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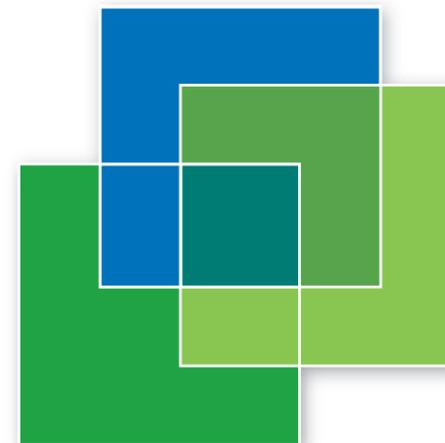
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National Centre for Labour Market Forecast and Information
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Table of Contents

List of tables

List of figures

List of annex tables

List of boxes

Foreword

Following the first issue of "Viet Nam Employment Trends 2009", the second issue of a planned series of MOLISA reports describes the labour market situation in Viet Nam. "Viet Nam Employment Trends 2010" provides an analysis of the latest labour market information with the purpose of assessing the impact of various economic challenges that we had to face in recent years. This includes the impact of the financial crisis on employment, working conditions and labour market trends as well as projections of these trends to 2015 and 2020.

"Viet Nam Employment Trends 2010" is published by the National Centre of Labour Market Forecast and Information with ILO experts' technical support under the EU/MOLISA/ILO Labour Market Project funded by European Union. I hope that the analysis of Viet Nam Employment Trends 2010 will serve as a basis for policy makers, managers and researchers to evaluate and finalize current policies as well as draft new policies. The report will also serve as a scientific foundation for preparing national strategies in forthcoming periods, in particular human resource development plans, the socio-economic development plan for 2011-2015 and the socio-economic development strategy until 2020.

I would like to express my appreciation to all experts who have been involved in the data collection, data processing, drafting and completion of "Viet Nam Employment Trends 2010". In particular, I am grateful for practical support that has been provided to MOLISA by the EU in Viet Nam and the ILO, not only in the preparation of the Viet Nam Employment Trends 2010 but also for bringing experts from prestigious universities in Sweden and the United States to provide consultancy services and training for LMIC's staff in terms of labour market analysis and forecasts.

I am very much looking forward to the continued collaboration with our national and international partners for the further improvement of labour market analysis in Viet Nam that will, in my view, facilitate the improvement of the labour productivity and decent work the only sustainable way out of poverty.

Nguyen Dai Dong
Director, Bureau of Employment
Ministry of Labour, Invalids and Social Affairs

Message from the
ILO Country Director

What began as a crisis in the financial markets rapidly became a global job crisis which continues to cause hardship to many working women and men, families and communities around the world. LMIA systems, which provide timely and up-to-date labour market information and analysis to researchers, policy-makers and labour market stakeholders, are in high demand to support informed decision-making and help a quick recovery of labour markets.

In Vietnam, the Ministry of Labour, Invalids and Social Affairs (MOLISA), wishing to meet this demand, has continued to provide current information about general labour market developments between 2007-2009, presented some employment projections until 2020 within the broader framework of a LMIA system, assessed progress of Vietnam LMIA and highlighted a number of policy areas for future labour market developments through the 2nd issue of Vietnam Employment Trends report. This exercise is a part of the Labour Market Project (LMP), with funding from the European Union and management and technical support from the ILO.

ILO is again very proud to be part of this process. The Vietnam Employment Trends report 2010, which is drafted based primarily on data directly from GSO latest labour force surveys, represents another concrete example of the direct assistance that is being provided through the LMP to MOLISA and its LMIC in the area of labour market analysis. This report also demonstrates valuable partnership between MoLISA, the data user and GSO, the data producer in Vietnam.

It was prepared by ILO labour market information experts who have been working with the LMIC, Bureau of Employment and producing relevant data for analysis, not only for the report but also for the future utilization of the centre staff. The Vietnam Employment Trends reports are expected to be an analytical guide for LMIC staff and MoLISA policy makers.

Rie Vejs-Kjeldgaard
Country Director
ILO Office for Vietnam

Acknowledgements

List of acronyms and abbreviations

ASEAN	Association of Southeast Asian Nations
BoE	Bureau of Employment
DIAL	Développemente, Institutions and Analyses de Long Terme
DOLISA	Department of Labour, Invalids and Social Affairs (Government of Viet Nam)
DWCF	Decent Work Country Framework
DWC	Decent Work Country Programme
EC	European Commission
EIU	Economist Intelligence Unit
EU	European Union
ESC	Employment Service Centres
GSO	General Statistics Office (Government of Viet Nam)
GDP	Gross Domestic Product
GNP	Gross National Product
HB	Household Business
HRD	Human Resource Development
ICSE	International Classification of Status in Employment
ILC	International Labour Conference
ILO	International Labour Organization
IS	Informal Sector
ISCO	International Standard Classification of Occupations
ISIC	International Standard Industrial Classification
KILM	Key Indicators of the Labour Market
LES	Labour and Employment Survey
LFS	Labour Force Survey
LFPR	Labour Force Participation Rate
LMI	Labour Market Information
LMIA	Labour Market Information and Analysis
LMIC	Labour Market Information Centre
LMP	Labour Market Project
LNA	Labour Needs Assessment
MDG	Millennium Development Goals
MIS	Management Information System
MOLISA	Ministry of Labour, Invalids and Social Affairs (Government of Viet Nam)
NSIS	National Statistical Indicator System
PES	Public Employment Services
PPP	Purchasing Power Parity
UN	United Nations
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
VHLSS	Viet Nam Household and Living Standards Survey
VSCO	Viet Nam Standard Classification of Occupations
VSIC	Viet Nam Standard Industrial Classification
VND	Vietnamese Dong
WTO	World Trade Organization

Executive summary

All around the world people perceive change and globalization mainly through their work. Work is not just about having a job; it is about the quality of employment that provides sufficient income to keep workers and their families out of poverty, especially in times of economic instability. It is about basic rights at work and a voice in decisions that affect their lives and livelihoods. It is about having security in times of misfortune. All these elements are key ingredients of a decent job, which stands for dignity of work and promotes a sense of self worth.

In recent years, Viet Nam was challenged by a weakened economic climate that had serious effects on the labour market. The key findings of the labour market information and analysis presented in this report for the period 2007-09 can be summarized as follows:

1. Labour force participation indicator increased noticeably between 2007 and 2009. Particularly in economically challenging times, participation in the labour market is for many Vietnamese the only way to support themselves and their families.

2. Increasing labour force participation rates for young men and women aged 15-19 years (from 37.1 per cent in 2007 to 43.8 per cent 2009) suggest that more teenagers leave the educational system relatively early and seek work to make a living and to support their families.

3. Viet Nam had a relatively high employment - to - population ratio (almost 75 percent for the population aged 15 and above) in 2009. In addition, the share of workers with a wage and salaried job increased more strongly for men than for women (3.1 percentage point between 2007 and 2009 for men, compared to 2.5 percentage points for women), reflecting a situation in which the few wage and salaried jobs that were created tend to go to men.

4. Analyses of labour force survey (LFS) data reveal that between 2007 and 2009 the share of vulnerable employment decreased by 4.3 percentage points due to increasing share of wage and salaried employment (2.9 percentage points) and a decreasing share of own-account work (8.2 percentage points). However, increasing unpaid family work (4.0 percentage points) during the same period countered the declining trend in vulnerable employment.

5. In 2009, 44.7 per cent of all wage and salaried employees worked with verbal contract arrangements or no contract. Between 2007 and 2009 there was slight growth among workers with fixed-term contract, but there was decrease among workers with permanent contract.

6. Analyses of LFS data show that there were seven out of twenty one-digit economic industries excluding agriculture, forestry and fishery having the rate of informal employment at over 80 per cent in 2009. It should be noted that the formal sector needs to be sustained in order to serve economic growth and development for the years to come.

7. More and more, young people between the ages of 15 and 24 years seem to be engaged in second-choice employment activities, either because job opportunities are not available at the levels of education already attained or because they lack the necessary work experience when compared to adult workers. Their rate of time-related underemployment stood at 8.1 per cent in 2009, a 2.9 percentage point increase since 2007.

8. Industry sectors, which generated the highest sectoral share in gross domestic product (GDP) in 2009 (42 per cent), experienced zero average annual increase in labour productivity between

2007 and 2009. The lack of productivity growth limits the scope for improvement of working conditions.

9.   A review of key labour market indicators for the years 2007 and 2009 highlights persisting gender imbalances in Viet Nam's labour market. Women's productive potential seems to be heavily underutilized, as reflected in the distribution of women by economic sector and status groups.

Besides these critical findings, this report acknowledges weaknesses of available labour market information (LMI) in Viet Nam and the shortcomings in analysing such information. The report highlights areas that need to be addressed by the statistical and research community to enable further development of an effective labour market information and analysis (LMIA) system for Viet Nam. Labour market information, as well as the necessary capacity to analyse such information, is fundamental for informed decision-making in the country. Thus, labour market information and analysis is a key factor in improving the productivity and decency of employment that is seen as the only sustainable way out of poverty and therefore a key target of the Millennium Development Goals (MDGs).

Decent work has been underpinned at almost all the recent world forums, relevant UN sessions and donor meetings and the ILO's Decent Work Agenda[1] contributes to all eight MDGs in the global fight against poverty, and is included explicitly under the first MDG on poverty reduction. Decent work for parents, smooth school-to-work transitions and the elimination of child labour are essential to attain the goal of universal primary education (Goal 2). Achieving Goal 3 on gender equality is a condition for meeting all the MDGs, whereas gender mainstreaming is embedded in decent work. Social protection contributes directly to the health-related MDGs (Goals 4, 5 and 6), and other aspects of the Decent Work Agenda contribute indirectly.

1. Introduction

Similar to the first issue of the *Viet Nam Employment Trends* report, this second issue is based on the LMIA system launched by the Ministry of Labour, Invalids and Social Affairs (MOLISA) in 2008, with financial and technical support from the EC/ILO.

Viet Nam Employment Trends 2010 analyses the most recent labour market information available for the country in order to assess the impact of various economic challenges that Viet Nam has been facing during the last three years, including effects of the financial crisis and economic recession on jobs and working conditions, and discusses projections of how the labour market situation might evolve in the years ahead.

The report reconfirms that people face various constraints in their labour market choices, including with regard to economic sectors and status in employment. Workers are still "over-represented" in the agricultural sector, with almost half of employment found in this sector alone, and "vulnerable employment" still accounts for a large share of workers.

Those workers who are able to secure the relative comfort of wage and salaried employment are not always better off. Due to the additional challenges faced by Viet Nam since the accession to the WTO and the onset of the global economic crisis, the achievement of decent work has become more challenging as well. For many of those who managed to keep a job, conditions of employment deteriorated. The impact of the economic environment can be felt by both men and women, but not necessarily in the same manner.

This report presents projections for selected labour market indicators until the year 2020 in order to illustrate a consistent development path of the economy and labour market based on currently available historical data. Furthermore, it proposes ways to better monitor the achievement of full, productive employment and decent work in the years to come, a target under the first MDG that is a critical for Viet Nam's socio-economic development strategy.

Viet Nam Employment Trends 2010 is an outcome of the National Cooperation Framework on Decent Work that was signed between the ILO and its constituents in July 2006. The framework sets out a strategic plan of action, which the Government, and employers' and workers' organizations agreed upon in order to jointly work towards achieving MDG target 1b on "*full, productive employment and decent work for all*" in Viet Nam as the main route out of poverty.[2] In this context, this report informs strategies and policies that will help Viet Nam's transition to a socialist market-oriented economy, while ensuring that social and economic advancement occur in tandem.

This second issue of the *Viet Nam Employment Trends* is divided into four broad chapters. Following the introduction in Chapter 1, Chapter 2 summarizes recent economic changes and provides an overview of general labour market developments between 2007 and 2009, based on available labour market information. Chapter 3 presents some employment projections until 2020 with a brief explanation of the methodology applied. The employment projections presented are demonstrated in the broader framework of an LMIA system and a progress assessment for Viet Nam. Finally, Chapter 4 concludes,

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[1]   Decent work refers to opportunities for women and men to obtain work in conditions of freedom, equity, security and human dignity. According to the International Labour Organization (ILO), decent work involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives, and equality of opportunity and treatment for all women and men. Therefore, the ILO's Decent Work Agenda is the balanced and integrated programmatic approach to pursue the objectives of full and productive employment and decent work for all at the global, regional, national, sectoral and local levels. It has four pillars: standards and rights at work, employment creation and enterprise development, social protection and social dialogue

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[2]   It has been acknowledged in a number of international forums, including the 2005 World Summit, the 2006 UN Economic and Social Council, the UN Chief Executives Board of 2007 and by the UN Commission for Social Development, that making full, productive and decent employment for all a central objective of relevant national and international policies and development strategies is the main route out of poverty for the world's poor. The United Nations (UN) system as well as the European Union (EU) have endorsed the ILO's Decent Work Agenda as contributing significantly to the achievement of the Millennium Development Goals, and in particular MDG target 1b.

and highlights a number of policy areas to be considered for future labour market developments. See Annex 1 for tables referred to in this report and Annex 2 for a summary progress assessment in establishing an LMIA system for Viet Nam.

1.1   LMIA for informed policy decisions

Studies of the Vietnamese economy are constrained by the infrequent availability of timely, quality labour market information (LMI) on key labour market indicators. Quality LMI is the precondition for comprehensive and representative LMIA to develop new and evaluate existing policies, and for the design of national development strategies. The importance of improving countries' capacity to produce and use labour market information, including on wage trends, as a basis for informed policy decisions, and collect and analyse consistent data to help countries benchmark their progress is also highlighted in the ILO's Global Jobs Pact that is "*putting quality jobs at the heart of crisis recovery*".[3] Furthermore, the Global Jobs Pact calls for strengthening country-level diagnostic and policy advisory capacity.

Thus, LMIA is critical to guide the national policy work related to the "Socio-Economic Development Strategy (SEDS) 2011-2020", with its first five year "Socio-Economic Development Plan (SEDP), 2011-2015", and the Decent Work Country Framework (DWCF) that require comprehensive analysis to reflect the extent to which decent employment objectives are being achieved or not in order to define the right course for future socio-economic developments in the country.

In light of the above, the current LMIA system in Viet Nam needs to be significantly strengthened to progressively achieve better linkages between policy formulation, implementation and monitoring. In this context, a number of areas warrant special attention:

- Further improvement of key sources of labour market information, such as (1) labour force surveys, (2) establishment census/surveys, and (3) administrative records to provide better quality LMI are crucial to develop comprehensive LMIA.

- The definition and legalization of roles and responsibilities of labour market entities such as MOLISA, the GSO, and employment service centres (ESCs) in terms of statistical data collection need to be addressed. The current statistical law needs to be brought in line with development and policy requirements.

- The need for the identification or development of labour market indicators that speak not only to opportunities in employment, such as unemployment, but also to other dimensions of decent work in line with the renewed SEDS/SEDP. These indicators need to be an integrated part of the National Statistical Indicator System (NSIS) and therefore should correspond to standardized definitions and concepts as well as classification schemes.

- Improved institutional arrangements that allow for more transparency and frequent exchange of LMIA between various stakeholders at the national, provincial and district levels to support employment and human resource development (HRD) policy formulation and monitoring.

- In order to sustain and further develop Viet Nam's LMIA system, more needs to be invested in capacity-building of staff of the Government of Viet Nam, both at the federal and provincial levels. Qualified staff are crucial to carry out labour market analysis as a regular feature in order to meet future labour and employment policy challenges.

- The creation of tools that specifically aim to inform and monitor HRD requirements and policies are essential for creating better jobs and developing skills in Viet Nam (box 1).

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[3]   See, ILO: *Recovering from the crisis: A Global Jobs Pact*, adopted by the International Labour Conference at its 98th Session, Geneva, 19 June 2009.

- Specific mechanisms to analyse labour market segregation by sex in economic sectors, status in employment, and occupation, using statistical as well as qualitative research methods, are required. An example of such a mechanism would be a qualitative study or assessment of female employment in manufacturing.

- Informalization of labour markets, in particular the growth of temporary or casual workers, needs to be further monitored. Qualitative studies of working arrangements in particular sectors such as manufacturing would be a useful complement to quantitative analysis.

1.2   Structure of the analyses and data sources

This issue of the *Viet Nam Employment Trends* report examines labour market developments after 2006. While it is not possible, mainly due to a lack of quality data in a number of key areas, to monitor and discuss all of Viet Nam's economic and social challenges related to the target of "full and productive employment and decent work for all", the following chapters focus on selected labour market indicators geared towards better understanding the quality of employment in Viet Nam. Together, these indicators provide a starting point for better assessing labour underutilization and decent work deficits of the country's labour force.

It also needs to be highlighted that using LMI for the periods before and after the collapse of the financial markets which began in October 2008, namely the labour force surveys of 2007 and 2009, is not sufficient to isolate its labour market impacts. In other words, it would be inappropriate to relate all labour market changes that occurred during this period to the global economic crisis. It is difficult to know what would have changed in Viet Nam's labour market if the global crisis would not have happened.

The following chapters look mainly at labour market characteristics as a result of various economic changes during 2007 and 2009, and updates general labour market indicators on the labour market situation in Viet Nam. The assessment of these indicators involves the use of a number of statistical sources. Unless otherwise cited, LMI was primarily taken from the labour force surveys conducted by the GSO in 2007 and 2009.[4]

Unfortunately, no labour force survey was carried out in 2008, and the 2007 and 2009 LFSs applied different survey methodologies, samples, questionnaires and population weights as each of the surveys corresponds to different population censuses. The 2007 LFS matched up to population estimates based on the 1999 population census. Projections based on the 1999 census were overestimations for most recent years, as the new population census, carried out in April 2009, revealed. In view of the fact that the 2009 LFS uses population weights derived from the most recent census, in-depth LMIA is constrained by a lack of comparability and availability of data.

Acknowledging the above-mentioned survey discrepancies and comparability issues, this report uses selected labour market indicators that were harmonized to the largest possible extent to allow for a meaningful comparison. Therefore, the 2007 LFS data were adjusted to fit with the latest population census results in terms of total population and age structure. The adjustments led to a small decrease in the working population that impacts all other calculations, hereafter referred to as author's calculations. However, it needs to be highlighted that survey divergence could not be overcome completely in some areas and is thus highlighted as appropriate.

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[4]   Between 1997 and 2007, a sample survey of households was conducted by the Ministry of Labour, Invalids and Social Affairs (MOLISA). This survey, known as the Labour and Employment Survey (LES), was initiated in April 1996 and was then conducted continuously in the month of July over the subsequent 11-year period. However, it is important to recognize that the MOLISA surveys have been discontinued, and the GSO Labour Force Surveys became the official source of labour force data. Because the analyses of this report focus on most recent trends from a consistent data source, the MOLISA data were not utilized. A comprehensive analysis of LES data can be found in the first issue of the Viet Nam Employment Trends report published in 2009.

The 2007 LFS was conducted by the GSO for the month of August (a month later than the 2007 MOLISA LES survey) using about 170,000 households with a fairly short questionnaire and the limited LMI gathered was, to a significant extent, not in accordance with international standards.

The 2009 LFS sample size targeted only 18,000 households since the GSO pilot-tested a newly updated questionnaire in accordance with international concepts and definitions. Present plans also call for the resumption of regular labour force surveys on a quarterly basis. It has not yet been determined whether these will be for one month in each quarter, probably mid-month, or spread throughout the entire quarter, for 2011 and beyond. This is in recognition of the need for more up-to-date and frequent and LMIA for policy-making purposes.

GDP and other national account data were taken from the GSO Statistical Yearbook 2009. Global and regional estimates are from the ILO, Trends Econometric Models, 2010.[5]

2. Economic and labour market development

2.1   Viet Nam's economy between 2007 and 2009

Viet Nam has achieved remarkable economic success since the Doi Moi (renovation) process which began in 1986. Doi Moi combined economic planning with free-market incentives and encouraged the establishment of private businesses and foreign investment, including foreign-owned enterprises. By the late 1990s, the economic success due to business and agricultural reforms under *Doi Moi* was already evident in progressively increasing GDP growth. Between 1997 and 2007, annual real GDP was increasing at an average of around 7.4 per cent (table 1).

Table 1. Annual GDP real growth rates by aggregated economic sectors (constant prices 1994)

Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Average annual growth rate between 1999 and 2009
GDP	4.8	6.8	6.9	7.1	7.3	7.8	8.4	8.2	8.5	6.2	5.3	7.2
Agriculture	5.2	4.6	3.0	4.2	3.6	4.4	4.0	3.7	3.8	4.1	1.8	3.7
Industry*	7.7	10.1	10.4	9.5	10.5	10.2	10.7	10.4	10.2	6.1	5.5	9.3
(Manufacturing)	8.0	11.7	11.3	11.6	11.5	10.9	12.9	13.4	12.4	9.9	2.8	10.8
Services**	2.3	5.3	6.1	6.5	6.5	7.3	8.5	8.3	8.9	7.2	6.6	7.1

Source: GSO National Accounts.

*The broad "industry" sector comprises: mining and quarrying; manufacturing; electricity; gas and water supply and construction. **Services sector comprises: wholesale and retail trade; repair of motor vehicles; hotel and restaurants; transport, storage and communications; financial intermediation; science and technology activities; real estate, renting and business activities; public administration and defence; compulsory social security; education health and social work; cultural and sports activities; parties, unions and associations; other community, social work and personal services; private households with employees and other international organizations.

With Viet Nam's accession to the World Trade Organization in November 2006, Viet Nam faced a number of new challenges in strengthening its resilience to global fluctuations and maintaining high growth to support continued poverty reduction. Following WTO membership, and the subsequent period of continuous high growth and macroeconomic stability, Viet Nam attracted foreign investors as one of the most lucrative investment destinations. Improvements in foreign relations, along with such economic successes, have also consolidated Viet Nam's position in the international arena.

However, after a short period of high expectations, Viet Nam had to start worrying about the overall economic situation at the beginning of 2007. Inflationary concerns stemming from continuous credit and public investment expansion, combined with external shocks such as rising energy and rice prices and inappropriateness of the policy responses to a surge in capital inflows in 2007,[6] resulted in macroeconomic turbulence. A policy package to address macroeconomic instability was implemented in March 2008.

The global recession further slowed Viet Nam's export-oriented economy as reflected in GDP growth of not more than 5.3 per cent at the end of 2009 (table 1). Nevertheless, Viet Nam's growth is still high when considered from the regional point of view.

[5]   See, ILO: *Global Employment Trends*, 2010 (Geneva, 2010).

[6]   Central Institute for Economic Management (CIEM), Impacts of International Integration, WTO Accession, other bilateral and regional commitments - Appropriate Policy Measure Responses.

The manufacturing sector has been affected the hardest by the recession since 2008. The sector, which had performed remarkably well between 1997 and 2007, experienced its lowest annual growth rate of the past decade with not more than 2.8 per cent value added GDP in 2009. The figure was down by 7.1 percentage points from the previous year.[7]

The agricultural sector, with a relatively large share in total GDP, has declined steadily since 2003 as the sector fell short of the high growth rates in industry and services. Between 2007 and 2008, however, the annual growth rate of value added in agriculture increased again, from 3.8 to 4.1 per cent, to plunge thereafter to its lowest growth rate (1.8 per cent) since the late 1990s (table 1).

Throughout 2009, exports fell nearly 10 per cent, prompting the Government to consider adjustments to tariffs to limit trade deficits. Thereafter, the Government used stimulus spending, including a subsidized lending programme, to help the economy through the global financial crisis, and foreign donors pledged USD8 billion in new development assistance for 2010.[8] Domestic investment grew 16 per cent in 2009 while committed foreign direct investment fell 70 per cent at the same time, a steep reduction following five years of growth. The Vietnamese Dong (VND), faced downward pressure during 2009, leading the Government to devalue it by more than 5 per cent in December 2009.[9]

To summarize, the integration of Viet Nam's economy in the global economy has also created dependency on the global economy and has made the country vulnerable to external shocks. A key challenge for the Government of Viet Nam is the identification of policies that reduce vulnerability, in particular in labour markets, while at the same time support the integration process.

2.2   General labour market performance between 2007 and 2009

The volatile macroeconomic climate of past years has taken its toll on the labour market. Analyses of most recent labour market changes[10] in this section point at opportunities and challenges for Viet Nam that warrant special attention while working towards achieving MDG target 1b of *"full and productive employment and decent work for all"* during the coming years.

Decent work requires in the first place employment prospects for all who are available for and seeking work. Therefore, an essential element of decent work is the extent to which a country's population is employed, which will be analyzed in this section. Subsequent sections will discuss indicators that speak more to the quality of employment.

Robust population growth over the last decades has placed enormous pressures on the Vietnamese labour market. With the population increasing across all age groups, many people have been added to the country's labour force. Apart from a few large cities, such as Ho Chi Minh City and Hanoi, with estimated populations totalling about 20 million in urban areas,[11] Viet Nam has remained mainly rural. However, as cities expand with people constantly moving in from the countryside, the urban population is growing, not only in numbers of people but also in geographic coverage due to sprawling suburbs. Thus, the proportion of the urban population of working age increased by about 1.8 million between 2007 and 2009 and is undoubtedly on a continuous upward trend (annex table 1).

Table 2 shows that labour force participation indicator increased significantly between 2007 and 2009. In the latter year the participation rate stood at 75.6 per cent, with the highest rates for the "prime age groups" from 25 to 54 years (figure 1 and annex table 3). The main income-generating asset for many Vietnamese is labour, and participation in the labour market is crucial for many to survive. Employment

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7   See, GSO: *Statistical Yearbook 2009.*
8   See: http://go.worldbank.org/5M39Y46XG0.
9   See, GSO: *Statistical Yearbook 2009.*
10   Analyses of recent labour market trends are based on GSO labour force survey data, 2007 and 2009.
11   According to official government statistical practices, an area in Viet Nam is classified as urban if it meets the following criteria: (1) A city is defined as a collective or specialized centre within a province and has the role to promote economic and social development of the whole country or a certain territory; (2) The city must have a population of at least 4,000 persons; (3) At least 65 per cent of the area's labour force must be engaged in non-agricultural activities. There are some other criteria that are not easily describable. All other areas are considered rural.

enables people to earn income to finance basic needs including food, shelter and other requirements.

Annex table 3 shows the country's labour force increased by 2.4 million to a total of 49.3 million persons between 2007 and 2009, a number which is largely explained by population growth during this period. However, the labour force participation rate, defined as the ratio of the labour force to the working-age population (aged 15 years and above), also increased by 2.1 percentage points. It stands at 76.5 per cent in 2009, which is high if considered from an international perspective; the global labour force participation rate was 65.1 per cent in 2009.[12]

Table 2. Selected key indicators of the labour market (per cent)

Key indicators of the labour market	2007	2009	Percentage point change
Labour force participation rate (15+)			
Both sexes	74.3	76.5	+2.2
Males	78.4	81.0	+2.6
Females	70.5	72.3	+1.8
Employment-to-population ratio (15+)			
Both sexes	72.8	74.5	+1.7
Males	76.8	79.0	+2.2
Females	69.2	70.4	+1.2
Unemployment rate (15+)			
Both sexes	2.0	2.6	+0.6
Males	1.9	2.5	+0.6
Females	2.0	2.7	+0.7
Youth unemployment rate (15-24)			
Both sexes	6.0	6.2	+0.2
Males	6.2	6.3	+0.1
Females	5.9	6.1	+0.2
Share of industry in total employment (15+)*			
Both sexes	20.4	21.8	+1.4
Males	24.5	26.4	+1.9
Females	16.1	17.0	+0.9
Share of agriculture in total employment (15+)			
Both sexes	49.3	47.6	-1.7
Males	47.2	45.4	-1.8
Females	51.5	50.0	-1.5
Share of services in total employment (15+)**			
Both sexes	30.3	30.6	+0.2
Males	28.3	28.2	-0.1
Females	32.4	33.1	+0.7
Share of wage and salaried employees (15+)			
Both sexes	30.5	33.4	+2.9
Males	35.8	38.9	+3.1
Females	25.0	27.5	+2.5
Share of vulnerable employment in total employment (15+)			
Both sexes	65.8	61.5	-4.3
Males	59.9	54.4	-5.5
Females	72.0	69.1	-2.9

Source: GSO Labour Force Surveys, author's calculations based on adjusted sample weights for 2007.
* The broad "industry" sector comprises: mining and quarrying; manufacturing; electricity, gas and water supply and construction.
** Services sector comprises: wholesale and retail trade; repair of motor vehicles; hotel and restaurants; transport, storage and communications; financial intermediation; science and technology activities; real estate, renting and business activities; public administration and defence; compulsory social security; education health and social work; cultural and sports activities; parties, unions and associations; other community, social work and personal services; private households with employees and other international organizations.
*** Vulnerable employment in the context of this report is defined as the sum of own-account and unpaid family workers.

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12   See, ILO: *Global Employment Trends*, 2010 (Geneva, 2010).

Figure 1. Labour force participation rates by age group, 2009
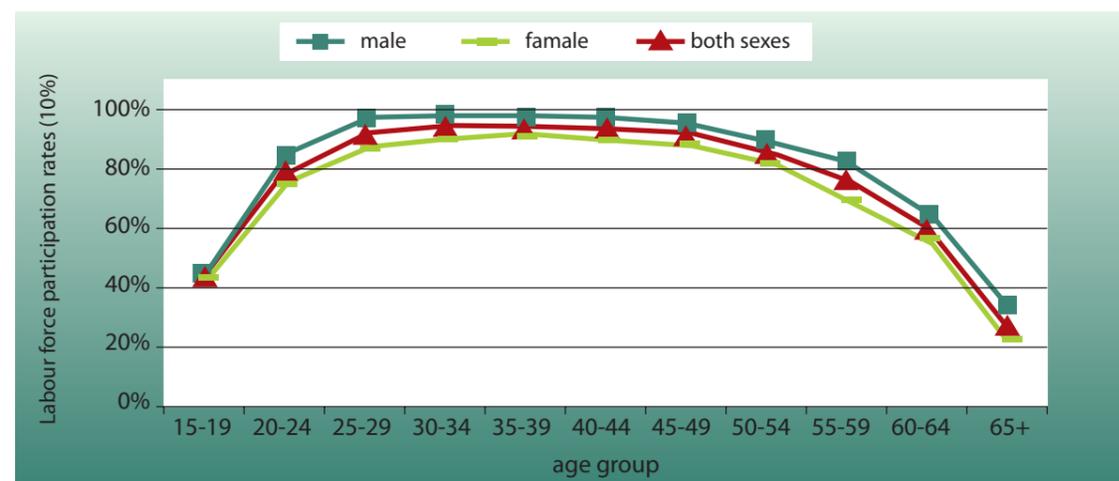
Source: GSO, *Labour Force Survey 2009*.

Labour force participation rates give an indication of the quantity of labour supply in the economy and can be used as an important planning instrument in the design of human resource development policies in general and employment and training policies in particular. Considering this, increasing labour force participation rates (from 37.1 per cent in 2007 to 43.8 per cent in 2009) for young men and women, between the ages of 15 and 19, suggest that more and more teenagers leave the educational system relatively early and seek work to make their living and to support their families (annex table 2).[13] These developments warrant immediate attention by policy-makers, since early school-leaving is often linked with other indicators of socio-economic disadvantage, such as low-income jobs or high unemployment.

Analysis of the employment-to-population ratio, defined as the proportion of the working-age population that is employed, shows related signs. Like the labour force participation rate, the employment-to-population ratio in Viet Nam is, at 74.5 per cent in 2009, rather high. This is no surprise as the employed constitute the major part of the labour force. Furthermore, table 2 shows that employment-to-population ratios for the working-age population (aged 15 years and above) increased by 1.7 percentage point between 2007 and 2009. The increase was slightly less than for the labour force participation rate, which changed by 2.2 percentage points during the same years, pointing towards an increase in unemployment in the country.

In Viet Nam, the unemployment rate measured according to the strict definition is the one most widely quoted.[14] In 2009, for the age group 15 years and above, it reached a historical 'high' of 2.6 per cent, a 0.6 percentage point increase since 2007 (table 2). In most industrialized countries, the unemployment rate is regarded as an important indicator of overall labour market performance. In developing or low-income countries such as Viet Nam, the unemployment rate is less appropriate for this purpose. In the absence of fully functioning social security schemes, relatively few people can survive lengthy spells of unemployment without family support and the majority of people must accept some form of employment. This is often in informal employment and/or self-employment.[15]

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[13]   See also, GSO: *Statistical Yearbook 2009* (pp. 550-575), that reports decreasing enrolment rates in secondary and tertiary education; and UNESCO (see: http://www.ngocentre.org.vn/content/vietnam-central-region-reports-high-drop-out-rates) that reports the number of drop-out students in Viet Nam has sharply increased nationwide to 1 million over the last six years.

[14]   The standard definition that is used to measure the number of unemployed is those individuals without work, seeking work in a recent past period, and currently available for work.

[15]   Different types of self-employment are distinguished according to the type of authority workers have over the productive unit that they represent or for which they work: *Employers* engage on a continuous basis one or more persons to work for them as "employees". *Own-account workers* have the same authority over the economic unit as the "employers", but do not engage "employees" on a continuous basis. *Members of producer cooperatives* take part on an equal footing with other members in determining the organization of production, etc.

Unemployment rates for working-age men (2.5 per cent in 2009) and women (2.7 per cent in 2009) were fairly similar and low when compared to youth (aged 15-24 years) unemployment rates. Young men and women comprise nearly 56 per cent of all unemployed with an unemployment rate of 6.2 in 2009. Higher unemployment rates for youth are common in most countries, and when the ratio between youth and adult unemployment rates is close to 2 it is reasonable to say that unemployment is more or less a challenge for the whole labour force.[16] However, the ratio in Viet Nam (at 3.5) points at the particular challenge that youth are facing in finding employment.

From a gender perspective, the review of employment to-population ratios, labour force participation and unemployment rates for the years 2007 and 2009 highlight increasing imbalances in labour market access as reflected in widening male-female gaps in all three indicators (table 2).

Needless to say, the creation of adequate decent and productive jobs for women "is not just right but smart". Every economy should aim for a situation where men and women are able to contribute equally to growth and, at the same time, profit from this growth as participants in labour markets, keeping in mind that the one does not automatically follow from the other.[17]

After the accession to the WTO, and since *Doi Moi*, Viet Nam's economy and labour market continues to undergo structural changes, although not as pronounced as in the past, as reflected in the increasing shares of industry and services sectors and the decreasing share of agriculture in employment and in GDP (tables 1 and 2).

An important factor that can either hamper or facilitate structural change in the labour market is human resource development (HRD). As highlighted in the first issue of the *Viet Nam Employments Trends* report, only a minority of workers in Viet Nam (24.0 per cent) had completed secondary education in 2007. The majority of the labour force had no more than primary education. Unfortunately, more recent developments in the educational attainment of Viet Nam's working-age population (aged 15+) cannot be analysed because of lacking information in the 2009 LFS, which hampers effective HRD policies.

2.3   Characteristics of economic activity between 2007 and 2009

As highlighted in the first issue of the *Viet Nam Employment Trends* report, Viet Nam is in great need of interventions to improve the quality of employment in order to sustain economic growth in the country and to prevent poverty increases in the years to come. Nevertheless, the most widely used indicators to monitor labour market changes in Viet Nam are unemployment and employment indicators that were designed with a focus on measuring the quantity of jobs rather than the heterogeneity of its quality.

The following sections analyse selected indicators to look at labour market dynamics emerging after 2007 and their implications for productivity and quality of jobs.

2.3.1 Status in employment

Analysis of status in employment categories can help in understanding both the dynamics of the labour market and the level of development.[18] Over the years, and with increasing development of a

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[16]   See *Global Employment Trends for Youth* (Geneva, ILO, 2010).

[17]   See *Global Employment Trends for Women* (Geneva, ILO, 2008).

[18]   The method of classifying employment by status is based on the 1993 International Classification by Status in Employment (ICSE), which classifies jobs held by persons at a point in time with respect to the type of explicit or implicit employment contract the person has with other persons or organizations. Such status classifications reflect the degree of economic risk, an element of which is the strength of the attachment between the person and the job, and the type of authority over establishments and other workers that the person has or will have. The status in employment indicator generally distinguishes between three core categories of the employed: (a) wage and salaried workers, (b) self-employed workers, and (c) contributing family workers, with each being expressed as a proportion of both sexes employed. Category (b) of self-employed workers can be further broken down into: (1) employers, (2) own account workers, and (3) members of producers' cooperatives.

country, one would typically expect to see shifts in employment away from agriculture towards the industry and services sectors, with corresponding increases in the proportion of wage and salaried workers and decreases in own-account and unpaid family work, previously employed in the agricultural sector. These patterns of change may improve employment prospects and earnings for some groups of workers, while worsening those for others. Structural change of the labour market has a longer-term significance in changing the nature of the labour market and the productivity of workers.

However, gains in the number of wage and salaried earners, coupled with job growth in the industry and services sectors that are often referred to as a positive development, should be treated with caution regarding the extent to which these trends reflect the expansion of full and productive employment and decent work opportunities. In terms of employment quality criteria, this means that wage and salaried employment does not necessarily need to be productive in terms of its ability to produce surplus value, decent worker benefits (e.g. security of tenure) or social protection.

On the contrary, the question can be raised as to whether only own-account workers or unpaid family workers should be considered "vulnerable" or at risk of lacking decent work. One needs to bear in mind that vulnerability can be measured in many ways, but it can be assumed that much own-account work and unpaid family work can be characterized by low earnings and low productivity.[19] Analysis of additional information, in particular on incomes from own-account work and earnings and benefits from salaried work, would be necessary to better identify vulnerable workers.

Viet Nam has a very large proportion of its employment concentrated outside of wage and salaried employment.[20] More specifically, in 2009, taking own-account and unpaid family employment together, six out of ten workers (61.5 per cent of total employment) could be described as in vulnerable employment. Women especially seem to be less likely to have formal work arrangements and are therefore more likely to lack elements associated with decent employment. In 2009, the share of vulnerable employment in total female employment was 69.1 per cent, 14.7 percentage points higher than the share of men (54.4 per cent) (annex table 5).

Analyses of LFS data reveal that during 2007 and 2009 the share of vulnerable employment decreased by 4.3 percentage points due to increasing shares in wage and salaried employment (2.9 percentage points) and a decreasing share in own-account work (8.3 percentage points). However, increasing unpaid family work (4.0 percentage points) during the same period was countering the declining trend in vulnerable employment (table 3).[21]

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[19]   See, ILO: *Key Indicators of the Labour Market, 6th edition* (Geneva, 2009); at http://www.ilo.org/trends.
[20]   See, *Viet Nam Employment Trends 2009*; It can be noted that the use of different sources for the 2009 report and the current report, respectively, resulted in differentes with regard to status in employment. Based on the MOLISA survey, the share of wage and salaried workers in 2007 was 22.6 percent (see VET 2009, table 8), while according to the GSO survey it was 30.5 per cent (see table 3)
[21]   Total numbers in status in employment have fluctuated heavily between 2007 and 2009 and thus may indicate some problems with estimation or identification procedures in the LFS survey.

Table 3. Employment by status in employment, 2007 and 2009 (%)

Status in employment	2007		2009		Change between 2007 and 2009	
	(000's)	Per cent	(000's)	Per cent	(000's)	Percentage points
Both sexes employment						
Both sexes	45,978	100.0	48,015	100.0	2,037	
Males	23,332	100.0	24,694	100.0	1,362	
Females	22,646	100.0	23,321	100.0	674	
Wage and salaried workers						
Both sexes	14,024	30.5	16,025	33.4	2,002	+2.9
Males	8,359	35.8	9,608	38.9	1,249	+3.1
Females	5,664	25.0	6,417	27.5	753	+2.5
Self-employed						
Both sexes	25,958	56.5	23,795	49.6	-2,163	-6.9
Males	12,173	52.2	12,099	49.0	-73	-3.2
Females	13,785	60.9	11,696	50.2	-2,089	-10.7
Employers						
Both sexes	1,516	3.3	2,293	4.8	777	+1.5
Males	892	3.8	1,547	6.3	655	+2.4
Females	624	2.8	747	3.2	122	+0.4
Own-account workers						
Both sexes	24,372	53.0	21,446	44.7	-2,926	-8.3
Males	11,230	48.1	10,513	42.6	-717	-5.6
Females	13,142	58.0	10,933	46.9	-2,209	-11.2
Members of producers' cooperatives						
Both sexes	70	0.2	56	0.1	-13	+/-0.0
Males	51	0.2	40	0.2	-11	-0.1
Females	18	0.1	16	0.1	-2	+/-0.0
Unpaid family workers						
Both sexes	5,898	12.8	8,087	16.8	2,189	+4.0
Males	2,741	11.7	2,913	11.8	171	+0.1
Females	3,156	13.9	5,174	22.2	2,018	+8.2
Others						
Both sexes	99	0.2	107	0.2	9	+0.0
Males	58	0.2	74	0.3	16	+0.0
Females	40	0.2	33	0.1	-7	-0.1

Source: GSO Labour Force Surveys 2007 and 2009, author's calculations based on adjusted sample weights for 2007.
Note: Numbers may not sum precisely to totals due to rounding. Total numbers in status in employment have fluctuated heavily between 2007 and 2009 and thus may indicate some problems with estimation or identification procedures applied in the LFS survey that could not be overcome by harmonization of the two surveys.

Figure 2. Percentage distribution of status in employment by aggregated economic sector, 2007 and 2009 (%)
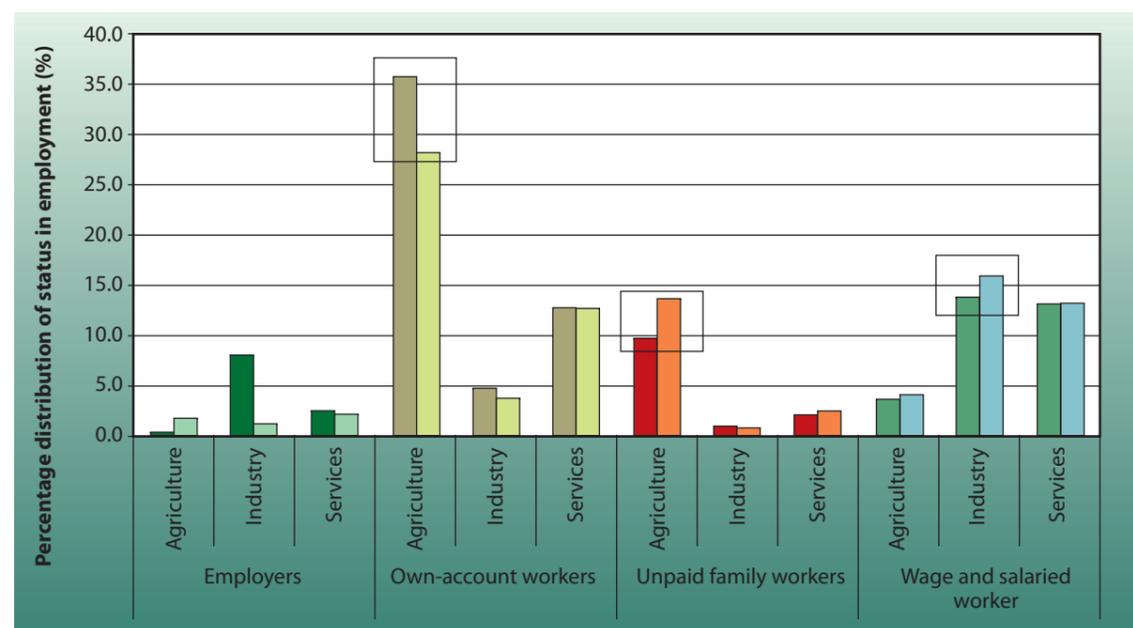
Source: GSO Labour Force Surveys 2007 and 2009, author's calculations based on adjusted sample weights for 2007.
Note: Numbers may not sum precisely to totals due to rounding. Total numbers in status in employment have fluctuated heavily between 2007 and 2009 and thus may indicate some problems with estimation or identification procedures applied in the LFS survey that could not be overcome by harmonization of the two surveys.

Considering vulnerable employment by aggregated economic sector (agriculture, industry and services), it can be seen that the share of vulnerable jobs decreased in agriculture from 45.4 per cent in 2007 to 41.8 per cent in 2009 (-3.6 percentage points) and in industry from 5.7 per cent in 2007 to 4.5 per cent in 2009 (-1.2 percentage points). In agriculture, this trend was qualified by an increase in unpaid family work (3.8 percentage points) between 2007 and 2009. In the services sector, vulnerable employment increased slightly (from 14.8 per cent in 2007 to 15.2 per cent in 2009), which is also due to an increasing share of unpaid family workers (0.4 percentage points between 2007 and 2009). The increasing proportion of unpaid family workers in agricultural or service-oriented family businesses points at the need for appropriate policies to create employment opportunities, such as public investment programs and infrastructure development (figure 2 and annex table 5).

Figure 2 also shows that wage and salaried employment in the industry sector increased (from 13.8 per cent in 2007 to 15.9 per cent in 2009) while industrial own-account work declined from 4.7 per cent in 2007 to 3.7 per cent in 2009. Wage and salaried work in the services sector barely increased after 2007 (0.3 percentage points).

Figure 3   Percentage distribution of *female* status in employment by aggregated economic sector, 2007 and 2009 (%)

Source: GSO Labour Force Surveys 2007 and 2009, author's calculations based on adjusted sample weights for 2007.
Note: Numbers may not sum precisely to totals due to rounding. Total numbers in status in employment have fluctuated heavily between 2007 and 2009 and thus may indicate some problems with estimation or identification procedures applied in the LFS survey that could not be overcome by harmonization of the two surveys.

Figure 4. Percentage distribution of male status in employment by aggregated economic sector, 2007 and 2009 (%)
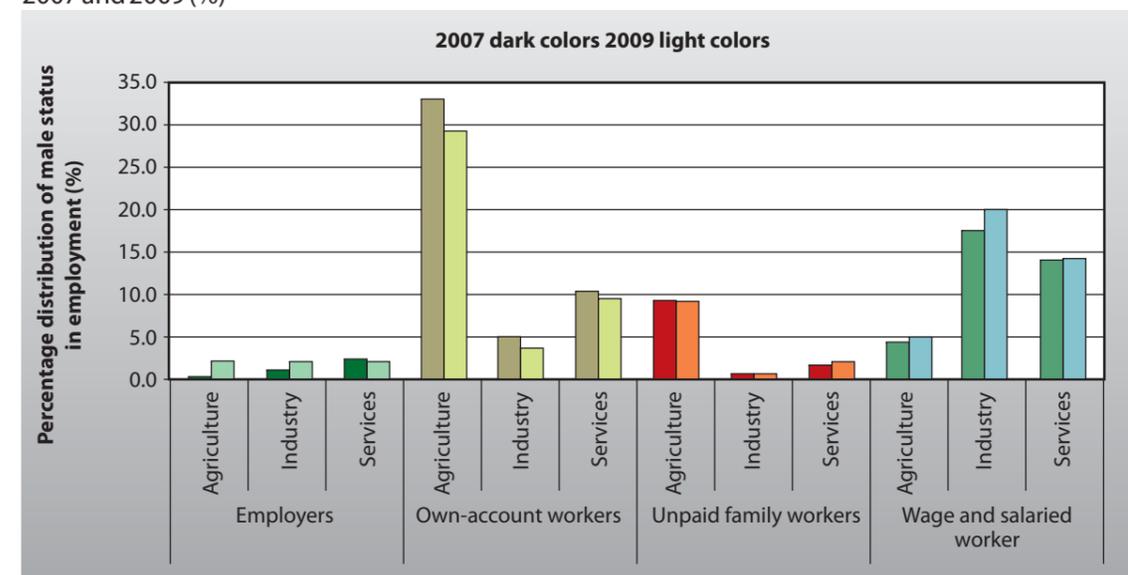
Source: GSO Labour Force Surveys 2007 and 2009, author's calculations based on adjusted sample weights for 2007.
Note: Numbers may not sum precisely to totals due to rounding. Total numbers in status in employment have fluctuated heavily between 2007 and 2009 and thus may indicate some problems with estimation or identification procedures applied in the LFS survey that could not be overcome by harmonization of the two surveys.

An analysis of status in employment in aggregated economic sectors by sex shows noticeable differences between 2007 and 2009. Figures 3 and 4 demonstrate that, in 2009, significantly more women worked as unpaid family workers, mainly in the agriculture or services sectors (13.9 per cent in 2007 and 22.2 per cent in 2009). Men, on the other hand, continued to find employment opportunities as wage and salaried workers in the industry sector (17.4 per cent in 2007 and 20.0 per cent in 2009).

These diverging developments suggest increasing gender inequalities.

As noted earlier, wage and salaried employment is not necessarily decent employment. Table 4 shows that in 2009 44.7 per cent of all wage and salaried employees worked with verbal contract arrangements or no contract, which means they had neither permanent nor fixed-term contracts.

Table 4 also shows that between 2007 and 2009 there has been a slight tendency for the group of fixed-term employees to grow but there has been a decrease of workers with permanent contract. The most recent LFS showed a small increase of the group of employees with a fixed salary as a proportion of all employees (from 51.2 per cent in 2007 to 53.5 per cent in 2009), while at the same time the share of employees with a verbal contract arrangement or no contract increased from 42.3 to 44.7 per cent. It seems that many employees have no choice but to take jobs with little security (table 4 and figure 5).

It would be interesting to better understand actual contractual arrangements of workers including those classified as regular paid employees. Such a study, which could be supported by data collected through the current LFS, could provide information that could help to find an appropriate balance between labour market flexibility and adequate job security.

Table 4. Cross tabulation matrix of wage and salaried employment shares by contract type and mode of payment

2007	Fixed salary	Per day/ hours	Paid per product	Paid on commission, interest or in kind	Unpaid	Other	Total
Permanent contract	28.0	1.1	3.1	0.2	0.0	0.2	32.6
Fixed-term contract	15.3	3.8	5.1	0.3	0.0	0.1	24.7
Verbal agreement	4.3	17.4	6.2	0.8	0.0	0.1	28.9
No contract	3.3	6.3	2.9	0.6	0.1	0.1	13.4
Other	0.2	0.1	0.1	0.0	0.0	0.0	0.5
Total	51.2	28.7	17.4	1.9	0.2	0.5	100.0

2009	Fixed salary	Per day/ hours	Paid per product	Paid on commission, interest or in kind	Unpaid	Other	Total
Permanent contract	26.3	0.4	2.6	0.1	0.0	0.0	29.4
Fixed-term contract	17.8	2.2	5.6	0.2	0.0	0.1	25.8
Verbal agreement	6.4	20.2	6.8	0.3	0.0	0.0	33.7
No contract	3.0	5.3	2.4	0.1	0.2	0.0	11.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Total	53.5	28.1	17.4	0.7	0.3	0.1	100.0

Percentage point change between 2007 and 2009	Fixed salary	Per day/ hours	Paid per product	Paid on commission, interest or in kind	Unpaid	Other	Total
Permanent contract	-1.7	-0.7	-0.5	-0.1	0.0	-0.2	-3.2
Fixed-term contract	2.5	-1.6	0.5	-0.2	0.0	0.0	1.2
Verbal agreement	2.1	2.8	0.6	-0.5	0.0	-0.1	4.8
No contract	-0.3	-1.1	-0.5	-0.5	0.1	-0.1	-2.3
Other	-0.2	-0.1	-0.1	0.0	0.0	0.0	-0.4
Total	2.4	-0.7	-0.1	-1.2	0.1	-0.5	0.0

Source: GSO 2007 and 2009 Labour Force Surveys, author's calculations based on adjusted sample weights for 2007.
Note: Numbers may not sum precisely to totals due to rounding.

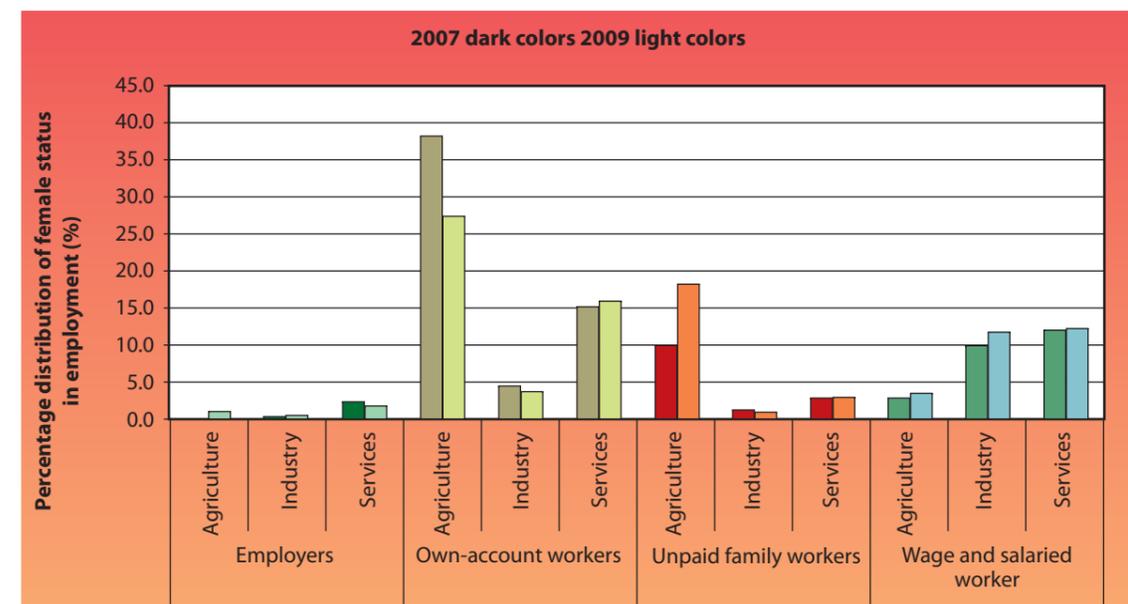**Figure 5.** Percentage distribution of wage and salaried workers by type of contract, 2007 and 2009 (%)
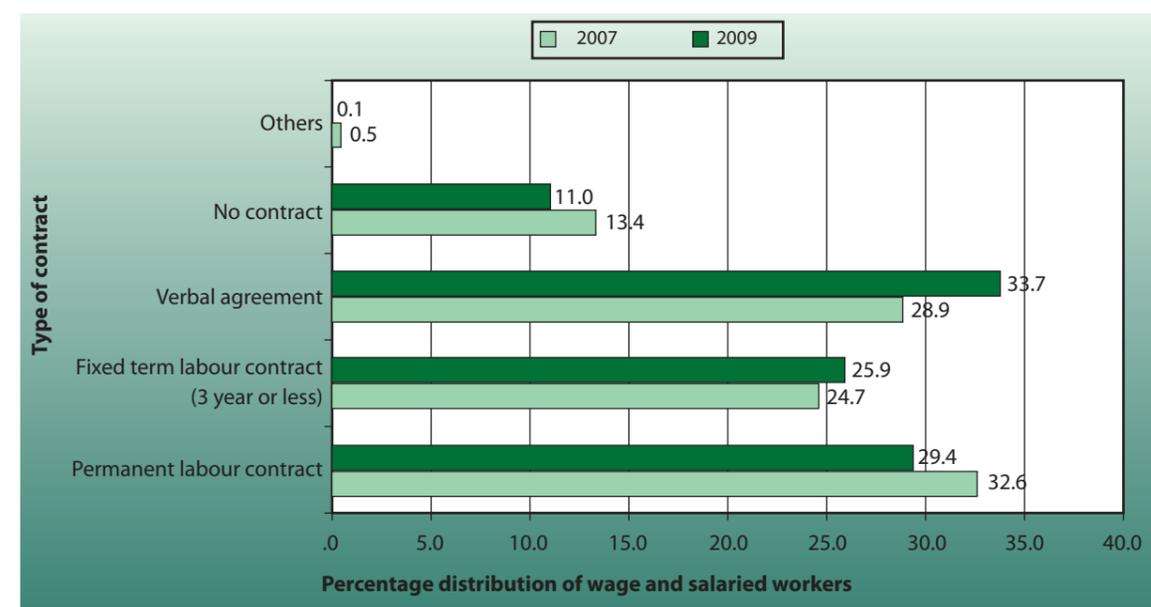
Source: GSO 2007 and 2009 Labour Force Surveys, author's calculations based on adjusted sample weights for 2007.
Note: Numbers may not sum precisely to totals due to rounding.

2.3.2 Informal employment

A conceptual framework that is closely linked to the status in employment indicator is the informal economy. The ILO's definition of the informal economy encompasses "*all economic activities by workers and economic units that are, in law or in practice, not covered or insufficiently covered by formal arrangements*". In statistical terms, the informal economy comprises employment in the informal sector and other forms of informal employment (i.e. informal employment outside the informal sector).[23]

Often, especially in developing and transition countries, the informal economy plays a key role in job creation as well as income generation, and contributes significantly to GDP. At the same time, the informal economy bears numerous challenges for policy-makers when trying to work towards the goal of "*full and productive employment and decent work for all*", including issues related to employment conditions and legal and social protection of workers. Also, poverty as a policy issue overlaps with the informal economy.

Statistics on employment in the informal economy are essential to obtain a clear picture of the contribution of all workers to the economy. But measuring employment in the informal economy is not an easy task. Although an international statistical definition was adopted in 2003, there is much variation in operational definitions and many countries face difficulties in adequately capturing the informal economy in their national employment statistics. In particular, the criterion of legal organization of the enterprise is often not used or not used correctly, resulting in an overestimate of employment in the informal economy.

Realizing the importance of better information on the informal economy in Viet Nam, the GSO launched a joint research project with the French Institute of Research for Development (IRD-DIAL) in 2006. The major objective was to set up a statistical system that would measure Viet Nam's informal sector and informal employment in a comprehensive and consistent way, in line with international recommendations.

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[23] See, R. Hussmanns: *Measuring the informal economy: From employment in the informal sector to informal employment,* *Working paper No. 53* (ILO, Geneva, 2004).

As a first step, operational definitions for both the informal sector and informal employment have been adopted by the GSO and were used in the 2007 and 2009 Labour Force Surveys.

(1)   Thus the **informal sector** in Viet Nam is defined as all private unincorporated enterprises that produce at least some of their goods and services for sale or barter, do not have a business licence and are engaged in non-agricultural activities. Employment in the informal sector is referred to as **informal sector employment**.

(2)   According to the GSO, **informal employment** is operationally defined as unpaid family work and wage and salaried work without social security in non-agricultural sectors. It therefore comprises employment in the informal sector as well as parts of employment in the formal sector.

It needs to be pointed out that both of the concepts are linked to non-agricultural sectors, but do not consider informality in agriculture.

The above-mentioned definitions were applied to calculate the rate of informal employment[24] in the LFS. This rate was 71.7% in 2007 and 70.5% in 2009. This means that the rate of informal employment in Vietnam was quite high. Although this rate reduced, the number of informal employment increased by over 1.1 million in two years (from 16.717 millions in 2007 to 17.736 millions in 2009) (Table 5). It might be worthy to note that the informal employment in Vietnam is likely to increase during the economic crisis thus softening its impacts on the country economy.

In 2009, the share of employed in agricultural business households without business registration stood at approximately 74 per cent. Regrettably, this issue cannot be further analysed based on LMI available from the 2007 and 2009 LFSs due to the significant survey discrepancies in survey methods and definitions applied.

Table 5. Informal employment by 1-digit economic sector, 2009 (000's)

Employed (15+) (000's)	Both sexes employment (000's)	Share in non-agricultural employment (%)	Informal employment in the formal sector	Informal sector employment (000's)	Total of informal employment	Rate of informal employment (%)
	1	2	3	4	5 =3+4	6=5/1*100
Total	**48,007**		**6,274**	**11,462**	**17,736**	
Non- agricultural	*25,157*	*100*	*6,274*	*11,462*	*17,736*	*70.5*
1. Agriculture, hunting, forestry and fishing	22,850	---	---	---	---	---
2. Mining and quarrying	226	0.9	46	58	104	46.0
3. Manufacturing	6,950	27.6	1,875	2,508	4,383	63.1
4. Electricity, gas	162	0.6	37	5	42	25.9
5. Water supply	112	0.4	16	26	42	37.5
6. Construction	3,038	12.1	366	2,354	2,720	89.5
7. Wholesale and retail trade, repair of motor vehicles	5,708	22.7	1,994	3,308	5,302	92.9
8. Transportation and storage	1,463	5.8	422	770	1,192	81.5
9. Accommodation and food service activities	1,981	7.9	634	1,259	1,893	95.6
10. Information and communication	255	1.0	75	12	87	34.1
11. Financial , banking and insurance activities	229	0.9	49	8	57	24.9
12. Real estate, renting and business activities	101	0.4	23	54	77	76.2

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[24]   Rate of informal employment (%) = Total of informal employment/ Total employment in non-agricultural sectors * 100

13. Professional, scientific and technical activities	238	0.9	79	34	103	43.3
14. Administrative and support service activities	186	0.7	46	67	113	60.8
15. Communist party, socio-political organization	1,135	4.5	220	8	228	20.1
16. Education	1,663	6.6	108	38	146	8.8
17. Human health and social work activities	435	1.7	52	14	66	15.2
18. Arts, entertainment and recreation	290	1.2	42	193	235	81.0
19. Other services	737	2.9	190	512	702	95.3
20. Active households	242	1.0	8	232	240	99.2
21. Extraterritorial	5	0.0	1	0	1	20.0

Source: GSO Labour Force Surveys 2007 and 2009, author's calculations based on adjusted sample weights for 2007.
Note: Numbers may not sum precisely to totals due to rounding.
The variable "Informal employment" in the formal sector (column 3) counts only workers who are informally employed with regard to their main job. For this reason, the estimate of the indicator "rate of informal employment" (column 6) is lower than that presented in GSO-IRD, Policy brief Vietnam labour market and informal economy in a time of crisis and recovery 2007-2009, Hanoi 2010.

Until now, some types of informalization have remained largely uncounted in the Vietnamese labour force as well as in national income accounts. As a result, it is too often statistically overlooked and, despite its importance, not dealt with in national human resource and economic policies. This might have long-term implications if not addressed, especially for women, who are mainly engaged in unpaid and informal jobs. The time spent on these tasks constrains such workers from participating in training and education opportunities and from engaging in formal productive employment and decent work.

Despite these monitoring issues, there is little doubt that Viet Nam's informal economy is continually growing. Simulations undertaken by the DIAL research team in Viet Nam show that employment in the informal sector will increase in the next few years even without a continuing economic downturn. This occurrence might be due to the limited capacity of the private formal sector to absorb the steadily increasing number of labour market entrants and workers who shift from agricultural activities to non-agricultural ones. Unless more decent employment opportunities in non-agricultural sectors are created, one can expect that informal employment will continue to dominate the country's labour market. Furthermore, recent economic challenges will continue to impact labour market dynamics.

Most of the studies that have tried to assess the impact of the economic downturn tend to conclude that there will be a sharp rise in terms of unemployment, but they fail to consider informal employment.[25]

Table 5 shows that in 2009 seven out of twenty one-digit economic industries (excluding agriculture, forestry and fishery) having the rate of informal employment at over 80%, including construction (89.5%), wholesale and retail trade, repair of motor vehicles (92.9%), transportation and storage (81.5%) accommodation and food service activities (95.6%), arts, entertainment and recreation (81%), other services (95.3%) and active households (99.2%). Meanwhile, informal employment of these 7 sectors accounts for 53.5% of non-agricultural employment and 28% of total employment. Given that the informal sector comprises economic activities in private unincorporated enterprises that do not have a business registration, it is often not included in the Gross National Product (GNP). It is important that the formal sector needs to be sustained in order to serve the economic growth and development for the years to come.

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[25]   See, J.-P. Cling, M. Razafindrakoto and F. Rouboud: *The informal economy in Viet Nam* (Hanoi, 2010).

Box 1: Non-standard forms of economic activity

Recent decades have seen a growing trend towards non-standard forms of work, with more part-time and temporary employment in developed economies and more time-related underemployment and informal employment in developing countries. Even formal work is becoming increasingly precarious with many enterprises relying on a labour force dominated by workers in atypical relationships (flexible, temporary, contract or home-based).

There is a clear link between these less standard forms of work and income inequality, but to what extent is the growing prevalence of non-standard forms of work a reflection of choice or constraint? Since many of these jobs are held by females, one might assume that the "new" working arrangements provide a means of reconciling work and family responsibilities, at least in developed economies where the economic need is less desperate and females are more willing or able to accept the cost. The following summarizes some of the trends over time with regards to non-standard forms of work:

Part-time employment

There has been a big increase in part-time employment in developed economies over the last 20 years, with shares much higher for women than men.

Time-related underemployment

Underemployment has particular relevance in developing countries, notably in connection with agriculture, especially in countries with few workers covered by unemployment insurance and public relief schemes. Under these conditions, hardly anyone can afford to be unemployed for any period of time. The majority of the population must engage at all times in economic activity however inadequate or little that might be.

The informal economy

Informal and formal work should not be understood as dichotomous, but as intimately linked and frequently overlapping. The ILC 2009 report on *Gender equality at the heart of decent work* noted that informal and formal work exists along a continuum, with informal work lying outside the regulatory framework. The informal economy includes both own-account workers and wage workers and cuts across all sectors. The informal sector has generally higher shares of females, although the lack of regular statistics on the topic makes it difficult to judge definitively (see section 2.3.2 for more information).

Home work

Home-based work can be a voluntary choice in developed countries. However, it is often a survival strategy in developing countries. Women engage in home work out of economic need and are forced to cope with the accompanying long hours, poor pay, limited access to social protection, and associated safety and health problems. With globalization, home work is increasing, especially among women.

Sources: ILO, *Gender equality at the heart of decent work*, Report VI, International Labour Conference, 98th Session, Geneva, June 2009, pp. 111-117; ILO, *Recovery and growth with decent work*, Report of the Director-General, Report IC, International Labour Conference, 98th Session, Geneva, June 2009, pp. 9-14; ILO, *Surveys of economically active population, employment, unemployment and underemployment* (Geneva, 1990).

Source: Box 4 in ILO: *Women in labour markets: Measuring progress and identifying challenges* (Geneva, 2010).

2.3.3 Time-related underemployment

The main objective of measuring underemployment in this report is to support analysis of employment problems that need to be addressed in short- and long-term policies in Viet Nam while working towards promoting full and productive employment and decent work for all. Especially in developing economies, the impact of economic instabilities is often felt more in shorter working hours and reduced incomes and rising vulnerable employment in an "increasingly crowded" informal economy. Therefore, statistics on underemployment are crucial to complement figures on employment, unemployment and economic inactivity. Overlooking the underemployment issue can be misleading in terms of labour utilization. While not technically unemployed, the underemployed are often competing for available hours of work and jobs on the labour market.[26]

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[26]   See, ILO: *Key Indicators of the Labour Market, 6th edition* (Geneva, 2010).

Underemployment is usually defined as an employment situation where workers are employed but not in the capacity they desire, i.e. in terms of compensation, hours of work, skill levels and experience. Generally, one can distinguish between two principal forms of underemployment: (1) visible; and (2) invisible underemployment. Visible underemployment is a statistical concept reflecting the insufficiency in the volume of employment and can be measured using labour force survey results. Whereas invisible underemployment is primarily an analytical concept reflecting a misallocation of labour resources evidenced by a worker's low income and productivity and underutilization of skills.[27]

The analysis of labour utilization and adequacy of employment situations of workers in developing countries is a very difficult task, but it is important for a number of reasons since productive labour is seen as the key to sustainable economic growth and poverty reduction as it determines income. As in many other countries around the world, labour is also the main source of household income in Viet Nam.[28]

Common problems in measuring visible underemployment include the definition of the concept, its measurement and the lack of comprehensive and detailed data. According to the international definition, "persons visibly underemployed comprise all persons in paid or self-employment, whether at work or not at work, involuntarily working less than the normal duration of work determined for the activity, who were seeking or available for additional work".[29] These people are also referred to as time-related underemployed.

Due to methodological limitations in the 2007 and 2009 LFSs, this report analyses the existence of inadequate employment situations of workers by using data regarding the hours of work in the primary job and the readiness of the employed person to work additional hours.[30] In 2009, out of the total population employed, 6.8 per cent responded that they worked less than 35 hours per week and were ready to work additional hours, compared to 4.8 per cent of employed in 2007.

Although on the rise, the time-related underemployment rate in Viet Nam is, with 6.8 per cent in 2009, still relatively low when compared to other countries in the region. In addition, time-related underemployment seems to remain a mainly rural phenomenon. In 2009, 7.7 per cent of all country workers were time-related underemployed, 1.9 percentage points more than in 2007. However, an increasing proportion of urban workers are in employment situations that do not match their desired working time or the working time needed to earn the necessary income to survive. Between 2007 and 2009 the urban rate of time-related underemployment doubled from an estimated 2.0 per cent to 4.0 per cent. Men were significantly more affected by time-related underemployment (7.3 per cent in 2009) when compared to women (6.2 per cent in 2009) (table 6).

Also, increasingly, young people, between the age of 15 and 24, seem to be engaged in second-choice employment activities either because job opportunities are not available at the levels of education already attained or because they lack the necessary work experience when compared to adult workers. Their rate of time-related underemployment stood at 8.1 per cent in 2009, a 2.9 percentage point growth since 2007. Young rural men and women seem to be predominantly affected by time-related under employment (8.9 per cent for young rural men and 8.2 per cent for rural women in 2009) (table 6).

One of the possible explanations for increasing time-related underemployment in Viet Nam is the lack of sufficient social security programmes. One gets the impression that many workers who found

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[27]   See, ILO: *Surveys of economically active population, employment, unemployment and underemployment: An ILO manual on concepts and methods*, pp. 120-130 (Geneva, 1990).
[28]   See, GSO: Results of the survey on household living standards 2008, pp. 13-15 (2010).
[29]   See, ILO: *Surveys of economically active population, employment, unemployment and underemployment: An ILO manual on concepts and method* (Geneva, 2009).
[30]   The question regarding the "availability to work more hours" was asked to workers that worked less than 35 hours in both, the primary and secondary job, in the Labour Force Survey 2009.

themselves without work after the economic instabilities occurred could not afford to stay in this situation. They had to engage in informal-sector or similar low-productivity activities to survive, even if they were not employed full time or could not generate sufficient income for a decent living.

Since young people especially are the drivers of economic development, ignoring their productive potential is an economic waste and can undermine development and social stability for the years to come. The "demographic dividend"[31] offers Viet Nam a unique opportunity to capitalize on the productive potential of its young labour force. Therefore, it is important to focus on comprehensive and integrated strategies that combine education and training policies with targeted employment policies for youth during the next decades.

Table 6. Time-related underemployment rate by area, age group and sex, 2007 and 2009 (%)

Viet Nam (15+)	2007	2009	Change 2007-09
Total			
Both Sexes	4.8	6.8	+2.0
Male	4.7	7.3	+2.6
Female	4.9	6.2	+1.3
Urban			
Both Sexes	2.0	4.0	+2.0
Male	2.2	4.6	+2.4
Female	1.8	3.4	+1.6
Rural			
Both Sexes	5.8	7.7	+1.9
Male	5.7	8.3	+2.6
Female	5.9	7.2	+1.3
Viet Nam (15-24)	2007	2009	Change 2007-09
Total			
Both Sexes	5.2	8.1	+2.9
Male	5.3	8.6	+3.3
Female	5.1	7.4	+2.3
Urban			
Both Sexes	2.3	5.9	+3.6
Male	2.9	7.5	+4.6
Female	1.8	4.2	+2.4
Rural			
Both Sexes	5.9	8.6	+2.7
Male	5.8	8.9	+3.1
Female	5.9	8.2	+2.3

Source: GSO Labour Force Surveys 2007 and 2009, author's calculations based on adjusted sample weights for 2007.

Note: Numbers may not sum precisely to totals due to rounding.

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[31]   Viet Nam is entering an era called the "demographic dividend", meaning that there are two or more persons of working age (15-60 years) for every person of dependent age (under 15 or over 60 years). This is likely to last about 30 years, from 2010 to 2040 (UN 2007; UNFPA 2009). For the next ten years, 2011-20, on average, the number of working-age people will increase by approximately 1 million per year. This era presents both opportunities and challenges for national socio-economic development. To have "abundant human resources" is favourable for economic development; however, it also creates challenges in terms of employment creation, education and social security.

2.3.4   Growth rate of labour productivity (GDP per person employed)

The growth rate of labour productivity is an indicator for assessing the likelihood that Viet Nam's economy will create and sustain decent jobs with reasonable wages and salaries. The indicator of labour productivity reflects the relationship between output produced and the total number of employed used for generating that output. In other words, it is the ratio of output per person employed. For the purpose of this report, output is measured as GDP (value added across all sectors) and is presented in the national currency (Vietnamese Dong, VND) at constant factor costs, which is the total production value minus the value of intermediate inputs, such as raw materials, semi-finished products, services purchased and energy inputs at constant prices.

Table 7. Selected indicators by aggregated sector and annual average growth rates, 2007 and 2009

Viet Nam (15+)	2007	2009	Average annual growth rates (%) (2007-09)
GDP (constant 1994 VND (billions))			
Total	461,344	516,568	5.8
Agriculture	82,717	88,168	3.2
Industry	192,065	214,799	5.8
Services	186,562	213,601	7.0
Employment (000's)			
Total	45,966	48,007	2.2
Agriculture	22,664	22,850	0.4
Industry	9,368	10,489	5.8
Services	13,934	14,669	2.6
Labour Productivity (000's)			
Total	10,037	10,760	3.5
Agriculture	3,650	3,859	2.8
Industry	20,502	20,479	-0.1
Services	13,389	14,562	4.3

Source: GSO Labour Force Surveys 2007 and 2009 and GSO Statistical Yearbook 2009 author's calculations based on adjusted sample weights for 2007.

Note: Numbers may not sum precisely to totals due to rounding.

As reflected in table 7, between 2007 and 2009, labour productivity in Viet Nam increased from VND10.0 million to VND10.8 million. This means an average annual growth rate of 3.5 per cent in line with economic growth (5.8 per cent per year, on average), and at a higher rate than employment growth during this period (average annual growth of 2.2 per cent). These developments suggest that part of the changes in labour productivity were driven by a labour market restructuring process with shifts away from relatively low-productivity and labour-intensive agricultural jobs towards higher value-added and more technology and capital-intensive industrial or services sector jobs. In general, these shifts require better qualified workers, and with higher labour productivity in the industry and services sectors one could also expect improved wages and working conditions. To continue this process and to sustain Viet Nam's economic growth in the years to come it is necessary to ensure the availability of skilled workers and investments in appropriate technologies. Without the adequate education and skills of the labour force, Viet Nam might get caught in the low productivity trap that will also hamper its competitiveness in a very crowded global market. The upgrading and enhancement of skills as well as improved access to training for both women and men, regardless of their age, are a necessity to ensure higher productivity, decency of jobs with increasing incomes, and economic development in the short and long run.

The employment elasticity with respect to economic growth, at 0.4, is in line with the regional average in South-East Asia and the Pacific (table 8).[32] However, the volatile economic situation during 2007 and 2009 should be borne in mind when interpreting employment elasticities for Viet Nam. For example, table 7 shows that the industry sector, which generates the highest sectoral share in GDP, experienced a 0.1 percentage point average annual decrease in labour productivity but the highest average annual employment growth (5.8 per cent) of all economic sectors during 2007 and 2009. This trend can mainly be attributed to the adverse global economic situation.

Table 8. Estimates of employment elasticities by aggregated sector and world region

Viet Nam	Employment elasticities (2007-09)	Average annual GDP growth (2007-09)
Total	0.4	5.8
Agriculture	0.1	3.2
Industry	1.0	5.8
Services	0.4	7.0
	Employment elasticities (2004-08)	Average annual GDP growth (2004-08)
World	**0.3**	**4.4**
East Asia	**0.1**	**9.3**
South-East Asia and the Pacific	**0.4**	**5.8**

Source: GSO Labour Force Surveys 2007 and 2009 and GSO *Statistical Yearbook 2009*, author's calculations based on adjusted sample weights for 2007.

Note: World and regional estimates are from the ILO Trends Econometric Models published in the Key Indicators of the Labour Market (KILM), 6th edition, box 19b.

Even though labour productivity in the services sector looks more impressive (4.3 per cent annual growth), and given an employment elasticity of 0.4, these numbers should be seen in the context of high shares in informal sector employment (table 5) and small increases in wage and salaried jobs as discussed in earlier sections.

Finally, it is presently very difficult to measure labour productivity growth by disaggregated economic sectors, mainly due to some inconsistencies in the available data, but also because of the different classification schemes of industries applied in national accounts and household surveys. Thus, in order to provide a more accurate picture of labour productivity trends, as well as the skills required to boost such productivity in specific pockets of the economy, the GSO and MOLISA need to work jointly on improvements of the data over time and its analysis as an integrated part of an LMIA system for Viet Nam.

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[32]   See box 19a in ILO: *Key Indicators of the Labour Market, 6th edition* (Geneva, 2009). It should be emphasized that the elasticities for Viet Nam refer to a relatively short period characterized by a volatile economic environment.

3. Developing LMIA using employment projections

Labour market information and analysis (LMIA) contributes to a reduction of transaction costs in labour markets as it helps overcome incomplete information of labour market agents. LMIA also provides an essential basis for effective employment and labour policies, and can inform the design, monitoring and evaluation of policies that are better focused and targeted. Given the public good nature of information, a strong role of the government in LMIA has been accepted in most countries.

When considering the establishment or improvement of an LMIA system, it is important to keep in mind that such systems may perform various functions, serve various target groups, and may employ an array of methods. This chapter therefore first sets out the functions and components of LMIA systems in general, and highlights selected international experiences focusing on institutional, capacity and data aspects of LMIA systems (section 3.1). Section 3.2 reviews progress with developing the LMIA system in Viet Nam, which is summarized in Annex II. Section 3.3 takes a closer look at the set of employment projections that has been produced in the context of the LMP and the relationship with the development of the LMIA system. Section 3.4 provides some remarks on LMIA system development in Viet Nam.

3.1   LMIA systems: Functions and components[33]

3.1.1 Functions

A distinction can be made between at least three broad functions of labour market information and analysis systems:

(F1)   The LMIA system is responsible for labour market analysis.

(F2)   The LMIA system is responsible for monitoring and reporting on employment and labour policies.

(F3)   The LMIA system provides a mechanism to exchange information or coordinate different actors and institutions that produce and utilize labour market information and analysis.

The first function (F1) is purely analytical, and as such is usually undertaken, at least to some extent, by academic and research institutions, which may or may not have a focus on labour markets. However, the main purpose of LMIA systems that have been established outside academia is the production of information and analysis for policy-makers and other labour market stakeholders. For example, the functions of the European Employment Observatory are stated as follows:

> *The European Employment Observatory (EEO) contributes to the development of the European Employment Strategy through the provision of information, comparative research and evaluation on employment policies and labour market trends in the countries covered by the EEO.*[34]

Therefore, it is important that institutional arrangements are established to make the information and analysis widely available to the target groups, and to provide an opportunity for labour market stakeholders to influence the agenda of the LMIA system. The LMIA system can also be directly involved in monitoring and reporting on employment and labour policies (the second function, F2, listed above), which may include policy analysis and evaluations.

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[33]   This section is based on a forthcoming Guide on LMIA systems by EMP/TRENDS (ILO, Geneva).
[34]   See: http://www.eu-employment-observatory.net/.

Both at the national and the international level, the institutional role of the LMIA system can be broadened to include a third function (F3), that is the exchange of information or coordination of LMIA activities of labour market stakeholders, including statistical agencies, research agencies and agencies involved in policy formulation and implementation, such as employers' and workers' organizations. This function may range from the dissemination of information on concepts, definitions and standards, to the allocation of resources regarding data collection or specific analytical activities (e.g. evaluations or econometric models).

3.1.2 Components

LMIA systems consist of three main components:

    (C1) collection and compilation of data and information;
    (C2) analytical capacity and tools; and
    (C3) institutional arrangements and networks.

Ad (C1). As LMIA systems aim to provide analysis of labour markets in their economic context, data collection consists not only of data on labour markets, but also on the linkages with the broader economy. The main sources of *labour statistics* consist of:

    (S1) household surveys and population censuses;
    (S2) establishment surveys; and
    (S3) administrative records.

Labour force surveys can be designed to cover virtually the entire population of a country, all branches of economic activity, all sectors of the economy, and all categories of workers, including own-account workers, unpaid family workers and persons engaged in casual work or marginal economic activity. For this reason, household-based labour force surveys offer a unique advantage for obtaining information on the labour market of a country and its structure. Other sources, such as population censuses, multi-purpose household surveys, establishment surveys (e.g. employment and earnings surveys), or administrative records (e.g. educational enrolment data) differ in scope, coverage, units of measurement or methods of data collection. Each source has advantages and limitations in terms of the cost, quality and type of information gained, and effective LMIA systems draw on all sources.

Ad (C2). LMIA systems embody the analytical capacity to identify and interpret labour market developments and trends, and to relate these trends to policies or other factors influencing labour market outcomes. In terms of analytical capacity, LMIA systems can be developed at three levels. The *core or first level LMIA system* consists of monitoring or tracking of a set of indicators. Examples of widely used sets of indicators are the ILO's Key Indicators of the Labour Market (KILM) or a selection thereof,[35] or a comprehensive set of decent work indicators. The current set of decent work indicators that is being discussed in the ILO covers not only access to full and productive employment, but also rights at work, social protection and social dialogue.[36] Activities that need to be undertaken to establish a core LMIA system, such as the compilation of data, establishment of appropriate databases, and production of regular labour market reports, can be carried out by an LMIA unit in a government department, in collaboration with labour market stakeholders, statistical agencies and research institutions. The unit should be staffed by labour market analysts, statisticians and staff dealing with processing of data and information technology.

Monitoring of indicators not only results in signals on the state of the labour market, but also provides a starting point for a range of additional analytical activities and studies, focusing on relationships in

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[35]   See, ILO: *Key Indicators of the Labour Market, 6th edition* (Geneva, 2009); at http://www.ilo.org/trends.
[36]   On the measurement of decent work and the set of decent work indicators, see:
http://www.ilo.org/integration/themes/mdw/lang--en/index.htm.

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the labour market and between the labour market and the broader economy (*second level LMIA system*).[37] In all cases, these methods draw on or need to be complemented by a first level LMIA system tracking labour market indicators.

The *third and most advanced level of LMIA systems* involves the use of comprehensive econometric models, building on second level analysis. Econometric models represent an analytical approach that allows for the generation of economy-wide, detailed, and consistent projections of labour market developments. Econometric models are however demanding in terms of all components of LMIA systems (C1, C2 and C3), and are therefore costly to develop and maintain.

Ad (C3). Institutional arrangements are needed to enable labour market actors to use information and analysis, and to create networks of users and producers, including government departments, employers' and workers' organizations, statistical agencies and research organizations. These arrangements are needed for the LMIA system to effectively perform its analytical function (F1), for example in terms of access to data (from statistical agencies and administrative sources) and in terms of dissemination of information and analysis in such a way that beneficiaries are reached. An example of a straightforward institutional arrangement is the establishment of an LMIA advisory panel joining policy-makers, the statistical agency and worker's and employers' organizations.

If the LMIA system carries out activities relating to policies (F2) and coordination (F3) as set out above, a broader forum may be considered in which institutions involved in the implementation of policies are represented, alongside, for example, sectoral bodies and institutions representing other labour market stakeholders (e.g. community groups, informal sector associations, etc.).

Figure 6. Gives an overview of LMIA systems in terms of functions, components and levels.

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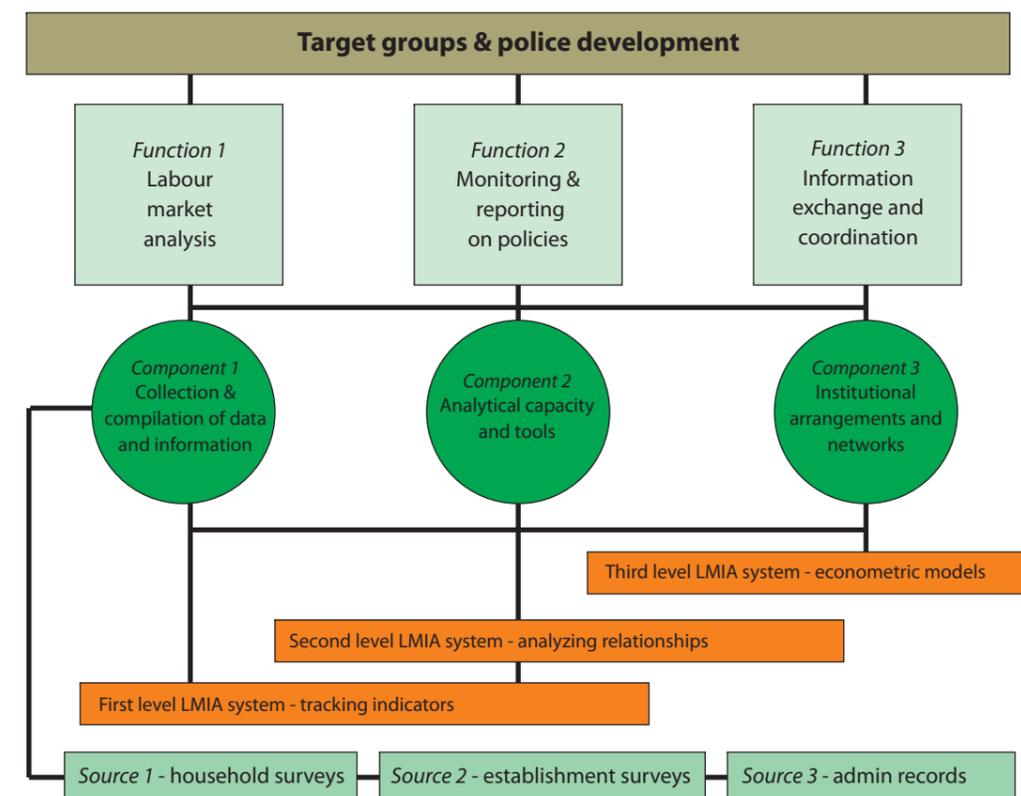
[37]   For a discussion of a series of methods in the context of labour market analysis focusing on skills development, see T. Sparreboom and M. Powell: *Labour market information and analysis for skills development*, Employment Working Paper No. 27 (ILO, Geneva, 2009).

3.1.3 Some lessons from international experience

In general, LMIA systems become more effective if data availability and quality improves across all three sources (S1, S2 and S3), and analytical capacity in the system advances, often in accordance with the level of development of a country and the resources that are made available to the LMIA system. This process can be supported by international agencies in terms of resources and technical assistance, but international support is no substitute for the need for sustained investment in all components of the system at the national level.

Function(s), target groups, analytical methods, data availability and the economic and policy context all shape the activities that are carried out in the LMIA system, the institutional arrangements that are most appropriate, the location of the LMIA unit that constitutes the heart of the system, as well as the organizational structure and staffing of the unit. In view of the large number of factors that shape decisions on an LMIA system, including the further development once it has been established, much international experience points to the need for consultation. The objective of consultation is to foster or consolidate agreement among stakeholders on the functions, target groups, main activities, organization and resources of the LMIA system.

Country examples of the functions and progressive development of LMIA systems have been described in Sparreboom and Powell (2009).[38] For example, in Pakistan the LMIA system was established focusing on the analytical function (F1), while in South Africa the information system was designed with a strong focus on monitoring and reporting on employment policies (F2) alongside an analytical function. In both countries, the LMIA systems were developed from a core system ("monitoring indicators") to second level analytical activities ("relationships") and, in the case of South Africa, third level activities ("econometric models"). Institutional arrangements become more complex if activities of LMIA systems are outsourced to specialized agencies. In many developed economies, including Ireland, Singapore and Hong Kong (China), LMIA activities are linked in a well-coordinated web of LMIA institutions that has been built up over many years.

3.2   Progress with developing the LMIA system in Viet Nam

3.2.1 Purpose

The LMIA system in Viet Nam was established with an analytical function and as a mechanism to exchange information on labour markets. It also has a function with regard to reporting on employment service activities and unemployment insurance, based on administrative records.

3.2.2 Collection and compilation of data and information

A review of data sources in Viet Nam, undertaken in 2008 and 2009, shows that most labour market data are generated from sample surveys of households that were conducted by MOLISA, with the assistance of the General Statistics Office (GSO) of Viet Nam. This annual survey, known as the Labour and Employment Survey (LES), was initiated in 1996 and was conducted over the subsequent 11-year period, from 1997 to 2007. It is not known to what extent data collection was in accordance with international statistical standards as metadata were not included in the published reports. Furthermore, the surveys did not provide sufficient detail in relation to current policies.

In 2007, the GSO started conducting labour force surveys (LFSs), and the MOLISA surveys were discontinued. The project supported the development of a new labour force survey questionnaire that was introduced in 2009. Up to 2009, Viet Nam's labour force survey was an annual household

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[38]   See, T. Sparreboom and M. Powell: *Labour market information and analysis for skills development,* Employment Working Paper No. 27 (ILO, Geneva, 2009).

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survey, but there are plans to expand the sample and start conducting quarterly surveys from 2011 onward, which would allow for more disaggregated results. The Labour Market Project (LMP) facilitated statistical assistance, through the ILO Department of Statistics in October 2010, to the Population and Labour Department of the GSO to support in the design of a quarterly LFS for Viet Nam.

The increase in the sample and survey frequency brings a number of challenges for both the producers and the users of LMI. Accordingly, the project organized a study tour to Thailand that sought to improve the capacity of both the GSO and MOLISA. The study tour covered the use of modern survey organization and information technology (e.g. the use of optical readers in data processing). Furthermore, the study tour facilitated strengthening of the collaboration between the GSO and MOLISA, in particular with regard to policy development (e.g. the socio-economic development strategy and the Decent Work Country Framework (DWCF)).

A workshop conducted in December 2008 identified and prioritized a set of labour market indicators for Viet Nam, including some of the ILO's Key Indicators of the Labour Market and indicators relating to decent work as part of the national statistical indicator system (NSIS). The NSIS is used for developing the national statistical survey programme and serves as the main statistical database for policy development.[39]

A major Labour Needs Assessment (LNA) was designed and conducted by MOLISA with the technical and financial support of the LMP in the second half of 2009 to assess labour demand in Viet Nam as well as constraints to decent job creation. The nationwide establishment-level data is hoped to allow for tracking of changes in the business environment and labour/skill needs over time, and in this way facilitate impact assessment of reforms which will stimulate dialogue on reform opportunities.

The project reviewed the capturing of labour needs information and administrative data from employment services in 2009. Two consultancies were conducted that reviewed employment service centre (ESC) practices and resulted in recommendations for improved administrative data collection and compilation. The consultancy built on earlier work carried out under the international assistance project "United States Viet Nam Employment Services" to establish a management information system (MIS) for 15 DOLISA-operated ESCs,[40] five of which were within the ambit of the LMP. The MIS compiles administrative data from the ESCs which complement other labour market data and will be used, inter alia, for ESC performance appraisal and planning.

To further support the collection of administrative data, the project aims to strengthen the analytical capacity of the DOLISA ESCs in the provinces including the preparation of short-term labour market forecasts. For this purpose, a service contract was signed with Sweden's Public Employment Service (PES) to provide technical assistance for MOLISA in labour market forecasting using establishment-based demand inquiries at provincial level. This work commenced in March 2010.

The project, in collaboration with the World Bank, also provided technical support to the GSO in revising the employment section of the Viet Nam Household Living Standards Survey (VHLSS) in order to harmonize it with the LFS questionnaire.

In light of the need to better understand the drivers of formality and informality in Viet Nam, the GSO, in partnership with IRD-DIAL, conducted the LFS in August 2007 on a nationally representative sample of 170,176 households, in which it classified labour by institutional sector, formal and informal per ILO definitions. Based on international recommendations, a specific survey was grafted onto the LFS to

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[39]   For further information, see: http://www.gso.gov.vn/default_en.aspx?tabid=510&idmid=6&ItemID=3994.
[40]   Each province of Viet Nam usually has only one ESC operated by DOLISA. However there are other ESCs operated by various ministries and organizations such as the Youth Union, Women's Union, etc.

collect data on the characteristics of household businesses (HBs) in general and the informal economy in particular in a representative HB and informal sector (IS) study for 2007 and 2009. The project supported the analyses of these data which point at the importance of the informal economy, the difficult working conditions and the policy challenges it presents. The results were an important input for the International Conference on the Informal Economy in May 2010 in Hanoi and will feed Viet Nam's National Employment Strategy 2011-20.

3.2.3 Use of standard industrial and occupational classifications

The project facilitated the use of international standard classifications in the surveys, assessments and studies mentioned above.

The most recent Viet Nam Standard Industrial Classification (VSIC 2007) was developed on the basis of the International Standard Industrial Classification (ISIC) revision 4 and the ASEAN Common Industrial Classification. VSIC 2007 has been applied at a 4-digit level throughout all surveys for collecting statistical data by industries since 2007 by the GSO and MOLISA.

The Viet Nam 1999 census classified occupations using the Viet Nam Standard Classification of Occupations (VSCO) that is related to the International Standard Classification of Occupations (ISCO) 1988. It has been recommended to update the VSCO according to the latest version of ISCO (2008).

All surveys have been designed or redesigned to use the International Classification of Status in Employment (ICSE).

3.2.4 Establishment of an LMI reference database

There has been significant design activity since September 2008 to establish a reference database for LMI within MOLISA's Labour Market Information Centre (LMIC). Currently, the database covers selected key labour market indicators and some other LMI that is relevant from the LES and LFS for the years 1999-2007. LMI has been stored in Excel format.

There are currently three groups of Excel tables available:

(1)   Tables with (limited) meta information describing the data.

(2)   Tables of 10 Key Indicators of the Labour Market calculated in accordance with international standards for the years available:

   KILM 1.   Labour force participation rate

   KILM 2.   Employment-to-population rate

   KILM 3.   Status in employment

   KILM 4.   Employment by sector

   KILM 5.   Part-time workers

   KILM 6.   Hours of work

   KILM 8.   Unemployment

   KILM 9.   Youth unemployment

   KILM 11.   Unemployment by educational attainment

   KILM 13.   Inactivity rate

   Each table has been designed in line with the description of the indicators, and with appropriate breakdowns according to area, sex and age. Each table also contains a repository code, linking the data to the tables with meta information.

(3)   Tables with other information that is relevant for the understanding of labour markets in Viet Nam. Examples are:

◼   Population and labour force numbers

◼   GDP growth

◼   GDP by sector

The tables of Key Indicators of the Labour Market were produced using LES and LFS data from surveys conducted by MOLISA and the GSO, respectively. The mechanism for collecting, processing and disseminating labour market information at central, province/city and district levels in Viet Nam is detailed in "*Project Document - Developing Labour, Employment Database*" (MOLISA, Hanoi, 2007). Installation of equipment, through the LMP, was started in April 2010 and will cover 15 selected provinces.[41]

3.2.5 Analytical capacity and tools

The current LMIA system in Viet Nam functions mostly at level 1 (monitoring and tracking of a core set of indicators). There are several issues that hamper an improvement of analytical capacity to higher levels, such as difficulties in recruiting qualified and experienced personnel and the development of adequate institutional arrangements.

Nevertheless, support is provided to build the capacity of the LMIC, DOLISAs and ESCs to analyse labour markets in their macroeconomic context (level 2) and to develop econometric models for long-term and short-term forecast (level 3) with a view to employment targeting in the near future.

Activities towards the development of analytical capacity in MOLISA's BoE include on-the-job and off-the-job training. These modalities have distinct advantages and disadvantages, and it was deemed most effective to employ both.

On-the-job training

Training has been provided to the LMIC since March 2009 on LMIA concepts, key labour market indicators and decent work indicators, as well as on preparation of analytical reports. A training manual has been developed and PowerPoint presentations have been made available in hard and soft copy, in English and Vietnamese.

SPSS software was installed at the LMIC and training is ongoing on how to use this software to store, process, update and disseminate LMI. The National Economics University was contracted to deliver advanced training in the use of SPSS. This training further strengthened the links between the LMIC and the University. The LMIC has indicated that it will offer internships to undergraduates over the coming years.

As proposed in the project document, the cadre of trained LMIC staff is expected to, in turn, train ESC staff as part of the provincial LMIA system. However, if ESC staff do not obtain a sufficient level of competence, the National University may be contracted again for this purpose.

Sweden's PES is providing on-the-job training activities to strengthen the capacity of the ESCs in the provinces to carrying out short-term labour market demand forecast as a critical part of the LMIA system (level 3).

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[41]   In the North: Hanoi, Hai Duong, Phu Tho, Bac Ninh, Ninh Binh; in the Centre: Ha Tinh, Da Nang, Lam Dong, Dak Lak, Quang Ngai; and in the South: Can Tho, Dong Nai, Long An, Ho Chi Minh City, Ben Tre.

The University of Maryland provided software and training to the LMIC in December 2009, April 2010 and July 2010 to carry out macro-level labour market forecasting. As mentioned above, this is a complex activity in an LMIA system, which is usually undertaken once more basic activities (levels 1 and 2) have become routine. An assessment will be made of the extent to which the LMIC benefited from this training.

LMP has supported training of staff on the MOLISA e-gate system, an essential facility to transfer information in MOLISA and elsewhere.

Off-the-job training

A study visit to Italy, Germany and Sweden for ESC Directors and key BoE staff was undertaken from 27 July to 10 August 2008. The total party consisted of 23 persons including interpreters and an international expert. The study tour resulted in the agreement to pilot the Swedish short-term demand estimating model based on visits by ESCs to key employers in each province.

As mentioned above, a joint study tour of GSO and MOLISA staff to Thailand was organized in March 2010 with the main objective of helping Vietnamese producers (GSO) and users (MOLISA) of LMI to learn about quarterly labour force sample surveys in order to produce better quality and higher frequency LMI with the help of modern technologies.

In June 2010, a study tour to Australia was focused on policy-making processes, including active labour market programmes and the links with LMIA. A further study tour to China was conducted in September 2010, concentrating on linking HRD and economic growth, labour migration and promoting employment and employment policies. These activities support the policy training envisaged in Result 1.4 of the LMP document (*Capacity for analysing and using information for labour policies improved*).

Finally, a study tour to Canada was also organized in June 2010 to examine unemployment insurance processes, including the collection of administrative data and monitoring of support employment services.

3.2.6 Institutional arrangements

As part of the EC/ILO LMP, a steering committee has been established to represent the key data providers and users of LMIA in Viet Nam.

An international technical support group for LMIA operates with regular members, including ILO/LMP, UNDP, IRD-DIAL, World Bank, ADB and GTZ.

3.3   Employment projections

3.3.1 Introduction

As part of the improvement of the LMIA system in Viet Nam a start was made with the development of a comprehensive, econometric employment projection model. As mentioned above, such models have the distinct advantage of producing consistent projections, which are an important tool for policy-makers and planners. Occupational projections, in particular, are used as a guide for investments in education and training, as well as an important public information resource for students and counsellors. At the same time, econometric models are demanding in terms of data, analytical capacity and institutional arrangements of LMIA systems.

Although the LMIA system in Viet Nam falls short of an ideal basis in this regard, it was decided to make a start anyway, in part because the process of producing a set of projections allowed for a discussion of many issues relating to economic and labour market data and analysis. In other words, model

development contributes to the recognition of the need for better and more complete economic data for Viet Nam. In many countries, the improvement of data has gone hand in hand with increased needs for quantitative economic analysis. Economic models such as the one developed for Viet Nam are convenient platforms for the study and analysis of economic data, and help to focus attention on the need for consistency across sectors of the economy and over time. Learning how to use the model for forecasting and scenario analysis is a good training tool for economists, statisticians and policy-makers, and such training can provide a forum for the discussion of data and policy needs.

This section summarizes the basic functioning of the projections model as well as the main results. Thereafter, the labour market component is briefly reviewed and some extensions of the basic model are considered that allow for a deeper understanding of the labour market.

3.3.2 Model and results[42]

The labour market projections are embodied in an inter-industry macroeconomic model developed by the Inforum group at the University of Maryland, a team specializing in the development of models that highlight industry interactions and the importance of industrial structure to the composition of employment, investment and trade. The models are constructed using a common software framework called InterDyme.[43]

As with the typical Inforum models built for the United States and many European and Asian countries, the model for Viet Nam, called *Lotus*, is an inter-industry macro model which builds up macroeconomic totals from industry detail, and uses the input-output solution at its core. The inter-industry (input-output) structure is used to translate the expenditures of final consumption, investment and international trade flows to the demand for domestic production by each industry. Domestic production is used, in turn, to calculate employment demands. Employment for each industry is then multiplied by an occupational shares matrix to calculate employment in each occupational category in each industry. Given this structure, the use of the model is not limited to the labour market in a narrow sense, but can be used to analyse a broad array of policy questions stemming from economic, demographic or government tax and fiscal issues.

The set of final macroeconomic and labour market projections produced with *Lotus* extend to 2020, which is also the horizon of focus for the next ten-year plan. The databases used for the projection are listed in the final report produced by Inforum. The development of the projections for the *Lotus* model involved the following steps:[44]

1.   Developing projections of exogenous variables such as population, labour force, productivity growth by industry, and growth of exports by industry. The GDP deflator is also exogenous, and is based on the projection from the Economist Intelligence Unit's *Viewswire Outlook* (July 2010).

2.   Developing growth rate assumptions for aggregate components of GDP such as final consumption of households and the Government.

3.   Allowing the model to solve for the other main variables, gross fixed capital formation, imports, output and employment. Unemployment and the unemployment rate are derived from total employment by industry and the labour force.

4.   Adjusting the forecast to try to obtain GDP growth rates and unemployment rates in the same neighbourhood as the Viewswire forecast for Viet Nam.

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[42]   Section 3.3.2 and the first part of section 3.3.3 are based on the final report produced by Inforum; see, Meade D.S.: *Final Macroeconomic and Labour Market Projections using Lotus* (University of Maryland, August, 2010).
[43]   For more information, see: http://www.inforum.umd.edu/.
[44]   See, D.S. Meade: *Final Macroeconomic and Labour Market Projections using Lotus* (University of Maryland, August 2010).

It should be emphasized that the resulting projections are not a statement of what will happen, but rather show a consistent development of the Viet Nam economy, based on currently available historical data and various assumptions about the course of some future economic and demographic variables external to the model.

Tables 9 and 10 summarize the main macroeconomic indicators, including the labour force, employment and unemployment. There was a slowdown in growth in real GDP in 2009 to 5.1 per cent, caused by a slowdown in world GDP and continued disarray in financial markets (the growth rate for real GDP in 2008 was 7.0 per cent). The unemployment rate is projected to rise to 2.7 per cent in 2009 and 2.9 per cent in 2010, and remain between 2.5 per cent and 2.8 per cent thereafter. The base forecast calls for real GDP growth to improve in the 2011-15 period, with real GDP growing at an average of 7.1 per cent. Growth rates for the rest of the forecast to 2020 average 7.6 per cent. Aggregate productivity growth is fairly strong, at 5.0 per cent from 2011 to 2015, and at 6.0 per cent from 2015 to 2020. The labour force is projected to grow within a range of 1.7 per cent to 2.4 per cent in the longer term forecast. Inflation is exogenous and taken from the Economist Intelligence Unit (EIU) until 2014. GDP inflation for 2008 was extremely high, at 22.1 per cent. Inflation is expected to cool down to a rate of 6.1 per cent in 2009, rise to 9.9 per cent in 2010 and remain in the 5-7 per cent range from 2010 to 2020.

Table 9. Summary main macroeconomic indicators (level values)

	2008	2009	2010	2011	2015	2020
Real GDP (billion 2005 VND)	1,129,085	1,188,409	1,267,042	1,355,291	1,801,425	2,638,806
Nominal GDP (billion VND)	1,538,144	1,720,792	2,025,577	2,337,743	3,899,105	7,333,813
GDP Deflator (2005=100)	136	145	160	172	216	278
Exchange Rate (VND per USD)	16,440	17,800	19,044	19,443	20,785	21,500
Population (000's)	86,135	87,116	88,097	89,011	92,668	96,984
Labour force (000's)	46,010	47,105	48,202	49,274	53,655	58,418
Total employment (000's)	44,916	45,834	46,805	47,894	52,314	56,958
Aggregate productivity (billion VND per worker)	24.0	24.8	25.9	27.1	33.1	44.7
Unemployment (000's)	1,095	1,272	1,398	1,380	1,341	1,460
Unemployment rate (%)	2.4	2.7	2.9	2.8	2.5	2.5

Source: Lotus Macroeconomic and Labour Market Projections, August 2010.

Note: Total employment in Table 9 and 10 has been adjusted for **multiple job holders**, and is therefore different from the totals in subsequent tables.

Table 10. Summary of main macroeconomic indicators (growth rates)

	08-09	09-10	10-11	11-15	15-20
Real GDP (billion 2005 VND)	5.1	6.4	6.7	7.1	7.6
Nominal GDP (billion VND)	11.2	16.3	14.3	12.8	12.6
GDP deflator (2005=100)	6.1	9.9	7.6	5.7	5.0
Exchange rate (VND per USD)	7.9	6.8	2.1	1.7	0.7
Population	1.1	1.1	1.0	1.0	0.9
Labour force	2.4	2.3	2.2	2.1	1.7
Total employment	2.0	2.1	2.3	2.2	1.7
Aggregate productivity	3.2	4.4	4.5	5.0	6.0
Unemployment	15.0	9.4	-1.3	-0.7	1.7

Source: Lotus Macroeconomic and Labour Market Projections, August 2010.

3.3.3 Labour markets

Employment by industry and occupation

Tables 11 and 12 show employment by industry. Employment growth is determined by the growth rate of industry output and industry labour productivity. Industry output growth rates differ because each industry sells its output to a different mix of intermediate and final demands. In this set of final projections, the productivity of each industry is specified exogenously, to grow at rates close to historical averages of the last ten years, based on the employment and real output data in the model.

The largest sector of employment is currently agriculture, forestry and fisheries, with employment of nearly 23 million in 2008. For most of the projection period, employment in this industry is declining, reaching a level of 21.1 million by 2020. As a share of total employment, it is declining even faster, as shown in figure 7.

Table 11. Projected employment by 1-digit economic sector (000's)

	2008	2009	2010	2011	2015	2020
1 Agriculture, forestry and fishing	22,957.1	23,082.8	23,137.5	23,050.8	22,579.1	21,121.7
2 Mining and quarrying	326.0	318.0	361.8	402.1	591.1	667.6
3 Manufacturing	6,599.1	6,910.2	7,006.6	7,187.5	7,544.3	8,471.4
4 Electricity, gas, steam, hot-water and air conditioning	150.4	162.4	172.2	185.4	245.7	283.0
5 Sewage and refuse, water supply	129.8	140.1	148.6	159.9	212.0	244.1
6 Construction	2,649.5	2,862.2	3,014.2	3,199.1	3,939.5	4,701.6
7 Wholesales and retail trade, repair of motor vehicles	5,616.8	5,869.8	6,069.8	6,341.6	7,636.0	9,472.6
8 Transport, storage	1,409.5	1,400.6	1,404.5	1,418.3	1,466.1	1,514.6
9 Hotels and restaurants	1,780.5	1,810.1	1,922.0	2,031.5	2,480.6	3,077.8
10 Communications	243.6	240.9	245.8	250.9	268.1	282.2
11 Financial intermediation, banking and insurances	213.5	214.0	228.4	246.3	337.3	390.9
12 Real estate activities	68.1	68.3	72.9	78.6	107.6	124.7
13 Scientific activities and technology	167.3	167.7	178.9	193.0	264.2	306.3
14 Administrative activity and supporting services	169.5	168.6	178.9	192.4	264.6	311.6
15 Communist party and political organizations, public administration	1,216.4	1,212.1	1,281.7	1,375.4	1,898.6	2,267.3
16 Education and training	1,641.6	1,623.9	1,703.7	1,792.5	2,159.1	2,641.4
17 Health and social work	417.8	421.7	451.5	485.0	637.2	865.4
18 Recreation, culture and sport	251.8	247.8	251.2	255.7	271.8	286.2
19 Other services	846.5	852.0	904.7	965.8	1,258.5	1,725.7
20 Private households with employed	157.6	157.1	166.1	178.2	246.0	293.8
21 Extra-territorial organizations and bodies	5.3	5.3	5.6	6.0	8.3	9.9
Total	**47,017.9**	**47,935.5**	**48,906.6**	**49,995.9**	**54,415.7**	**59,059.8**

Source: Lotus Macroeconomic and Labour Market Projections, August 2010.

Figure 7. Share of agriculture in total employment (%)
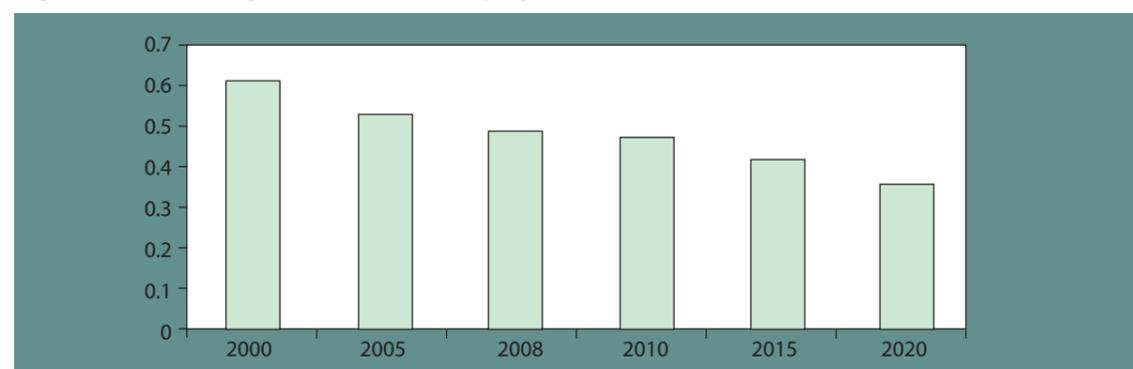
Source: Lotus Macroeconomic and Labour Market Projections, August 2010.

Table 12. Projected employment by 1-digit economic sector (growth rates)

	2008-09	2009-10	2010-11	2011-15	2015-20
1 Agriculture, forestry and fishing	0.5	0.2	-0.4	-0.5	-1.3
2 Mining and quarrying	-2.5	12.9	10.6	9.6	2.4
3 Manufacturing	4.6	1.4	2.5	1.2	2.3
4 Electricity, gas, steam, hot-water and air conditioning	7.6	5.9	7.4	7.0	2.8
5 Sewage and refuse, water supply	7.6	5.9	7.4	7.0	2.8
6 Construction	7.7	5.2	6.0	5.2	3.5
7 Wholesales and retail trade, repair of motor vehicles	4.4	3.4	4.4	4.6	4.3
8 Transport, storage	-0.6	0.3	1.0	0.8	0.6
9 Hotels and restaurants	1.6	6.0	5.5	5.0	4.3
10 Communications	-1.1	2.0	2.0	1.7	1.0
11 Financial intermediation, banking and insurances	0.2	6.5	7.6	7.9	3.0
12 Real estate activities	0.2	6.5	7.6	7.9	3.0
13 Scientific activities and technology	0.2	6.5	7.6	7.9	3.0
14 Administrative activity and supporting services	-0.6	6.0	7.3	8.0	3.3
15 Communist party and political organizations, public administration.	-0.4	5.6	7.1	8.1	3.5
16 Education and training	-1.1	4.8	5.1	4.7	4.0
17 Health and social work	0.9	6.8	7.2	6.8	6.1
18 Recreation, culture and sport	-1.6	1.4	1.7	1.5	1.0
19 Other services	0.6	6.0	6.5	6.6	6.3
20 Private households with employed persons	-0.4	5.6	7.1	8.1	3.5
21 Extra-territorial organizations and bodies	-0.4	5.6			3.5
Total	**1.9**	**2.0**	**2.2**	**2.1**	**1.6**

Source: Lotus Macroeconomic and Labour Market Projections, August 2010.

This continues a sectoral decline that has been ongoing since employment statistics in Viet Nam were first collected. Although agricultural output is still rising in the projection, we have assumed an increase in labour productivity growth, which may be achieved by increasing use of mechanized farm equipment, consolidation of smaller farms, adoption of more efficient farming methods, etc. The decline in agricultural employment can be seen as an enabler for the growth of other industries, such as manufacturing, trade, transportation and services sectors.

Manufacturing, which is the second largest sector in terms of employment (6.6 million in 2008) is not projected to grow as fast as in the recent past. This sector is very much influenced by the growth of net

exports. The projection is for both export and import growth to slow during the period 2000-07. This is due partly to a slowing in global trade due to the global economic crisis, but also to increases in import requirements. Increases in domestic investment stimulate a strong demand for imports, as does strong growth in household and government final consumption. The slower net export growth results in a slower projected growth in manufacturing output. This factor, along with fairly strong projected productivity growth, results in an anaemic employment forecast for manufacturing. The implication for the share of manufacturing of total employment is that the share remains about 14 per cent through the projection. However, it should be noted that this projection is extremely sensitive to the growth of net exports, particularly the exports component, during the period 2014-20. The projection for export growth is 8.8 per cent per year during the period 2015-20, with imports growing at 8.2 per cent per year.

The third largest sector of employment is wholesale and retail trade, and repair, with employment of 5.6 million in 2008. Productivity increases in this sector have not been projected to be as rapid as in agriculture, and output in this industry is growing, as it is needed to facilitate consumption, international trade and investment. Employment is projected to rise from about 5.6 million in 2008 to 9.5 million in 2020. The share of this industry's employment in the total is projected to rise.

Tables 13 and 14 contain the occupational employment forecast. The projection shows total employment by occupation in each industry and summarizes the 53 occupational categories in *Lotus*. Total employment shown at the bottom of the table is the same total as in the employment by industry table (table 11). In addition, a table can be made of the full matrix of industry by occupation employment, at the level of 21 industries and 53 occupations.

Table 13. Projected employment by occupation (000's)

	2008	2009	2010	2011	2015	2020
1 Leaders	458.3	463.2	484.9	512.7	649.1	769.2
2 Professionals	2,159.4	2,175.0	2,278.1	2,403.0	2,967.8	3,561.2
3 Technicians and associate professionals	1,766.9	1,788.3	1,871.9	1,974.1	2,433.0	2,941.7
4 Clerical support workers	778.1	789.2	822.1	865.7	1,076.3	1,261.8
5 Personal care workers, protective workers, skilled sellers	7,222.7	7,453.9	7,771.7	8,155.9	9,912.2	12,302.1
6 Skilled agricultural, forestry and fishery workers	7,128.7	7,169.1	7,187.8	7,163.5	7,027.8	6,589.3
7 Skilled handicraft and related trades workers	5,633.0	5,933.0	6,108.4	6,353.0	7,179.4	8,356.1
8 Plant and machine operators, and assemblers	3,093.0	3,173.9	3,230.8	3,317.7	3,592.6	3,959.6
9 Elementary occupations	18,777.8	18,989.9	19,150.8	19,250.3	19,577.6	19,318.9
Total	**47,017.9**	**47,935.5**	**48,906.6**	**49,995.9**	**54,415.7**	**59,059.8**

Source: Lotus Macroeconomic and Labour Market Projections, August 2010.

Table 14. Projected employment by occupation (growth rates)

		08-09	09-10	10-11	11-15	15-20
1	Leaders	1.1	4.6	5.6	5.9	3.4
2	Professionals	0.7	4.6	5.3	5.3	3.6
3	Technicians and associate professionals	1.2	4.6	5.3	5.2	3.8
4	Clerical support workers	1.4	4.1	5.2	5.4	3.2
5	Personal care workers, protective workers, skilled sellers	3.2	4.2	4.8	4.9	4.3
6	Skilled agricultural, forestry and fishery workers	0.6	0.3	-0.3	-0.5	-1.3
7	Skilled handicraft and related trades workers	5.2	2.9	3.9	3.1	3.0
8	Plant and machine operators, and assemblers	2.6	1.8	2.7	2.0	1.9
9	Elementary occupations	1.1	0.8	0.5	0.4	-0.3
Total		**1.9**	**2.0**	**2.2**	**2.1**	**1.6**

Source: Lotus Macroeconomic and Labour Market Projections, August 2010.

Model extensions: Projecting the achievement of decent work

Lotus allows for a consistent projection of the volume of employment and unemployment, which is important to assess to which extent decent work objectives are being achieved now and in the future. In combination with historical information on other indicators, the *Lotus* model can also be extended to provide additional insights in the achievement of decent work objectives. For example, based on historical earnings by occupation, the occupational projection can be used to analyse the incidence of low pay rates. Similarly, if other characteristics of jobs can be related to industry or occupation, such information can be used to inform the projected achievement of decent work.

A disadvantage of the current set of occupational projections is that they are based on one historical occupation by industry matrix, and the occupational projection therefore only reflects changes in the distribution of occupational employment due to the changes in employment by industry. In other words, changes in distribution of occupational employment due to, for example, changes in technology within industries, are not captured. At the same time, such changes are likely to occur in, for example, agriculture, in which productivity changes that drive the projections are likely to be accompanied by changes in employment by occupation towards higher-skilled occupations, independent from the size of the agricultural sector.

The *Lotus* model can also be extended to project vulnerable employment as defined in terms of the classification by status in employment. One way to do this consistently with the current set of projections is to produce a cross-tabulation matrix of occupation and status in employment (i.e. the relative shares of status in employment categories for each occupation or group of occupations), and to multiply this matrix with the occupational projection. This method would result in a time path of vulnerable employment which is consistent with the current projection, including the breakdown by industry. It would, however, suffer from the same shortcoming as the occupational projection, that is, the shifts within industries towards non-vulnerable employment are not adequately captured.

An alternative method to project vulnerable employment is based on the relationship between vulnerable employment and GDP per capita. The latter variable is readily available in the *Lotus* model, and this relationship is generally strong. As illustrated in table 15 (Specification (1)), if a simple regression of vulnerable employment on per capita GDP in Viet Nam is used to project vulnerable employment, the share of vulnerable employment in total employment is projected to decrease from 79 per cent in 2000 to 63 per cent in 2020. The table also shows the results of an alternative specification (Specification (2)), using a group of countries in South-East Asia and the Pacific, and

including country fixed effects. This specification would raise the explanatory power of the historical regression (due to more observations), but results in a fairly similar projected time path of vulnerable employment. A drawback of both specifications in table 15 is that the relationship between vulnerable employment and employment by industry is ignored, and it is not possible to produce a projected breakdown of vulnerable employment by industry. This could be resolved by regressing vulnerable employment in each sector or group of sectors (e.g. agriculture, industry and services).

Table 15. Vulnerable employment shares, historical and projected (%)

	2000	2010	2015	2020
Specification (1): Country-specific regression on GDP per capita (PPP)	78.6	70.7	66.0	62.9
Specification (2): Regression with country fixed effects on GDP per capita (PPP) in Viet Nam, Cambodia, Indonesia, the Philippines and Thailand	78.6	69.3	63.8	60.1

Note: Both models use historical data on GDP per capita and vulnerable employment to project the vulnerable employment rate based on the Lotus GDP per capita projection; the R-squared for the historical data is 0.81 for Specification (1) and 0.98 for Specification (2).

3.4   Concluding remarks on the LMIA system in Viet Nam

Labour market stakeholders, including jobseekers, workers, employers and employment policy-makers benefit from LMIA systems. This chapter detailed the main components of LMIA systems and reviewed the progress with developing the LMIA system in Viet Nam. It was shown that considerable progress was made in terms of compilation of data and information, the use of standard classifications, establishment of databases, and development of analytical capacity and tools. Nevertheless, the system mostly functions at level 1 (monitoring and tracking of a core set of indicators) and progress is hampered by availability of adequately trained staff.

The development of *Lotus* was initiated in part to serve as a platform for capacity building in economic and labour market analysis. Some of the characteristics of the *Lotus* model make it an appropriate tool for this purpose:

The results are created in a consistent framework between the national accounts aggregates and the input-output tables. The projection of GDP and its aggregate components can be formed from the "bottom up", by adding up the detailed industry results.

1.   Employment by industry is directly related to output by industry and the projected rate of labour productivity growth. The unemployment rate is the result of the labour force projection, and the total of employment by industry.

2.   Employment by occupation is linked to employment by industry through the occupational employment matrix. The time path employment by occupation can be understood by looking at the evolution of the employment matrix over time.

Because of these characteristics, the *Lotus* model is a useful extension of the LMIA system which informs the achievement of decent work objectives in Viet Nam. The model facilitates the analysis of historical data, and can be used to analyse the projected achievement of decent work objectives in the future. Such projections would gain from further improvements of the LMIA system in Viet Nam, particularly in terms of data availability and quality as well as in terms of improved analytical capacity.

4. Concluding observations

There is no doubt that more investment is needed to attain a robust and comprehensive labour market information and analysis system for Viet Nam. Such a system can guide the policy processes needed to help achieve full and productive employment and decent work for all. Thus, it is critical to stabilize and sustain economic growth in the country.

Generally, decent work can be promoted using a range of policies, programmes and activities. Examples are public works programmes, legislation and regulations concerning labour utilization and working conditions, education policies and skills development programmes, social security legislation and support for social dialogue between workers, employers and the Government. Furthermore, macroeconomic policies including fiscal, monetary and trade policies have important effects on labour markets and can be made instrumental in achieving decent work objectives.

The LMIA in this report underpins the various challenges Viet Nam faces in creating full and productive employment and decent work. Thus, this second issue of the *Viet Nam Employment Trends* report identifies several issues that cannot be ignored by policy-makers and politicians:

1.   The creation of sufficient decent work opportunities, especially for youth, is an important issue in Viet Nam. Young Vietnamese men and women comprise nearly 56 per cent of all unemployed, with an unemployment rate of 6.2 per cent and underemployment rate of 6.8 per cent in 2009, and therefore have much greater difficulties in the labour market than adults do. In order to capitalize on the demographic dividend, appropriate cross-cutting policies should be developed that support youth, for example, enhancing the role of employment services in job matching, education and training, as well as in business promotion and related services, as the current labour market appears to fall short in creating non-vulnerable employment.

2.   With six out of ten workers in non-wage and salaried jobs, there is compelling evidence that Viet Nam is experiencing enormous decent work deficits. The large share of women who work in vulnerable jobs (69.1 per cent in 2009) is especially worrying.

3.   Since Viet Nam's informal economy continues to grow, public policies cannot ignore this widespread phenomenon that is likely to exclude workers in the informal economy from legal protection and preclude them from enjoying the same basic rights and benefits that are enjoyed in the formal economy. Furthermore, informal employment often implies working in hazardous conditions. Integrated policies have to address especially the heterogeneity of Viet Nam's informal economy.

4.   While competitiveness is crucial for growth and development, especially in a globalizing world, productivity improvements should not be pursued through low-cost labour. For a qualified and spirited labour force in the years to come, equal investment in education and technical vocational training for women and men is needed in order to achieve full and productive employment for all in Viet Nam.

5.   The increase of unpaid family workers in household businesses of agricultural and services sectors points at the need for relevant policies to create employment in industry and construction sectors and public investment in infrastructure development.

6.   It cannot be denied that Viet Nam faces persistent gender disparities. The gender issue as a cross-cutting policy theme needs to be strengthened in order to improve the situation for

women in the labour market with regard to labour market access and quality of jobs. In this regard, better labour market information and analysis, regarding skill demand, job opportunities and provision of training for jobs available in various sectors, is needed to accelerate labour productivity growth.

Over the longer term, it is important to develop comprehensive and integrated policies and institutional frameworks that will enable Viet Nam to better respond to future economic and labour market challenges. This involves the establishment of labour market institutions that can provide and disperse labour market information and analysis to the various target groups. These institutions should also provide the opportunity for various labour market stakeholders to influence the LMIA agenda under the umbrella of a LMIA system for Viet Nam.

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Annex I. Statistical tables

Annex table 1 Viet Nam's population, 2007 to 2009, in millions

	2007	2009
Population		
Both sexes	84.2	86.2
Male	41.9	42.7
Female	42.3	43.5
Population (15+)		
Both sexes	63.0	64.4
Male	30.1	31.3
Female	33.0	33.1
Urban population (15+)		
Both sexes	17.9	19.7
Male	8.4	9.4
Female	9.6	10.3
Rural population (15+)		
Both sexes	45.1	44.7
Male	21.7	2.4
Female	23.4	2.3

Source: GSO Labour Force Surveys 2007 and 2009, author's calculations based on adjusted sample weights for 2007.
Note: Numbers may not sum precisely to totals due to rounding.

Annex table 2 Labour force participation rate by age groups and sex, 2007 and 2009 (%)

	2007			2009		
	Male	Female	Both sexes	Male	Female	Both sexes
15-19	38.0	36.2	37.1	43.9	43.6	43.8
20-24	81.7	77.6	79.7	84.0	75.1	79.5
25-29	96.2	88.8	92.5	96.3	86.9	91.6
30-34	97.9	90.4	94.0	97.5	90.7	94.1
35-39	97.8	91.0	94.3	97.6	91.4	94.5
40-44	97.3	90.6	93.9	96.5	90.4	93.4
45-49	95.4	88.0	91.5	94.6	88.9	91.7
50-54	89.9	80.2	84.8	89.3	83.0	86.2
55-59	80.4	67.0	73.2	83.1	70.1	76.1
60-64	61.4	52.7	56.6	64.8	56.7	60.5
65+	29.8	20.5	24.3	34.2	22.5	27.1

Source: GSO Labour Force Surveys 2007 and 2009, author's calculations based on adjusted sample weights for 2007.
Note: Numbers may not sum precisely to totals due to rounding.

[22]   In VET 2009, the rate of wage and salaried workers in 2007 was 22.6% due to different source of data used

Annex table 3 Labour force status of the civilian population by sex and age group, 2007 and 2009

	2007 (000's)	2009 (000's)	2007 (000's)	2009 (000's)
Both sexes civilian population				
Both sexes	84,221	86,164		
Male	41,448	42,667		
Female	42,773	43,497		
	15+ (000's)		**15-24 (000's)**	
Working-age population				
Both sexes	63,123	64,421	15,247	15,181
Male	30,385	31,278	7,806	7,680
Female	32,738	33,143	7,441	7,501
Labour force				
Both sexes	46,900	49,302	8,508	9,186
Male	23,819	25,335	4,436	4,798
Female	23,081	23,967	4,072	4,388
Employment				
Both sexes	45,978	48,015	7,994	8,620
Male	23,331	24,694	4,160	4,499
Female	22,647	23,321	3,834	4,121
Unemployment				
Both sexes	922	1,287	514	566
Male	488	641	276	300
Female	434	646	238	266
Inactive				
Both sexes	16,223	15,119	6,739	5,995
Male	6,566	5,943	3,370	2,881
Female	9,657	9,176	3,369	3,114
	(%)	**(%)**	**(%)**	**(%)**
Labour force participation rate				
Both sexes	74.3	76.5	55.8	60.5
Male	78.4	81.0	56.8	62.5
Female	70.5	72.3	54.7	58.5
Employment-to-population ratio				
Both sexes	72.8	74.5	52.4	56.8
Male	76.8	79.0	53.3	58.6
Female	69.2	70.4	51.5	55.0
Both sexes	2.0	2.6	6.0	6.2
Male	2.1	2.5	6.2	6.3
Female	1.9	2.7	5.8	6.1

Source: GSO Labour Force Surveys 2007 and 2009, author's calculations based on adjusted sample weights for 2007.
Note: Numbers may not sum precisely to totals due to rounding.

Annex table 4 Labour force participation by sex and area, 2007 and 2009

	2007 (000's)	2007 (%)	2009 (000's)	2009 (%)
National (15+)				
Both sexes	46,900	74.3	49,302	76.5
Male	23,819	78.4	25,335	81.0
Female	23,081	70.5	23,967	72.3
Urban (15+)				
Both sexes	12,321	66.2	13,712	69.5
Male	6,416	72.0	6,950	73.7
Female	5,905	60.8	6,762	65.7
Rural (15+)				
Both sexes	34,579	77.7	35,590	79.6
Male	17,403	81.1	18,385	77.5
Female	17,176	74.6	17,205	75.3
National (15-24)				
Both sexes	8,508	55.8	9,186	60.5
Male	4,436	56.8	4,798	62.5
Female	4,072	54.7	4,388	58.5
Urban (15-24)				
Both sexes	6,822	42.7	2,092	47.4
Male	3,569	43.5	1,047	48.9
Female	3,253	41.8	1,045	46.0
Rural (15-24)				
Both sexes	6,822	59.9	7,094	65.9
Male	3,569	61.4	3,751	67.7
Female	3,253	58.2	3,343	64.0

Source: GSO Labour Force Surveys 2007 and 2009, author's calculations based on adjusted sample weights for 2007.
Note: Numbers may not sum precisely to totals due to rounding.

Annex table 5 Share of vulnerable employment in total employment by aggregated sector and sex, 2007 and 2009 (%)

Viet Nam (15+)	2007	2009	Changes between 2007 and 2009
All sectors			
Both sexes	65.8	61.5	-4.3
Males	59.9	54.4	-5.5
Females	72.0	69.1	-2.9
Agriculture			
Both Sexes	45.4	41.8	-3.6
Male	42.3	38.4	-3.9
Female	48.5	45.4	-3.1
Industry			
Both Sexes	5.7	4.5	-1.2
Male	5.8	4.3	-1.5
Female	5.6	4.8	-0.8
Services			
Both Sexes	14.8	15.2	+0.4
Male	11.8	11.7	-0.1
Female	17.9	18.8	+0.9

Viet Nam (15-24)	2007	2009	Changes between 2007 and 2009
All sectors			
Both Sexes	58.6	58.3	-0.3
Male	56.6	50.9	-5.7
Female	60.8	56.9	-3.9
Agriculture			
Both Sexes	45.0	41.0	-4.0
Male	44.9	39.9	-5.0
Female	45.2	42.2	-3.0
Industry			
Both Sexes	5.1	3.7	-1.4
Male	4.8	3.3	-1.5
Female	5.5	4.1	-1.4
Services			
Both Sexes	8.4	9.1	+0.7
Male	6.9	7.8	+0.9
Female	10.2	10.6	+0.4

Source: GSO Labour Force Surveys 2007 and 2009, author's calculations based on adjusted sample weights for 2007.
Note: Numbers may not sum precisely to totals due to rounding.

Annex table 6 Distribution of employed persons by 1-digit sector of employment in 2007 and 2009 (000's)

Viet Nam (15+)	2007			2009		
	Total	Male	Female	Total	Male	Female
Total	**45,966**	**23,326**	**22,641**	**48,007**	**24,686**	**23,321**
1. Agriculture, hunting, forestry and fishing	22,664	10,999	11,665	22,850	11,201	11,649
2. Mining and quarrying	300	208	92	227	177	50
3. Manufacturing	6,324	3,062	3,262	6,950	3,431	3,519
4. Electricity, gas	134	111	23	162	133	28
5. Water supply	115	70	45	112	81	31
6. Construction	2,495	2,274	221	3,038	2,703	335
7. Wholesale and retail trade, repair of motor vehicles	5,566	2,152	3,414	5,708	2,342	3,366
8. Transportation and storage	1,421	1,305	117	1,466	1,330	136
9. Accommodation and food service activities	1,767	504	1,263	1,979	628	1,351
10. Information and communication	251	162	89	255	153	101
11. Financial, banking and insurance activities	209	99	110	229	115	114
12. Real estate, renting and business activities	65	35	30	101	53	48
13. Professional, scientific and technical activities	172	114	58	238	166	72
14. Administrative and support service activities	161	95	65	186	110	76
15. Communist party, socio-political organization	1,112	834	278	1,135	803	332
16. Education	1,604	494	1,111	1,663	519	1,144
17. Human health and social work activities	409	164	244	435	184	252
18. Arts, entertainment and recreation	262	135	127	290	139	152
19. Other services	785	472	313	737	386	350
20. Active households	145	34	111	242	29	213
21. Extraterritorial	5	2	3	5	4	1

Source: GSO Labour Force Surveys 2007 and 2009, author's calculations based on adjusted sample weights for 2007.
Note: Numbers may not sum precisely to totals due to rounding.

Annex table 7 Percentage distribution of employed persons by 1-digit sector of employment in 2007 and 2009 (%)

Viet Nam (15+)	2007			2009			Changes between 2007 and 2009		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
1. Agriculture, hunting, forestry and fishing	49.3	47.1	51.5	47.6	45.4	50.0	-1.7	-1.8	-1.6
2. Mining and quarrying	0.7	0.9	0.4	0.5	0.7	0.2	-0.2	-0.2	-0.2
3. Manufacturing	13.8	13.1	14.4	14.5	13.9	15.1	0.7	0.8	0.7
4. Electricity, gas	0.3	0.5	0.1	0.3	0.5	0.1	0.0	0.1	0.0
5. Water supply	0.3	0.3	0.2	0.2	0.3	0.1	0.0	0.0	-0.1
6. Construction	5.4	9.7	1.0	6.3	10.9	1.4	0.9	1.2	0.5
7. Wholesale and retail trade, repair of motor vehicles	12.1	9.2	15.1	11.9	9.5	14.4	-0.2	0.3	-0.6
8. Transportation and storage	3.1	5.6	0.5	3.1	5.4	0.6	0.0	-0.2	0.1
9. Accommodation and food service activities	3.8	2.2	5.6	4.1	2.5	5.8	0.3	0.4	0.2
10. Information and communication	0.5	0.7	0.4	0.5	0.6	0.4	0.0	-0.1	0.0
11. Financial, banking and insurance activities	0.5	0.4	0.5	0.5	0.5	0.5	0.0	0.0	0.0
12. Real estate, renting and business activities	0.1	0.1	0.1	0.2	0.2	0.2	0.1	0.1	0.1
13. Professional, scientific and technical activities	0.4	0.5	0.3	0.5	0.7	0.3	0.1	0.2	0.1
14. Administrative and support service activities	0.3	0.4	0.3	0.4	0.4	0.3	0.0	0.0	0.0
15. Communist party, socio-political organization	2.4	3.6	1.2	2.4	3.3	1.4	-0.1	-0.3	0.2
16. Education	3.5	2.1	4.9	3.5	2.1	4.9	0.0	0.0	0.0
17. Human health and social work activities	0.9	0.7	1.1	0.9	0.7	1.1	0.0	0.0	0.0
18. Arts, entertainment and recreation	0.6	0.6	0.6	0.6	0.6	0.6	0.0	0.0	0.1
19. Other services	1.7	2.0	1.4	1.5	1.6	1.5	-0.2	-0.5	0.1
20. Active households	0.3	0.1	0.5	0.5	0.1	0.9	0.2	0.0	0.4
21. Extraterritorial	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: GSO Labour Force Surveys 2007 and 2009, author's calculations based on adjusted sample weights for 2007.
Note: Numbers may not sum precisely to totals due to rounding.

Annex table 8 Percentage distribution of employed (15+) by hours of work* and sex, 2007 and 2009 (%)

Employed (15+)	2007	2009	Change between 2007 and 2009
Fewer than 20 hours			
Both sexes	2.7	6.9	+4.1
Males	2.4	6.2	+3.8
Females	3.1	7.6	+4.5
20-29 hours			
Both sexes	7.0	13.1	+6.0
Males	6.0	11.6	+5.5
Females	8.1	14.6	+6.6
30-34 hours			
Both sexes	3.2	6.4	+3.2
Males	3.1	6.0	+3.0
Females	3.4	6.9	+3.5
35-39 hours			
Both sexes	14.7	8.1	-6.6
Males	12.7	7.6	-5.1
Females	16.7	8.6	-8.2
40-44 hours			
Both sexes	25.7	17.8	-7.9
Males	25.3	17.4	-7.8
Females	26.2	18.2	-8.0
45-49 hours			
Both sexes	17.3	15.4	-1.9
Males	18.5	16.4	-2.1
Females	16.0	14.4	-1.6
50-59 hours			
Both sexes	21.0	18.6	-2.4
Males	23.4	20.5	-2.9
Females	18.4	16.5	-1.9
Greater than 59			
Both sexes	8.3	12.7	+4.4
Males	8.6	13.3	+4.8
Females	8.0	12.1	+4.1
All hours			
Both sexes	100.0	100.0	
Males	100.0	100.0	
Females	100.0	100.0	

Source: GSO Labour Force Surveys 2007 and 2009, author's calculations based on adjusted sample weights for 2007.
Note: Numbers may not sum precisely to totals due to rounding.
*Hours of work refers to the hours worked in the primary job.

Annex table 9 Distribution of wage and salaried workers by mode of payment and sex (%)

Wage and salaried workers (15+)	2007	2009	Changes between 2007 and 2009
Both sexes wage and salaried workers			
Both sexes	30.5	33.4	2.9
Male	35.8	38.9	3.1
Female	25.0	27.5	2.5
Regular paid employees (ratio over the total number of wage and salaried workers)			
Both sexes	51.2	53.5	2.4
Male	47.5	48.9	1.5
Female	56.6	60.4	3.9
Paid per day or hour (ratio over the total number of wage and salaried workers)			
Both sexes	28.1	28.1	0.0
Male	35.2	34.7	-0.5
Female	19.2	18.2	-1.0
Paid workers by product (ratio over the total number of wage and salaried workers)			
Both sexes	17.4	17.4	-0.1
Male	14.6	15.4	0.8
Female	21.6	20.2	-1.4
Paid on commission (ratio over the total number of wage and salaried workers)			
Both sexes	0.3	0.2	-0.2
Male	0.2	0.2	-0.1
Female	0.5	0.2	-0.3
Paid by interest (ratio over the total number of wage and salaried workers)			
Both sexes	0.5	0.3	-0.2
Male	0.6	0.4	-0.2
Female	0.5	0.2	-0.3
Paid in kind (ratio over the total number of wage and salaried workers)			
Both sexes	1.0	0.2	-0.8
Male	1.2	0.2	-1.0
Female	0.9	0.2	-0.7
Unpaid (ratio over the total number of wage and salaried workers)			
Both sexes	1.4	0.4	
Male	0.8	0.2	
Female	0.8	0.6	

Source: GSO Labour Force Surveys 2007 and 2009, author's calculations based on adjusted sample weights for 2007.
Note: Numbers may not sum precisely to totals due to rounding.

Annex table 10 Wage and salaried employment by type of contract, 2007 and 2009 (%)

Type of contract	2007		2009		Change between 2007 and 2009	
	Thousands	Percentage distribution	Thousands	Percentage distribution	Thousands	Percentage distribution
Total	14,024	100	16,025	100	2,001	
Permanent labour contract	4,566	32.6	4,705	29.4	139	-3.2
Fixed-term labour contract (1-3 years)	3,460	24.7	2,783	25.9	-677	1.2
	4,057	28.9	5,401	33.7	1,344	4.8
Verbal agreement	1,875	13.4	1,770	11	-105	-2.4
No contract	66	0.5	10	0.1	-56	-0.4
Others						

Source: GSO Labour Force Surveys 2007 and 2009, author's calculations based on adjusted sample weights for 2007.
Note: Numbers may not sum precisely to totals due to rounding.

Annex table 11 Unemployment rates by technical education levels, area and sex, 2007 and 2009 (%)

Unemployment rate (15+)	2007			2009			Changes between 2007 and 2009		
	Total	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural
All technical levels									
Both sexes	2.0	3.5	1.4	2.6	4.4	1.9	0.6	0.8	0.5
Male	2.0	3.5	1.5	2.5	4.1	1.9	0.5	0.6	0.4
Female	1.9	3.5	1.3	2.7	4.6	1.9	0.8	1.1	0.6
Unskilled worker							0.0	0.0	0.0
Both sexes	1.7	4.1	1.2	2.4	4.6	1.8	0.7	0.5	0.6
Male	1.9	4.6	1.3	2.4	4.7	1.8	0.5	0.1	0.5
Female	1.6	3.7	1.1	2.5	4.6	1.9	0.9	0.9	0.8
Technical worker without certification									
Both sexes	1.1	1.8	0.7	1.6	2.7	1.0	0.4	1.0	0.2
Male	0.9	1.6	0.6	1.1	1.5	0.9	0.2	-0.1	0.3
Female	1.6	2.1	1.1	2.4	4.7	1.1	0.8	2.6	0.0
Having a short-term certification									
Both sexes	2.4	2.5	2.4	2.7	4.4	1.6	0.3	1.9	-0.8
Male	2.5	2.4	2.5	3.1	4.6	2.0	0.6	2.2	-0.5
Female	2.3	2.7	2.0	1.4	3.7			1.0	-2.0
Having a long-term certification									
Both sexes	2.5	3.2	2.1	4.4	5.2	2.8	-0.2	2.0	1.8
Male	3.6	3.9	3.4	4.0	4.9	1.6	0.9	1.1	0.0
Female	3.8	4.0	3.5	5.1	5.5	3.5	0.1	1.5	1.1
College and university graduate and above									
Both sexes	4.1	3.7	5.0	4.0	5.1	4.0	1.4	1.4	-2.2
Male	2.8	2.3	4.1	3.7	5.6	5.0	2.0	3.4	-2.5
Female	4.0	3.5	5.3	4.1	4.8	2.6	1.0	1.3	-1.7
Others									
Both sexes	2.1	11.3	0.0	3.6	3.4			-7.9	4.0
Male	1.5	7.3	0.0	3.5	2.9			-4.4	5.0
Female	2.7	15.9	0.0	3.6	4.0			-11.9	2.6

Source: GSO Labour Force Surveys 2007 and 2009, author's calculations based on adjusted sample weights for 2007.
Note: Numbers may not sum precisely to totals due to rounding.

Annex II Summary progress assessment for the LMIA system

Annex table 12 Summary

Component of the LMIA system	Elements	Progress
	Sources of data:	– Set of Key Indicators of the Labour Market identified and adopted.
		– MOLISA Labour and Employment Surveys reviewed and analysed.
		– GSO labour force survey questionnaire revised to provide international standard data.
	(S1) Household surveys	– GSO 2007 and 2009 LFSs available for LMIA.
	(S2) Establishment surveys	– Labour needs assessment ongoing.
	(S3) Administrative data	– Administrative data from employment services reviewed and improved.
(C1) Collection and compilation of data and information	Statistical methods and concepts (adherence to international standards)	– International standards are applied where possible. Unemployment and employment are still defined nationally as spelled out in Viet Nam's Labour Code.
	Period of coverage (annual, monthly, weekly data)	– Annual labour force surveys that will be conducted semi-annually in 2010 and quarterly from 2011 onwards.
		– For the 2009 LFS, national data only but plans for provincial breakdowns exist.
	Geographical coverage (national, provincial data)	– LNA provides national and provincial LMI that allows for breakdowns by sex, age and area. It also provides ESCs with profiles of all registered enterprises in a province including demand data.
	Classifications of data (industry, occupation)	– The same national classification schemes are applied throughout the main LMI sources. National classification schemes are based on international standard classifications.
	Timeliness and accuracy	LMP provided inputs to improve the accuracy and relevance of data.
	Establishment of LMI reference databases	Initial database established (Excel format).

Component of the LMIA system	Elements	Progress
	Methods in labour market analysis	- Level 1 system focused on tracking ten indicators (selection from KILM).
	LMIA unit or team (staffing and job descriptions)	- LMIA unit has been established. - Functions and job description for the LMIC were proposed by ILO LMP team based on standard approaches to labour market information and analysis units in a variety of countries, but was not customized to local needs. - Minister approved organizational structure in June 2009 (additional office space identified in MOLISA and occupancy was to occur through July/August 2009 but was not effected). - Most key posts filled by MOLISA (Bureau of Employment (BoE) claims difficulties in recruiting qualified and experienced personnel citing low wages and non-competitive nature of government employment). Recruitment lacks transparency. Interns placed in the LMIC from National Institute of Economics, Hanoi.
(C2) Analytical capacity and tools	Current analytical level of the system and capacity-building strategy	- BoE/LMIC has been continually advised of the importance of analytical capacity; nevertheless, there are few if any staff at LMIC who have the capacity for analysis to an acceptable level at this stage of the project. - The LMIC, to be sustainable, requires experienced and qualified labour economists, statisticians and analysts.
	Econometric model and employment targeting	- Support provided to build an econometric model by ILO and University of Maryland, United States. - Swedish Public Employment Service (PES) providing a method for ESCs to prepare short-term, province-based demand forecasts. This covers software development and training, including fellowships.
	Products	- *Viet Nam Employment Trends*, 2009 and 2010. - Training provider lists developed in Ben Tre, Da Nang and Bac Ninh ESCs.

Component of the LMIA system	Elements	Progress
	Institutional/organizational structure Public private partnerships	- Reference is made to the project document on governance, legislation and institutional arrangements. - LMI steering committee established that acts as LMIA advisory board.
(C3) Institutional arrangements and networks	Priorities and work plan Communication with stakeholders and users	- Once all IT equipment has been installed, priority given to ensuring the Internet connections across the 15 provinces in the LMP operate satisfactorily for all stakeholders. This includes data access software and reporting software. - A major need will be web client software to support the dissemination plan.
	Access to sources of data	- The access to key labour market information from MOLISA LES and for the 2007 and 2009 LFSs must be secured as soon as possible. - VET was officially launched in January 2010.
	Dissemination strategy	- The document *'Project Document - Developing Labour, Employment Database'* (MOLISA, Hanoi, 2007) contains a blueprint for a comprehensive dissemination strategy and the LMP is using this plan.