
Hanoi, 14 October, 2010
Social Protection Strategy of Vietnam, 2011-2020

Ministry of Labour, Invalids and Social Affairs
## Country profile (as of 2009)

### A. Labour Market Indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Total population, mil of people</td>
<td>85.8</td>
</tr>
<tr>
<td>2. Labour force, mil people</td>
<td>49.1</td>
</tr>
<tr>
<td>3. Total employment, mil people</td>
<td>47.6</td>
</tr>
<tr>
<td>- Informal employment, %</td>
<td>75.0</td>
</tr>
<tr>
<td>4. Unemployment rate, %</td>
<td>2.32</td>
</tr>
<tr>
<td>5. Wage employed, %</td>
<td>30.5</td>
</tr>
<tr>
<td>6. Technical, Vocational labour force, %</td>
<td>35.2</td>
</tr>
</tbody>
</table>
### B. Insurance

**1. Health insurance**
- Contributors (% of total population) \(57.4\)

**2. Social insurance**
- Compulsory social insurance, % \(18.0\)
- Voluntary social insurance, % \(2.0\)
  
  = Total labour force covered by SI , % \(20.0\)

**3. Unemployment insurance, % of LF** \(12.21\)

**4. Social assistance**
- Percentage of population received, % \(1.73\)
Achievement

- GDP has been high and stable at the rate of 7.5% from 2000 up to 2008 (prior crisis in 2008-2009)
- There also been growing attention given to social objectives: More than 40 policies and target programs on employment, poverty reduction, basic services in poorest areas and health care insurance
- Vietnam has achieved 5/8 objectives of MDG on: poverty elimination; education for all, gender equality; reduce mortality and earlier birth dead rate.
- Social protection policy has helped people to copy with risks associated from employment, health and social protection:
  - Poorest communes, poorest HH, ethnic population, female, children and disable are most benefited
1. Labour- Employment
- Employment elasticity to GDP growth is low (0.32) compared to other Asian countries
- Majority working in informal sector with low level of labour protection
- Labour mobility is limited
- Mismatching labour supply and demand due to lack of information and employability
- Shortage of skilled labour especially in growing sectors and occupations
2. Social insurance and assistance

- UNDP: Accounts for 56% of population: the poor households, public servants, social policy target groups are the main beneficiaries;

- Benefits only account for a small proportion of households' total income (4%), resulting from small contributions and low allowance levels.

- Inequality: 40% of social protection fund is spent for 20% of richest quintile; 20% of the poorest quintile only receive 7% of total fund.

- Resources are mainly from State budget, but not sufficient to respond to the growing demand for social protection;

- Financial sustainability of social protection policies is low;

- Lacks of effective monitoring and management system
Vietnam aims at becoming a middle-income country by 2020;
- Entering a period of Demographic bonus but also Aging population;
- Reduce the financial sustainability of current Social Security Fund.
- More dynamic labour market development: Moving from rural to urban, agriculture to non agriculture; labour export.
- International economic integration will speed up the development of a dynamic social protection system.
- International concept and initiative on Social Protection Floor for all.
Social Protection Strategies for the years 2011-2020

Key principles

- Universal, all persons have the right to be safeguarded from social protection and have access to social protection system;
- Sharing: Base on the redistribution among poor-non poor, among old and young generation
- Equitability and sustainability, binding responsibilities and benefits, between contribution and benefits;
- Promoting responsibility of individuals, families and communities in ensuring the social protection;
- Special supports to the poor, vulnerable groups to ensure the minimum subsistence living level in case of risks that cause temporary or forever loss or reduction of income.
- International cooperation on ideas, policy and instruments to be implemented
2. Objective and targets

**Overall objective:** to gradually expand the coverage and participation of people in social security system; by 2020, *basically ensuring that all people get access to and benefit from social security policies*; ensuring minimum living standard for the people, contributing to sustainable poverty reduction, political and social stabilization.

- **Targets:** include all people, in which *priorities are given to vulnerable groups*, including the poor; people living in remote, mountainous and ethnic minority areas; workers in rural areas and informal sector; unemployed workers; the disabled; children; old-age and sick people; and those affected by natural calamities and other force-major risks.
3. Three pillars of the Social Protection Strategy

- **Labour market**
  (Training, job matching, credit, labour export)

- **Insurance**
  (social insurance, health insurance, unemployment, crop insurance)

- **Social assistance**
  (cash transfer, poverty reduction, social services)
# 3.1 Labour Market Policy

## Current challenges
- Large but under developed rural sector
- Widespread under-employed.
- Scarcities of skilled labour
- Wide scale of vulnerable jobs
- Landless informal sector
- Widening income gaps
- Most vulnerable: young workers, women, ethnic minorities, disabled, unskilled migrant workers.

## Policy instruments
- Demand driven vocational training
- Increasing accessibility to vocational training
- Increasing labour mobility, especially for rural migrants
- Subsidizing participation in labour export program
- Increasing labour market information
3.2 Social Insurance

Current challenges
✓ Low compliance rates, especially in non-public sector (70% of eligible)
✓ Non viable financial sustainable
✓ Limit access of the poor to voluntary social insurance
✓ In 2009: 20% of labour force participate in social insurance, 9% of elderly have pension
✓ Majority of rural labour have not participated in any kind of social insurance

Policy instruments
• Gradually transfer from PAYGO into the NDC financial mode
• Pilot voluntary social insurance program for the working poor with partly subsidized contribution
• Pilot partly subsidized contribution for farmers to participate in crop/agriculture insurance
• Pilot program for minimum guarantee income for old aged people
3.3 Health Insurance

**Current challenges**

- Low quality of health services in most difficult areas;
- Inequality among income groups;
- Non viable financial sustainable;
- Low State budget for health: in 2008, health insurance takes 13% of health budget);
- Low Spending on prevention, treatment, primary health care;
- High cost of health expenditure of HH due to increase in prices of services and medicines.

**Policy implication**

1. **Health insurance:**
   - Target to the rest of 40% of population not been covered
   - Enhance accessibility, quality of services; more benefits

2. **Health care sector**
   - Pricing model for services;
   - Build standard treatment procedures;
   - Gradually withdraw from assistance projects by 2020
   - Enhance infrastructure, human resource of health sector.
3.4 Social assistance

Current challenges

✓ Low coverage of regular transfer (1.3% of population)
✓ Low level of support (equal to \( \frac{1}{2} \) of the minimum living standard)
✓ The exclusion of the hard-core poor
✓ Low quality of social services in poor areas
✓ Limited access of migrants in urban areas to social services

Policy instruments

• Increase the coverage: 2-3% of population
• Pilot cash transfer to hard-core poor
• Pilot conditional cash transfer to children living in the poor
• Increase quality of social services, specially in rural, through PPP in designing and financing
• Increase accessibility of urban migrants to social services
1. **SPF concept:** Universal access, to social services; child protection, disable protection; basic minimum income

2. **Fit with Vietnam SPS objectives and experiences**

3. **Challenging**
   - Policy to support special groups to Basic Social Services,
   - Policy of cash transfer for hard core poor; guarantee to old age minimum income
   - Conditional cash transfer for the children from poor HH to go school;
   - Public work program for the poor and other vulnerable group
   - Policy to support participation of informal sector in: voluntary social insurance, unemployment insurance; crop insurance schemes
Thanks for your attention