



Institute of
Labour Science
and Social Affairs



International
Labour
Organization

Labour and Social Trends in Viet Nam 2012 - 2017

XU HƯỚNG LAO ĐỘNG VÀ XÃ HỘI VIỆT NAM 2017



VKHLĐ & XH

ISBN: 978-604-64-966-683-4



SÁCH KHÔNG BÁN

Hanoi, 2018



International
Labour
Organization

Labour and Social Trends in Viet Nam 2012-2017

Ha Noi, 2018

Copyright © International Labour Organization 2018

First published (2018)

Publications of the International Labour Office enjoy copyright under Protocol 2 of the Universal Copyright Convention. Nevertheless, short excerpts from them may be reproduced without authorization, on condition that the source is indicated. For rights of reproduction or translation, application should be made to ILO Publications (Rights and Licensing), International Labour Office, CH-1211 Geneva 22, Switzerland, or by email: rights@ilo.org. The International Labour Office welcomes such applications.

Libraries, institutions and other users registered with a reproduction rights organization may make copies in accordance with the licences issued to them for this purpose. Visit www.ifrro.org to find the reproduction rights organization in your country.

978-92-2-830948-5 (print)
978-92-2-830949-2 (web pdf)

ILO Cataloguing in Publication Data

The designations employed in ILO publications, which are in conformity with United Nations practice, and the presentation of material therein do not imply the expression of any opinion whatsoever on the part of the International Labour Office concerning the legal status of any country, area or territory or of its authorities, or concerning the delimitation of its frontiers.

The responsibility for opinions expressed in signed articles, studies and other contributions rests solely with their authors, and publication does not constitute an endorsement by the International Labour Office of the opinions expressed in them.

Reference to names of firms and commercial products and processes does not imply their endorsement by the International Labour Office, and any failure to mention a particular firm, commercial product or process is not a sign of disapproval.

Information on ILO publications and digital products can be found at: www.ilo.org/publns.

Printed in Hanoi, Viet Nam

Foreword

As a part of our common endeavour towards decent work for all, the International Labour Organization (ILO) and the Institute of Labour Science and Social Affairs (ILSSA) of the Ministry of Labour, Invalids and Social Affairs (MOLISA) have partnered to produce the “*Labour and Social Trends in Viet Nam 2012-2017*” report.

The synthetic report contributes to strengthening evidenced-based policy research in the areas of employment and labour. It is hoped that the report be used as a reference and advocacy tool for helping to realize decent work in Viet Nam. It targets policy makers, researchers, academia and more broadly a general public interested in labour market issues.

“*Labour and Social Trends in Viet Nam 2012-2017*” is a rich information source that provides an analysis of the labour market and social trends in Viet Nam over the last five years. In the context of rapid transformation and economic growth, the report highlights the recent changes in the socio-economic context, the employment and the labour market, social developments as well as key policy developments in Viet Nam. By doing so, it helps to reflect on progresses made in the labour market and identify decent work gaps. It also includes an annex of sex-disaggregated labour market statistics. Importantly, the report provides a number of policy lessons that can be considered by the Government of Viet Nam for implementing the Agenda 2030.

The report was developed by a research team from the Institute of Labor Science and Social Affairs (ILSSA) of MOLISA in close collaboration with the International Labour Organization (ILO). The team was led by Luu Quang Tuan of ILSSA and Miranda Kwong of the ILO Country Office for Viet Nam. From ILSSA, the research team comprised of Pham Ngoc Toan, Nguyen Hoang Nguyen, Le Thi Luong and Nguyen Thanh Tuan. From the ILO, Makiko Matsumoto provided technical inputs to the report, Phu Luu Hoang provided assistance in data collection, Huyen Nguyen Thi, Dung Nguyen Ngoc, Trieu Nguyen Ngoc and Huong Hoang Lan provided various support to the publication process.

The report greatly benefitted from feedbacks gathered at a national consultation workshop organized in 16th November 2017, which included participants from the Party Central Committee’s Economic Commission, Government Office, National Assembly Office, the Ministry of Labour-Invalids and Social Affairs (MOLISA), the Viet Nam Chamber of Commerce and Industry (VCCI), the Viet Nam General Confederation of Labour (VGCL), the Viet Nam Cooperative Alliance (VCA), the Ministry of Planning and investment (MPI), the Vietnam Academy of Social Science (VASS), the Vietnam Social Securities (VSS), the General Statistics Office (GSO), the Central Institute of Economic and Management (CIEM), the Development Strategy Institute (DSI), the Departments of Labour-Invalids and Social Affairs of Ha Noi, Ho Chi Minh City, Binh Duong and Dong Nai, the Department of Education and Training of Thua Thien Hue, Hai Phong, the Department of Trade and Industry of Hai

Phong, the international organizations, universities, research institutes and other stakeholders based in Hanoi. In particular, special mention should be given to Tran Tri Dung of VCCI, Pham Thi Thu Lan of VGCL and Pham Manh Thuy of DSI for the comprehensive inputs and contributions provided at the workshop.

Mr. Dao Quang Vinh

Director General

Institute of Labour Science and Social Affairs

Ministry of Labour, Invalids and Social Affairs

Mr. Chang-Hee Lee

Director

ILO Country Office for Vietnam

Table of contents

Foreword.....	ii
Executive summary.....	1
1. Population and Economic context	5
1.1 Economic context.....	5
1.2 Population characteristics	7
2. Labour and employment market trends.....	10
2.1 Key policy changes	10
2.2 Labour Force Trends.....	10
2.3 Employment trends	15
2.4 Unemployment.....	24
2.5 Underemployment.....	25
2.6 Labour productivity and competitiveness	26
2.7 Migrant workers.....	28
3. Poverty reduction and social security trends	31
3.1 Poverty reduction and income inequality	31
3.2 Social security.....	34
4. Conclusions and policy implications	40
4.1 Conclusions.....	40
4.2 Policy considerations	43
ANNEXES	47

List of tables

Table 1.1: Key macroeconomic indicators	6
Table 1.2: Relationships between some macroeconomic indicators and employment.....	7
Table 1.3: Population structure in the period 2010-2016	8
Table 2.1: The volume and structure of the labour force by sex and rural/urban area, 2012-2017.....	11
Table 2.2: The volume and structure of the labour force by age group, 2012-2017	12
Table 2.3: Labour force participation rate by sex and rural/urban area (%).	14
Table 2.4: The labour force participation rate by age group and sex	14
Table 2.5: Employment status.....	17
Table 2.6: Distribution of employment by occupation	18
Table 2.7: Employment by ownership	21
Table 2.8: Average Monthly Income of Waged Workers.....	23
Table 2.9: Unemployment rate in the working age population	24
Table 2.10: Underemployment rate in the working age population	25
Table 2.11: Labour productivity (2010 constant price)	26
Table 2.12: Volume and structure of migrant workers by sex and rural/urban area	28
Table 3.1: Coefficient of inequality in the distribution of income (GINI) by rural/urban area ..	34
Table 3.2: Number of beneficiaries of monthly cash transfer	38

List of figures

Figure 1.1: Average Annual Growth Rate of GDP, 2010-2017 (%)	5
Figure 1.2: Viet Nam Population Pyramids	9
Figure 2.1: Structure of the labour force by technical qualifications in Quarter 2, 2017 (%) .	13
Figure 2.2: The rate of workers under informal employment (%).....	16
Figure 2.3: Rate of workers with university degrees or higher qualifications doing secondary level technical professions or lower levels	19
Figure 2.4: Employment structure by economic sector, 2012-Q2/2017	19
Figure 2.5: The Employment Elasticity by GDP growth.....	20
Figure 2.6: Average weekly working hours per worker	22
Figure 2.7: Labour productivity in some Asian Countries, 2012 and 2016.....	27
Figure 2.8: Number of workers going abroad under labour contracts, 2012-2017.....	29
Figure 3.1: Gap ratio according to the multidimensional poverty approach	32
Figure 3.2: Multidimensional poverty rate by region, rural/urban area and ethnic group	33
Figure 3.3: Number of participants in the unemployment insurance scheme.....	35
Figure 3.4: Total number of contributors to the social insurance schemes, 2010-2016	36
Figure 3.5: Number of beneficiaries of one-off social insurance benefits.....	37
Figure 3.6: Number of contributors per 1 beneficiary of social insurance	37

Executive summary

1. Developments of the economy, labour market and employment

Since the global economic and financial crisis, the world economy has not fully recovered as reflected in the relatively low global economic growth rate of 3.75 per cent per year on average during the period 2010-2017. In this overall context, Viet Nam is seen as one of the fastest emerging countries in the region, experiencing a robust economic growth, with an average GDP growth of 6.17 per cent per year in the period 2010-2017.

The favourable macroeconomic conditions and stability including economic growth, international trade and investment have all together spurred job creation in Viet Nam. In the past decade, for every 1 per cent of GDP growth, the employment went up by 0.3 per cent; while an increase of 10 per cent of export and import growth entailed a 1.1 per cent growth in employment for the former and 1.3 per cent growth in employment for the latter. For every 10 per cent of social investment growth, employment increases by 1.5 per cent. However, despite positive achievements it is well recognized that growth alone does not always result in job creation in all sectors of the economy. Among the twenty one economic sectors analysed within the period 2012-2016, job creation was uneven across the sectors. The number of jobs actually decreased in four sectors including (i) mining and quarrying, (ii) agriculture, forestry and fishery, (iii) Professional, scientific and technical activities, and (iv) activities of international organizations and bodies. In contrast, jobs were created in the industry-construction and services sectors reflecting the structural transformation that the country is undergoing since the last decades.

Viet Nam has benefitted from the “demographic dividend” in the recent time with a young and dynamic labour force. However, the changes in the population structure characterized by a population aging trend is gradually reducing this opportunity. This is notably reflected in the slower annual growth rate of the labor force than the population growth, which may pose the challenge of “growing old before getting rich”.

Industrialization and urbanization have fostered rural to urban migration. The average annual growth of the urban labor force is 2.5 per cent per year while that of the rural labour force is only 0.4 per cent per year. In particular, jobs opportunities to migrant workers is limited, with workers in some cases pushed in the informal economy. The figures show that the unemployment rate among migrants, particularly the youth, is much higher than the general unemployment rate. In 2016, the unemployment rate of migrants was 9.3 per cent; the unemployment rate among the youth migrants was up to 13.7 per cent.

Viet Nam currently has a labour force of 54.5 million people but the quality and education level of the labour remains modest. The number of workers with qualifications accounts for 23.7 per cent of the total labour force. The proportion of workers graduating from university or higher accounts for 9.1 per cent of the labour force, the proportion of workers

graduating from college is only 3.2 per cent, that from middle-level vocational schools is more than 5.4 per cent and that from primary vocational schools is 3.5 per cent.

Participation in the labour market is high in Viet Nam (approximately 76%) despite its downwards trends that is partly due to the fact that people, especially women, are staying longer at school and delaying their entry in the labour market. The average number of schooling years of the female population above 15 years old increased from 8.05 years in 2012 to 8.55 years in 2016 (i.e. 0.5 years longer); this indicator for the male population was 8.8 and 9.08 respectively in the same time period.

Although the proportion of waged workers tends to increase over time, the labour market in Viet Nam is still developing. It is characterized by a high proportion of workers in informal employment, whether in the formal or the informal sector. The situation reflects that increasing wage employment must go hand in hand with the creation of more productive and decent work opportunities in the formal sector that are adequately protected by the legal and social protection systems.

Industrialization and modernization have been shifting the occupational structure in a positive way. The proportion of manual workers has reduced rapidly from 40.8 per cent in 2013 to 37.5 per cent in Quarter 2 of 2017. However, skills mismatches - that represent the gaps between workers' qualifications and actual demand of labour - tend to widen over time, particularly for those graduating from university or higher levels. In 2012, 15.4 per cent of workers with university degrees or higher qualifications were doing secondary level of technical professions; this rate increased to 22.2 in Quarter 2, 2017.

Income of female waged workers remains lower than their male counterparts and the gaps tends to be larger over time, which indicates a warning signal on gender-based wage inequality.

Income of waged workers in the three main economic sectors tend to increase over time, but the income level in agriculture, forestry and fishery (AFF) sector is much lower than that in industry-construction sector and services sector which indicates the need to further facilitate the process of shifting labour from AFF to industry-construction and services.

Waged workers in the non-state sector have the lowest wages while employing more than three fourths of the total number of waged workers. As such, strengthening the motivation to increase labour productivity and wages in this sector is key to boost the economy's vitality.

The low level of unemployment in Viet Nam indicates that the majority of people has a job but the indicator alone does not reflect the quality and conditions of employment which need to be improved. The unemployment rate is insignificant at 2.26 per cent in the Quarter 2 of 2017. For men, the unemployment rate tends to go up, from 1.67 per cent in 2012 to 2.47 per cent in Quarter 2 of 2017; in contrast, the unemployment rate for women tends to decrease slightly, from 2.3 per cent to 2.01 per cent in the same period; which could indicate that women have more job opportunities than men as far as they participate in the labour market.

The unemployment rate among the youth is much higher than that in other age groups. Indeed, the youth who accounted for 48.9 per cent of the total unemployed in 2016 have experimented a rise in unemployment. The youth unemployment rate (15-24 years old) increased from 5.48 per cent in 2012 to 7.67 per cent in the Quarter 2 of 2017 and remained

much higher than that among people above 35 years old (ranging from 0.8-1.1 per cent). This fact implies that creating jobs for the youth has been a huge challenge to the economy.

Quality of employment and low labour productivity are strongly interconnected and pose a serious challenge for Viet Nam's labour market, particularly in the context of international competition and further integration processes with the new generation of free trade agreements. Although Vietnam's labor productivity has significantly improved in recent years, contributing to increased competitiveness of the economy, the level and growth of labor productivity is still modest particularly in terms of absolute value. Labor productivity in Viet Nam increased by PPP\$1,650 (based on PPP) between 2012 and 2016, while labour productivity increased from PPP\$2,500 to nearly PPP\$5,000 in other countries of the region during the same period. One of the factors explaining Vietnam's low labor productivity growth stems from the fact that a large share of the labor force still work in agriculture, forestry and fishery where labor productivity is low. Besides, labor productivity in the industry and construction sectors is higher but this has not improved much in recent years as labour has been concentrated in subsectors of the economy such as in the manufacturing industries with relatively low skilled labour.

As Viet Nam's economy becomes more open and economic integration deepens, international migration plays an important role in job creation, income growth and poverty reduction for Vietnamese. Currently, there are more than 500 thousand overseas Vietnamese workers under labour contracts in more than 40 countries and territories. The key traditional destination markets to receive Vietnamese workers are Taiwan (China), Japan, Korea and Malaysia. In recent years, the number of destination markets has extended to other countries including those in the Middle East, North Africa, Europe and some middle-income and low-income countries in Asia.

2. Poverty reduction and inequality

Vietnam has reached considerable achievements in the fight against poverty. The rate of poor households decreased from 11.1 per cent in 2012 to 5.8 per cent in 2016; per capita income of poor households in 2016 was 1.6 times higher than that in 2012.

Vietnam has also achieved remarkable success in education and health care. In 2016, the gap of children's education was only 6.8 per cent; the proportion of households with sick people who did not go to doctor's in the past 12 months was only 6.2 per cent.

However, multidimensional poverty is still a serious problem in some ethnic minorities, with 37.8 per cent of ethnic minority households suffering from multidimensional poverty in 2016. The poverty gap between urban and rural areas is also very high: the urban multidimensional poverty rate is 4.2 per cent while that in rural area is over 14 per cent. Multidimensional poverty rate remains high in the Northern Mountainous Area (23.1 per cent), Central Highlands (17.6 per cent) and Central of Viet Nam (16.5 per cent).

The high economic growth coupled with rapid poverty reduction have helped to control inequalities in income distribution (GINI). The national GINI coefficient ranged between 0.42-0.44 in the recent years. However, the GINI coefficient tends to increase in less developed

regions, especially in the Central Highlands which is the region with the highest GINI coefficient in Viet Nam in 2016.

The GINI coefficient remains not high but the inequality of income is increasing in absolute terms. In 2010, the per capita income of the 20 per cent of households with the highest income was 9.2 times higher than the per capita income of the 20 per cent of the lowest income households. The gap increased to 9.8 times in 2016. This finding indicates the need to pursue and enhance poverty reduction programs towards the poor, particularly those in remote and disadvantaged areas.

3. Social security

Unemployment insurance (UI) has become an important social security net to workers, particularly workers with lower levels of skills. Until now, 20.3 per cent of the labour force has contributed to the UI. In 2016, the number of people claiming UI benefits was 592.4 thousand people, almost 4 times higher than that in 2010, mainly due to the growth in the number of UI contributors which increased the number of eligible people for UI benefits. Among the people claiming for UI benefits, workers without qualifications accounted for 64.5 per cent.

The number of people contributing to social insurance in 2017 was 17.715 thousand people, equal to 24.5 per cent of the labour force. Within the period 2012-2017, the average growth rate of social insurance contributors was 5.1 per cent per year, which is lower than the previous five years (6.3%) due to the increasing trend of people leaving the system to get lump-sum benefits.

The number of contributors to social insurance increased slowly while the number of pensioners and receivers of lump-sum social insurance benefits increased rapidly, which resulted in a rapid decrease in the contributor-to-beneficiary ratio, from 12.9 contributors per beneficiary in 2006 to 9.6 contributors per beneficiary in 2012 and to only 8.5 contributors per beneficiary in 2016. This underlines the importance of extending social insurance to potential contributors in order to ensure the vitality of the social insurance funds.

In addition to the social insurance (SI), UI and health insurance, Vietnam also provides monthly cash transfer (on non-contributory basis) to disadvantaged groups. Up to now, the coverage is still limited. About 2.8 per cent of the population in the country receive monthly cash transfer, majority of whom are elderly people without pensions or social insurance allowance, as well as people with severe and special disabilities. In addition, despite the several adjustments to the monthly cash transfer standard, the current VND 270,000 allowance is still too modest to ensure the minimum living needs of beneficiaries.

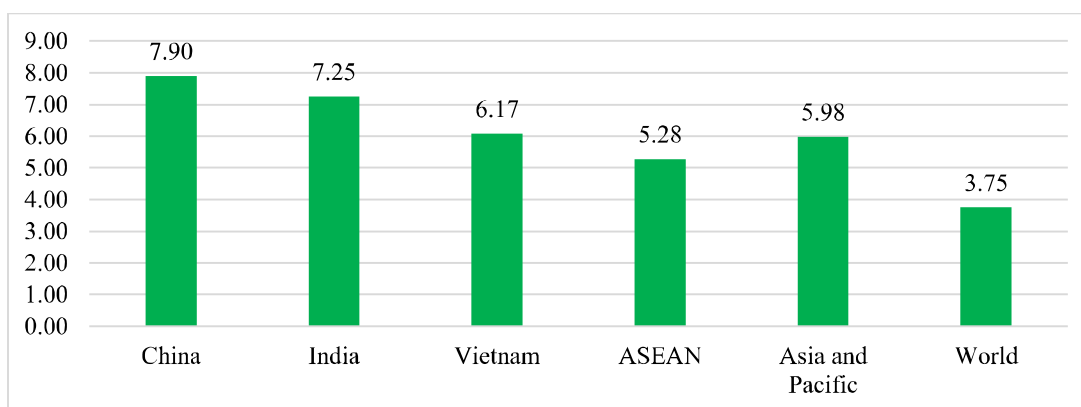
1. Population and Economic context

1.1 Economic context

Since 2010, global GDP (Global Domestic Product) growth rate has been relatively low, with an average of 3.75 per cent per year. While GDP growth rate of developed economies has been only 2 per cent per year on average¹, Asian economies have been experiencing fairly high and stable GDP growth rate with 7 per cent per year on average, particularly in China and India where GDP stood at 7.9 per cent and 7.25 per cent per year respectively (**figure 1.1**).

Viet Nam transited from a low-income country to a lower middle-income country in 2010. Within the period 2010-2017, although Viet Nam's GDP growth rate experienced some volatility, the average level has still reached 6.17 per cent per year, which is higher than the average level of the ASEAN's region. **As such, Viet Nam is one of the emerging countries with the fastest economic growth rate in the region and in the world.**

Figure 1.1: Average Annual Growth Rate of GDP, 2010-2017 (%)



Source: IMF, World economic Outlook Database

Viet Nam's GDP growth has been mainly fuelled by the growth of the Industry-Construction and Services sectors, which has facilitated the economic transformation of the country. With a GDP growth rate of 6.8 per cent in 2017, the sector "Industry and Construction" contributed to 2.8 percentage points to the total economic growth; the sector "Services" contributed to 2.9 percentage points, and the sector "Agriculture, Forestry and Fishery" contributed only to 0.4 percentage points of the total GDP growth rate².

Since the global economic and financial crisis, Viet Nam's economy has achieved significant progress with a sound degree of macroeconomic stability and enhanced international integration. Inflation and Consumer Price Index (CPI) have been contained at a low level in the last few years. In 2011, the CPI reached 18.7 per cent, which then shrunk

¹ Source: International Monetary Fund.

² The General Statistics Office (December 2017), Press Release on the Social-Economic Situation in 2017.

down to under 5 per cent per year in the following years³. In addition, trade deficit - which used to be an inherent characteristic of the economy - has been eliminated and the economy has now experienced a trade surplus since 2012. Viet Nam's international trade keeps up with a high growth rate. Contribution of trade in goods to the GDP has increased from 135 per cent in 2010 to 173 per cent in 2016. In addition, foreign direct investment in Viet Nam remains high at an average growth rate of 10 per cent per year (based on the constant price 2010)⁴ which indicates that Viet Nam is a highly open economy (**table 1.1**).

The country continues to strive to minimize dependency on aid, as indicated by the continuous declining share of Official Development Assistance (ODA) received as a percentage of Gross National Income (GNI). The figures show that the ODA share was reduced from 2.6 per cent in 2010 to 1.7 percent in 2016. At the same time, the share of savings and investment have slightly increased over the period, representing respectively less than a third of GDP for the former and 10 percent of GDP for the latter in 2016. Finally, public debt still remains high, accounting for almost 61 per cent of the GDP in 2016 up to 48 per cent in 2010.

Table 1.1: Key macroeconomic indicators

Indicators	2010	2016
Real GDP growth (%) ⁵	6.7	6.2
- Agriculture, Forestry and Fishery	2.8	1.4
- Industry and Construction	7.7	7.6
- Services	7.5	7.0
GDP per capita, US\$ (constant 2010 US\$)	1,333.6	1,770.3
Annual Inflation (%)	12.1	1.1
Gross capital formation (% of GDP)	36.0	27.0
Exports of goods and services (% of GDP)	72.0	93.6
Imports of goods and services (% of GDP)	80.2	91.1
Revenue, excl. grants (% of GDP)	24.3	21.5
Government gross debt (% of GDP) ⁶	48.1	60.7
Net ODA received (% of GNI)	2.6	1.7
Merchandise trade (% of GDP)	135	173

Source: The World Bank

³ The Consumer Price Index significantly decreased from 18.7% in 2011 to 3.2% in 2016 as a result of low consumer price inflation (IMF based on International Financial Statistics (IFS)).

⁴ The General Statistics Office (2017), the Statistical Yearbook 2016, Statistical Publishing House.

⁵ GSO (2016), Statistical Yearbook, Statistical Publishing House.

⁶ Source: IMF.

International trade continues to play an important role in fostering economic growth and economic restructuring. Both Exports and Imports of goods and services accounted for more than 90 per cent of GDP in 2016, while they accounted for 70-80 per cent of GDP in 2010. Whereas the share of exports in low-tech manufactures such as textile, garment and footwear has remained stable accounting for a quarter of total exports; exports in high-tech manufactures such as electronic and electrical products rose enormously since the late 2000s, growing from 5 per cent in 2007 to 31 per cent in 2015⁷.

The growth of the economy, trade and investment have had positive impacts on job creation in Viet Nam. Within the period 2006-2016, for every 1 per cent growth in GDP, total employment would grow by 0.315 per cent; for every 10 per cent growth in exports and imports, employment would grow by 1.1 per cent and 1.3 per cent respectively; if total social investment increased by 10 per cent then total employment would grow by 1.49 per cent (**table 1.2**).

Table 1.2: Relationships between some macroeconomic indicators and employment

Variables	LnGDP	LnXK	LnNK	LnK
Macro variables	0.315*** (0.024)	0.116*** (0.008)	0.139*** (0.011)	0.149*** (0.007)
Constant	6.200*** (0.356)	9.485*** (0.094)	9.210*** (0.126)	8.771*** (0.092)
Observations	11	11	11	11
R-squared	0.949	0.957	0.947	0.982
Standard errors in parentheses				
*** p<0.01, ** p<0.05, * p<0.1				

Source: General Statistics Office, Yearly Statistical Yearbook 2006-2016

1.2 Population characteristics

In 2017, the population in Viet Nam was estimated to be 93.7 million people⁸. On average, the population increased by one million people per year (approximately 1.1 per cent per year) within the period 2010-2017. Viet Nam, alike many countries in Asia, faces a dual trend that encompasses a still young population together with population aging, which may reflect the challenge of “getting old before getting rich”. Looking at the changes in the population structure by age group from 2010 to 2016, the share of the population aged 0-14 slightly decreased from 24.7 per cent to 23.1 per cent; the share of the population aged 15-64

⁷ ILO estimates based on COMTRADE data.

⁸ The General Statistics Office (December 2017), Press Release on the Social-Economic Situation in 2017.

increased from 68.5 per cent to 79.9 per cent with the vast majority of whom aged between 15-49; the share of the population aged 65+ remained small but increased from 6.8 per cent to 7 per cent (**table 1.3**).

Table 1.3: Population structure in the period 2010-2016

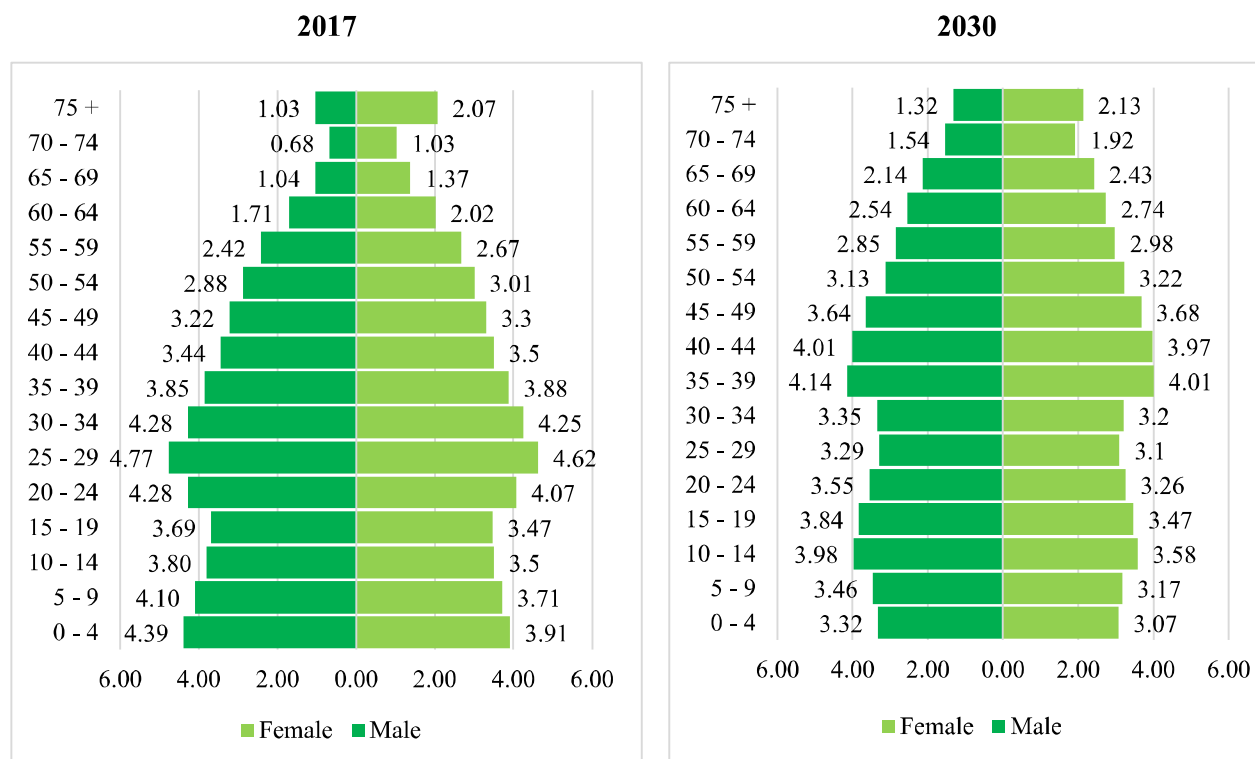
	2010	2016	Changes from 2010 to 2016	Annual growth rate (2010-2016), %
Total population (million people)	86.947	92.695	5.748	1.1%
Male	42.993	45.705	2.712	1.0%
Female	43.953	46.989	3.036	1.1%
Urban	26.515	31.986	5.471	3.2%
Rural	60.431	60.709	0.278	0.1%
Age distribution (%)				
0-14	24.7	23.1		
15-64	68.5	69.9		
15-24	20.0	16.4		
15-29	29.1	25.8		
65+	6.8	7.0		
Population growth rate (%)	1.07	1.1		
Share of urban/ total population (%)	30.5	34.5		

Source: GSO (2016), *Statistical Yearbook*, Statistical Publishing House.

Until now, the majority of the Vietnamese population still live in rural areas. In 2016, only more than a third of the population lived in urban areas. However, the population growth rate in urban areas is three times higher than that in rural areas, mainly due to the increasing migrant flows from rural to urban areas. In the context of rapid urbanization, Viet Nam (alike many other developing countries) faces challenges related to urban management and the protection of workers in the informal economy.

To sum up, while Viet Nam has benefitted significantly from the “demographic dividend” in the recent decades, the labour force and the working age population will continue to increase in tandem with the labour force aging trend. The population pyramids in 2017 and 2030 show that the middle and upper parts of the pyramids will gradually expand while the bottom part will shrink (figure 1.2).

Figure 1.2: Viet Nam Population Pyramids



Source: Viet Nam Population Projection GSO, UNFPA, 2014-2049

The changes in the population structure entail a twin challenge which requires both productivity growth and adequate social security to respond to the population aging trend. The increasing proportion of the economically active population combined with lower fertility rate and higher dependency rate requires the creation of more productive jobs. Once the economy creates more productive jobs for the new comers in the labour force then the per capita income will increase; which will be in turn a favorable condition to ensure resources for the extension of social security floors.

2. Labour and employment market trends

2.1 Key policy changes

Within the period 2012-2017, many legal documents related to the labour market and employment have been supplemented, revised or issued⁹, which had contributed to the improvement of the legal environment for the labour market and the social-economic development of the country. The following points reflect the changes made:

The policies related to the “formalisation of employment” have been institutionalized in specialized laws or codes including: (1) protection of domestic helpers; (2) extending the coverage of mandatory social insurance schemes to cover workers with labour contract of minimum one full month; (3) extending the coverage of unemployment insurance scheme to cover workers with labour contract of minimum three full months, regardless of the employment size of the establishment/employer¹⁰; (4) providing opportunities to workers without labor contract to contribute to occupational accident insurance schemes on a voluntary basis.

The regulations on labour subleasing have been supplemented and finalized to create a more favorable environment for industrial relations. Those regulations aim at promoting harmonised and equitable industrial relations by adjusting and supplementing regulations on dialogues in the workplace, collective bargaining and collective agreements.

The National Wage Council was established in 2013 to provide a minimum wage fixing mechanism into a tripartite body for the Government, including periodic adjustment and announcement of regional minimum wages to protect the lower-income waged workers.

Gender equality principles have been also improved in relation not only to recruitment and labour utilisation but also training, off-hours, wages and other entitlements; for example female workers are now entitled to 6-month maternity leave while paternity leave has been added for male workers.

2.2 Labour Force Trends

Viet Nam labour force¹¹ comprised of 54.524 million people in Quarter 2 of 2017, which represent an increase of 2.176 million people from 2012. Within 2012-2016, the labour

⁹ Revised Labour Code 2012, Law on Employment 2013, Law on Vocational Education 2014, Revised Law on Social Insurance 2014, Law on Occupational Safety and Health 2015.

¹⁰ According to the Law on Social Insurance 2006, workers with labour contracts or employment contracts from three full months are covered by mandatory social insurance scheme; workers with labour contracts, employment contracts from 12 full months, working in establishments with from 10 employees are entitled to join unemployment insurance scheme.

¹¹ The labour force (LF) includes people who are employed or unemployed aged from 15 years old in the study week. The LF by age group in this report includes:

- Youth LF includes those from 15-24 years old;
- Younger LF includes those from 25-34 years old;
- Middle-age LF includes those from 35- 54 years old for women and 35-59 years old for men;
- Older LF includes those from 55 years old for women and from 60 years old for men.

force grew only by 524 thousand people annually on average (i.e. nearly 1 per cent per year which is much lower than that in the past¹²) which indicates that the “demographic dividend” is going down.

The current male labour force includes more than 28.3 million people, accounting for 52 per cent of the total labour force; the female labour force includes 26.2 million people, accounting for 48 per cent of the total labour force. The structure is not much different from that in 2012 where male labour force made up 51.4 per cent and female labour force 48.6 per cent of the total labour force (**table 2.1**).

Table 2.1: The volume and structure of the labour force by sex and rural/urban area, 2012-2017

	2012	2013	2014	2015	2016	Q2/2017
Number (thousand persons)	52,348	53,246	53,748	53,984	54,445	54,524
Male	26,918	27,371	27,561	27,843	28,073	28,328
Female	25,430	25,875	26,187	26,141	26,372	26,196
Urban	15,886	16,042	16,526	16,911	17,450	17,528
Rural	36,462	37,203	37,222	37,073	36,995	36,995
Structure (%)	100.00	100.00	100.00	100.00	100.00	100.00
Male	51.42	51.40	51.28	51.58	51.56	51.95
Female	48.58	48.60	48.72	48.42	48.44	48.05
Urban	30.35	30.13	30.75	31.33	32.05	32.15
Rural	69.65	69.87	69.25	68.67	67.95	67.85

Source: GSO, Labour - Employment Survey, 2012- Quarter 2/2017

The process of urbanisation and labour migration from rural to urban areas has contributed to the upsizing of the urban labour force. By Quarter 2 of 2017, the urban labour force represented approximately 17.5 million people accounting for 32 per cent of the total labour force; while the rural labour force was about 37 million people, accounting for 68 per cent of the total labour force. Compared to 2012, the urban labour force has increased by almost 1.6 million

¹² According to the Report on Labour and Social Trends in Viet Nam 2009/10 by the Ministry of Labour, Invalids and Social Affairs and the ILO, within 2000-2007, the average annual growth rate of the LF in Viet Nam was 2.5%, equal to 1.06 million persons per year.

people, averaging 2.5 per cent per year whereas the rural labour force only increased by 0.4 per cent per year.

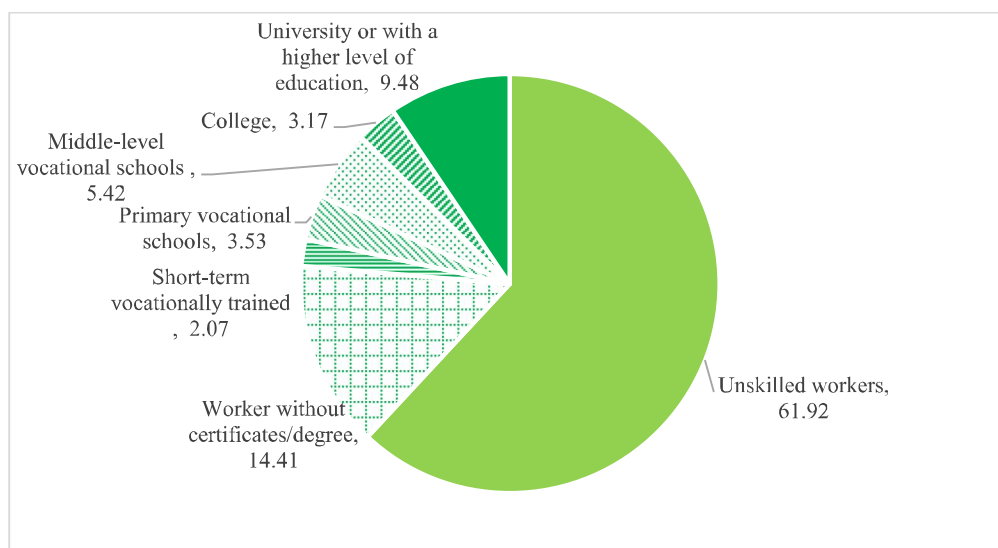
Table 2.2: The volume and structure of the labour force by age group, 2012-2017

	2012	2013	2014	2015	2016	Q2/2017
1. Volume (thousand persons)	52,348	53,246	53,748	53,984	54,445	54,524
15-24	7,888	7,886	7,585	8,012	7,511	7,496
25-34	12,727	12,714	12,879	13,227	13,307	12,990
35-54 (women)/35-59 (men)	26,233	26,632	26,931	26,230	26,849	27,409
55+ (women)/60+ (men)	5,500	6,015	6,352	6,515	6,779	6,629
2. Share (%)	100.00	100.00	100.00	100.00	100.00	100.00
15-24	15.07	14.81	14.11	14.84	13.79	13.75
25-34	24.31	23.88	23.96	24.50	24.44	23.82
35-54 (women)/35-59 (men)	50.11	50.02	50.11	48.59	49.31	50.27
55+ (women)/60+ (men)	10.51	11.30	11.82	12.07	12.45	12.16

Source: Estimates from the Labour - Employment Survey, 2012- Quarter 2/2017

The Vietnamese labour force is still relatively young despite some signals of population ageing. Between 2012 and 2017, the proportion of the labor force under 34 years old slightly declined, the middle-age group remained relatively stable, while the proportion of the older labour force group gradually increased. By Quarter 2 of 2017, the youth labour force (15-24 years old) accounted for 13.8 per cent of the total labour force, the younger labour force group (25-34 years old) accounted for 23.8 per cent, the middle-age labour force (35-54 years old for women and 35-59 years old for men) made up half of the labour force, and the older labour force (over 55 for women and over 60 for men) accounted for 12.2 per cent (**table 2.2**).

The education and qualification level of the labour force is still relatively low despite some progresses made. The share of the labour force with technical qualifications is rather low, accounting for only 23.7 per cent in Quarter 2 of 2017. Among the labor force with technical qualifications, workers graduating from university or with a higher level of education represented only 9.5 per cent, from college was only 3.2 per cent, from middle-level vocational schools was 5.4 per cent, and from primary vocational schools was only 3.5 per cent (**figure 2.1**).

Figure 2.1: Structure of the labour force by technical qualifications in Quarter 2, 2017 (%)

Source: Estimates from the Labour-Employment Survey Quarter 2, 2017

Viet Nam has a high labour force participation rate despite a slight decline over the recent years. In Quarter 2 of 2017, labour force participate rate stood at 75.9 per cent, which is 1 percentage point lower than that in 2012. One can explain this ratio decline by the fact that young people join the labour market at a later stage by staying longer at school (**table 2.3**).

In terms of gender gaps, disparities in the labour market remain less pronounced in Viet Nam than in other regions or at the global level. In fact, in 2018 globally in the world women remain much less likely to participate in the labour market than men. At 48.5 per cent, women's global labour force participation rate is 26.5 percentage points below that of men. The gender gap is 11.8 percentage points in developing countries and 15.6 percentage points in developed countries¹³. In Viet Nam, this gender gap was 9.7 percentage points in 2017.

The gap between the labour force participation rate of men and women tend to increase over the recent years, with a higher ratio for men than for women. The gender gap increased from 8.7 percentage points in 2012 to 9.7 percentage points in Quarter 2 of 2017. This trend can be explained by two factors: (i) women are less likely to be economically active than men with more time devoted to non-remunerated activities including housework and care responsibilities; and (ii) the number of schooling years increased faster among women than among men. The average number of schooling years of women over 15 years old increased from 8.05 years in 2012 to 8.55 years in 2016 (that is 0.5 year longer); whereas the average number of schooling years of men increased from 8.8 year to 9.08 years (that is 0.28 year longer) over the same period¹⁴.

¹³ World Employment Social Outlook, Trends for Women (2018, ILO).

¹⁴ Estimates from the data of Vietnam Household Living Standard Surveys 2012 and 2016 (GSO).

Table 2.3: Labour force participation rate by sex and rural/urban area (%)

	2012	2013	2014	2015	2016	II/2017
Total	76.76	77.52	77.51	77.41	76.75	75.89
Male	81.25	82.07	82.12	82.44	81.66	80.84
Female	72.53	73.23	73.19	72.69	72.13	71.18
Urban	69.98	70.32	70.17	70.93	70.29	69.86
Rural	80.15	81.10	81.28	80.78	80.23	79.13

Source: Estimates from the Labour - Employment Survey, 2012- Quarter 2/2017

The labour force participation rate remains lower in urban areas than in rural areas despite a slight decrease over time. The gap between the two is relatively high: labour force participation rate in rural areas has been always about 10 per cent higher than that in urban areas in the past five years. In Quarter 2 of 2017, the labour force participation rate in rural areas was 79.1 per cent while it was 69.9 per cent in urban areas (**table 2.3**).

Table 2.4: The labour force participation rate by age group and sex (%)

	2012	2013	2014	2015	2016	II/2017
National	76.76	77.52	77.51	77.41	76.75	75.89
15-24	55.93	58.01	58.21	59.14	56.77	55.29
25-34	94.02	93.67	93.62	92.50	92.70	92.08
35-54 (women)/35-59 (men)	92.69	92.95	92.64	91.89	91.75	91.83
55+ (women)/60+ (men)	44.89	46.73	47.10	48.82	48.11	46.24
Male	81.25	82.07	82.12	82.44	81.66	80.84
15-24	58.92	61.35	61.09	62.78	60.04	58.55
25-34	97.06	96.92	96.58	96.20	96.12	95.60
35-59	94.94	95.24	95.14	94.29	94.04	94.28
60+	45.73	47.25	47.40	50.84	49.45	47.64
Female	72.52	73.23	73.19	72.69	72.13	71.18
15-24	52.67	54.35	55.13	55.29	53.36	51.85
25-34	91.05	90.54	90.72	88.88	89.28	88.56
35-54	90.16	90.33	89.81	89.13	89.09	88.99
55+	44.47	46.52	46.95	47.81	47.44	45.50

Source: Estimates from the Labour - Employment Survey, 2012- Quarter 2/2017

The labour force participation rate varies across the age groups. In Q2 of 2017, the labour force participation rate reached 55.3 per cent for the youth, 92 per cent for the younger and middle age cohort, and 46.2 per cent for the older age group. For the latter age cohort, it means that approximately one in every two people (women aged over 55 years old and men over 60 years old) still participate in economic activities. In addition, it is to be noted that the labour force participation rate among this older age group tends to increase over time, from 44.9 per cent in 2012 to 46.2 per cent in Quarter 2 of 2017 which suggests that Viet Nam's labour market is influenced by the population aging trend (**table 2.4**).

2.3 Employment trends

In Quarter 2 of 2017, Vietnam had 53.403 million employed people¹⁵. The employment structure by sex remained relatively unchanged between 2012 and 2017 which indicates that job opportunities are favorable to both male and female workers. However, the pressure on job creation is still considerable as the number of new comers to the labour market is larger than the number of jobs created. Between 2012 and 2017, the labour force increased by 2.172 million people whereas employment grew by 1.98 million people.

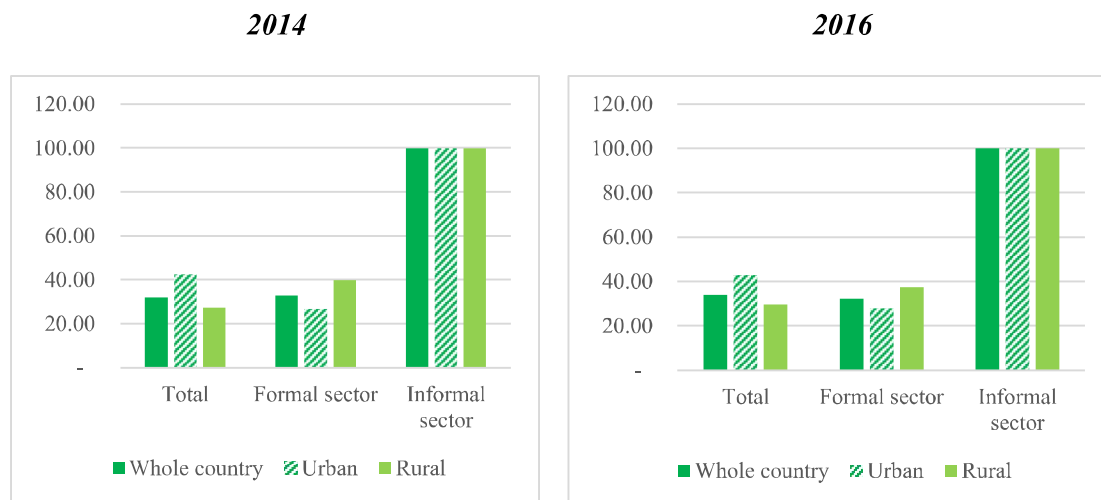
The Viet Nam labour market is characterized by a high share of informal employment in total employment¹⁶. Informal employment includes all informal jobs, whether carried out in formal sector enterprises, informal sector enterprises, or households. It is often characterised by precarious and unstable employment, low incomes, no labour contracts and limited social protection benefits¹⁷. In 2016, among the total of 53.303 million employed workers, 18.018 million were in informal employment accounting for 33.8 per cent of total employment that includes agricultural workers in households¹⁸. The proportion of workers in informal employment tends to slightly increase over time. In 2014, the proportion of workers in informal employment accounted for 31.9 per cent of the total employment, increased to 33.8 per cent in 2016. By rural/urban area, the proportion of workers in informal employment in rural areas increased from 27.4 per cent to 29.5 per cent between 2014 and 2016; the proportion of workers in informal employment in urban areas increased from 42.3 per cent to 43 per cent during the same periods. Notably, the rate of workers in informal employment in the formal sector is also high and seems to remain unchanged in the recent years. In 2014 the rate was 32.8 per cent whereas it was 32.3 per cent in 2016 (**figure 2.2**).

¹⁵ According to the definition of the labour and employment survey conducted by the GSO, employed people include all people above 15 years old who has been doing any job (lawfully) for at least one hour to produce goods or provide services to generate income for themselves and their families within 7 days up to the date that the household is interviewed.

¹⁶ In this report, workers in informal employment include own-account workers, workers in cooperatives and waged workers without a labour contract or a contract under three months (not covered by the mandatory social insurance schemes). Thus, informal employment include both workers in the formal and informal sector.

¹⁷ ILO/ GSO report "2016 report on informal employment in Viet Nam".

¹⁸ Total employment here includes 21.8 million agricultural workers in households without business registration. If agricultural workers in households without business registration are excluded, informal employment rate is estimated to be 57.2 per cent of employment in the formal and informal sectors.

Figure 2.2: The rate of workers under informal employment (%)

Source: Estimates from the Labour-Employment Survey in 2014, 2016

The importance of the informal economy in Viet Nam is notably due to the lack of formal employment opportunities amongst others. As in many other countries in the world, informality is driven by a multiple of factors ranging from macroeconomic factors, enterprise-based factors (registration, compliance, extension in application of labour and social security regulation) to labour-based factors (extension of application of labour regulation, coverage of social security, registration of employment relationship etc.)¹⁹. In addition, in the context of the Industrial Revolution 4.0, technological changes and automation at the workplace may further exacerbate the situation regarding informality as the nature of jobs is shifting as well as new forms of employment arising that make the traditional employment relationship employer/employee more blurry (eg. rise of grab, uber, online businesses, shippers etc.).

Viet Nam's labour market has experienced positive improvements in relation to the employment status of workers. Between 2012 and 2017, the proportion of waged workers increased and the proportion of vulnerable employment (own-account workers and contributing family workers) decreased. The number of waged workers went up from 17.847 million people in 2012 (accounting for 34.7 per cent of the total number of employed workers) to 22.839 million people in Quarter 2 of 2017 (accounting for 42.8 per cent of the total employed). The number of own-account workers and contributing family workers decreased from 32.130 million people in 2012 (accounting for 62.5 per cent) to 29.420 million people in Quarter 2 of 2017 (accounting for 55.1 per cent) (**table 2.5**).

All together, these trends reflect the development stage of Viet Nam's labour market. Over the period 2012-2017, the share of waged workers has grown up, the share of informal employment has also increased. This implies that increasing only the rate of waged worker is not enough but also requires the creation of productive jobs in the formal sector.

¹⁹ For a full diagnosis on informality refer to "Diagnosis on informality in Viet Nam" (draft, 2017).

Table 2.5: Employment status

	2012	2013	2014	2015	2016	II/2017
Total (thousand persons)	51,422	52,208	52,745	52,840	53,303	53,403
Wage and salaried workers	17,847	18,169	18,796	20,770	21,956	22,839
Employers	1,386	1,305	1,102	1,533	1,510	1,128
Own-account workers and contributing family workers	32,130	32,724	32,823	30,517	29,806	29,420
Other	59	10	24	21	30	16
Structure (%)	100.0	100.0	100.0	100.0	100.0	100.0
Wage and salaried workers	34.7	34.8	35.6	39.3	41.2	42.8
Employers	2.7	2.5	2.1	2.9	2.8	2.1
Own-account workers and contributing family workers	62.5	62.7	62.2	57.8	55.9	55.1
Other	0.1	0.0	0.0	0.0	0.1	0.0

Source: Estimates from the Labour - Employment Survey, 2012- Quarter 2/2017

Industrialization and modernization have been shifting the occupational structure in a positive way. The proportion of manual workers has reduced rapidly since 2013, from 40.8 per cent to 37.5 per cent in Quarter 2 of 2017. Among occupational groups, the proportion of workers with technical professions working in agriculture, forestry and fishery (AFF) tends to decrease over time, the proportion of workers in occupations requiring technical professions tend to increase, particularly for machinery assemblers and operators and higher level of technical professions. Between 2012-2017, the proportion of “machinery assemblers and operators” increased by 2.3 percentage points, and that of “higher level of technical professions” increased by 1.6 per cent points (**table 2.6**).

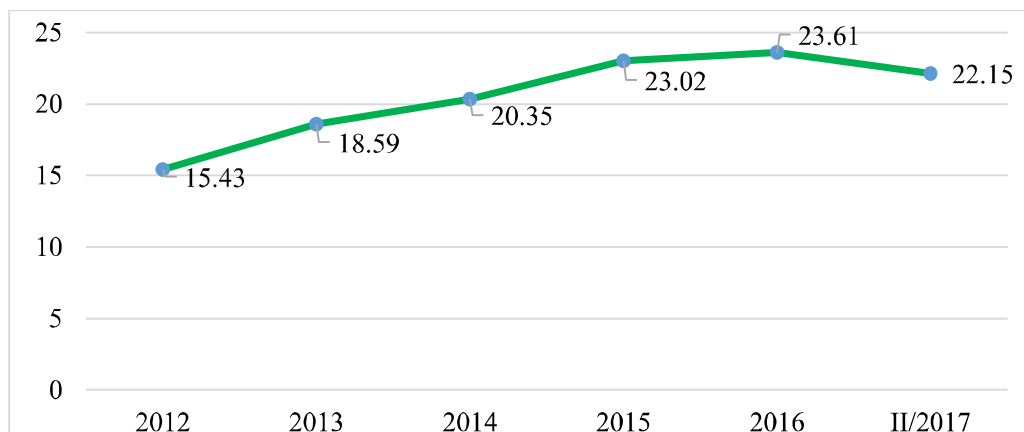
Table 2.6: Distribution of employment by occupation

	2012	2013	2014	2015	2016	II/2017
Structure (%)	100.0	100.0	100.0	100.0	100.0	100.0
1. Leaders at all levels	1.0	1.1	1.1	1.1	1.0	1.2
2. Higher levels of technical professions	5.5	5.7	6.1	6.5	6.9	7.0
3. Secondary level of technical professions	3.4	3.3	3.1	3.2	3.1	3.3
4. Professional workers (including elementary technical workers and office workers)	1.6	1.7	1.7	1.8	1.9	1.9
5. Staff of personal service, guard, social security and skilled sale persons	16.0	16.3	16.1	16.5	16.6	16.8
6. Skilled workers in AFF sector	12.7	12.0	12.2	10.3	10.3	9.6
7. Skilled craftsmen	11.8	12.0	12.0	12.0	12.8	12.9
8. Machinery assemblers and operators	7.3	7.0	7.4	8.5	9.2	9.6
9. Manual workers	40.5	40.8	40.1	39.8	38.0	37.5
10. Not classifiable	0.2	0.2	0.2	0.2	0.2	0.3

Source: Estimates from the Labour - Employment Survey, 2012- Quarter 2/2017

However, skills mismatch that is the matching between obtained qualifications and jobs held, tend to become more important in Viet Nam, particularly for the young people graduating from university or higher level. In 2012, 15.4 per cent of workers with a university degree or higher qualification levels were working in secondary level of technical professions. In 2017, this rate increased to 22.2 per cent. On the one hand, this trends indicates a waste in investment in training and underutilisation of human resources with high qualifications; on the other hand, this implies the need for human resource trainings (including TVET) to ensure quality, relevant and up-to-date training that is compatible and in line with the needs of the labour market (**figure 2.3**).

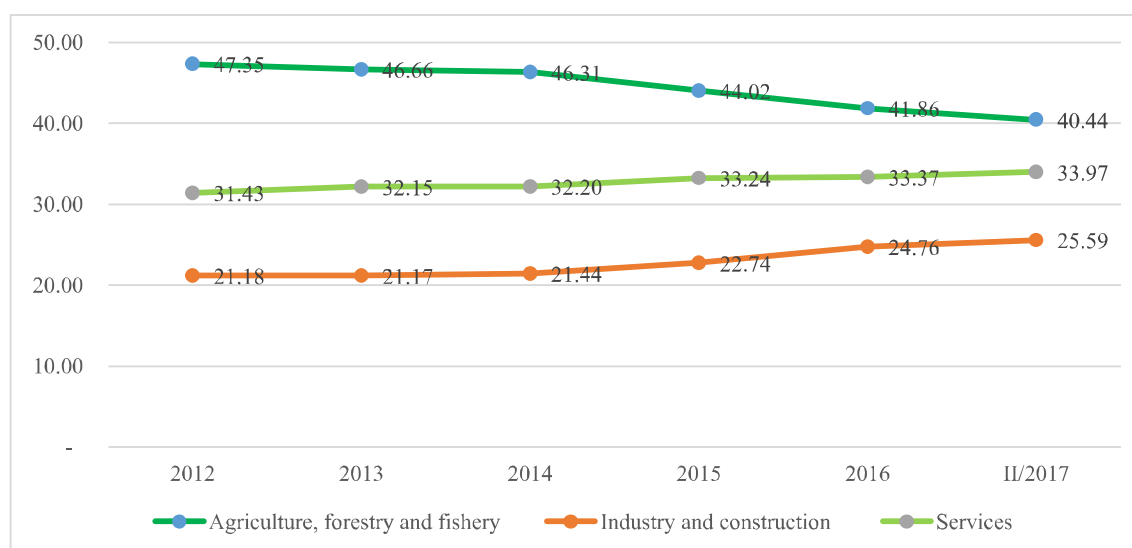
Figure 2.3: Rate of workers with university degrees or higher qualifications doing secondary level technical professions or lower levels (%)



Source: Estimates from the Labour - Employment Survey, 2012- Quarter 2/2017

Employment shifts by economic sectors reflect the structural transformation of the economy. This has been occurring quite rapidly in the past five years particularly from 2014 onwards when the number of workers in agriculture, forestry and fishery fell down rapidly, from 24.409 million people in 2012 to 21.596 million people in Quarter 2 of 2017, together with the increased number of workers in industry, construction and services. As a result, the proportion of workers in agriculture, forestry and fishery declined from 47.3 per cent in 2012 to 40.4 per cent in Quarter 2 of 2017. By contrast, the proportion of workers in industry and construction increased from 21.2 per cent to 25.6 per cent while the proportion of workers in services sector increased from 31.4 per cent to 34.0 per cent in the same period (**figure 2.4**).

Figure 2.4: Employment structure by economic sector, 2012-Q2/2017 (%)

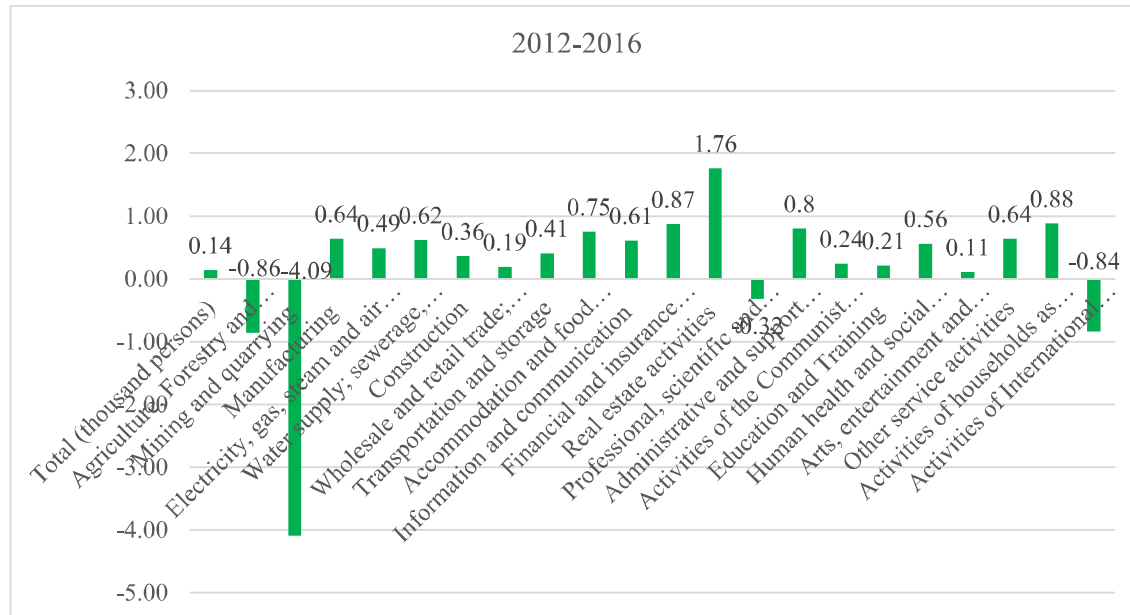


Source: Estimates from the Labour - Employment Survey, 2012- Quarter 2/2017

Within the period 2012-2016, economic growth has triggered job creation for an increasing number of workers in the labour market. However, job creation was uneven across economic sectors. Analysing the employment elasticity of growth²⁰ of 21 economic sectors within the period 2012-2016, this coefficient was below 0 in four sectors, including: (i) Mining and quarrying, (ii) Agriculture, forestry and fishery (AFF), (iii) Professional, scientific and technical activities, and (iv) activities of international organizations and bodies; and it was above 0 in all the other 17 sectors.

The number of jobs was reduced in the AFF sector since 2015 due to the fact that labour shifts away from the AFF to the industry-construction and services sector where labour productivity and incomes are higher. One of the main driver behind labour shifting between sectors notably comes from the application of science and technology advancements in various economic sectors that considerably changed the dynamics across industries. It is also to be mentioned that climate change will increasingly impact employment across economic sectors as the country is particularly vulnerable to the effects of environmental issues. The Employment Elasticity of growth is below 0 in the mining sector, mainly due to the application of science and technology advancements and the reduction in the scale of natural resources exploitation, which explain the decrease in the labour demand. In addition, the negative employment elasticity in professional, scientific and technical activities as well as in activities of international organizations and bodies may result from the recent staff cutting policies (figure 2.5).

Figure 2.5: The Employment Elasticity by GDP growth (%)



Source: Estimates from data in the Statistical Yearbook and Labour-Employment Survey 2012-2016

²⁰ Employment elasticity of GDP growth reflects the percentage of employment growth for every 1% growth in GDP. It is the ratio between employment growth rate and GDP growth rate.

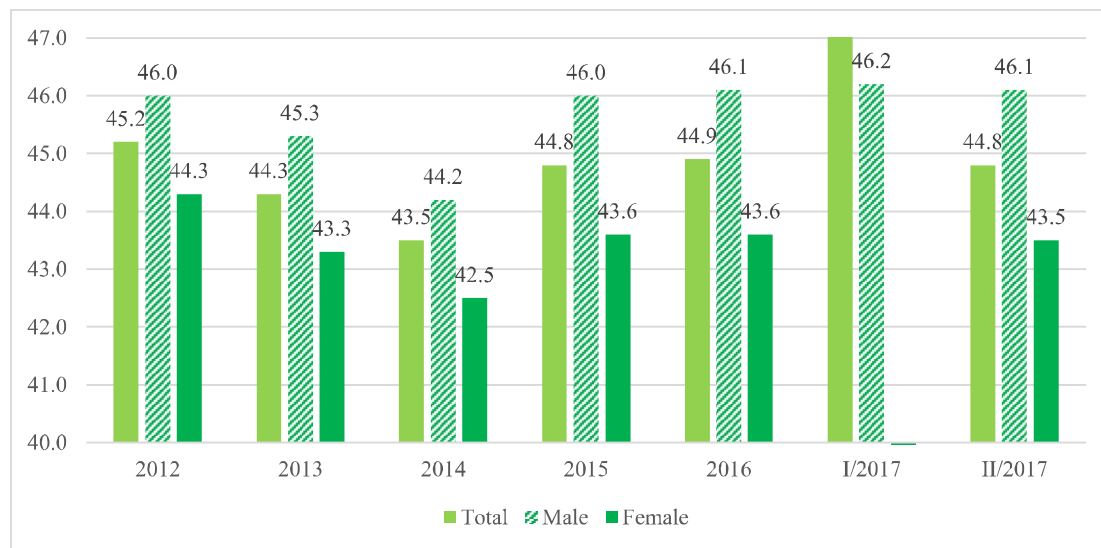
In the past five years, the growth of the non-state sector and the Foreign Direct Investment (FDI) sector together with the equitization of State-owned enterprises has facilitated the shift in the labor structure towards increased employment in the non-state sector and FDI sector, while reducing employment in the public sector. Workers in the non-state sector accounts for more than 85 per cent of the total employed workers. The share of workers in the FDI sector increased from 3.3 per cent in 2012 to 5.0 per cent in Quarter 2 of 2017. In contrast, the share of workers in the public sector was reduced from 10.4 per cent to 9.8 per cent in the same period of time (**table 2.7**).

Table 2.7: Employment by ownership

	2012	2013	2014	2015	2016	II/2017
Volume (thousand persons)	51422	52208	52745	52840	53303	53403
Public sector	5336	5330	5474	5185	5234	5256
Non-state sector	44386	45092	45214	45452	45742	45468
FDI sector	1700	1786	2057	2203	2327	2680
Structure (%)	100.0	100.0	100.0	100.0	100.0	100.0
Public sector	10.4	10.2	10.4	9.8	9.9	9.8
Non-state sector	86.3	86.4	85.7	86.0	85.7	85.1
FDI sector	3.3	3.4	3.9	4.2	4.4	5.0

Source: Estimates from the Labour - Employment Survey, 2012- Quarter 2/2017

As a developing economy with two thirds of the labour force in rural areas, most of Viet Nam's labour force works in the AFF sector which heavily depends on seasonality and natural conditions. In the AFF sector, the average number of weekly worked hours of Vietnamese workers is not very high (44.8 hours per week in 2017). Due to the seasonality aspects in rural areas, rural workers have a lower average number of weekly working hours compared to urban workers (43 hours per week versus 47 hours per week). As to the gender-gap in the number of working hours, the trends indicate a relatively stable ratio although male workers tend to have longer working hours than female workers. On average, men work 46.1 hours per week; women work 42.2 hours per week (**figure 2.6**).

Figure 2.6: Average weekly working hours per worker*Unit: hours per week*

Source: Estimates from the Labour - Employment Survey, 2012- Quarter 2/2017

Average monthly income of waged workers²¹ tends to increase rapidly over time, from 3,758 thousand dong in 2012 to 5,297 thousand dong in Quarter 2 of 2017 (i.e. an increase by 1.4 times). However, the average monthly income of women remains lower than that of men and the gender gap seems to increase over time. In Quarter 2 of 2017, the average monthly income of a female worker was 4,898 thousand dong and that of their male counterparts was 5,589 thousand dong, i.e. a female worker's income was equivalent to 88 per cent of a male worker's. This rate used to be 90 per cent in 2012 (**table 2.8**).

By economic sectors, the average monthly income of waged workers in the AFF sector increased slowly, from 2,538 thousand dong per month in 2012 to 3,493 thousand dong per month in Quarter 2 of 2017. Income in Industry and Construction sector and Services sector remains higher than in other sectors as the sectors are expanding. The average monthly income of waged workers in Industry and Construction sector increased from 3,629 thousand dong to 5,189 thousand dong per month in the period, and that in the Services sector increased from 4,210 thousand dong to 5,854 thousand dong per month between 2012-2017. This trend implies that creating favourable conditions for and promoting faster shift of the labour away from the AFF sector to Industry and Construction sector and Services sector may result in an overall rise in incomes (**table 2.8**).

By occupation levels, leaders constantly have the highest income, followed by occupations which require technical professions. The income gap between occupations with the highest income level (leaders/managers) and those with the lowest income (manual

²¹ The average monthly income from work is defined as the monthly salary/wage of all the work performed (including wage/salary, extra hour working remuneration, bonus, professional allowance and other welfare benefits).

workers) tends to decrease gradually (from 2.46 times difference in 2012 to 2.33 times difference in Quarter 2 of 2017). Similarly, the income gap between the higher levels of technical professions and manual workers also reduced from 2.35 times to 2.06 times in the same period. The gap between the highest income and the lowest income tends to narrow, which seems to be mainly attributed to the policies adjusting the regional minimum wage in the past five years.

Table 2.8: Average Monthly Income of Waged Workers

Unit: thousand VND

	2012	2013	2014	2015	2016	Q2/2017
Total	3758	4099	4471	4637	4979	5297
<i>By sex</i>						
Male	3922	4260	4642	4840	5209	5589
Female	3518	3869	4233	4360	4664	4898
<i>By economic sector</i>						
Fishery productivity	2538	2611	2791	3004	3166	3493
Industry & Construction	3629	3884	4280	4535	4884	5189
Service	4210	4705	5051	5146	5507	5854
<i>By occupation</i>						
Leaders at all levels	6047	6897	7449	7586	7988	8534
Higher levels of technical professions	5795	6267	6592	6721	7111	7539
Secondary level of technical professions	4000	4550	4933	4975	5227	5561
Professional workers (including elementary technical workers and office workers)	3343	3810	4268	4464	4772	5131
Staff of personal service, guard, social security and skilled sale persons	3195	3523	3781	3938	4297	4497
Skilled workers in agriculture, forestry, and fishery	3900	3747	3882	4036	4241	4948
Skilled craftsmen	3312	3534	3941	4227	4586	4929
Machinery assemblers and operators	3985	4326	4701	4886	5294	5597
Manual workers	2461	2674	2911	3141	3353	3666
<i>By ownership</i>						
Public sector	4514	5097	5492	5532	5834	6159
Non-state sector	3277	3518	3857	4183	4534	4884
FDI sector	4450	4747	5136	5306	5833	5912

Source: Estimates from the Labour - Employment Survey, 2012- Quarter 2/2017

The average monthly income of waged workers in all three sectors including the public sector, non-state sector and FDI sector increased in the period 2012-2017. In the public sector, the income increased from 4,514 thousand dong to 6,159 thousand dong per month; in the foreign invested sector, it went up from 4,450 thousand dong to 5,912 thousand dong per month; in the non-state sector, it rose from 3,277 thousand dong to 4,884 thousand dong per month. Waged workers in the non-state sector have the lowest wages; at the same time this sector employs more than three fourths of the total number of waged workers, which implies that it is important to raise labour productivity and wage in this sector.

2.4 Unemployment

The unemployed are people who do not have a job, are seeking for a job and are ready to work when opportunities arise in the reference period (7 business days prior to the date of survey). With this definition, the number of unemployed people in Viet Nam is not high as shown by the low unemployment rate at around 2.26 per cent in Quarter 2 of 2017.

In the past five years, the unemployment rate has been low and stable in Viet Nam, slightly increasing from 1.96 per cent in 2012 to 2.26 per cent in Quarter 2 of 2017. During this period, the highest unemployment rate recorded was only 2.33 per cent in 2015. The unemployment rate tends to increase, mainly due to the increasing unemployment rate in rural area. In urban area, the unemployment rate is higher than the average national unemployment rate, ranging from 3.1-3.6 per cent in the period 2012-Quarter 2/2017 (table 2.9).

Table 2.9: Unemployment rate in the working age population

Unit: %

	2012	2013	2014	2015	2016	II/2017
National	1.96	2.18	2.10	2.33	2.30	2.26
15-24	5.48	6.19	6.26	7.03	7.43	7.67
25-34	1.86	1.92	1.89	2.22	2.30	2.19
35-54 (women)/35-59 (men)	0.95	1.11	1.02	0.94	0.86	0.81
Male	1.67	2.12	2.09	2.39	2.37	2.47
15-24	4.58	5.42	5.51	6.79	7.38	7.96
25-34	1.48	1.70	1.69	2.41	2.37	2.54
35-54 (women)/35-59 (men)	0.87	1.32	1.31	1.04	0.99	0.96
Female	2.30	2.24	2.10	2.26	2.22	2.01
15-24	6.57	7.14	7.15	7.32	7.50	7.33
25-34	2.26	2.16	2.10	2.01	2.22	1.81
35-54 (women)/35-59 (men)	1.06	0.85	0.68	0.83	0.71	0.62
Urban	3.21	3.59	3.40	3.37	3.23	3.19
Rural	1.39	1.54	1.49	1.82	1.84	1.79

Source: Estimates from the Labour - Employment Survey, 2012- Quarter 2/2017

The low unemployment rate in Viet Nam indicates that the majority of people has a job. However, as refereed previously, the quality of employment remains limited with a large-scaled informal economy, low labour productivity and income levels which mean that Viet Nam labour market is developing. By gender, the unemployment rate among men is going up, from 1.67 per cent in 2012 to 2.47 per cent in Quarter 2 of 2017. In contrast, the unemployment rate among women tends to slightly decrease, from 2.3 per cent to 2.01 per cent in the same period. This fact indicate that, to some extent, women have more opportunities to get a job than men as far as they participate in the labour market. However, the indicator alone does not reveal the conditions of employment.

The unemployment rate among the youth is much higher than that in other age groups, which implies that creating jobs for the youth has been a great challenge for the economy. While the unemployment rate among people over 35 years old ranges from 0.8-1.1 per cent only, the unemployment rate among the youth (15-24) is not only higher but also shows an upwards trend, from 5.48 per cent in 2012 to 7.67 per cent in Quarter 2 of 2017. In addition, the youth accounted for 48.9 per cent of the unemployed in 2016 (**table 2.9**).

2.5 Underemployment

Persons in under-employment consist of all employed persons who during a specified period work less than 35 hours a week and who wish to work additional hours. Under this definition, the underemployment rate in Viet Nam has been very low and in decline, from 2.7 per cent in 2012 to 1.6 per cent in Quarter 2 of 2017. The underemployment rate in urban area has always been lower than that in rural area, mainly due to the fact that majority of workers in AFF sector in rural area highly dependent on seasonality. In 2012, the underemployment rate in urban area was 1.56 per cent, down to 0.87 per cent in Quarter 2, 2017; that rate in rural area was 3.27 per cent and 1.98 per cent respectively (**table 2.10**).

Table 2.10: Underemployment rate in the working age population

	Unit: %					
	2012	2013	2014	2015	2016	II/2017
Total	2.74	2.75	2.40	1.89	1.66	1.62
15-24	4.24	3.79	3.39	2.82	2.57	2.12
25-34	2.55	2.57	2.21	1.80	1.81	1.88
35-54 (women)/35-59 (men)	2.40	2.54	2.23	1.69	1.35	1.36
Male	2.93	2.96	2.53	1.92	1.52	1.46
15-24	4.99	4.51	3.69	3.20	2.69	2.17
25-34	2.80	2.78	2.47	1.86	1.58	1.64
35-54 (women)/35-59 (men)	2.38	2.60	2.23	1.61	1.19	1.20
Female	2.53	2.50	2.26	1.85	1.83	1.80
15-24	3.32	2.88	3.03	2.35	2.44	2.05
25-34	2.28	2.35	1.94	1.74	2.07	2.13
35-54 (women)/35-59 (men)	2.43	2.48	2.23	1.79	1.55	1.57
Urban	1.56	1.48	1.20	0.84	0.73	0.87
Rural	3.27	3.31	2.96	2.39	2.12	1.98

Source: Estimates from the Labour - Employment Survey, 2012- Quarter 2/2017

The underemployment rate tends to decrease among both men and women in the period 2012-2017 but there are still gender gaps. Within 2012-2014 period, the underemployment rate among women was lower than that among men but since 2015, the unemployment rate among women has been higher than that among men. To some extent, this indicates that the quality of men's employment has improved more than women's. In Quarter 2 of 2017 the underemployment rate among men was 1.46 per cent, and that among women was 1.8 per cent. Besides, although the underemployment rate among the youth (15-24) tends to decrease over time (from 4.24 per cent in 2012 to 2.12 per cent in Quarter 2, 2017), it has always been higher than the underemployment rate among the working age population, which suggests that both quantity and quality of youth employment should be paid attention to.

To summarise, in the context of low labour productivity and limited social security regime, the low levels of unemployment and underemployment rates reflect the need for workers to earn a living as majority of them cannot afford to be unemployed, which in turn reflect the under utilisation of labour in Viet Nam's labour market.

2.6 Labour productivity and competitiveness

Labour productivity has significantly improved from 63.11 million dong per worker in 2012 to 84.47 million dong per worker in 2016 under the condition of 1 per cent growth of the labor force per year, contributing to the overall improvement of the economy. However, labour productivity in agriculture, forestry, and fishery is still very low compared to that in industry, construction and services. Based on 2010 constant price, labour productivity in agriculture, forestry and fishery is only equal to one fourth of that in industry and construction sectors, and less than one third of the services sector. This implies that it is important to create the conditions for shifting the labour structure away from AFF sector to the Industry-Construction and Services sectors where labour productivity is higher (**table 2.11**).

Table 2.11: Labour productivity (2010 constant price)

	2012	2013	2014	2015	2016
Total (million VND/ person)	46.92	49.26	51.11	54.43	57.30
Fishery productivity	17.47	18.12	18.49	19.89	21.01
Industry & Construction	73.56	77.03	79.25	81.75	80.07
Service	56.56	58.77	60.98	62.71	66.23
Labour productivity growth rate (%)	3.73	4.99	3.76	6.49	5.29
Fishery productivity	3.64	3.71	2.03	7.56	5.65
Industry & Construction	6.36	4.72	2.89	3.15	-2.05
Service	1.49	3.91	3.76	2.83	5.63

Source: Estimates from the Labour-Employment Survey, 2012-2016

Based on 2010 constant price, labour productivity growth in the industry-construction is not high (with a negative growth experienced in 2016) while the employment elasticity of growth in the sub-sectors of this sector is higher than that in AFF sector and services sector (as discussed previously in this report), which means that the industry-construction sector still rely on breadth-based growth model where labour is mainly used for processing and assembly. This fact warns that labour productivity in Viet Nam would remain low if there is no breakthroughs to strengthen labour productivity in industry and construction sectors where growth rate has been faster and wages higher than in other sectors, suggesting that labour demand is stronger in the sector as well as the scope for productivity improvement.

Comparing with other countries in the region, labour productivity gap between Viet Nam and other countries in Asia has narrowed down (except for China). In 2012, labour productivity in the Philippines was 1.8 times higher than that in Viet Nam, China was 2.4 times higher, Indonesia was 2.5 times higher, Thailand was three times higher, Malaysia was 6.2 times higher, and Singapore was 16.7 times higher than Viet Nam. In 2016, labour productivity in the Philippines was 1.8 times higher, China was 2.6 times higher, Indonesia was 2.4 times higher, Thailand was 2.7 times higher, Malaysia was 5.7 times higher, and Singapore was 14.3 times higher than in Viet Nam. This is an encouraging point for Viet Nam, as a signal of improved competitiveness (**table 2.7**). The 2017-2018 annual report of the World Economic Forum (WEF) also points out that Vietnam's competitiveness index has improved from 4.1 points (ranking 75th out of 144 participating countries) in 2012 to 4.4 points (ranking 55th among 137 participating countries) in 2017.

Figure 2.7: Labour productivity in some Asian Countries, 2012 and 2016

Unit: Constant price 2011 - PPP\$



Source: WB 2016, World Development Indicators

Conversely, labour productivity in Viet Nam is still low in terms of absolute value which explains the modest performance in terms of absolute growth. From 2012 to 2016 based on the 2011 constant price - PPP\$, labor productivity growth in Viet Nam was only PPP\$1,650, while the growth in other countries ranged from \$PPP2,500 to almost PPP\$5,000.

2.7 Migrant workers

Migrants are people over 15 years old migrating to another commune/ ward to reside there for at least 12 months by the survey time. With this definition, in Quarter 2 of 2017 Viet Nam had more than 1 million migrants, 816,000 of them were migrant workers. There were more female migrant workers than males in the period 2012- 2017 but the proportion of female migrant workers tends to reduce over time. In 2012, female migrant workers made up 57.7 per cent of the total number of migrant workers, which was then reduced to 52.9 per cent in Quarter 2 of 2017 (**table 2.12**).

Table 2.12: Volume and structure of migrant workers by sex and rural/urban area

	2012	2013	2014	2015	2016	II/2017
Number of migrants (<i>thousand persons</i>)	892	871	733	1,245	1,038	1,024
Number of migrant workers (<i>thousand persons</i>)	726	724	599	976	816	816
<i>Distribution of migrant workers by sex (%)</i>						
Male	42.35	44.34	43.87	46.16	45.21	47.12
Female	57.65	55.66	56.13	53.84	54.79	52.88
<i>Distribution of migrant workers by area (%)</i>						
Urban	50.95	45.17	46.23	60.68	59.71	60.92
Rural	49.05	54.83	53.77	39.32	40.29	39.08

Source: Estimates from the Labour - Employment Survey, 2012- Quarter 2/2017

Migrants mainly come from rural areas. Among the total number of migrants, 79.1 per cent of them come from rural areas²². The trend of migration from rural to urban areas has been increasing over time. In 2012, the number of workers migrating to urban areas accounted for 51 per cent of the total number of migrant workers, which then rose to 61 per cent in Quarter 2 of 2017. The key destinations of migrants are big cities. For Ho Chi Minh city and Ha Noi

²² The General Statistics Office and UNFPA (2016), National Internal Migration Survey 2015: The key findings, Vietnam News Publishing House.

only, the number of migrants constituted 35.7 per cent of the total number of migrants in the country in 2016²³.

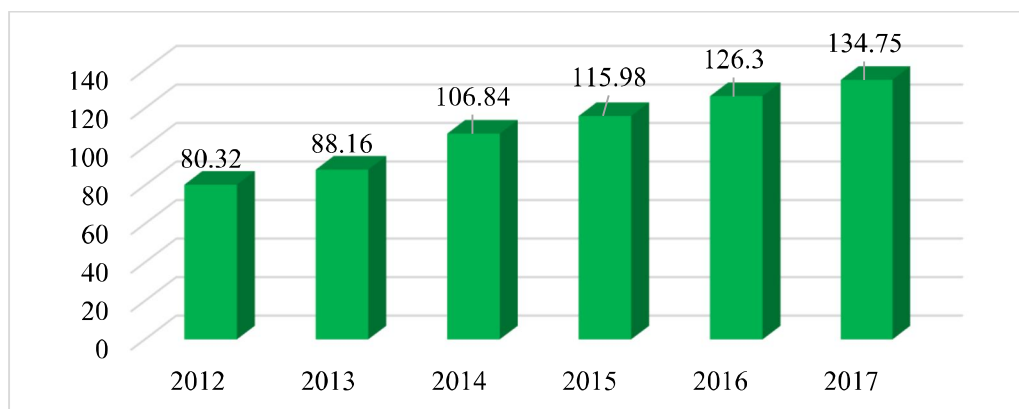
The most remarkable feature is that the unemployment rate among migrants is much higher than the general national unemployment rate²⁴. In 2016, the unemployment rate among migrants was 9.3 per cent, of which, the unemployment rate among male migrants was 10.5 per cent and female migrants was 8.3 per cent. In particular, the unemployment rate among the youth migrants was very high (13.7 per cent). In contrast to the national trend, the unemployment rate among migrants in rural areas is higher than that in urban areas (11.6 per cent compared to 7.8 per cent). In other words, it is much more difficult for migrants to find jobs compared to non-migrants, particularly in rural areas. This is also a reason why the migration flows mainly direct to urban areas, where migrant workers who face difficulties in finding a job may be more likely to end in taking up informal employment.

International migration is also an important channel for job creation, income improvement and contribution to poverty reduction. Currently, it is estimated that there are more than 500 thousand overseas Vietnamese workers under labour contracts in more than 40 countries and territories.

Since 2014, the number of Vietnamese workers going abroad for employment has exceeded 100 thousand workers per year (**figure 2.8**). The key traditional destination markets to receive Vietnamese workers are Taiwan (China), Japan, Korea and Malaysia. In recent years, the number of destination markets has extended to other countries including those in the Middle East, North Africa, Europe and some middle-income and low-income countries in Asia²⁵.

Figure 2.8: Number of workers going abroad under labour contracts, 2012-2017

Unit: thousand persons



Source: The Department of Overseas Labour, MoLISA 2002-2017

²³ Viet Nam consists of 63 provinces/cities.

²⁴ GSO (2017), report of labour, employment survey in 2016, Statistical publishing house.

²⁵ ILO (July-Sept./2017), TRIANGLE in ASEAN Quarterly Briefing Note.

Taiwan (China) is currently a key destination for Vietnamese workers under labour contracts. In 2017, the total number of workers going to Taiwan to work was 66.926 thousand people (of which 23.530 thousand of them were female), bringing the total number of Vietnamese workers in this market to 206.184 thousand people (accounting for 30 per cent of the total number of foreigners working in Taiwan, only ranked after Indonesia), of whom 87 per cent workers were working in the industry sector, 13 per cent were working in social services sector. The number of interns sent to Japan in 2017 was also very high (54.504 thousand people), bringing the total number of Vietnamese interns in Japan to over 100 thousand people and making Vietnam the country sending the largest number of interns to Japan amongst other 15 countries.

3. Poverty reduction and social security trends

3.1 Poverty reduction and income inequality

In order to realize the sustainable poverty reduction objectives, Viet Nam has been implementing many policies and programs to support poor households and poor individuals such as preferential credits to support poor households' production and business, tuition exemption, free health insurance, housing support and clean water etc. Within 2012-2017, many policies were adjusted to improve the quality of support to poor households including:

- *Preferential credits to support poor households' production and business development:* Adjusting the loan limit for poor households from 30 million dong per household to 50 million dong per household²⁶;
- *Tuition relief/exemption for students from poor households:* (1) Exempt tuition for kindergarten children, students whose parents come from poor households, students from poor or near poor households in minority ethnic groups who are enrolled in vocational education institutions or universities; and (2) reduce tuition for children enrolled in kindergartens and general school students whose parents come from near poor households²⁷;
- *Preferential credits for students from poor households* by increasing the loan limit from VND800,000 to VND1.5 million per month per student²⁸;
- *Provide health insurance cards free of charge to the poor* and adjust the support level to near poor households' members who join health insurance schemes from 50 to 70-100 per cent of the value of the cards; and households at average living conditions in agriculture, forestry, fishery and salt production sectors shall be supported with 70 per cent of the value of health insurance cards;
- *Support housing to poor households:* increase the loan limit from VND8 million to VND25 million per household²⁹;
- *Support poor households with residential land, production land and drink water:* Poor ethnic minority households, poor households in disadvantaged communes or villages, whose livelihoods are from the agriculture or forestry sector, do not have enough residential land or production land as the local specified norms and have difficulties in drinking water, are supported with VND30 million per household to arrange production land; 200 m2 residential land per household and VND1.3 million per household to create a source of drink water³⁰.

²⁶ Decision No. 34/QĐ-HDQT dated April 26, 2014 by the Governor of the State Bank of Viet Nam.

²⁷ Decree No. 86/2015/NĐ-CP dated 2 October 2015 by the Government.

²⁸ Decision No. 751/QĐ-TTg dated 30 May 2017 by the Prime Minister.

²⁹ Decision No. 33/2015/QĐ-TTg dated 8 October 2015 by the Prime Minister.

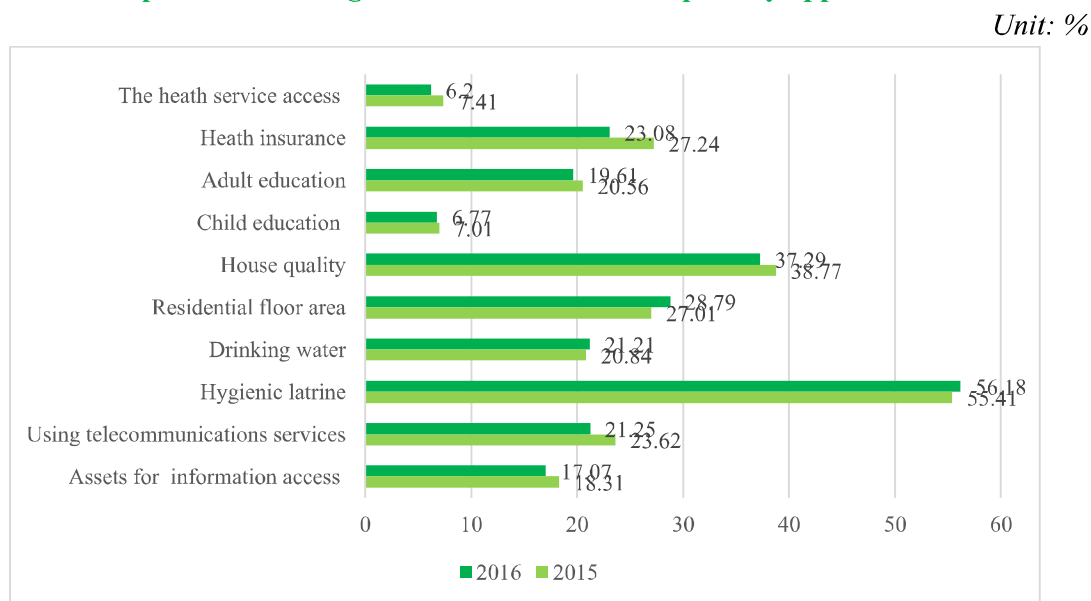
³⁰ Decision No. 755/QĐ-TTg dated 30 May 2017 by the Prime Minister.

The adjustments to the support policies for poor households have contributed to reducing rapidly poverty rate and improving household income. If income is considered³¹, the national poverty household rate has reduced from 11.1 per cent in 2012 to 5.8 per cent in 2016. The income-based poverty household rate has reduced rapidly both in rural and urban areas, with the poverty household rate in rural area up to 14.1 per cent in 2012 and that in urban area up to 4.3 per cent, which was subsequently reduced to 7.5 per cent and 2 per cent respectively in 2016.

The average per capita income of poor households in 2016 has scaled up by 1.6 times compared to that in 2012 in Viet Nam. In particular, poor households in poor areas, mainly in disadvantaged villages in minority ethnic and mountainous areas, the average per capita income of poor households has increased by 2.5 times in the period³². However, the poverty household rate remains high in less developed areas such as the Northern Mountainous areas or the Central Highlands.

Since 2016, Viet Nam has changed methodologies to measure poverty, from the single dimensional to the multidimensional approach to monitor progress in poverty level in a comprehensive way and to introduce appropriate, efficient, and timely supporting policies to contribute to realizing the Sustainable Development Goals (SDGs). **The findings of the comprehensive reviews of poor households in 2015-2016 show that Viet Nam has reached remarkable success, not only in income poverty but also in other dimensions of poverty.** In 2016, the gap in child education was only 6.8 per cent; the health service access rate (that is the rate of households with members suffering from sickness without going to hospital in the past 12 months) was only 6.2 per cent (**figure 3.1**).

Figure 3.1: Gap ratio according to the multidimensional poverty approach



Source: MoLISA, the National Office for Poverty reduction

³¹ The poor household rate is estimated based on the average monthly income per capita of the households, compared to the poverty standards of the Government in period 2011-2015, updated based on the annual CPI. In 2010, the poverty standards were set at 400,000 VND/person/year in rural area and 500,000 VND/person/month in urban area.

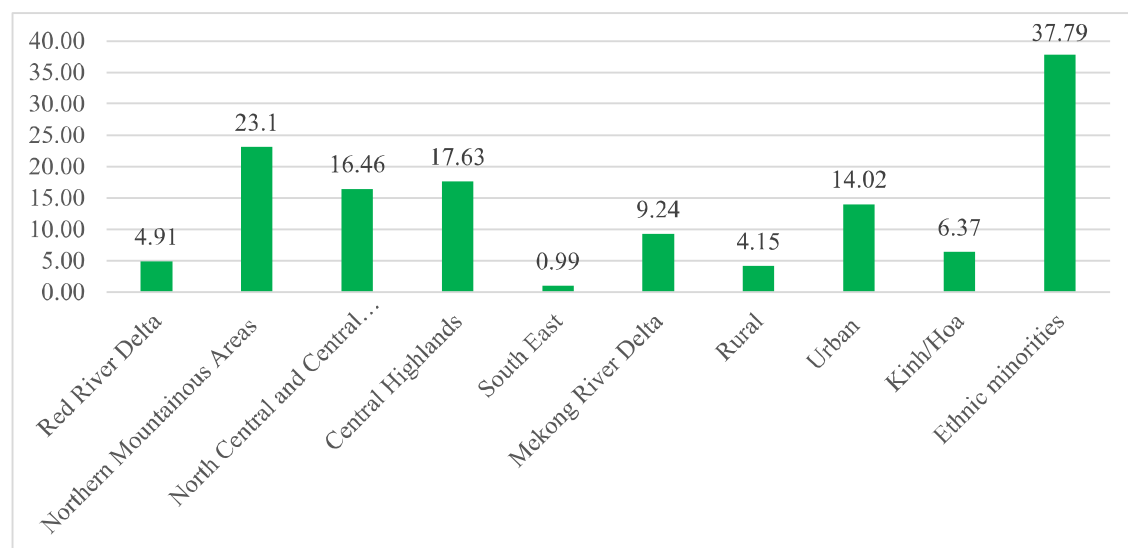
³² Estimates from the data of Vietnam Household Living Standard Surveys 2012 and 2016 of the General Statistics Office of Vietnam.

According to the multidimensional poverty approach adopted for the period 2016-2020, the country had more than 2.338 million poor households, accounting for 9.9 per cent of the total household population, and approximately 1.236 million near-poor households, accounting for 5.2 per cent of the total household population in 2015. In 2017, the general poverty rate fell to under 7 per cent; in poor districts the poor household rate was reduced by over 5 percentage points annually.

Despite these significant achievements, poverty is still important in some ethnic minorities. In 2016, 37.8 per cent of ethnic minority households were considered as poor. The poverty gap between urban and rural areas is also very high; the urban poverty household rate is 4.2 per cent while that in rural areas is over 14 per cent. Poverty rate remains high in the Northern Mountainous Areas (23.1 per cent), Central Highlands (17.6 per cent) and the Central of Viet Nam (16.5 per cent) (figure 3.2).

Figure 3.2: Multidimensional poverty rate by region, rural/urban area and ethnic group

Unit: %



Source: Estimates from the VHLSS 2016 by the research team based on the Decision No. 59/2015/QĐ-TTg on Multidimensional poverty standards applied for period 2016-2020

Progresses made in poverty reduction have accelerated the rise of the middle class in the society. As a result, the GINI coefficient measuring income distribution inequality remains at a low level ranging between 0.42-0.44 in the recent years with little variations from one region to another. However, it has to be noted that the GINI coefficient tends to increase in less developed regions, especially in the Central Highlands where the GINI coefficient was the highest in the country. This implies that support should be strengthened in less developed regions to include more people from the middle class and prevent income differentiation (table 3.1).

Table 3.1: Coefficient of inequality in the distribution of income (GINI) by rural/urban area

	2008	2010	2012	2014	Preliminary 2016
National	0.43	0.43	0.42	0.43	0.44
Red River Delta	0.41	0.41	0.39	0.41	0.41
Northern Midlands and Mountains	0.40	0.41	0.41	0.42	0.43
North Central and Central Coastal area	0.38	0.39	0.38	0.39	0.39
Central Highlands	0.41	0.41	0.40	0.41	0.44
South East	0.41	0.41	0.39	0.40	0.40
Mekong River Delta	0.40	0.40	0.40	0.40	0.40

Source: Estimates from <http://www.gso.gov.vn/>

Finally, although the GINI coefficient remained quite stable and not very high over the past few years, absolute income inequality measured by per capita income between the richest households and the poorest households is widening. In fact, the per capita income of the 20 per cent households with the highest income was 9.2 times higher than that of the 20 per cent households with the lowest income in 2010. This gap increased to 9.8 times in 2016³³.

3.2 Social security

Although the economic and employment structure have been shifting in a positive way with significant achievements in terms of poverty reduction, Viet Nam still faces many challenges, particularly in light of the population aging trend, further economic integration and competition as well as climate change impacts. All together, this requires that the social security system, especially the pillars of social insurance, unemployment insurance and social assistance should be strengthened to provide timely and effective support to all people in the event of risks such as job loss, sickness, occupational accidents, ageing, working capability loss and death.

3.2.1 Unemployment insurance

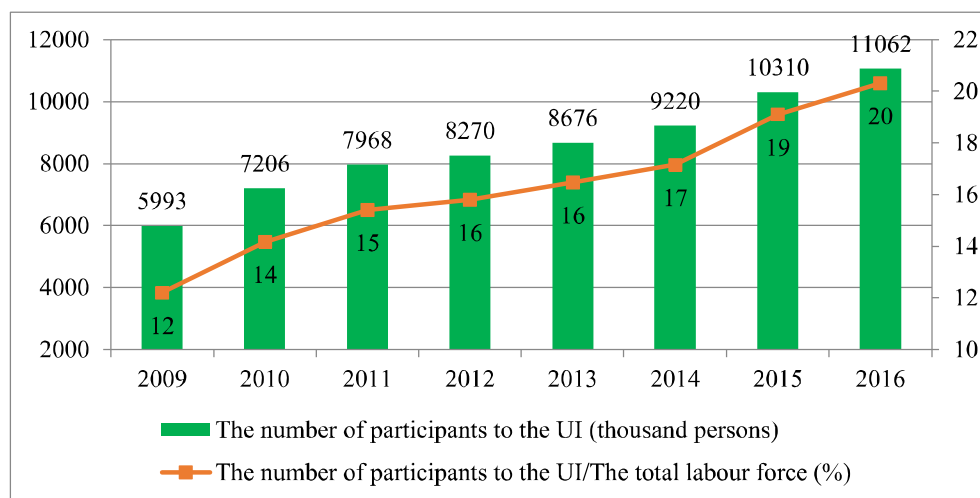
Within the period 2012-2017, the unemployment insurance (UI) policy was revised in 2013 (with implementation from 2015) to extend opportunities for the participation of waged workers in social security³⁴; as well as include the benefits related to “support training, improving skills to maintain employment for workers” to employers.

³³ Estimates from the data of Vietnam Household Living Standard Surveys 2010 and 2106 (GSO).

³⁴ Prior to 2015, workers with labour contracts over 12 full months and working in establishments with minimum 10 employees were covered by the unemployment insurance. At present, workers with labour contracts over three full months are covered by the UI regardless of the size of the enterprises.

By the end of 2016, eight years after the implementation of the UI scheme, 11.062 million people had joined the UI scheme, which represent an increase of 8.1 per cent per year on average. The number of participants to the UI accounted for 20.3 per cent of the total labour force (**figure 3.3**).

Figure 3.3: Number of participants in the unemployment insurance scheme



Source: ILSSA estimates from the data of VSS through the years within 2009-2016

The UI has contributed to supporting workers in the event of job loss and supporting their families to overcome difficulties, to find new jobs, and to stabilize their lives. In 2016, 592.4 thousand persons claimed UI benefits, which represent an increase of 2010 figures by almost fourfold. This can be explained by the increase in the number of UI contributors which raised the number of people eligible for unemployment benefits. Besides, in the context of restructuring the economy and innovating the growth model to improve national competitiveness, many enterprises had scaled down their staff which accelerated the number of UI beneficiaries.

It is to be noted that among people applying for unemployment benefits, workers without qualifications or certificates accounted for 64.5 per cent while workers graduating from university or higher level education accounted for 12.7 per cent³⁵. This indicates that UI has become an important social security net particularly for the less skilled workers.

3.2.2 Social insurance

Some revisions and supplements to the Social Insurance (SI) policies had been made within the period 2012-2017, reflecting the adjustments in the 2014 Law on Social Insurance to:

- *Enlarge the coverage*: Three groups of contributors were added including the non-designated staff at commune level; workers under contracts from one month to under

³⁵ Bureau of Employment, Report on implementation of unemployment insurance in the whole country for the first six months of 2016.

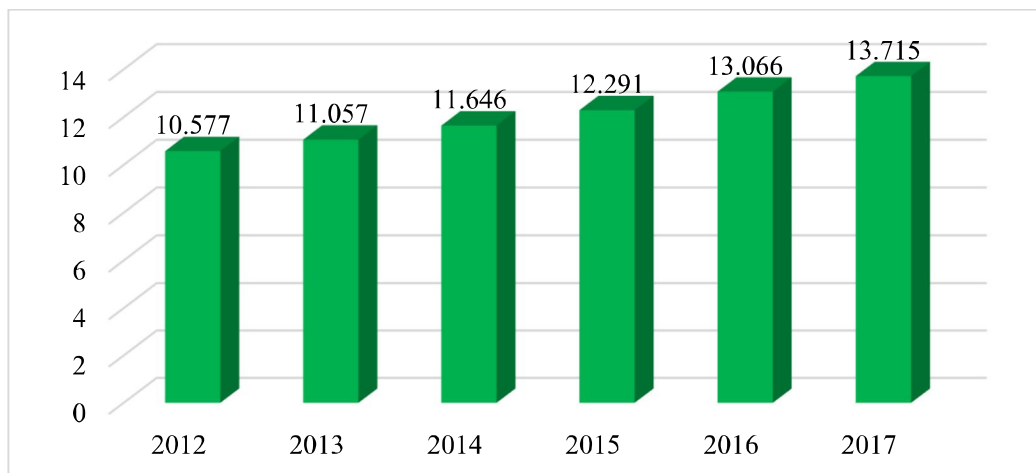
three months, and workers who are foreign citizens (implemented from 2018 onwards);

- *Strengthen the financial vitality of pension funds:* a road map was established to gradually increase the length of SI contribution to be entitled for the maximum pension (75 per cent of the mean salary as the base for social insurance contribution) from 25 to 30 years for women and from 25 to 30 years for men;
- *Better ensure the interests of workers:* the level of sickness benefits was expanded, the length of maternity leave increased from 4 to 6 months and a paternity entitlement was added; workers were allowed to manage their SI books (which used to be managed by employers);
- *Support voluntary contributors to social insurance schemes:* Support 30 per cent of SI premium to the poor, 25 per cent of SI premium for the near poor and 10 per cent for the others with the contribution level based on rural poverty standards.

By the end of 2017, the total number of SI contributors were 13,715 thousand people, equivalent to 24.5 per cent of the labour force of the country. In the period 2012-2017, the average growth rate of the number of social insurance contributors was 5.1 per cent per year, which was a lower pace than the previous five-year-period (around 6.3 per cent). The main driver behind this trend is the tendency of workers leaving the system by receiving lump-sum social insurance benefits payment³⁶ (**figure 3.4**).

Figure 3.4: Total number of contributors to the social insurance schemes, 2010-2016

Unit: thousand person



Source: ILSSA estimates from the data of VSS through the years within 2006-2016

In 2017, there were 651 thousand beneficiaries of mandatory SI lump-sum allowance (people who are old enough to receive pensions but had not yet contributed premium for 20 full years or do not continue to contribute to social insurance schemes). In the period 2007-

³⁶ Besides, a large share of enterprises are not contributing to SI. They are mainly small and micro enterprises, including household businesses hiring employees. Among more than 400 thousand active enterprises in the country, only 201.6 thousand of them contribute to social insurance schemes.

2017, there were 5 million people receiving lump sum benefit payment from the mandatory social insurance fund, i.e. a 15.1 per cent increase per year; while only more than 1.1 million people were receiving monthly pension benefits (**figure 3.5**). According to the provisions of Resolution 93/2015/QH13, from 1 January 2016, workers after one year of ceasing employment who do not continue to contribute to social insurance shall be entitled to lump-sum SI benefits payment. However, a review after one year of implementation of the provisions showed that the number of people claiming lump-sum social insurance benefits payment was still high, indicating that most workers still chose to receive money and stop contributing to social insurance rather than continuing social insurance contributions for pension to ensure living during retirement.

Figure 3.5: Number of beneficiaries of one-off social insurance benefits

Unit: thousand person

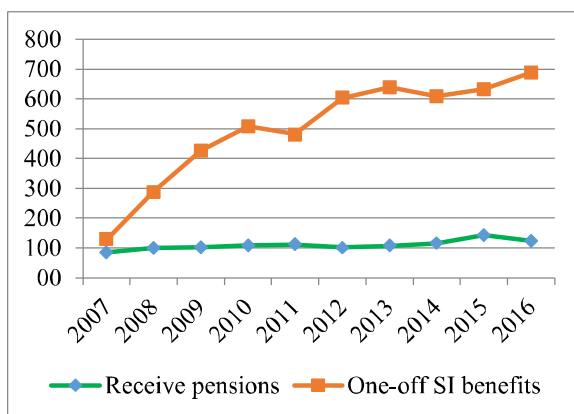
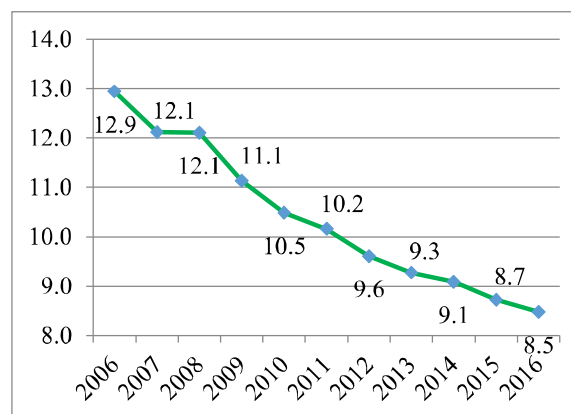


Figure 3.6: Number of contributors per 1 beneficiary of social insurance

Unit: person



Source: In 2016, there were 8.34 million beneficiaries of sickness, maternity, and health recovery benefits; 4.4 thousand persons receiving one-off payment for occupational accidents, occupational diseases.

The number of SI contributors is increasing slowly while the number of pension beneficiaries and people leaving the system for lump-sum benefits is increasing at a fast pace. This has resulted in the decline in the contributor-to-beneficiary ratio, from 12.9 contributors per beneficiary in 2006 to 8.5 contributors per beneficiary in 2016 (**figure 3.6**). This indicates the importance of extending potential contributors to social insurance to help ensure the vitality of the social insurance funds.

3.2.3 Monthly cash transfer as social assistance

Over the past five years, the monthly cash transfer regime for social protection beneficiaries has been improved to better suit the socio-economic development conditions of the country, especially in relation to the adjustment of the assistance standards raising from VND180,000/person/month to VND270,000/person/month, officially launched from 2015.

In 2016, over 2.68 million people received monthly cash transfer, equivalent to 2.8 per cent of the total's population, most of them were elderly people or persons with disabilities: The elderly people from poor households and people over 80 years old receiving monthly cash transfer accounted for approximately 56.9 per cent of total beneficiaries; followed by people with severe disabilities (26.8 per cent); people with mental illness accounted for 6.8 per cent; single-parent from poor households accounted for nearly 5.3 per cent and people with HIV/AIDS losing working capacity accounted for approximately 0.3 per cent of the total beneficiaries. In the period 2012-2016, the number of beneficiaries of monthly cash transfers increased by 2.4 per cent annually on average, mainly due to an increase in the number of elderly people in the context of rapid population aging in Vietnam and the limited coverage of the social insurance system (**table 3.2**).

Table 3.2: Number of beneficiaries of monthly cash transfer

Beneficiaries of social benefits	2012	2013	2014	2015	2016
Total number (persons)	2,374,737	2,669,840	2,697,614	2,651,070	2,681,707
1. Orphans, abandoned children, lack of nurturing resources	47,235	51,730	49,236	37,348	37,348
2. Lonely elderly in poor households	131,386	148,151	207,421	205,943	203,468
3. Persons from 80 years old do not have pension or social insurance allowance	1,202,050	1,369,063	1,350,226	1,295,550	1,322,240
4. People with severe disabilities	669,558	735,304	745,265	716,523	719,142
5. People with mental illness	147,731	164,417	174,254	180,121	182,298
6. People having HIV/AIDS without working capacity	3,649	3,990	3,979	8,185	8,185
7. Families and individuals receiving orphans	16,281	18,544	18,615	20,347	20,819
8. Households having from two persons with severe disabilities	45,899	52,277	22,939	44,197	45,222
9. Single persons in poor households	110,948	126,364	125,593	142,856	142,985
Rate of beneficiaries/population (%)	2.67	2.98	2.97	2.84	2.84

Source: Department of Social Protection, annual review report 2012-2016

Due to the increase in the number of beneficiaries and changes in the level of social assistance standards, the state budget expenditure for monthly cash transfers for social protection beneficiaries increased rapidly in the last five years from 5.76 billion dong in 2012

to 7.79 billion dong in 2016. However, this expenditure represented only 0.15 per cent of the GDP in the period 2012-2016³⁷.

To sum up, the coverage of the monthly cash transfer regime remains low while the level of assistance is not high. This requires further adjustment and supplementation to the policies in order to realize the goal that “citizens have the right to social security” as stated in Article 34 of the Constitution 2013 as well as to implement the 2030 Agenda for Sustainable Development to ensure that “no one is left behind”.

³⁷ MoLISA (2016) The project for innovating and developing social assistance policy system for the period 2016-2030.

4. Conclusions and policy implications

4.1 Conclusions

Development of the economy, the labour market and employment

Viet Nam's economy has been growing at a fast pace, which economic performance described as one of the most successful ones amongst East Asian countries. The good performance achieved in terms of macroeconomic stability, international trade and investment, have all resulted in positive impacts on job creation. However, while growth is a necessary condition for job creation, it does not automatically result in the generation of productive employment in all economic sectors. Among the twenty one economic sectors analysed within the period 2012-2016, the report has shown that the number of jobs decreased in four sectors: (i) mining and quarrying, (ii) agriculture, forestry and fishery, (iii) Professional, scientific and technical activities, and (iv) activities of international organizations and bodies. In contrast, jobs were created in the industry-construction and services sectors reflecting the structural transformation that the country is undergoing since the last decades.

The population aging trend is gradually reducing the “demographic dividend”, reflected in the slower annual growth rate of labor force. In the past five years, the average labor force growth rate was less than 1 per cent per year. In particular, the proportion of the labor force under 34 years old tend to decrease over time while the proportion of the older labour force is constantly increasing.

Industrialization and urbanization have triggered “push” and “pull” factors for rural workers to migrate to urban area. However, migrant workers face difficulties in finding jobs given the limited opportunities in the formal sector. The unemployment rate among migrants is much higher than the general national unemployment rate. In 2016, the unemployment rate of migrants was 9.3 per cent; the unemployment rate among the youth migrants was very high, up to 13.7 per cent in the same year.

The quality of the labor force in Vietnam is still low, only 23.7 per cent of the labour force obtained technical qualifications. Especially, the structure of labour force with technical qualifications is disproportionate. The proportion of workers graduating from university or higher accounts for 9.1 per cent of the labour force, the proportion of workers graduating from college is only 3.2 per cent, that from middle-level vocational schools is more than 5.4 per cent and that from primary vocational schools is 3.5 per cent.

People's living conditions have been improved and the number of schooling years also extended. This is a key reason why the labour force is gradually declining. The average number of schooling years of female population above 15 years old increased from 8.05 years in 2012 to 8.55 years in 2016 (0.5 year longer) and that of male population increased from 8.8 to 9.08 respectively in the same time period. However, up to present, Viet Nam is a country with high labour force participation rate compared to many other countries in the world.

In the context of population aging and early stages of social insurance, limited labour productivity and low living conditions, labour force participation of people after retirement age is increasing, from 44.9 per cent in 2012 to 46.2 per cent in Quarter 2 of 2017.

In the Quarter 2 of 2017, Vietnam had 53.403 million employed people. Compared to 2012, the number of employed people has increased by 1.98 million people, which is lower than the growth rate of the labor force (2.172 million) in the same period. Thus, the pressure to create jobs in Vietnam is still high. However, the unemployment rate among the youth (15-24 years old) and that among migrants are much higher than the national rate and these tend to increase over time. The youth unemployment rate increased from 5.5 per cent in 2012 to 7.7 per cent in Quarter 2 of 2017. The unemployment rate among migrants is 9.3 per cent and among youth migrants is 13.7 per cent. This fact suggests that priority should be given to job creation for youth and migrants.

The Vietnam's labor market is still in development; achieving the goal of decent work remains a challenge in Vietnam. Currently, the scale of workers in informal employment is still high (18.902 million informal workers); in the formal sector, the proportion of workers working in informal employment is important and seems to remain unchanged in recent years. In 2014, that rate was 32.8 per cent and in 2016 it was 32.3 per cent.

Industrialization and modernization have accelerated the shift of occupational structure in a positive manner, especially since 2014. The proportion of manual workers has reduced rapidly since 2013, from 40.8 per cent to 37.5 per cent in Quarter 2 of 2017. The trend towards the increasing proportion of jobs that require technical professions shows that the development level of Viet Nam's economy and the labor market in particular will continue to improve. However, skills mismatches that represent the poor matching between obtained qualifications and actual jobs held by workers tends to become more serious over time, particularly for those graduating from university or higher levels. In 2012, 15.4 per cent workers with university degrees or higher qualifications were doing a secondary level of technical professions, this rate increased to 22.2 per cent in Quarter 2 of 2017.

Income of waged workers in all the three economic sectors tend to increase, but the income level in agriculture, forestry and fishery (AFF) sector is much lower than that in industry-construction sector and services sector, which indicates the needs to facilitate the process of shifting labour from AFF to industry-construction and services.

Waged workers in the non-state sector have the lowest wages while employing more than three fourths of the total number of waged workers. Consequently, strengthening the motivation to increase labour productivity and wages in this sector is key to boost the economy's vitality.

By gender, income of female waged workers is still lower than that of their male counterparts and the gap tends to become larger over time, which reflects a warning signal on gender-based wage inequality.

As referred earlier, Viet Nam's economy is characterized by a sizeable share of the informal economy, where working conditions are usually poorer and productivity levels lower. Therefore, finding a job is fairly easy but finding a quality job remains challenging. This is

reflected in the low unemployment rate-which only partly reflect the labour market performance in Viet Nam. The national unemployment rate was only 2.3 per cent in Quarter 2 of 2017. Among men, it tends to go up from 1.7 per cent in 2012 to 2.5 per cent in Quarter 2 of 2017. In contrast, the unemployment rate among women tends to slightly decrease, from 2.3 per cent to 2.0 per cent in the same period; which may indicate that women have more job opportunities than men, given that they participate in the labour market.

In addition, the youth accounted for 48.9 per cent of the unemployed in 2016. The unemployment rate among the youth is high and tends to increase, from 5.5 per cent in 2012 to 7.7 per cent in Quarter 2 of 2017. This finding implies that creating jobs for the youth may become a great challenge for the economy.

Increasing labor productivity remains a serious challenge in the context of international competition and deeper integration with the new generation of free trade agreements. Although Vietnam's labor productivity has grown at a fast pace in the recent years, which contributed to strengthening the competitiveness of the economy, labor productivity in Vietnam is still modest in terms of absolute value. The absolute labor productivity growth (based on PPP) increased by PPP\$1,650 from 2012 to 2016, while that in other neighboring Asian countries ranged from \$2,500 to nearly \$5,000 in the same period. Vietnam experiences difficulties in raising levels of labor productivity as the large share of the labor force work in agriculture, forestry, and fishery where labor productivity is lower than in other sectors. Besides, labor productivity in the industry and construction sectors is higher yet has not improved much in recent years.

International migration also plays an important channel in job creation, income improvement and poverty reduction for Vietnamese citizens. Currently, there are more than 500 thousand overseas Vietnamese workers under labour contracts in more than 40 countries and territories. The key traditional destination markets to receive Vietnamese workers are Taiwan (China), Japan, Korea and Malaysia. In recent years, the number of destination markets has extended to other countries including those in the Middle East, North Africa, Europe and some middle-income and low-income countries in Asia.

Poverty reduction and inequality

Vietnam has reached considerable achievements in the fight against poverty. The per capita income of poor households increased by 1.6 times between 2012 and 2016. Considering the multidimensional poverty criteria, Vietnam has also achieved remarkable success in education and health care. In 2016, the gap of children's education was only 6.8 per cent; the percentage of households with sick people who did not go to doctor's in the past 12 months was only 6.2 per cent. However, poverty is still serious in some ethnic minorities households with 37.8 per cent of them categorized as poor in 2016. The poverty gap between urban and rural areas is also very high; the urban poverty rate is 4.2 per cent while the rural poverty rate is over 14 per cent. Poverty rate is still high in the Northern Mountainous Areas (23.1%), Central Highlands (17.63%), and Central of Viet Nam (16.46%).

The GINI coefficient is low and stable ranging from 0.42-0.44 in the recent years, which implies that the middle class in Viet Nam is growing.. However, the GINI coefficient tends to

increase in less developed regions, especially in the Central Highlands which in 2016 was also the region with the highest GINI coefficient.

The GINI coefficient is not high but the inequality of income is increasing in absolute terms. The per capita income of the 20 per cent of households with the highest income is 9.2 times higher than the per capita income of the 20 per cent of the lowest income households in 2010. The gap increased to 9.8 times in 2016.

Social security

The social security system has experienced remarkable progresses in the recent years, especially in the improvement of the legal system on social security as well as the initial results in the implementation of the social security policy.

Up to now, 20.3 per cent of the labour force has contributed to the UI. In 2016, the number of people claiming UI benefits was 592.4 thousand people, almost 4 times higher than that in 2010, which is mainly due to the growth in the number of UI contributors that resulted in the increase in the number of people eligible for UI benefits. Among people claiming UI benefits, workers without qualifications accounted for 64.5 per cent.

The number of people contributing to social insurance in 2017 was 17.715 thousand people, equivalent to 24.5 per cent of the labour force. Within the 2012-2017 period, the average growth rate of the number of social insurance contributors was 5.1 per cent per year that is lower than the previous five years (6.3 per cent). The rapid rise in the number of people leaving the system to get lump-sum benefits explains this trend. In particular, the SI contributor-to-beneficiary ratio decreased from 12.9 contributors per beneficiary in 2006 to 9.6 contributors per beneficiary in 2012 and to only 8.5 contributors per beneficiary in 2016. This indicates the importance of extending potential contributors to social insurance in order to ensure the vitality of the social insurance funds.

The monthly cash transfer policy (on non-contributory basis) plays an important role to the disadvantaged groups in the absence of income sources. Up to now, about 2.8 per cent of the population in the country receive monthly cash transfer, majority of whom are elderly people without pensions or social insurance allowance, and people with severe and special disabilities. Yet, the coverage remains limited: although several adjustments to the monthly cash transfer standard have been made, the current VND 270,000 allowance is still too modest to ensure the minimum living needs of beneficiaries.

4.2 Policy considerations

The report has highlighted the remarkable economic, social and labour market achievements in Viet Nam during the period 2012-2017 that have speeded up the economic transformation and structural change of the country. However, despite the rapid growth in labour productivity, decline in poverty and various improvements in the labour market, there still remains a number of decent work gaps that need to be addressed in the coming time, particularly in the context of higher competitiveness and deeper economic integration both at

regional and international levels. Accelerating domestic reforms to raise domestic value addition will be needed to complement efforts on the external liberalization front.

4.2.1 Employment promotion and job creation through supportive policies to sustain productivity growth and higher competitiveness

Viet Nam's economy in transition requires a deeper economic restructuring towards participation in higher value-added stages of the global value chain to facilitate the shifting of labour from sectors with low labour productivity to sectors with higher productivity and value added. In this process, particular attention should be paid to the changing character of the production value chains and the employment intensity of growth in the sub-sectors of the economy in the agriculture, manufacturing and services sectors.

A number of drivers, internal and external to Viet Nam's, are rapidly transforming Viet Nam's labour market. In particular, (i) further integration processes with the participation in several new generation Free Trade Agreements are expected to bring robust economic gains for Viet Nam by accelerating economic growth and creating jobs, (ii) significant technological advancements stemming from the Industrial Revolution (IR) 4.0 are changing the character of production and employment, (iii) climate change and environmental degradation can pose challenges to economic growth and employment, (iv) and finally demographic structure changes and population ageing are all impacting on the economy, employment and social outcomes.

Within this context, barriers to occupational, geographical and sectoral mobility should be removed to make it possible for those who are more at risk to access job opportunities elsewhere.

Employment-centered policies that put human resources and skills development at its heart need to be reinforced in order to build talents. Innovating the technical and vocational education system to adapt to the rapid changes brought by technological advancements in the economy requires the identification and provision of the right qualifications and competences to meet the needs of the rapidly evolving markets and reduce skills mismatches.

Strengthening the role of active labour market policies, by better connecting people to jobs, is critical to ensure that workers have the means to find a job. Improving the functioning of labour market information systems and employment services centers are necessary to monitoring labour market outcomes and increase access to information and employment opportunities. Attention should be paid on the most vulnerable groups including the youth and migrant workers moving from rural to urban areas and industrial zones (domestic migrant workers) or moving and returning from foreign countries (international migrant workers). Priority should be put on communication activities, career counseling, provision of future-forward directions to secondary school or high school students and their families to change awareness, attitudes and behaviors of the society in determining and selecting occupations.

Nurturing the growth of small and medium-sized enterprises as key drivers of growth and improving the linkages between domestic firms and FDI within global value chains, are critical to create more employment opportunities and facilitate the transition of workers from

informal to formal employment. Mechanisms including the provision of credit incentives, tax reduction, space for business and production, upgrading technological capabilities of domestic firms, and training support to upgrade technical skills for workers to small-sized establishments which have registered for operations under the Enterprise Law and in compliance with the labour laws, could contribute to successfully realise the goals of decent work in Vietnam.

4.2.2 Poverty reduction and social security to a larger population to ensure that no one is left behind

Firstly, prioritizing resources to achieve multidimensional poverty reduction goals in core poor areas (Northern Mountainous Areas, Central Highlands and Central of Vietnam) is required, taking into account the principles that investment should be put in areas with larger gaps, based on a clear understanding of the drivers of poverty in order to avoid spreading investment which might result in a waste of resources and inefficiency. In this respect, gradually transiting from free of charge support policies to conditional support policies for poor households, such as preferential credit, production support etc. could motivate and encourage people to overcome poverty by themselves. Furthermore, monthly cash transfer as a social safety net, to disadvantaged groups can be strengthened by reforming the social assistance system to expand beneficiary coverage to income-based poor households and adjust the level of allowance in line with the socio-economic development conditions.

Secondly, identifying social insurance as the main pillar of the social security system is critical. Expanding the coverage of social insurance and ensuring vitality of the social insurance fund in the long run is one of the solutions to ensure the social security rights to citizens while reducing the burden on the state budget. Therefore, it needs to be underlined that: (i) adherence to social insurance is the responsibility of employees and employers regardless of whether the employee is under formal or informal employment; (ii) reform of the social insurance parameters such as pension estimate formula can ensure the vitality of the funds in the long run; equity of the contributions vs. benefits between generations and sectors participating in the system need to be ensured; (iii) long-term participation in the system and equitable share between high income and low income earners should be encouraged; and (iv) inspection for compliance with social insurance policies notably in the case of fraud, abuse or evasion of social insurance must be strengthened.

In addition, the unemployment insurance policy should be amended towards an “employment insurance” in order to take active measures to assist workers and employers to maintain and advance opportunities for employment, particularly in the context of competition and rapid technology changes that can affect workers vulnerability in terms of job losses.

Finally, in order to improve the effectiveness of the social security system, it is important to develop a national database on social security and apply information technology in policy management and implementation, in order to minimize the administration cost and potential abuse of benefits from policies.

4.2.3 Invest in labour market governance to improve working conditions and ensure workers' rights

Building and improving the legal framework and labour market institutions are critical building blocks to be strengthened in order to create a favourable and competitive environment for economic and social development as well as foreign investment.

An effective industrial relations system, including the legal and institutional framework, requires that workers' rights are fully recognized and represented, at the same time that employers are effectively engaged. Special attention should be paid to improve tripartite mechanisms for dialogue and negotiation at all levels to ensure industrial harmony and shared prosperity. This in turn means cultivating workers' voice at the workplace and channeling them through collective bargaining and social dialogue in all sectors, including public, non-state and FDI sectors. In the latter, compliance and workplace innovations are amongst those mechanisms that can enable greater responsibility in the value chains.

Finally, establishing or reforming policies and legislation on labour law, collective bargaining, minimum wages, labour dispute settlements, unemployment insurance and the gender pay gap are imperative to improve working conditions and decent work. Improving labour inspection has also the capacity to strengthen the occupational safety and health culture that ensures workers' protection.

ANNEXES

Table 1: GDP growth (% , constant price 2012, US\$)

	2010	2011	2012	2013	2014	2015	2016	2017	Average
World	5.4	4.1	3.4	3.3	3.3	3.8	4.0	4.1	3.5
Advanced economies	3.1	1.7	1.2	1.4	1.8	2.3	2.4	2.4	2.0
Emerging market and developing economies	7.5	6.2	5.1	4.7	4.4	5.0	5.2	5.2	5.4
Emerging and developing Asia	9.5	7.7	6.7	6.6	6.5	6.6	6.5	6.5	7.1
Emerging and developing Europe	4.7	5.5	1.4	2.8	2.7	2.9	3.3	3.3	3.0
ASEAN-5	6.9	4.7	6.2	5.2	4.7	5.4	5.5	5.6	

Source: IMF, ASEAN 5: Indonesia, Malaysia, the Philippines, Singapore, Thailand

Table 2: Average inflation, 2010-2017 (%)

	2010	2011	2012	2013	2014	2015	2016	2017
World	3.9	5.2	4.2	3.9	3.8	3.9	3.8	3.7
Advanced economies	1.5	2.7	2.0	1.4	1.6	1.8	2.0	2.0
Emerging market and developing economies	5.9	7.3	6.1	5.9	5.5	5.6	5.2	4.9
Emerging and developing Asia	5.2	6.5	4.7	4.7	4.1	4.2	4.2	4.1
Emerging and developing Europe	5.5	5.4	5.9	4.2	4.0	3.8	4.1	4.1
ASEAN-5	4.5	5.8	3.8	4.6	4.6	5.0	4.6	4.2

Source: IMF

Table 3: Number and structure of employed people by sex and rural/urban area

	2012	2013	2014	2015	2016	II/2017
Total (thousand persons)	51,422	52,208	52,745	52,840	53,303	53,403
Male	26,499	26,830	27,026	27,217	27,443	27,675
Female	24,923	25,378	25,719	25,623	25,860	25,729
Urban	15,412	15,509	16,009	16,375	16,924	16,993
Rural	36,010	36,699	36,736	36,465	36,379	36,411
Structure (%)	100.00	100.00	100.00	100.00	100.00	100.00
Male	51.53	51.39	51.24	51.51	51.48	51.82
Female	48.47	48.61	48.76	48.49	48.52	48.18
Urban	29.97	29.71	30.35	30.99	31.75	31.82
Rural	70.03	70.29	69.65	69.01	68.25	68.18

Source: Estimates from the Labour - Employment Survey, 2012- Quarter 2/2017

Table 4: Gross Domestic Product by economic sector within 2012-2016*Unit: Billion dong*

	2012	2013	2014	2015	2016
Total	2412778	2543596	2695796	2875856	3054470
Agriculture, forestry, and fishing	425446	436642	451659	462536	468813
Mining and quarrying	221298	220791	225785	240462	230843
Manufacturing	347523	372597	400192	442612	495283
Electricity, gas, steam and air conditioning supply	82026	88985	99516	110861	123721
Water supply; sewerage, waste management and remediation activities	13255	14457	15366	16503	17791
Construction	137115	145123	155183	171973	189171
Wholesale and retail trade; repair of motor vehicles and motorcycles	210605	225783	244040	266150	288187
Transportation and storage	70888	74828	78776	82731	87943
Accommodation and food service activities	90019	98919	103444	105813	112902
Information and communication	23752	25827	28068	30459	32957
Financial and insurance activities	132178	141266	149500	160533	173038
Real estate activities	138496	141503	145459	149769	155752
Professional, scientific and technical activities	31978	34335	36730	39227	41973
Administrative and support service activities	9087	9782	10465	11051	11814
Activities of the Communist Party, Political-Social Organizations, Public administration and defense; compulsory social security	63464	68377	73286	78357	83928
Education and Training	57883	62545	67176	71885	77090
Human health and social work activities	26915	29040	31141	33321	35780
Arts, entertainment and recreation	16765	18021	19364	20787	22319
Other service activities	38736	41730	44422	47047	50058
Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	3411	3638	3855	4105	4400
Product tax deducting product subsidy	271938	289409	312369	329673	350706

Source: Estimates from Annual Yearbook

Table 5: Total employed workers by economic sector*Unit: thousand people*

	2012	2013	2014	2015	2016
Total	51422	52208	52745	52840	53303
Agriculture, forestry, and fishing	24348	24362	24428	23258	22314
Mining and quarrying	285	266	243	228	214
Manufacturing	7100	7291	7617	8292	8883
Electricity, gas, steam and air conditioning supply	129	132	152	146	160
Water supply; sewerage, waste management and remediation activities	108	118	109	120	134
Construction	3270	3244	3185	3232	3807
Wholesale and retail trade; repair of motor vehicles and motorcycles	6311	6580	6554	6689	6775
Transportation and storage	1498	1500	1536	1622	1608
Accommodation and food service activities	2137	2217	2302	2441	2481
Information and communication	284	268	318	338	325
Financial and insurance activities	312	335	352	365	400
Real estate activities	148	151	158	157	188
Professional, scientific and technical activities	249	245	227	236	226
Administrative and support service activities	229	226	262	290	263
Activities of the Communist Party, Political-Social Organizations, Public administration and defense; compulsory social security	1582	1702	1698	1687	1731
Education and Training	1766	1817	1861	1856	1884
Human health and social work activities	482	505	493	540	570
Arts, entertainment and recreation	256	282	266	276	269
Other service activities	732	777	765	860	853
Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	174	174	191	204	212
Activities of International Organizations and Bodies	3	4	2	3	2
Omitted	19	10	26	2	3

Source: Estimates from Annual Yearbook

Table 6: Employment Elasticity of growth by different economic sectors within 2012-2016*Unit: %*

	2013	2014	2015	2016	2012-2016
Total	0.28	0.17	0.03	0.14	0.14
Agriculture, Forestry and Fishery	0.02	0.08	-1.99	-2.99	-0.86
Mining and quarrying	30.23	-3.70	-0.99	1.45	-4.09
Manufacturing	0.37	0.60	0.84	0.60	0.64
Electricity, gas, steam and air conditioning supply	0.25	1.24	-0.33	0.84	0.49
Water supply; sewerage, waste management and remediation activities	1.07	-1.22	1.32	1.53	0.62
Construction	-0.14	-0.27	0.14	1.78	0.36
Wholesale and retail trade; repair of motor vehicles and motorcycles	0.59	-0.05	0.23	0.16	0.19
Transportation and storage	0.03	0.46	1.12	-0.13	0.41
Accommodation and food service activities	0.38	0.84	2.64	0.25	0.75
Information and communication	-0.64	2.16	0.74	-0.46	0.61
Financial and insurance activities	1.05	0.89	0.48	1.25	0.87
Real estate activities	0.97	1.64	-0.32	4.95	1.76
Professional, scientific and technical activities	-0.22	-1.05	0.58	-0.58	-0.32
Administrative and support service activities	-0.16	2.27	1.86	-1.35	0.80
Activities of the Communist Party, Political-Social Organizations, Public administration and defense; compulsory social security	0.98	-0.04	-0.10	0.37	0.24
Education and Training	0.36	0.32	-0.04	0.21	0.21
Human health and social work activities	0.60	-0.33	1.35	0.75	0.56
Arts, entertainment and recreation	1.36	-0.77	0.53	-0.33	0.11
Other service activities	0.81	-0.25	2.10	-0.12	0.64
Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	0.00	1.65	1.07	0.51	0.88
Activities of International Organizations and Bodies	6.23	-4.94	7.05	-4.84	-0.84

Source: Estimates from Annual Yearbook

Table 7: Number and structure of employed people by age group

	2012	2013	2014	2015	2016	II/2017
Volume (thousand persons)	51,422	52,208	52,745	52,840	53,303	53,403
15-24	7,456	7,394	7,110	7,449	6,952	6,921
25-34	12,490	12,469	12,636	12,933	13,001	12,706
35-54 (women)/35-59 (men)	25,983	26,339	26,656	25,983	26,617	27,187
55+ (women)/60+ (men)	5,494	6,006	6,343	6,475	6,732	6,590
Structure (percent)	100.00	100.00	100.00	100.00	100.00	100.00
15-24	14.50	14.16	13.48	14.10	13.04	12.96
25-34	24.29	23.88	23.96	24.48	24.39	23.79
35-54 (women)/35-59 (men)	50.53	50.45	50.54	49.17	49.94	50.91
55+ (women)/60+ (men)	10.68	11.50	12.03	12.25	12.63	12.34

Source: Estimates from the Labour - Employment Survey, 2012- Quarter 2/2017

Table 8: Employment-to-population ratio by sex and rural/urban area

	2012	2013	2014	2015	2016	II/2017
Employment-to-population ratio (%)	75.41	76.01	76.06	75.77	75.14	74.33
Sex						
Male	79.98	80.44	80.52	80.58	79.83	78.97
Female	71.08	71.82	71.88	71.26	70.73	69.91
Area						
Urban	67.89	68.22	67.98	68.68	68.17	67.72
Rural	79.15	79.88	80.22	79.45	78.89	77.88

Source: Estimates from the Labour - Employment Survey, 2012- Quarter 2/2017

Table 9: Employment-to-population ratio by age group

	2012	2013	2014	2015	2016	II/2017
Total (%)	75.41	76.01	76.06	75.77	75.14	74.33
15-24	52.86	54.39	54.57	54.98	52.55	51.05
25-34	92.27	91.87	91.85	90.45	90.57	90.07
35-54 (women)/35-59 (men)	91.80	91.93	91.69	91.02	90.96	91.09
55+ (women)/60+ (men)	44.84	46.66	47.03	48.53	47.78	45.97
Male (%)	79.98	80.44	80.52	80.58	79.83	78.97
15-24	56.22	58.01	57.72	58.51	55.60	53.89
25-34	95.62	95.27	94.95	93.88	93.84	93.17
35-59	94.11	93.98	93.89	93.31	93.12	93.37
60+	45.68	47.18	47.33	50.46	49.01	47.41
Female (%)	71.08	71.82	71.88	71.26	70.73	69.91
15-24	49.21	50.43	51.19	51.24	49.36	48.05
25-34	88.99	88.59	88.82	87.09	87.30	86.96
35-54	89.21	89.58	89.20	88.39	88.45	88.44
55+	44.41	46.45	46.88	47.55	47.16	45.21

Source: Estimates from the Labour - Employment Survey, 2012- Quarter 2/2017

Table 10: Labour force participation rate of migrants (%)

	LF participation rate of migrants						LF participation rate Q2/2017
	2012	2013	2014	2015	2016	II/2017	
Total (%)	81.38	83.14	81.68	78.41	78.63	79.69	75.89
15-24	76.09	76.14	78.65	71.14	69.69	71.30	55.29
25-34	94.29	93.71	91.04	91.09	91.14	92.00	92.08
35-54 (women)/35-59 (men)	85.74	91.78	88.29	87.50	88.39	86.03	91.83
55+ (women)/60+ (men)	30.84	35.32	20.82	28.96	27.84	36.68	46.24
Male (%)	86.40	89.62	87.25	85.60	84.62	85.93	80.84
15-24	75.29	81.48	80.14	74.73	69.08	72.92	58.55
25-34	96.70	98.06	97.10	97.71	97.39	99.11	95.60
35-59	96.05	95.09	96.69	94.51	96.00	93.28	94.28
60+	46.01	43.33	12.60	29.64	29.11	37.74	47.64
Female (%)	78.05	78.62	77.79	73.15	74.29	74.84	71.18
15-24	76.50	73.55	77.80	69.08	70.03	70.25	51.85
25-34	92.26	89.91	86.05	85.27	85.70	85.78	88.56
35-54	74.49	87.36	79.99	79.54	79.85	77.99	88.99
55+	26.12	32.35	24.16	28.66	27.41	36.39	45.50

Source: Estimates from the Labour - Employment Survey, 2012- Quarter 2/2017