry. Aged 67 at present, he remains enthusiastic in teaching his skills to the young generation.

For the past over 50 years, he has helped train many generations of artist-workers of this traditional craft village. However, under market mechanism, it is difficult to preserve the artistic gist of carpentry. "A good number of youth are really talented, but they are not dedicated to crafting, maintaining the flower (the soul) of traditional craft, but instead running after producing imitations, faster and cheaper, for quick and big buck. This torments me the most," said he.

Source: Scientific research materials owned by the Youth Research Institute, 2000

4.1.6. Labor shift

Table 10: Labor aged 15 and older with permanent employment, by major sector

Unit: %

Sector	1996	1997	1998	1999	2000	2005*	2010*
Agriculture	69.0	65.8	66.1	64.1	62.6	56.0	50.0
Industry	10.9	12.1	11.6	12.4	13.1	20.0	23.0
Services	20.2	22.1	22.2	23.5	24.3	24.0	27.0
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Note: *Forecasts

Source: Statistics on labor-invalids and social affairs in Vietnam 1996-2000

During 1996-2000, the share of labor in agriculture decreased by 6.4%, while those in industry and services increased by 2.22 and 4.1% respectively. Clearly, the trend has been reducing labor share in agriculture and increasing labor share in industry and services but this structural shift has remained slow in the past 5 years. The share in services has increased faster than that in industry. It is anticipated that thanks to economic structural shift, in 2005 the labor share in agriculture will be reduced by 6.6% against 2000, and that in industry will be increased by 6.9%, but no change in services. In 2010, the labor share in agriculture will be brought down radically to about 50%, while those in industry and services will be up to 23% and 27% respectively. An analysis of the labor structural shift during 1996-2000 shows that it is extremely hard to achieve the labor structural shift targets set for 2005 and 2010 because the average economic growth rate for 1996-2000 was 7%, while that during 2001-2005 is planned to be 7.5% only. The current economic structure breakdown is: Agriculture - 24%, industry - 37% and services - 39%. The respective targets for 2005 are 21%, 38% and 41% (the Development Strategy Institute).

Table 16: Labor aged 15 and older with permanent employment, by economic sector

Unit: %

Economic sector	1996	1997	1998	1999	2000
State	8.8	9.0	10.2	10.1	10.1
Non-State	91.2	90.6	89.3	89.4	89.3
Foreign-invested	0.00	0.4	0.5	0.5	0.6
Total	100.00	100.00	100.00	100.00	100.00

Source: Statistics on labor-invalids and social affairs in Vietnam 1996-2000

The above table shows that the labor share in the State sector was the highest in 1998, then came down, but not remarkably. The labor share in the non-State sector seems not to have changed over time while that in the foreign-invested sector enjoys an increase. In the coming years, reforms in both State enterprises and administrative system will continue to bring down the labor share in the State sector, while employment generation will be made by non-State economic sectors.

4.2. Demand side: Creation of job opportunities

4.2.1. Job creation in the State economic sector

The annual generation of employment for workers is specifically provided for in the Labor Code of the Socialist Republic of Vietnam. In order to create many workplaces, for the past years, the State has promulgated a series of policies and policy measures to develop production and services in all economic sectors so as to attract the available labor force. As regards the State economic sector, the process of restructuring State enterprises in the direction of granting autonomy and accountability for the enterprises has brought the number of State enterprises from 12,000 in 1986 down to some 4,800 at present. But the State enterprise reform has also led to about 430,000 redundant workers. Now, the State enterprise renewal is still underway. And Vietnam's economic policy continues to confirm the leading role of the State economic sector but stresses that the State only concentrates on cutting-edge industries. As a matter of fact, the State enterprise reform at the moment is being conducted along the following main lines:

- Equitization of those enterprises where the State does not need to retain 100% capital so as to raise more funds from the population to renovate productive technologies. The equitization process so far implemented has testified to its suitability. Equitized enterprises have in general developed their businesses and created more jobs.

- Merger to establish large corporations or groups which are economically strong enough to heighten their competitiveness. As for these corporations, the State would concentrate its investments on technological innovation with a view to producing goods competitive to regional countries in the process of international economic integration.

- Sale of chronic loss-making enterprises.

Faced with the above-said situation, it is very likely that jobs in State enterprises will continue to go down in number although labor will continue to move. According to reports from provinces and cities, workers who cannot retain employment in State enterprises at the moment amount to 42,000, or 6.08% of the total labor force in enterprises (a count of reporting enterprises only). Estimation by the Ministry of Labor-Invalids and Social Affairs suggests that about 100,000 work hands cannot retain employment in State enterprises. These people are having "a rest" pending a certain kind of compensation or they are out looking for new jobs. Realities have shown that the number of workers failing to retain their employment in State enterprises is on the rise, and young people account for the majority of them.

Coupled with the State enterprise reform is the administrative reform conducted by this country along the direction of reducing the number of contact agencies and streamlining the apparatus. This has also led to the reduction of workplaces in public agencies and public service delivery institutions.

In short, along this line, it can be foreseen that in the coming years, while the State economic sector will continue to play the leading role and will recruit new employees every year, it will not be the main source of new employment for young people.

4.2.2. Prospective employment for youth in an IT-based economy

Informatics is one of the areas in which Vietnam is far behind other countries, as its IT infrastructures are quite limited. However, the renewal process has brought about great strides in the country's post and telecommunications industry. The expanded application of IT in all economic and social fields is considered by the State a special priority in the national

economic development strategy. Diverse activities related to IT represent a big opportunity for Vietnamese youth, for only they are capable of accessing new technologies. At the moment, almost all new recruits in IT companies are young people.

At present, although the IT industry only employs few people, it already promises bright employment vistas for Vietnamese youth. It is expected that by 2005, Vietnam would have required 50,000 IT experts (Ph¹m TÊN C<ng) to work in the IT industry. The number of personnel equipped with informatic knowledge in order to make full use of and apply IT in their operations at enterprises and in public agencies would be many times bigger. In the business sector alone (as mutually agreed with APEC), by 2010 Vietnamese enterprises would have completed E-commerce in their businesses, thus attracting hundreds of thousands of work hands to this industry. Nevertheless, as afore-stated, this is an industry relatively new to Vietnam.

Subsequently, both the training of trainers and the setting up of physical facilities adequate for teaching become very expensive and time-consuming. At the moment, thanks to the development of IT, workers -especially youth - find it easier to get a more suitable job. Moreover, also thanks to information development, it has become easier for undergraduates to determine which occupation to learn to fit their capabilities. Employment information has become increasingly widely publicized in the mass media. However, modern means of communication are only good at present for a small segment of urban population and for the key target group of students and young intellectuals. Regarding the rural areas, due to the overall economic underdevelopment, economic difficulties and low professional standards, only radio and newspapers are accessible but not such updated IT facilities as the Internet, and therefore employment opportunities and competitiveness are quite low for rural labor.

Pioneering in IT application for employment and recruitment are foreign- invested enterprises and Vietnam-based foreign representative offices.

Box 6: FPT (Financing Promoting Technology) with job for the youth

A young enterprise with many activities in support of young people's access to the modern information system, FPT has considerably helped the youth access job opportunities through its website on employment and through its direct dialogues with students.

Established in 1998 with 8 founding members, FPT has now 900 workers, of whom 80% are young people and 100% are fluent in 1 - 2 foreign languages and well-versed in informatics. Most of them are graduates.

To facilitate students' better access to the Internet, FPT has reduced its Internet Card services by 1/3 of the prices during Summertime.

Noteworthy is the fact that FPT has for the past two years set up a Young Talents Club for young winners of international and national prizes in maths and informatics. In the Club, members can use the Internet free of charge and discuss informatic issues of their concern.

Source: Survey by the Youth Institute, 2000

4.2.3. Employment support programs

Prompted by the pressing need for employment, the Government in 1992 set up the National Employment Fund that was in 1999 turned into the National Employment Program. During 1996-2000, the Fund lent out 3,000 billion VND and provided employment for 1.8 million work hands, or 30% of the newly generated employment, of whom 0.8 million work hands got new jobs and 1 million others had sideline jobs. In 2000 alone, the Fund made loans worth 754 billion VND to more than 16,000 projects, thus creating employment for nearly 350,000 work hands. The Fund is targeted at small-scale projects to create more job

opportunities. As such, the Fund has helped many localities restore and develop traditional craft villages and generate employment for handicraft and small-scale industries. And this program has yielded positive results in rural employment generation.

Apart from the National Employment Program, there are other target programs that are important as well in employment generation. The Vietnam-Czech Program and Vietnam-Germany Program are just two examples whose borrowers are Vietnamese guest workers who had to return prematurely when Eastern European countries fell into crisis. The rural credit program is another example. As statistics show, these programs for the past 10 years have contributed to creating about 5.7 million new workplaces with young people being the main beneficiaries.

Box 7: A young entrepreneur

In Phi Kh^a commune, Tô Sⁿ district, B³/₄c Ninh province, everybody knows the vanguard and creative role played by the young people in this craft village of traditional artistic carpentry. And among the most entrepreneurial and successful minds, stands out Nguyễn Thịnh Chung.

Born of and brought up in a family of a traditional carpenter who specializes in producing ordinary wood articles such as day-to-day beds, wardrobes, etc. Chung chose to learn artistic carpentry. Upon finishing the 7th grade, Chung started to work with his father, but very soon, as he realized that his father's job didn't require creativeness and had only low income, he decided to switch to artistic carpentry. After 3 years' hard work, Chung became firm in his skills. To raise business funds, Chung was bold enough to approach the Youth Union Sponsored Employment Fund, asking to borrow 30 million VND as seed money to set up a workshop, employing 15 peers. 3 years' operations of the artistic carpentry workshop have brought about an amount 6 - 7 times bigger than the seed money. So, thanks to his proactive and creative approach to the market plus his youth's energy, Chung has created employment for not only himself but also generated stable jobs and relatively high income for 15 other young people.

Source: Survey by the Youth Institute, 2000

5.2.4. Support for small enterprises and private sector

Small enterprises make up the majority in Vietnam's private economic sector. According to statistics, enterprises with less than 100 workers each in Vietnam account for 97.6% of all private enterprises. Vietnamese private enterprises are small in both labor force and capital. In Vietnam's economic development strategy, small enterprises are regarded as a potential source of employment and a mobilizer of idle money available among the population. During the years of renewal, it is this private economic sector that has employed a large part of redundant work force and unemployed workers (accounting for 90% of the new workplaces annually).

Thanks to the State policy encouraging the development of all economic sectors, the private and individual economic sector has for the last years enjoyed a vigorous development in such forms as production and business households, limited liability companies, and farms, etc. Preliminary reports from the MOLISA show that, while limited in their investments in technological development and in per-workplace creation, small and medium size enterprises have displayed their potentialities and advantages in employment generation. There are for now about 41,000 small and medium size enterprises (excluding household enterprises), accounting for 96% of the nationwide number of enterprises.

Small and medium size enterprises have produced 32% of total industrial output, contributed 25% to the nation's GDP, and attracted nearly 49% of the non-farm labor force.

Yet, Vietnam has so far had no separate policy to support small enterprises. However, related policies are numerous, as demonstrated in policies toward enterprises, policies on

employment, hunger eradication and poverty alleviation, etc. Vietnam at the moment is drafting a Decree on developing small and medium size enterprises in support of the latter. According to the current regulations, small and medium size enterprises are those with less than 200 workers each and a business capital of less than 5 billion VND.

The Law on Enterprises effective as of the 1st January 2000 has granted preferential conditions for small enterprises and business household in terms of registration procedures and charges. By 31 May 2001, there were 21,234 new enterprises and 220,000 private business households established under this Law with a total registered capital of about 36,000 billion VND. Reports show that each new enterprise on an average creates some 20 new workplaces. This means that these new enterprises alone (excluding business households) have created 420,000 new workplaces.

Vietnam's credit policies have reserved certain attention for small enterprises. Many support funds have been set up in service of national programs and to lend at preferential interest rates such as the Fund for Hunger Eradication and Poverty Alleviation, the National Employment Fund, the Vietnam-Germany Fund for Vietnamese Returnees, and the Fund to Support small and medium size enterprises, etc.

The credit policy of the Fund for Hunger Eradication and Poverty Alleviation is to focus mainly on private business households with the Bank for the Poor as a proxy. This Fund reserves preferences for women involved in economic activities through the Women's Union. A problem with this Fund, however, is that its beneficiaries often do not know what to use the credit for. The credit policy that requires commercial banks as an intermediary is also problematic, for the banks still mainly base their lending decisions on related enterprises' collaterals rather than their real payment abilities. As a result, money is piling up at banks while most enterprises are hungry of capital. This kind of policy seems to fit big enterprises only. One of the most important sources of capital for small enterprises at present is the informal source. Entrepreneurs take their self-generated capital as the main source, to be complemented by borrowings from their relatives.

As regards labor policies: Although designed to regulate the industrial relations between employees and employers, the Labor Code has many provisions inapplicable to enterprises with less than 10 workers, and in practice it has not been substantially realized in the private economic sector constituted largely by Small and medium size enterprises. However, the national employment program has made an important contribution to founding small enterprises which ultimately aims to generate employment. In terms of labor recruitment, small enterprises are confronted with a lot of difficulties in training and recruiting workers with appropriate skills. Recruitment has been done mainly through recommendations by acquaintances. Skills improvement has been done mainly through on-the-job training. Close to 70% of entrepreneurs have not experienced any business governance training course.

In sum, support for small enterprises remains an issue in need of enhancement, and it is hoped that its problems will be gradually solved once a government decree on small and medium size enterprises is enacted.

4.3. Job intermediation: Suitable job placements for job seekers

4.3.1. Public employment services

Currently, there are 143 employment service centers throughout the country which every year provide occupation counseling for some 200,000 work hands and supply 80,000 workers for enterprises. Most of these centers are subordinates of provincial Departments of

Labor-Invalids and Social Affairs, while some others belong to such institutions as the Women's Union, the Youth Union, the Confederation of Trade Unions, etc. Apart from their principal functions in employment counseling, these centers also organize vocational training courses to meet the need of enterprises for skilled labor. Their counseling has actually developed vigorously in Hanoi and Ho Chi Minh City where labor markets are relatively matured. These centers came into being in parallel with national employment programs, and they have in general enjoyed the State support in terms of equipment, infrastructures and the annual finances from national employment programs.

To help young people access the labor market, during recent years, a number of youth unions in provinces and centrally-administered cities have coordinated with enterprises in organizing Employment Fairs for Youth. At the fairs, young people would not only enjoy the festivities but also have face-to-face dialogues with entrepreneurs in need of manpower. Although few people have succeeded in finding a job at these fairs, the events have become an ideal rendezvous for both workers and labor users.

Surveys have shown that as many as 96% of job seekers came to these centers for opportunities, and they were all under 40 years of age. So, the de facto beneficiaries of these centers were young work hands. However, as judged by enterprises with advanced technologies, especially foreign invested enterprises, labor recruitment procedures at these centers remain rather complex and not yet satisfying to the demands of enterprises. According to stipulations of Vietnamese laws, foreign invested enterprises should recruit labor through employment service centers, and could only recruit on their own if the centers fail to respond after 30 days since application. But field surveys show that some 55% of these enterprises recruit labor absolutely on their own. This in part reflects the weaknesses inherent in employment service centers. They result from the limited operational expertise and experience of the centers' personnel, the poor facilities to support market access and promotion, hence low efficiency and performance of these employment service centers.

To redress the situation, the Government plans to direct these centers to specialize in employment services, while facilitating the various economic sectors' extensive activity in this field on the basis of legal provisions.

Labor export is also a priority in Vietnam's employment strategy. It is seen not only as a means to generate employment, but furthermore, a way to help workers learn managerial expertise and technical skills in operating modern technological instruments in service of the industrialization process in Vietnam and at the same time a considerable source of income for workers, as many returning guest workers have been able to establish successful businesses.

To date, Vietnam has exported labor to 38 countries and territories, in an increasing number. Between 1991 and 2000, the country sent more than 120,000 guest workers overseas on a termed basis. The labor export annual growth rate during the 1994-2000 period was approximately 27.3%. In 2000 alone, some 30,000 Vietnamese guest workers were sent off, 3 times more than in 1995. At the moment, there are about 250,000 Vietnamese workers and specialists working overseas, sending back nearly 1 billion USD a year to their families.

Box 8: Youth Vocational Training and Employment Service Center

Subordinate to the Ho Chi Minh Communist Youth Union, the Youth Vocational Training and Employment Service Center was set up in October 1991.

In its 10 years' operations, the Center has provided counseling for 36,270 young people, vocational training for 12,356 others. Of these people, 7,993 have got employment, accounting for 64,67% of those trained at the Center.

The Center's training mainly focuses on such occupations as industrial sewing, mechanical welding, civil electricity, industrial electricity, electronics, motorbike repair, IT, civil carpentry, foreign language skills, family attendance, etc. The Center in particular provides free vocational training for youth and adolescents in especially difficult circumstances. The Center has also provided free vocational training for 322 street and poor children from Hanoi and neighboring provinces.

Source: Survey by the Youth Institute, 2000

4.3.2. Youth self-establishment and job generation campaign

To help young people with employment, the Hả ChÝ Minh Communist Youth Union has launched the youth self-establishment campaign whose results in self-establishment and self-employment can be seen in the following:

- Youth have accessed business capital from different sources such as the National Employment Program, the Program on Greening uncultivated lands and barren hills.

- The Union has undertaken national-level socio-economic development projects such as the building of the national Hả ChÝ Minh highway, the construction of the Yaly Hydro Power Plant, the eradication of single-trunk “monkey bridges” in the Mekong Delta provinces, the projects for developing marine and island economies, the construction of youth economic zones and youth villages, etc.

Box 9: The youth self-establishment movement in 2000

- Financed by loans from the National employment program:

1,229 projects, with credits worth 61,965 million VND granted to 333,683 young men and women.

- Financed by loans from the Afforestation program:

36 projects, with funds worth 16,828 million VND generating employment for 7,655 young men and women.

- Financed by bank loans:

9,256 projects, with credits worth 174,959 million VND generating employment for 89,597 young men and women.

- Financed by mutual-aid self-establishment funds (contributed by young people themselves):

Credits worth 64,925 million VND granted to 139,444 young men and women.

- There were 23 vocational training centers and 76 job placement offices under the Union's management.

Total number of trainees: 183,141

Total number of job placements: 66,427

4.3.3. Labor market mechanisms

From the legal angle, all policies at present are directed at developing a labor market. They have created enabling conditions for labor flows among industries and economic sectors. They neither prohibit nor encourage labor movements from region to region. But these physical movements in fact have caused many social implications.

Box 10: Advancement of rural youth

T« Lan H-ng was born and grew up in the rice-growing basket of the northern delta where in the past people produced 2 crops of rice a year but in return had only enough to eat at best. Finishing a course on transfer of scientific and technological innovations exclusively held for rural youth by the commune youth union, all young people here have changed the thinking and working styles handed down over to them by their forefathers.

Upon receipt of a plot of land contracted out to her family, H-ng persuaded her family to do away with the random-grown gardening, and instead grow high value fruit trees on the varieties provided by the Agricultural Extension Center. Since then, her family's income has kept increasing, her old cottage was turned into a new building equipped with a lot of expensive facilities. Revenues from fruits and seedlings amount to 25 million VND a year, reports H-ng. You can become rich without leaving your home village, but with a strong will, you can emerge right from the place where you are born and grow up, concludes H-ng.

Daring and entrepreneurial are typical of today's Vietnamese rural youth. They do know not only how to grow rice, but also how to apply theoretical scientific advances in their efforts to generate employment on their own and improve their incomes.

Source: Survey by the Youth Institute, 2000

The labor market information remains fragmented on both input and output levels. Vietnam has yet to build a nationwide network to collect information, even in major cities. Evaluation of the labor force currently is mainly based on sample surveys. And one of the important reasons leading to failure to take hold of employment information is that in Vietnam, there have been only policies regarding employers upon sacking workers rather than unemployment insurance.

As presented above, because a large part of the Vietnamese labor force are unprofessional, over 70% of them live in rural areas, and the agricultural workforce account for nearly 65%, it is true that labor market information could have hardly brought about high degree of efficiency.

5. Lessons of experience

Employment generation efforts made by Vietnam over the past years show the following lessons:

First, employment generation is one of the pressing and sensitive social issues, for it relates to the life of many, and is one of the most important factors contributing to social stability and development. However, employment generation should be done through economic measures, particularly the development of labor-intensive industries. It should also be done through various forms of joint business and production cooperation, and through the expansion of economic space. In other words, it should be done on the basis of the vigorous development of the various industries and economic sectors, in combination with application of the market mechanism while ensuring social equity and progress.

Second, the current low quality of the Vietnamese labor force calls for a greater attention to its improvement (education level, professional magnitude, physical health, etc.) so as to solve the problem of employment. And this demands for an adequate investment by the State in developing such sectors as healthcare, education and training, vocational training, etc. On its part, the education and training sector should renew its teaching content and methodologies to suit the socio-economic situation of the country and the general trend of the times.

Third, it's necessary to radically change the mindset of all sectors and strata, especially of young people, on generating employment in a market economy. It's also imperative to improve the young people's adaptability and competitiveness, help turn their past passivity into proactivity as things are now (to proactively seek or create employment rather than sit idle and waiting for assignment).

Fourth, employment for workers should be generated through major project programs and their efficient integration with each other.

Fifth, the employment market requires the active bridging role of employment service centers. In Vietnam, these centers have yet to undertake satisfactorily such a role. This fact calls for an adequate investment in terms of physical facilities, teaching staff and equipment so that they can be sufficiently strong to meet requirements of both domestic and regional labor markets.

Sixth, employment policy is a fundamental social policy of the State. And in this regard, the labor-invalids and social affairs sector play a core role, with the involvement of every individual and social organization, particularly at rural commune and urban ward level. Given their functions and tasks, mass organizations have a major role to play in generating employment for their members.

6. Some proposals and recommendations on labor and employment for youth

In this period of renewal, Vietnam enjoys considerable conditions, premises and capabilities to develop its labor market. In particular, the policy to fast develop a multi-sector commodity economy operating along the market mechanism under the State management has helped the labor market in Vietnam move fast in its making and development. However, this market remains elementary and incomplete. The acceleration of this process requires the Party and State to apply rational mechanisms and policies with a view to properly solving the labor supply and demand relationship. Noteworthy is the approval on 27 September 2001 by the Prime Minister of the National Target Program on Hunger Eradication, Poverty Alleviation and Employment for 2001-2005 with an investment of 22,580 billion VND, of which 6,335 billion VND is destined for the employment component, aiming to generate employment for 1.4 million work hands per year, reduce the urban unemployment rate to 6% while raising the rural employment time utilization rate to 80% in 2005. To this end, the following concrete programs are proposed:

1. The youth self-employment support program based on the rural household economic development through the rural credit program.

The strong household economic development along the line of job diversification and household-based gradual labor structural shift remains the biggest attraction of labor at present. Calculations show that with today's 6 million hectares of cultivable land, if we succeed in increasing land use rotation by 2 times and applying the winter crop to up to 25% of the total acreage, it is quite possible to generate employment for additional 400,000 -

500,000 rural work hands. And from now to 2005, if each household can reduce the labor share in cultivation down to 65 - 70% (in terms of work time) while shifting the remaining labor force to non-cultivation (animal husbandry, economic gardening) and non-agriculture (processing, small industries, handicraft and services), sufficient employment then can basically be generated for rural labor.

The most important support for rural youth self-employment comes in the form of State financial assistance, technology transfer and business know-how's. It also includes State investment in employment-conducive infrastructures (electric grid, water conservancy system, marketplaces, residential quarters planning, housing improvement, etc.). This can be done through the rural credit program that lends out to the households by small projects. The rural credit program needs an organic coordination of the following 3 credit systems:

- The commercial credit system (by proxy of such specialized banks as the Bank for Agriculture) that lends to households in need of borrowings to practise intensive farming and increase land use rotation coefficient. This is the lending policy applicable mainly to households capable of agricultural cash crop production conforming to the market mechanism.

- The Government-subsidized credit system to implement (most basically) social policies. Under this system, the State treasury credit system for the time being lends out to households by small projects from the National Employment Fund at subsidized interest rates. The system is mainly targeted at households in addition to their farming now having adopted new business plans to generate extra employment or sufficient employment for their own members (through development of animal husbandry, gardening, crafts and services) and raise their incomes.

It is necessary to improve the credit system for the poor in the program on employment and income generation, and hunger eradication and poverty alleviation.

And the rural credit program, in close association with the program on training and guiding young people and households through providing business know-how's, vigorously developing agro-extension units, centers for the application in the rural areas of scientific and technical advances and technology transfer, particularly biotechnologies and labor-intensive technologies.

2. The program on combining potentials possessed by the different regions in an effort to combine labor force with the country's land and natural resources. All resources should be directed at developing and implementing a number of key projects.

3. The program to develop public sector employment in urban centers, industrial parks and tourist and services sites.

This program mainly aims to attach the State investment plans and foreign-invested projects to a number of cutting-edge economic industries, intensive and synchronized investments, thus creating key economic establishments of the national economy that are absorptive of highly skilled labor while producing consecutive labor utilization levels (low level), with high employment multipliers. In this connection, the following projects should acquire focused attention:

- The project to develop large-scale enterprises, especially those located in areas conducive to setting up export processing zones (like those in T©n ThuỄn, Bi^n Hoµ, Vòng Tụu, Sui ỉang - Hµ Néi, T©n Vò - H¶i Phỉng, etc.); industrial parks, particularly economic triangles (like the Ho Chi Minh City - Bi^n Hoµ - Vòng Tụu; Hanoi - H¶i Phỉng - Qu¶ng Ninh); projects attracting foreign investments in order to create local employment through

subcontracting, joint ventures, etc. Here, special attention should be given to sectors where Vietnam enjoys advantages (e.g. garment, earth wear, aquatic product processing, assembly of electronic articles, motorbikes and automobiles); while high appreciation is reserved for projects of assistance (including humanitarian assistance) aimed at development and employment generation.

- The projects to develop urban and rural infrastructures, particularly those related to the scheming, rehabilitating and building urban communication lines, water supply and sewage, building marketplaces, cultural and trading centers, housing, and village and commune planning.

4. The employment promotion program based on the development of small and medium size enterprises, both in urban and rural areas, with special attention reserved for those enterprises in cities, provincial towns and townships, first of all in Hanoi and Ho Chi Minh City, with a view to attracting and employing the local workforce.

Experiences in many countries (including developed countries) have proved that this is a field capable of attracting a lot of labor force, at the same time a strategic direction for economic development and local employment generation. It is also the most diverse, responsive and flexible type of production and business, thus easy to adapt to the market mechanism.

In this program, attention should be given to the development of the following areas:

- Development of the informal sector, focusing on organizing production, business and services at the household level with a view to solving the issue of employment and initial capital accumulation. This sector at the moment can generate employment for 30% of the urban unemployed labor force.

- Strong development of the various forms of labor-hiring households (often hiring from 3 to 5 work hands, formerly called small owners). In these forms, households mainly use their own members' labor force and would only hire extra work hands when required (either on the permanent basis or on the case-by-case and seasonal basis), and make use of nearby work hands (relatives, neighbors). In rural areas, farm economic operations (gardening, afforestation, aquaculture, etc.) remains dominating.

- Reorganization of small industry and handicraft cooperatives towards transforming them into joint-stock companies, limited liability companies (small and medium size), developing small and medium size private enterprises operating under the Company Law and Business Law. In these institutions, workers are utilized in the form of labor contracts, properly paid, enjoying social insurance and other industrial relations. This is the main form that generates additional workplaces so as to attract new work hands.

- Rehabilitation and development of traditional craft villages in linkage with exports (handicraft, earth wear, copper mounding, mother-of-pearl engraving, food processing, silk weaving, etc.). It is imperative to study to incorporate fine technologies into operations of craft villages, combined with traditional experiences and know-how's in order to produce high-value exportables. Efforts should be made to maintain and develop the pool of artists, while encouraging them to extensively disseminate their skills. Forms of coordination between the urban and rural areas in this connection should be developed, meaning that entities engaged in assembly lines, promotion and sale of traditional products should be set up in urban areas, while rural production entities should be turned into satellites to manufacture unfinished products through the use of rural labor force (full-time work hands, agricultural recess workers, young and old work hands, etc.).

This program is mainly financed by the population's self-generated funds. The State is to promulgate a number of policies providing incentives in terms of credit, tax, fee and surcharge, site clearance and technology transfer. An example is the access to loans at subsidized interest rates from the National Employment Fund if production and business scenarios are worked out to attract more labor force.

5. The efficient execution of international assistance programs for humanitarian purposes and in linkage with employment generation.

These are humanitarian assistance projects and programs targeted at helping returning refugees and guest workers reintegrate into their local communities. They include projects and programs on hunger eradication and poverty alleviation for poor rural areas and for such entitlement groups as orphans, the unsupported elderly, the disabled, etc. Their combined capital is by no means small, and although run on separate policies, mechanisms and processes, they are all linked with employment generation.

6. The program to send workers to new overseas markets on the term basis.

Sending guest workers abroad on the term basis is a program that must be expanded, particularly to Asia-Pacific, the Middle East and Europe. Efforts should be made so that every year between now and 2005 some 10,000 workers would be sent abroad to work on the term basis.

This program on sending guest workers abroad on the term basis should be closely associated with employment generation at home through reserving at least 50% of the gained foreign exchange for the National Employment Fund. At the same time, it is necessary to give priority to meeting domestic demand for skilled workers and ensuring employment for returning guest workers.

7. The program on vocational training, retraining and improvement of work skills for young people so as to upgrade their competitiveness in response to the structures of an economy in transition.

This program should be implemented in coordination with the following systems:

- Reorganization of long-term regular technical workers' training programs as part of the education and training sector to respond to the need for labor in key economic industries of the country and in line with the demand of the labor market. One of the possibilities is to coordinate with the labor-invalids and social affairs sector in organizing a number of high-level occupational training centers in major cities and industrial parks to further improve professional skills for workers, including improving work skills as inputs for export-processing zones, foreign-invested enterprises, labor export, and for enterprises renovating their technologies and using high-techs.

- Planning for development of vocational training and employment institutions in order to train short-term social jobs and meet the need of the labor market, such as job promotion centers at the local level, as part of social organizations (trade unions, women's unions, farmers' associations, war veterans' associations, the armed forces, and prisons), centers for the reeducation, medical treatment, vocational training for culprits of social vices (drug addicts, prostitutes, etc.), and centers for the application of scientific and technical advances and technology transfer in the rural areas. Private vocational training entities also need to be reorganized.

- Development of centers to support small and medium size enterprises. These centers, apart from their support in terms of technical know-how's, market information and capital, should also provide training for entrepreneurs and heads of business households who are able

and conditioned to develop themselves into small and medium size enterprises in terms of business governance, enterprise accounting, marketing and legislation.

This training system is aimed at educating, retraining and improving skills for workers, helping them achieve competitiveness at different levels of the labor market and among regions so that they can have a chance of employment or self-employment.

In parallel with efforts to set up programs and ensure their efficiency, the Party and State should improve their incentive policies on credit, tax, fee and surcharge, site clearance, technology transfer as well as policies on education, training and utilization of the human resources, thus creating premises for a vibrant, efficient operation of the supply and demand relationship on labor under the market mechanism, young people included.