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DECENT WORK AND THE SUSTAINABLE DEVELOPMENT GOALS IN VIET NAM

COUNTRY PROFILE



2019

VIET NAM



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FOREWORD



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In 2015, world leaders at the United Nations General Assembly adopted the 2030 Agenda for Sustainable Development. The Agenda reflects a comprehensive and integrated approach to global development, applicable to all countries regardless of their stage of economic advancement, as they commit to pursuing the key principle of leaving no one behind. At the core of this new global development model are the 17 Sustainable Development Goals, or SDGs. They reflect the comprehensive nature of the Agenda itself and include complex issues never measured before, as well as cross-cutting themes. A set of appropriate indicators have been chosen to monitor SDG progress, some of which have been designed specifically for this purpose.

The International Labour Organization's (ILO) Decent Work Agenda is central to achieving this new development paradigm. The quest for decent work for all men and women is primarily included under Goal 8. However, decent work is also a cross-cutting topic underpinning the achievement of other goals. Therefore, while most labour-related indicators pertain to Goal 8, some refer to other goals, such as Goals 1, 5 and 10. Overall, the SDG indicators related to labour cover a range of aspects including both the quantity and quality of employment.

Viet Nam has shown remarkable commitment to the new sustainable development framework. In 2017, the country adopted a National Action Plan on the 2030 Agenda and, early in 2019, it launched the Viet Nam Sustainable Development Statistical Indicators list as a tool to make the SDG framework specific to the national context and to secure commitment from relevant institutions. Regarding labour-related issues in particular, Viet Nam has been upgrading its data collection capacity to support the monitoring of the SDGs. Viet Nam's Labour Force Survey, one of the most advanced of emerging Asia, has since January 2019 embraced modern standards adopted by the 19th International Conference of Labour Statisticians. The quality and regularity of Labour Force Survey data produced by Viet Nam's General Statistics Office made this report possible.

This publication is the result of a collaboration between ILO's Department of Statistics and ILO's Country Office for Viet Nam. Its objective is to analyse the country's labour market trends through the lenses of international SDG and labour market indicators. This approach provides the opportunity to compare Viet Nam's context with that of other countries, as is done at key stages of the analysis. Ultimately, this report aims to contribute to Viet Nam's commitment to implementing the principles of the ILO's Century Declaration and its "human-centred agenda for the future of work".

Rafael Diez de Medina

A blue ink signature of Rafael Diez de Medina, written in a cursive style.

Director, Department of Statistics
International Labour Office

Chang-Hee Lee

A blue ink signature of Chang-Hee Lee, written in a cursive style.

Director
ILO Country Office for Viet Nam

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DECENT WORK AND THE SUSTAINABLE DEVELOPMENT GOALS IN VIET NAM

ABBREVIATIONS

ASEAN	Association of Southeast Asian Nations
FDI	Foreign direct investment
FTA	Free trade agreement
GDP	Gross domestic product
GSO	General Statistics Office (of Viet Nam)
ICSE	International Classification of Status in Employment
ILO	International Labour Organization
ISCED	International Standard Classification of Education
ISCO	International Standard Classification of Occupations
ISIC	International Standard Industrial Classification of All Economic Activities
MDG	Millennium Development Goal
NEE	Not in education or employment
NEET	Not in education, employment or training
SDG	Sustainable Development Goal
SSI	Social Security Inquiry
TVET	Technical and vocational education and training
UN	United Nations
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations Children's Fund
VGCL	Vietnam General Confederation of Labour
VND	Vietnamese dong

I. INTRODUCTION

In 1985, Viet Nam was the eighth poorest country in the world, according to the World Development Indicators database. More precisely, it ranked eighth in terms of lowest gross domestic product (GDP) per capita among the 149 countries with available data. By 2018, Viet Nam's GDP per capita was over five times its 1985 level. Today, Viet Nam is a lower middle-income country and its dynamic economy increasingly attracts foreign investors. Viet Nam has undergone dramatic changes since the late 1980s, leading to economic growth and development. The economic boom of the past three decades unfolded at a time of intense transformation and sophistication of the economy. Development took place not just in the economic sphere: progress spanned over diverse areas of human life, including health and education. Life expectancy at birth grew from 69 years in 1985 to 76.5 in 2017, and the literacy rate improved from 88 per cent in 1989 to 94 per cent in 2009, according to the World Development Indicators.

In the context of international commitments to achieving sustainable development at the global level, which materialized in 2015 by all the United Nations Member States' adoption of the 2030 Agenda for Sustainable Development, the international community recognizes that economic prosperity cannot be pursued in isolation from social progress. To be sustainable, development must bring together the economic, social and environmental spheres, leaving no one behind, and foster prosperity for people and the planet. In the quest to achieve sustainable development, the role of labour markets is central. Ensuring decent work for all is a goal in itself, but it is also a strong means to achieve poverty reduction, build fairer societies where all women and men have a voice and enjoy access to equal opportunity, guarantee lifelong access to learning, contribute to peaceful and resilient communities, and support environmental sustainability.

Viet Nam has made clear its commitment to achieving sustainable development and decent work for all, by adopting a country-specific list of Sustainable Development Goal (SDG) indicators with an action plan for their implementation. In addition, Viet Nam has improved its system for labour market data collection and analysis, in close collaboration with the ILO. Having an accurate picture of the situation of the Vietnamese labour market is essential to inform action towards the realization of decent work and the SDGs. Particularly, it is enlightening to study the dramatic economic changes of the past few decades and their impact on Viet Nam's labour market.

Was the rapid economic growth accompanied by similar employment growth? Did the labour market progress as much and as fast as the economy? Did economic sophistication come with decent work improvements, such as the formalization of informal employment? Have there been improvements in employment

quality? Are workers holding decent jobs today? Is the Vietnamese labour market inclusive? Does it favour equal treatment? Do women face additional challenges to access employment? What is the quality of the jobs held by women?

This report attempts to reply to these questions, thus making a comprehensive assessment of the state of the Vietnamese labour market. This assessment is based on available data on SDG labour market indicators, complemented by numerous other labour indicators on many areas of decent work.

The report first introduces the general context of Viet Nam's quest to achieve decent work and the SDGs, including information on the country's recent history and on the 2030 Agenda for Sustainable Development. It then analyses the Vietnamese economic boom of the past few decades, with special emphasis on its implications on the labour market. Subsequently, it focuses on the country's sustained employment creation. Finally, it explores deficits in various areas of decent work.

II. GENERAL CONTEXT FOR VIET NAM'S EFFORTS TO ACHIEVE DECENT WORK AND SUSTAINABLE DEVELOPMENT

1. RECENT HISTORY OF VIET NAM

Today, Viet Nam is a lower middle-income country with a dynamic economy highly integrated into the global market. With several booming sectors, including tourism, trade and manufacturing, Viet Nam's economy has been growing uninterrupted for over three decades. And it is not only its economy that has been flourishing: Viet Nam's development was spread over many areas of human life. According to the 2018 Human Development Index, which takes into account health (through life expectancy at birth), education (through average years of schooling) and standard of living (through gross national income per capita), Viet Nam is in the medium human development category.

But it has not always been like this. After reunification in 1975–76, the Socialist Republic of Vietnam faced many hardships, including soaring inflation, slow growth, increasing debt, trade deficits, low productivity, poverty, unemployment, food shortages, insufficient consumer goods and adverse climate conditions affecting agricultural production. The government's centrally planned economy had strict targets for production levels and prices, and kept a tight grip on trade and the agricultural sector, organized in co-operatives.

In 1986, the 6th National Congress of the Communist Party of Vietnam introduced the Doi Moi, or "renovation". The Doi Moi was a set of economic and political reforms intended to renovate and liberalize the economy and foster development. The aim was to make Viet Nam a socialist-oriented market economy, and it worked. Almost immediately, economic liberalization strategies started transforming the scene, creating a booming private sector, increasing foreign investment and generating economic growth, industrialization, urbanization and soaring exports. While the State kept overall control over the economy, the private sector and cooperatives were allowed to prosper and participate actively in production. Viet Nam also managed to avoid the worst of the 1997 Asian financial crisis that ravaged several countries in the region. In 2008–09, after several years of sustained economic growth that repeatedly exceeded 7 per cent, the global economic downturn hit Viet Nam more severely, since the country had by

then reached higher levels of integration in the global economy. The country's rate of economic expansion temporarily dropped by around 2 percentage points but in 2012 began to climb again towards pre-crisis levels.

In addition to these economic shifts, Viet Nam also underwent remarkable social changes, accompanied by a demographic transformation. Health and education services improved and became more widely accessible, poverty significantly declined and the quality of life increased overall. Most of these gains were equitably distributed between women and men, contributing to narrowing gender gaps and fostering women's empowerment.

However, the economic liberalization also brought less positive aspects, and Viet Nam's society and economy are still facing challenges. The reduction of poverty and emergence of middle classes have occurred unequally across provinces, leading to strong inequalities, especially between urban and rural areas. Indeed, although the levels of poverty have declined remarkably and rapidly, inequality is proving resilient and is possibly growing. The most recent data¹ suggest a widening gap over the last five years and minor changes if the observation period is stretched to the last 15 years. Working conditions for low-skilled workers entail unsustainably long hours and low pay. Furthermore, although gender gaps have been bridged to some extent in many areas, women carry a heavy double burden as they are often expected to be the primary caregivers at home while working full time in the job market. In addition, data show women's limited access to managerial positions and disadvantage in securing an equal wage.

Viet Nam has set clear goals for its socio-economic development. The country aims to become an upper middle-income country by 2030 and to strengthen sustainability and growth inclusiveness along the way. The road towards achieving these goals is not free from challenges. The strengths that have led Viet Nam to becoming a lower middle-income country are not intrinsically what it takes to push the country to the next level. The low value-added manufacturing that accounts for most of the current foreign direct investment (FDI) has been instrumental in fuelling economic growth. However, the country is now looking at developing the higher value-added economy, supported by innovation and a skilled labour force, which is necessary to secure the country's future development. Viet Nam's education and technical and vocational education and training (TVET) system, on par with the standards of advanced economies as regards basic education, are coming under pressure to serve new labour market needs. For all these reasons, the linkage between decent work and socio-economic transformation is becoming increasingly tight. Without a fair and functioning labour market with decent work for all, Viet Nam's long-term goals will not be reached.

¹ GINI Index, World Bank Data, most recent available year: 2016 [accessed 10 September 2019].

2. THE SUSTAINABLE DEVELOPMENT GOALS AND THE DECENT WORK AGENDA

The Millennium Development Goals (MDGs) were the eight international development objectives established following the Millennium Summit of the United Nations (UN) in 2000, where the United Nations Millennium Declaration was adopted. The MDGs were meant to be achieved by 2015 and provided a global and overarching framework for economic development, including poverty reduction, improved health and education outcomes, and other priority areas across developing countries. While global efforts towards achieving the MDGs were very successful in many areas, progress was uneven in terms of both regions and goals. By their deadline in 2015, some of the goals remained unachieved and many new challenges had emerged in the world. Thus, the international community decided to take on both the unfinished aspects of the MDG agenda and the new global challenges in a more encompassing, integral manner, not only seeking to achieve development across all regions and goals but also ensuring the sustainability of this progress. Sustainable development is defined in the 1987 report *Our common future: Report of the World Commission on Environment and Development* as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”. Sustainable development associates three key elements that are interlinked and interdependent: economic growth, social inclusion and environmental protection. Based on this, world leaders adopted a set of 17 SDGs during the United Nations Sustainable Development Summit in September 2015. These goals constitute the core of the Agenda for Sustainable Development to be accomplished by 2030. The 17 SDGs listed in table 1, also known as the Global Goals, came into force on 1 January 2016.²

² Sections on the Millennium Development Goals and the Sustainable Development Goals are taken from ILO, 2018b.

TABLE 1. SUSTAINABLE DEVELOPMENT GOALS

GOAL NUMBER	GOAL
Goal 1	End poverty in all its forms everywhere
Goal 2	End hunger, achieve food security and improved nutrition and promote sustainable agriculture
Goal 3	Ensure healthy lives and promote well-being for all at all ages
Goal 4	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
Goal 5	Achieve gender equality and empower all women and girls
Goal 6	Ensure availability and sustainable management of water and sanitation for all
Goal 7	Ensure access to affordable, reliable, sustainable and modern energy for all
Goal 8	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
Goal 9	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
Goal 10	Reduce inequality within and among countries
Goal 11	Make cities and human settlements inclusive, safe, resilient and sustainable
Goal 12	Ensure sustainable consumption and production patterns
Goal 13	Take urgent action to combat climate change and its impacts
Goal 14	Conserve and sustainably use the oceans, seas and marine resources for sustainable development
Goal 15	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
Goal 16	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
Goal 17	Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development

These 17 SDGs build on the MDGs but aim to go further, striving to end all forms of poverty and ensure sustainable development everywhere. They are universal, that is, they apply to countries in all stages of development and take into account differences in national contexts, capacities and priorities. They bring together efforts by various actors, including governments, international organizations, civil society and the private sector, although governments are expected to take ownership and design national frameworks for the realization of the 2030 Agenda. The SDGs promote prosperity while protecting the planet, putting forward the idea that ending poverty must be aligned with strategies for economic growth while addressing social needs and environmental concerns. The 17 goals are interconnected and include many cross-cutting elements, such as gender equality. It is also worth noting that the 2030 Agenda specifically presents way of implementing these goals to achieve them by their deadline.

In this context, the quest for decent work for all has gained importance in the SDGs compared to the MDGs. The central role of decent work in promoting economic development was already recognized in the MDGs, but the SDGs go further, giving it increased prominence and highlighting not only its relevance for the economic sphere, but for the social and environmental spheres as well. Indeed, decent work appears in the SDGs as a goal and also as a means to achieve other goals.

Recognizing the importance of productive employment and decent work in achieving social justice and poverty reduction, the ILO has developed an agenda to foster them around the globe. The ILO's Decent Work Agenda is based on four pillars: job creation, rights at work, social protection and social dialogue, with gender equality as a cross-cutting objective. The objective of decent work implies that development will not be attained simply through employment creation irrespective of employment quality: the jobs created need to be decent jobs, productive and adequately remunerated, with satisfactory working time and safety in the workplace, giving access to social dialogue, providing social protection to workers and their families, and favouring personal development and social integration.

The SDG framework emphasizes decent work and Goal 8 is dedicated to it (Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all), taking the form of 12 targets covering a range of topics, such as per capita GDP growth, labour productivity, the formalization of the economy and labour market, the protection of migrant workers, the situation of youth in the labour market and the eradication of forced labour and the worst forms of child labour.

In addition to being clearly included as a separate goal, decent work is also a cross-cutting topic in the SDG framework, with a strong presence in many other goals, such as Goal 1 (End poverty), Goal 4 (Ensure quality education), Goal 5 (Achieve gender equality), Goal 10 (Reduce inequality), Goal 14 (Conserve marine resources) and Goal 16 (Promote justice and institutions).

In order to monitor progress made towards achieving the Global Goals and the corresponding targets, identify areas of concern and inform policy formulation, it is necessary to have a set of valid and reliable indicators. At the national level, to assess to what extent the 2030 Agenda is implemented within countries, governments can prioritize the indicators that best serve national needs, taking into account the national context and statistical development. However, at the global level, to measure progress from a wider point of view, it is crucial to have a set of indicators that can be produced in a regular, timely, reliable and comparable manner, within a framework agreed upon at the international level. This global indicator framework was developed by the Inter-agency and Expert Group on SDG Indicators and agreed upon at the forty-eighth session of the UN Statistical Commission, held in March 2017. It was later adopted by the UN General Assembly in July 2017.

The SDG global indicator framework includes numerous indicators related to the labour market and social protection, allowing to measure progress on various aspects of decent work. The SDG labour market indicators (listed in table 2) are varied and comprehensive: they touch upon issues of employment quantity (such as unemployment) and also quality (such as informality, the adequacy of earnings, access to social protection and occupational safety), as well as work that should be abolished (child labour), gender inequalities and the labour market situation of youth and people with disabilities.

TABLE 2. SDG INDICATORS PERTAINING TO THE LABOUR MARKET AND SOCIAL PROTECTION

INDICATOR NUMBER	INDICATOR TITLE
1.1.1	Proportion of population below the international poverty line, by sex, age, employment status and geographical location (urban/rural)
1.3.1	Proportion of population covered by social protection floors/systems, by sex, distinguishing children, unemployed persons, older persons, persons with disabilities, pregnant women, new-borns, work-injury victims and the poor and the vulnerable
1.a.2	Proportion of total government spending on essential services (education, health and social protection)
4.3.1	Participation rate of youth and adults in formal and non-formal education and training in the previous 12 months, by sex
5.5.2	Proportion of women in managerial positions
8.2.1	Annual growth rate of real GDP per employed person
8.3.1	Proportion of informal employment in non-agriculture employment, by sex
8.5.1	Average hourly earnings of female and male employees, by occupation, age and persons with disabilities
8.5.2	Unemployment rate, by sex, age and persons with disabilities
8.6.1	Proportion of youth (aged 15–24) not in education, employment or training
8.7.1	Proportion and number of children (aged 5–17) engaged in child labour, by sex and age
8.8.1	Frequency rates of fatal and non-fatal occupational injuries, by sex and migrant status
8.8.2	Level of national compliance of labour rights (freedom of association and collective bargaining) based on ILO textual sources and national legislation, by sex and migrant status
8.b.1	Existence of a developed and operationalized national strategy for youth employment, as a distinct strategy or as part of a national employment strategy
9.2.2	Manufacturing employment as a proportion of total employment
10.4.1	Labour share of GDP, comprising wages and social protection transfers
10.7.1	Recruitment cost borne by employee as a proportion of yearly income earned in country of destination
14.c.1	Number of countries making progress in ratifying, accepting and implementing through legal, policy and institutional frameworks, ocean-related instruments that implement international law, as reflected in the United Nation Convention on the Law of the Sea, for the conservation and sustainable use of the oceans and their resources
16.10.1	Number of verified cases of killing, kidnapping, enforced disappearance, arbitrary detention and torture of journalists, associated media personnel, trade unionists and human rights advocates in the previous 12 months

Producing timely and reliable statistics on all the labour market and social protection indicators included in the SDG global indicator framework requires the existence of a highly developed labour market statistics system, integrating all the main sources of labour statistics (namely, labour force surveys, other household surveys such as household income and expenditure surveys, establishment surveys, various types of administrative records and national accounts).

As comprehensive as the list of SDG indicators is, it is still not exhaustive. Thus, countries should complement them as necessary with additional indicators to convey a fuller picture of the labour market and inform on priority issues, according to national circumstances.

Viet Nam has shown great commitment to achieving the SDGs and, as part of this commitment, the Vietnamese authorities have vowed to develop reliable statistics to measure progress in this regard. Viet Nam has drawn a National Action Plan to implement the SDGs, released in May 2017, detailing a roadmap to achieve sustainable development. In March 2019, the Government of Viet Nam adopted the Viet Nam SDG indicator framework, which includes 158 indicators from the global SDG indicator framework, of which 24 relate to the labour market. This was an inclusive process, integrating all the main actors at the national level. Regarding labour market issues and labour statistics in particular, the agencies involved were the Ministry of Labour, Invalids and Social Affairs, the General Statistics Office of Viet Nam (GSO), the Vietnam Chamber of Commerce and Industry, the Vietnam General Confederation of Labour and the ILO, among others.

This report explores the decent work aspects of the SDG agenda in Viet Nam, providing an SDG labour market profile of the country. It analyses the trends and patterns of all SDG labour market indicators for which data are available. However, since the SDG indicators were designed for global monitoring, they provide a very rough picture of the labour market and an initial approximation to labour market issues. Thus, focusing only on global SDG labour market indicators would be too restrictive. Therefore, for an in-depth understanding of the Vietnamese labour market situation with a view to achieving the SDGs, this report complements the SDG indicators with numerous other labour market indicators. SDG indicators and the additional complementary labour indicators are presented and analysed by theme, following a thematic approach that reviews the various labour market aspects included in the SDGs.

III. THE VIETNAMESE ECONOMIC BOOM AND LABOUR MARKET TRANSFORMATION

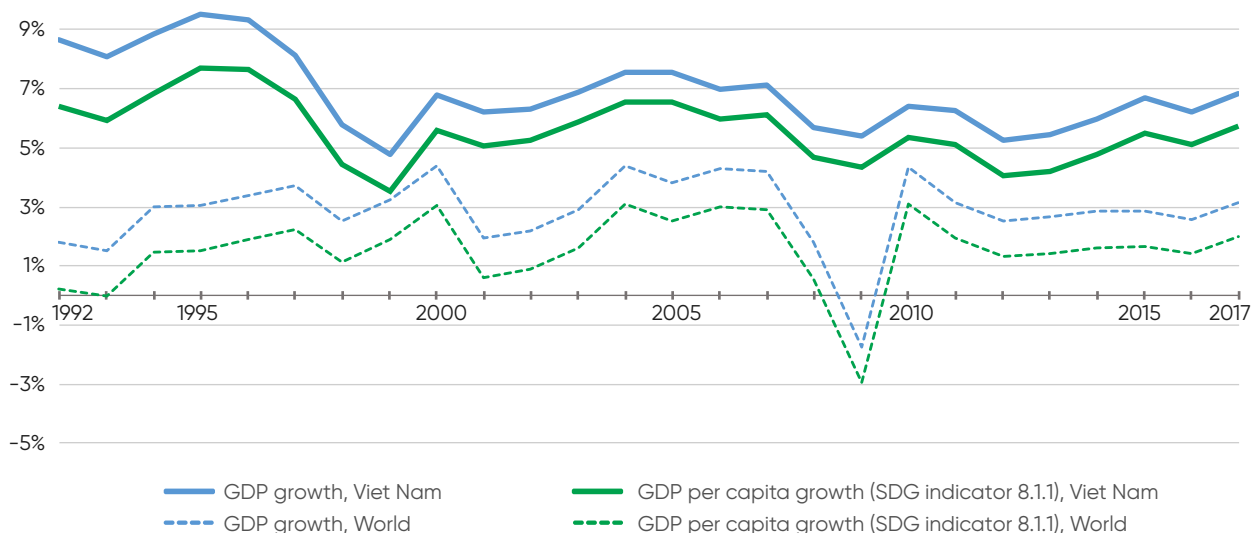
1. ECONOMIC BOOM AND INTEGRATION INTO THE GLOBAL ECONOMY

In 2009, Viet Nam became a lower middle-income economy, according to the World Bank country classification by income which until then had considered Viet Nam to be a low-income economy. This achievement was the result of decades of uninterrupted economic growth, dramatic changes leading to economic sophistication and transformation, and integration into global markets.

Vietnamese GDP has been growing continuously at least since the beginning of the 1990s, and so has the GDP per capita. The pace of economic growth was remarkable for most of the period, exceeding 7 per cent from 1992 to 1997, and then again from 2004 to 2005.

During the past three decades, the Vietnamese economy has outperformed the global economy by far: the GDP annual growth rate has consistently been higher in Viet Nam than for the world as a whole. Furthermore, Viet Nam was fairly resilient to the 2009 global recession. Although the country experienced a decline in GDP growth of around 2 per cent in the aftermath of the crisis, it still managed to secure an economic growth rate of over 5 per cent in the midst of the financial turmoil.

FIGURE 1. ANNUAL GROWTH RATES OF GDP AND GDP PER CAPITA, VIET NAM AND THE WORLD, 1992–2017 (%)



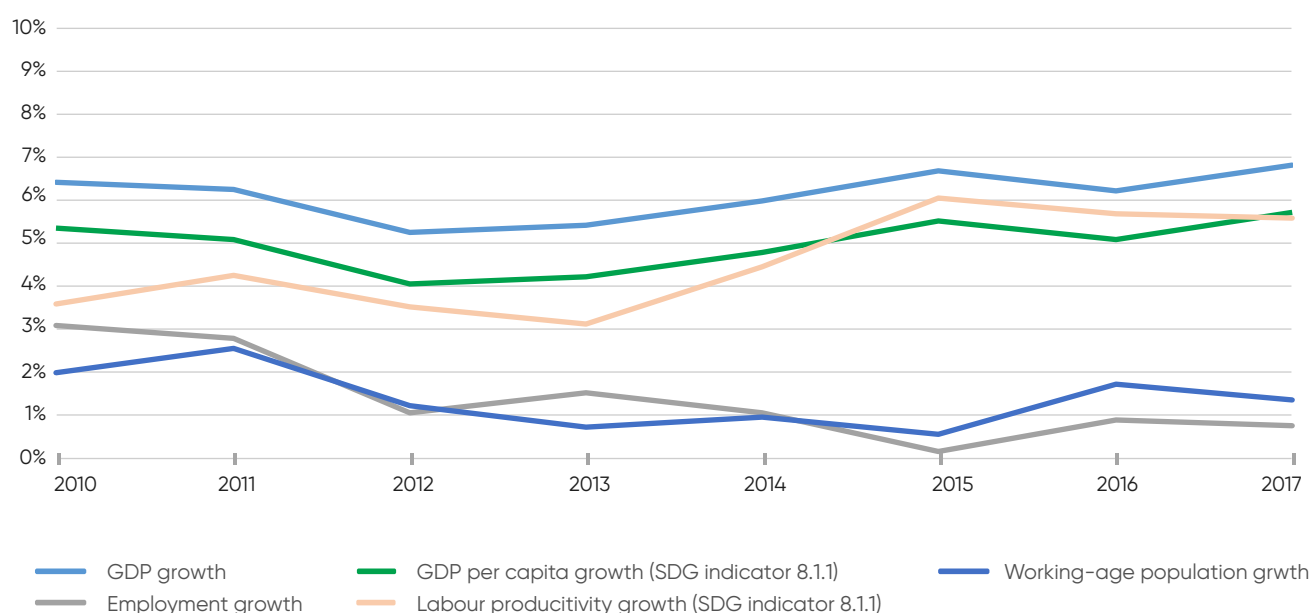
Note: Based on GDP in constant 2010 US dollars.

Sources: World Development Indicators and ILO modelled estimates, November 2018.

But has the labour market kept up with the economy? Has employment grown as fast and as much as national output? Figure 2 shows that since 2010, the trend in employment growth is relatively aligned with the trends in growth of the working-age population. This suggests that employment grows together with the labour force, probably the result of a combination of high levels of labour force participation and a significant informal employment rate. This reflects the ease at which working-age individuals can pick up income-generating activities (most often informal). This dynamic often curtails productivity growth rates, as a significant share of labour's contribution goes to microbusinesses in the informal economy. Viet Nam's labour productivity is currently on the low spectrum among ASEAN countries. At 5.6 per cent in 2017, the country has reached higher labour productivity than Cambodia or

Myanmar, but it is far from the levels of Indonesia or Thailand. Nevertheless, the growth rates of labour productivity have been sustained and have increased steadily since the early 2000s. Figure 2 also shows that over the past decade, GDP growth in Viet Nam has consistently been higher than employment growth, reaching a difference of almost 6 percentage points in 2017. As a result, labour productivity has been increasing at faster rates than employment since 2010, implying a certain substitution of labour by capital, due to industrialization. This picture clearly shows a segmentation of the labour market, between few higher-productivity jobs and a majority of informal income-generating activities that do not have the power to realize the inclusive growth that Viet Nam aims to accomplish. While increasing labour productivity is essential to improve working conditions and lift living standards further, it is equally essential to ensure that economic growth is mostly led by the generation of good-quality employment for most workers. This analysis shows that, so far, this has not been the case to any significant extent.

FIGURE 2. GDP ANNUAL GROWTH, GDP PER CAPITA GROWTH, EMPLOYMENT, LABOUR PRODUCTIVITY AND THE WORKING AGE POPULATION, VIET NAM, 2010-2017 (%)



Note: Based on GDP in constant 2010 US dollars.

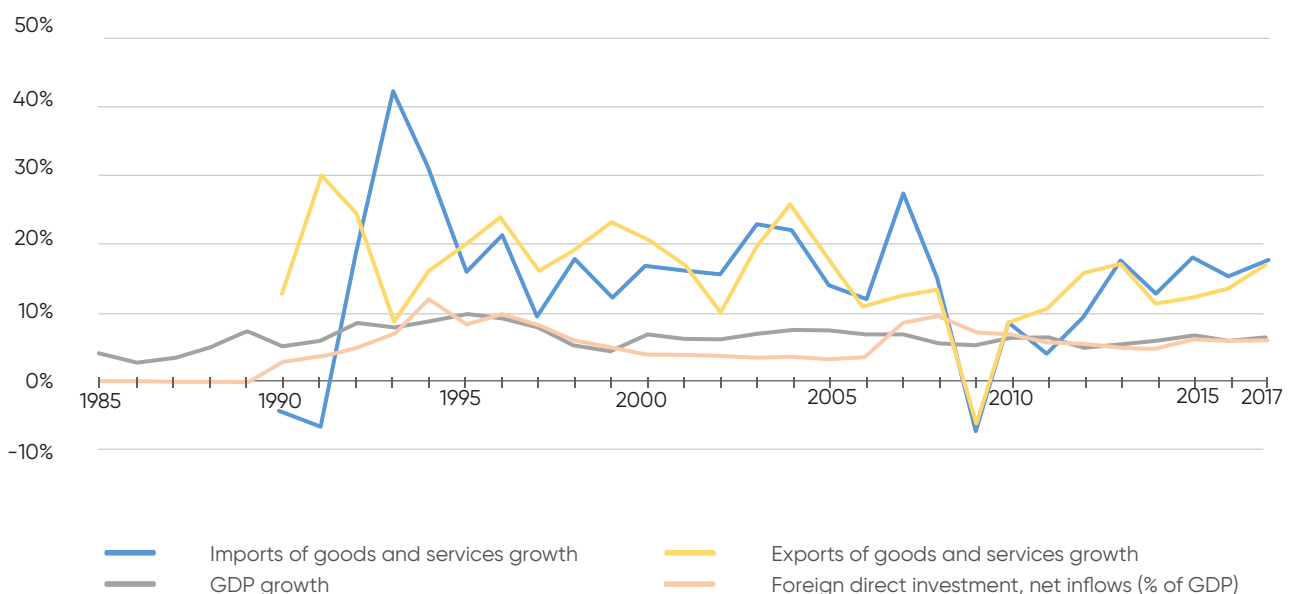
Sources: World Development Indicators, Labour Force Survey and ILO modelled estimates, November 2018.

Viet Nam's economic boom during the past three decades coincided with a period of opening to foreign markets and increased integration into the global economy. Since the inception of Doi Moi in 1986, various measures and policies have contributed to making Viet Nam the attractive destination it is today for foreign investment and a leading exporter in many agricultural and manufacturing areas. Viet Nam is a member of the Association of Southeast Asian Nations (ASEAN) since 1995, of the Asia-Pacific Economic Cooperation since 1998 and of the World Trade Organization since 2007. Accession to these organizations was a milestone for Viet Nam, reflecting the advent of its integration into the global economy. More recently, the country has joined free trade agreements (FTA) that are giving the country preferential access to large advanced markets.

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership between Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Viet Nam was ratified by the country in 2018. In 2019, Viet Nam signed yet another FTA, this time with the European Union. These recent treaties are especially important because they belong to a “new generation” of FTAs. Both treaties include requirements to ensure the upholding of labour rights by signatory parties, and sustainability and inclusive growth resulting from the economic partnership. In particular, both FTAs require countries to adopt and implement the tenets of the ILO Declaration on Fundamental Principles and Rights at Work, encapsulated in the eight fundamental ILO Conventions.

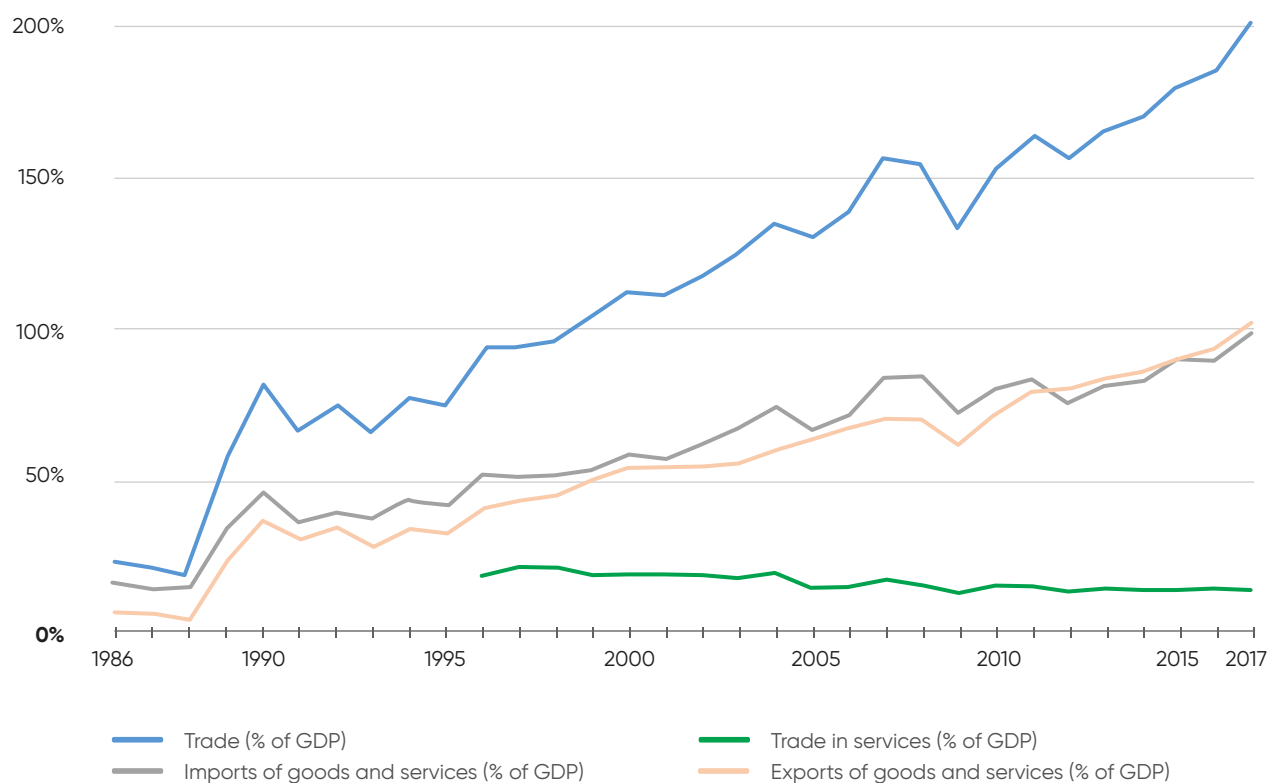
Figures 3 and 4 clearly depict Viet Nam’s process of integration into the global economy since the late 1980s. Foreign direct investment was virtually inexistent in 1985 but represented 12 per cent of the country’s GDP in 1994 (figure 3). The continuous growth in imports and exports since the early 1990s was only interrupted in 2009, when the global recession ravaged the economy of Viet Nam’s trade partners. The significance of trade in the country’s economy has continued on a remarkable upward trend for the past three decades, to a point in 2017 when the amount traded represented twice the country’s GDP (figure 4). The Vietnamese balance of trade has traditionally been in deficit, but since 2012 the volume of exports exceeds that of imports.

FIGURE 3. NET INFLOWS OF FOREIGN DIRECT INVESTMENT AND ANNUAL GROWTH OF IMPORTS AND EXPORTS, VIET NAM, 1985–2017 (%)



Note: Based on GDP in constant 2010 US dollars.
Source: World Development Indicators.

FIGURE 4. INDICATORS ON TRADE, VIET NAM, 1986–2017 (%)



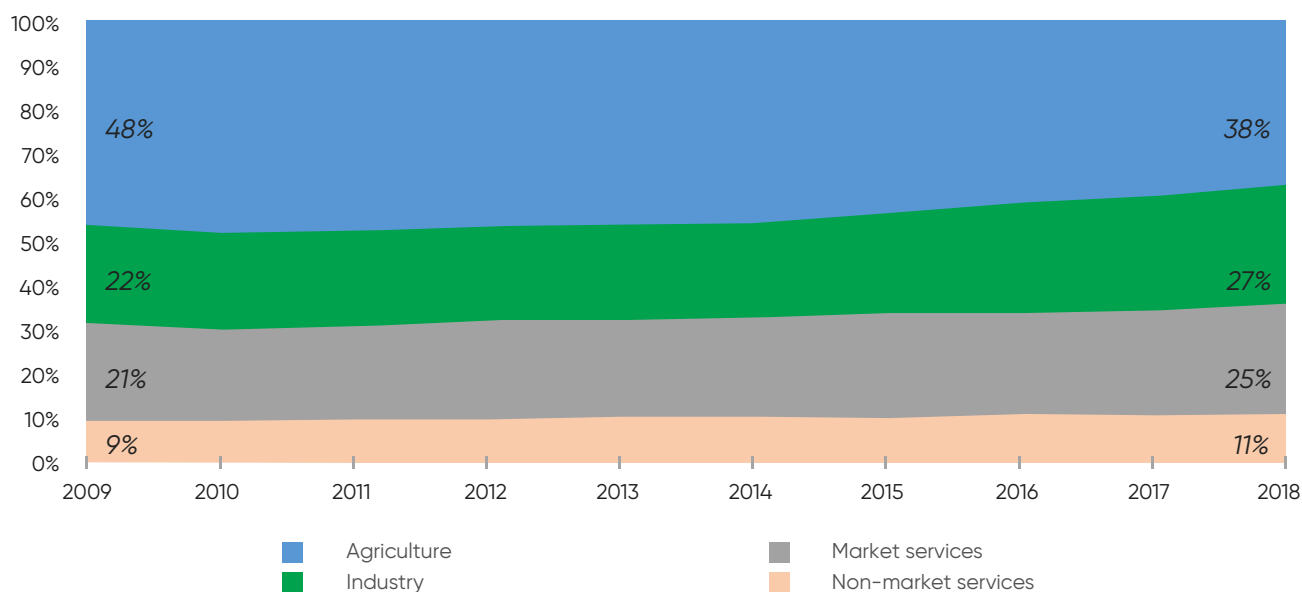
Note: Based on GDP in constant 2010 US dollars.
Source: World Development Indicators.

2. ECONOMIC TRANSFORMATION AND SOPHISTICATION

Viet Nam's economic boom was characterized by an intense economic transformation, leading to significant changes in the labour market. Indeed, Viet Nam has traditionally predominantly been an agricultural country, but the share of employment in agriculture has steadily declined for decades, to the benefit of the industrial and services sectors. As shown in figure 5, although in 2018 agriculture still accounted for more than one third of the country's employment (38 per cent), it has fallen dramatically, by 10 percentage points, since 2009. During the same period, the share of employment in the industrial sector increased by 5 percentage points to reach 27 per cent in 2018, while the share of employment in market services rose by 4 percentage points to stand at 25 per cent in 2018. The share of employment in non-market services went from 9 per cent in 2009 to 11 per cent in 2018.

The patterns of employment distribution by sector become evident when looking into the growth rates of employment in each economic activity. Agricultural employment growth has slowed since 2010, even becoming negative in 2014, while employment in industry and services has risen overall (figure 6).

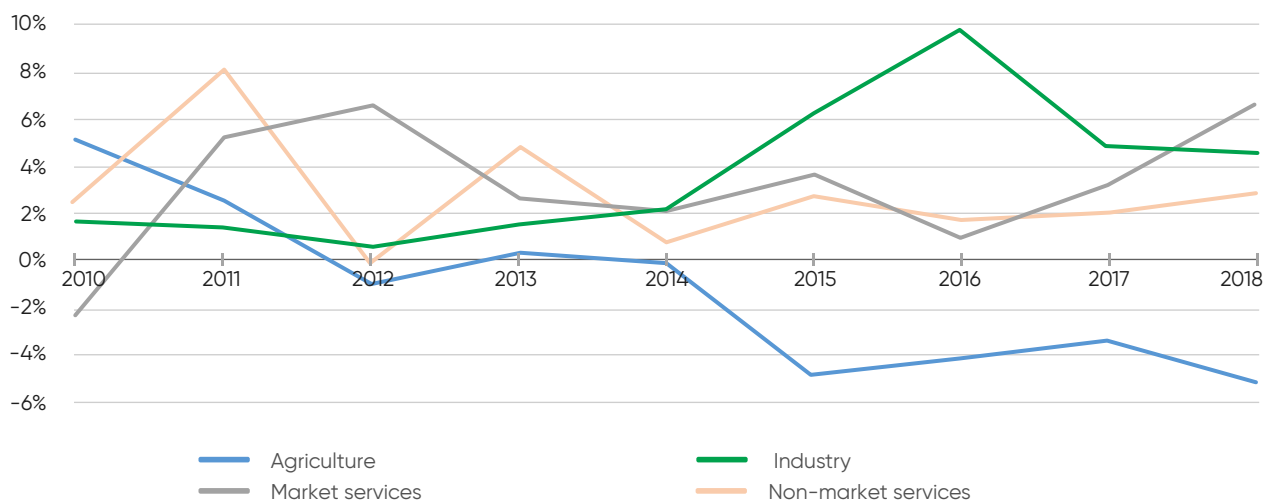
FIGURE 5. DISTRIBUTION OF EMPLOYMENT BY SECTOR, VIET NAM, 2009–2018 (%)



Notes: Based on International Standard Industrial Classification (ISIC) Rev. 4. Agriculture refers to ISIC Rev. 4 category A. Industry refers to ISIC Rev. 4 categories B to F. Market services refer to ISIC Rev. 4 categories G to N. Non-market services refer to ISIC Rev. 4 categories O to U.

Source: Labour Force Survey.

FIGURE 6. ANNUAL EMPLOYMENT GROWTH BY SECTOR, VIET NAM, 2010–2018 (%)

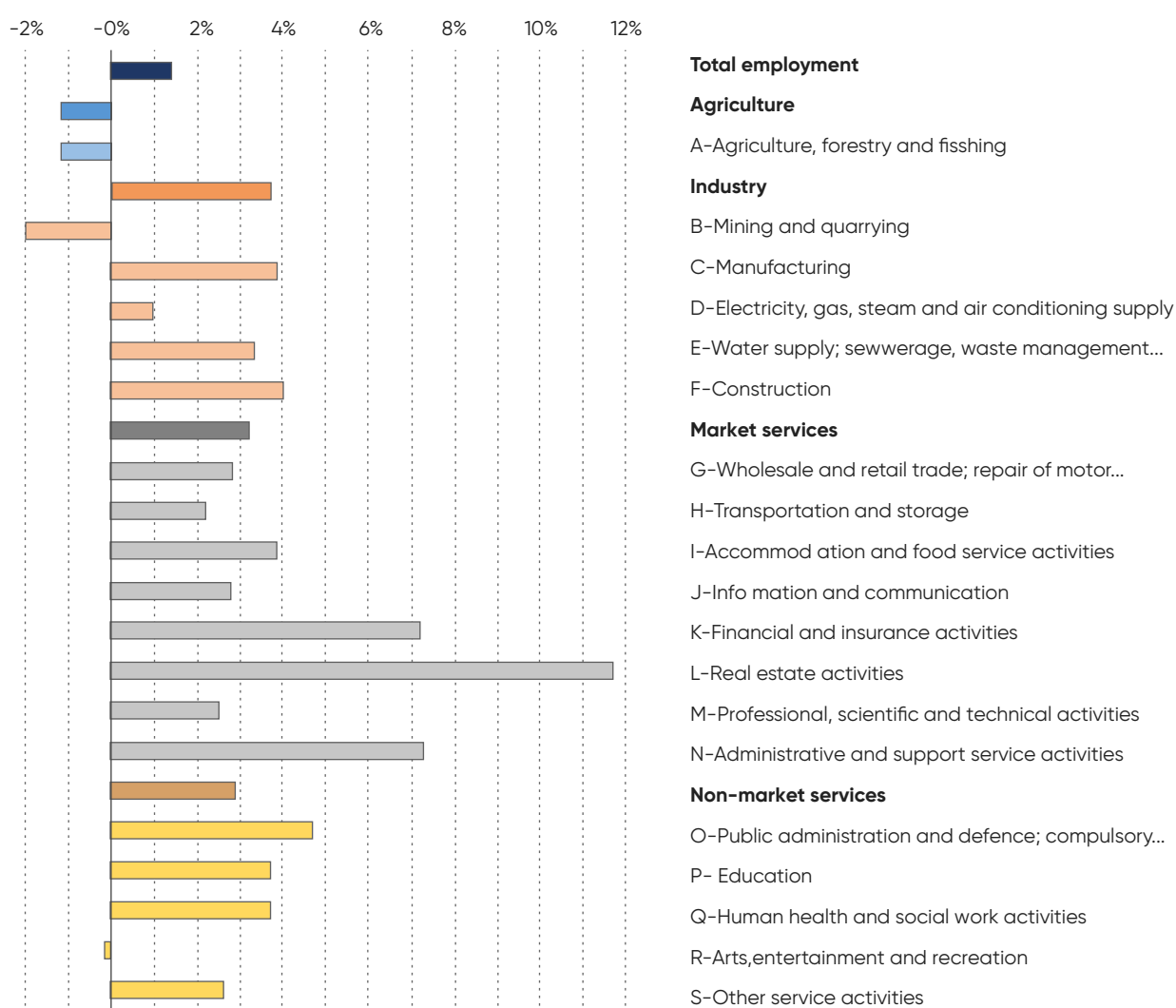


Notes: Based on International Standard Industrial Classification (ISIC) Rev. 4. Agriculture refers to ISIC Rev. 4 category A. Industry refers to ISIC Rev. 4 categories B to F. Market services refer to ISIC Rev. 4 categories G to N. Non-market services refer to ISIC Rev. 4 categories O to U.

Source: Labour Force Survey.

A focus on average annual employment growth in detailed economic sectors shows that the most significant performance from 2010 to 2018 was in real estate activities (figure 7). Employment in this sector expanded at a rate of close to 12 per cent per year, which is remarkable given that the overall employment growth rate for the period was 1.4 per cent. Growth in real estate employment reflects the urbanization process that the country has been experiencing. Employment growth in sectors such as financial and insurance activities (with more than 7 per cent per year on average), construction (4 per cent) and of course manufacturing (3.8 per cent) all reflect the economic transformation that has been unfolding in the economy, successfully kick-started by the *Doi Moi*. A 3.9 per cent increase in employment in accommodation and food service activities mirrors the tourism expansion that has made Viet Nam one of the most in-demand destinations in South-East Asia. Unsurprisingly, the sectors showing significant negative average annual employment growth from 2010 to 2018 are agriculture (-1.1 per cent) as well as mining and quarrying (-2.0 per cent).

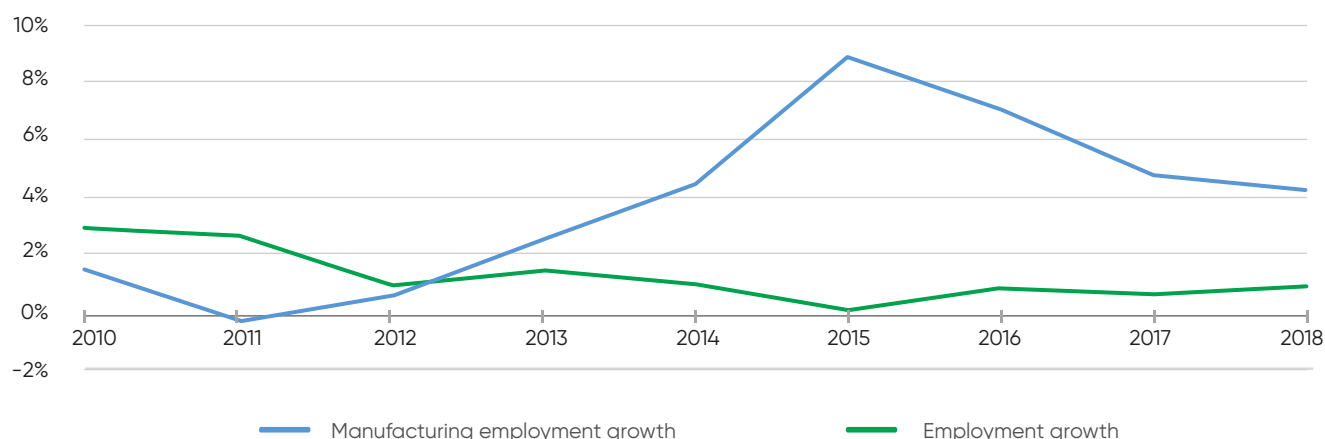
FIGURE 7. AVERAGE ANNUAL EMPLOYMENT GROWTH PER ECONOMIC ACTIVITY, VIET NAM, 2010–2018 (%)



Note: Based on International Standard Industrial Classification (ISIC) Rev. 4.
Source: Labour Force Survey.

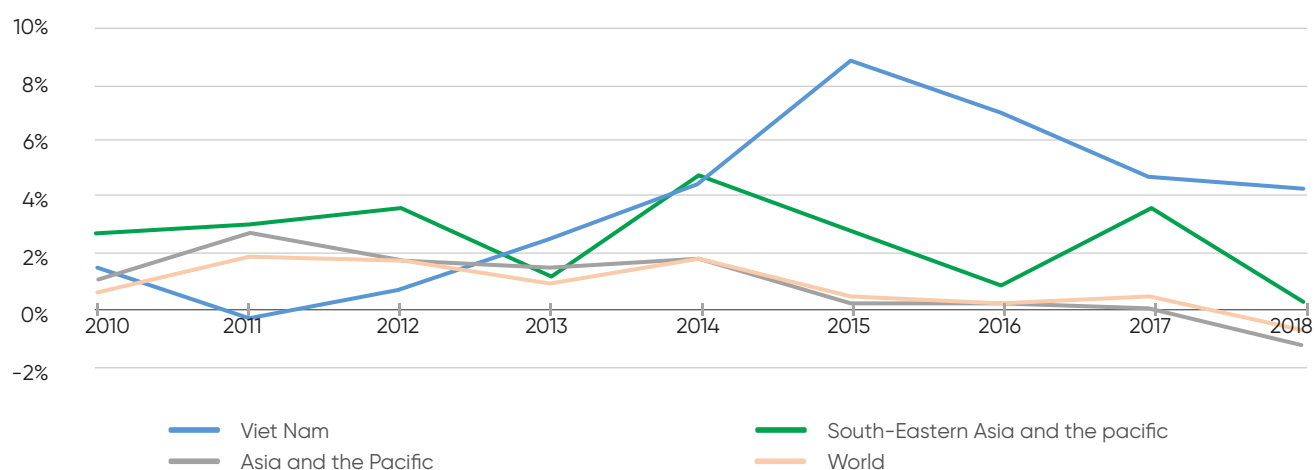
An analysis of actual year-to-year employment trends by sector reveals that the most striking indication of the speed of industrialization in Viet Nam is the growth rate in manufacturing employment. This has grown during the past several years at a faster rate than total employment in Viet Nam (figure 8), at a much faster pace than the region and the world (figure 9) and to a higher share in employment than any other ASEAN country (figures 10a and 10b).

FIGURE 8. EMPLOYMENT GROWTH, TOTAL AND IN MANUFACTURING, VIET NAM, 2010-2018(%)



Note: Based on International Standard Industrial Classification (ISIC) Rev. 4. Manufacturing refers to ISIC Rev. 4 category C.
Source: Labour Force Survey.

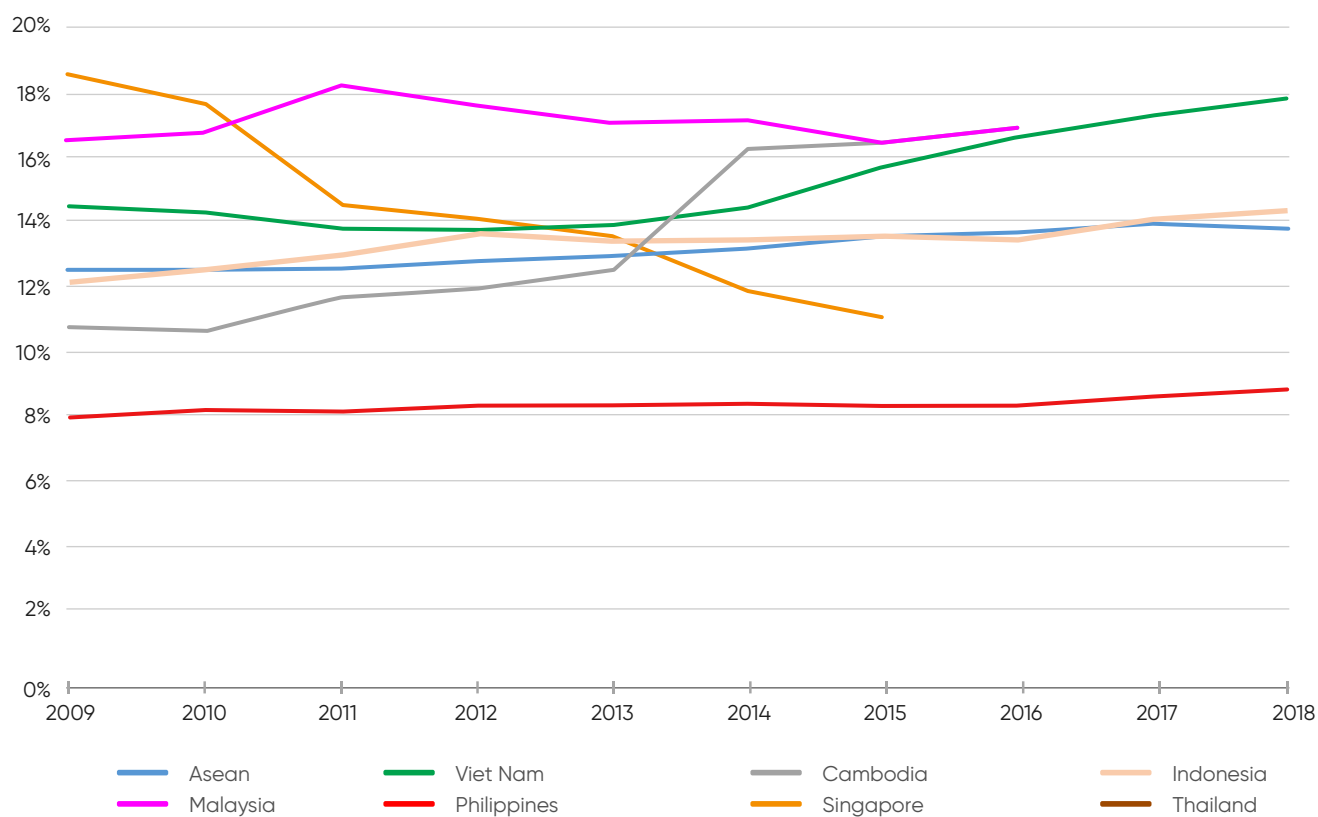
FIGURE 9. MANUFACTURING EMPLOYMENT GROWTH, VIET NAM, THE REGION AND THE WORLD, 2010-2018 (%)



Note: Based on International Standard Industrial Classification (ISIC) Rev. 4. Manufacturing refers to ISIC Rev. 4 category C.
Sources: Labour Force Survey and ILO modelled estimates, November 2018.

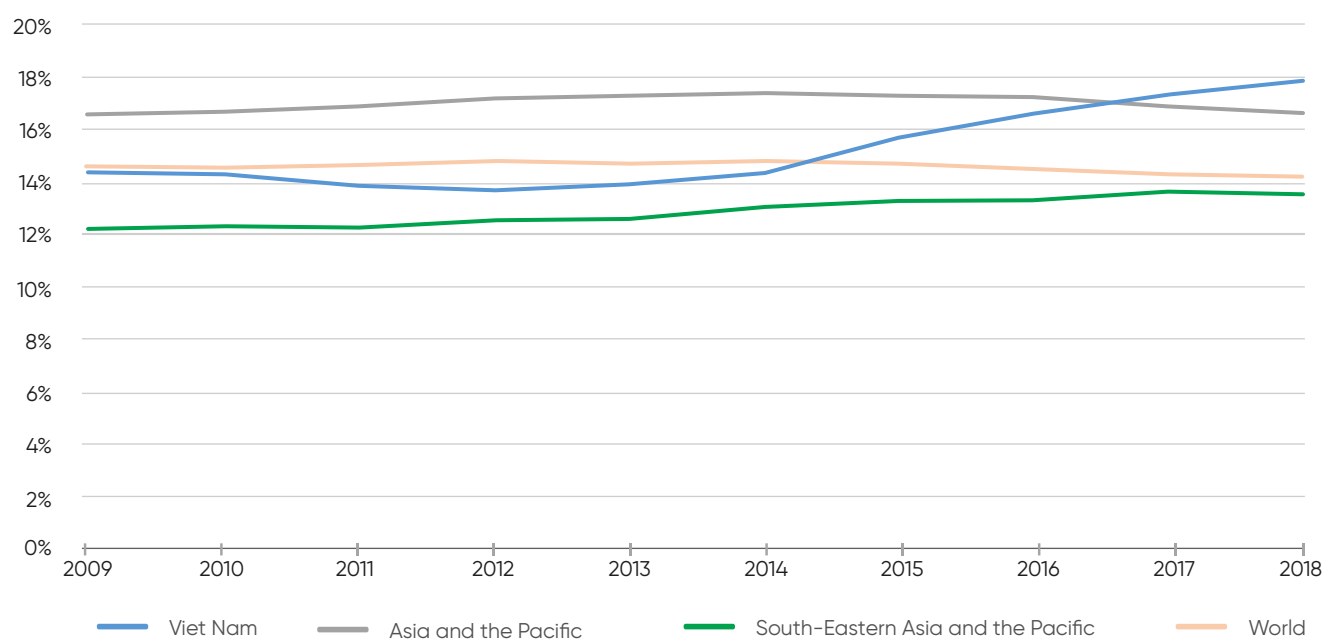
The Vietnamese manufacturing sector is flourishing, creating an engine for decent work creation that has the potential to drive skills acquisition by the labour force, job formalization, higher productivity and better working conditions, and further economic sophistication. Employment in manufacturing falls typically in the category of wage and informal employment. This is often considered a more desirable type of employment, as opposed to own-account work and contributing family work, which are considered forms of vulnerable employment. That being said, as discussed further in this report, the fact that manufacturing has the potential to generate better jobs does not per se mean that this potential is currently fulfilled.

**FIGURE 10a. SHARE OF MANUFACTURING EMPLOYMENT, ASEAN COUNTRIES
(SDG INDICATOR 9.2.2), 2009-2018 (%)**



Source: ILOSTAT - Labour force or other types of household surveys.

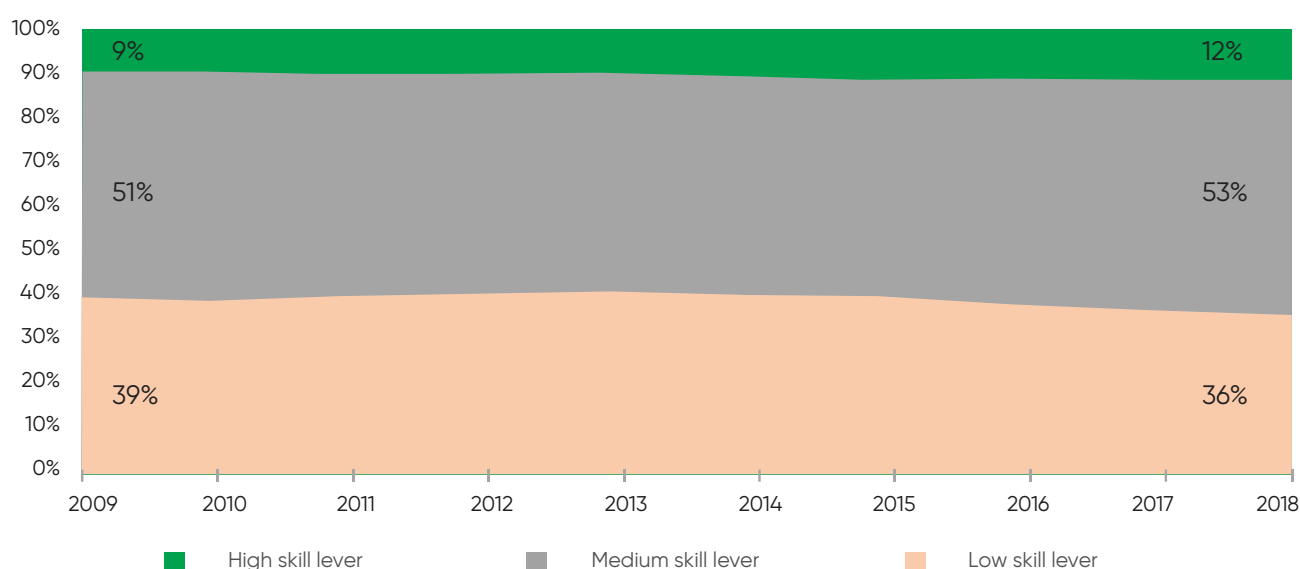
FIGURE 10b. SHARE OF MANUFACTURING EMPLOYMENT, VIET NAM, THE REGION AND THE WORLD (SDG INDICATOR 9.2.2), 2009-2018 (%)



Note: Based on International Standard Industrial Classification (ISIC) Rev. 4. Manufacturing refers to ISIC Rev. 4 category C.
Sources: Labour Force Survey and ILO modelled estimates, November 2018.

The economic transformation was not limited to sectoral distribution: it involved improvements in the skills of the workforce as well, leading to a sophistication of the economy and the labour market. The level of skills is defined here with relation to the 2008 International Standard Classification of Occupations (ISCO). A low skill level refers to ISCO-08 category 9 (elementary occupations). A medium skill level refers to ISCO-08 categories 4 to 8 (clerical support workers; services and sales workers; skilled agricultural, forestry and fishery workers; craft and related trades workers; and plant and machine operators and assemblers). A high skill level refers to ISCO-08 categories 1 to 3 (managers; professionals; and technicians and associate professionals). During the last decade, while the share of employed with a low skill level went from 39 per cent in 2009 to 36 per cent in 2018, the share of employed with a medium or a high skill level increased (figure 11).

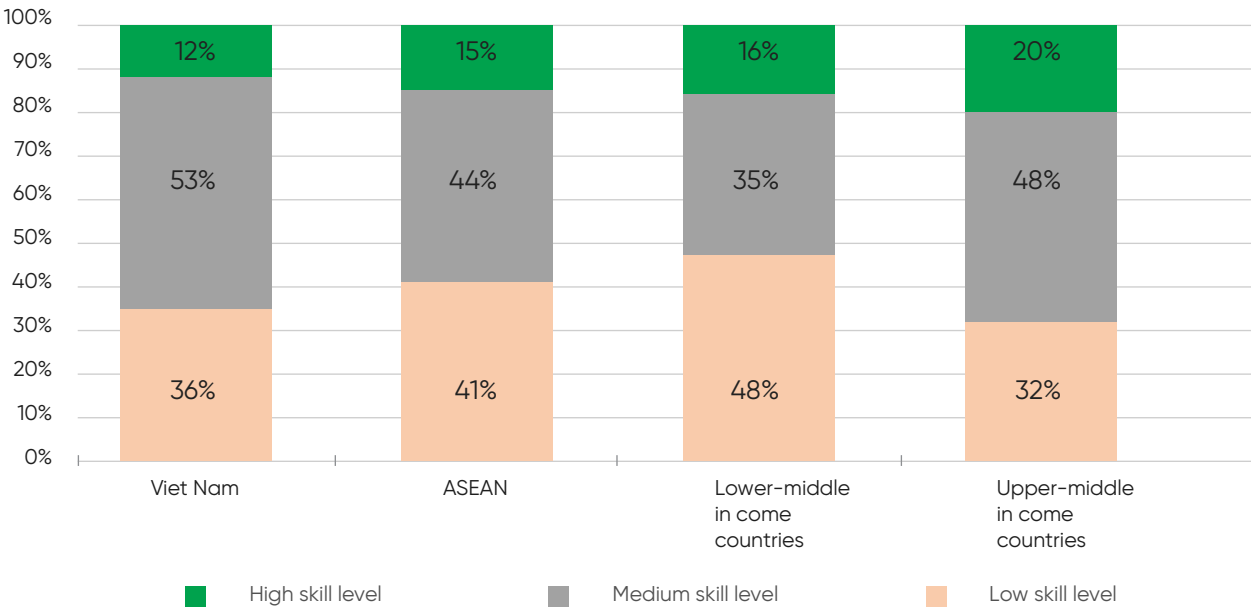
FIGURE 11. EMPLOYMENT DISTRIBUTION BY SKILL LEVEL, VIET NAM, 2009–2018 (%)



Notes: Based on the ISCO-08. Low skill level refers to ISCO-08 category 9. Medium skill level refers to ISCO-08 categories 4 to 8. High skill level refers to ISCO-08 categories 1 to 3.
Source: Labour Force Survey.

Given that Viet Nam joined the lower middle-income country group in 2010 and is now aiming to reach upper middle-income status, it is interesting to compare the employment distribution by skill level in the country with the average of the income groups. Figure 12 illustrates the results of this comparison. Viet Nam's employment distribution by skill level shows a slightly lower share of high-skill employment than the average of the lower middle-income countries. However, the country's share of low-skill employment is also relatively lower, leading to a large, 53 per cent share of medium-skill level employment. While the average lower middle-income country relies significantly on low-skill employment, Viet Nam seems to have moved away from that growth model. A comparison of Viet Nam to upper middle-income countries, on the other hand, reveals the gap that Viet Nam needs to fill, by pushing for more high-skill job creation.

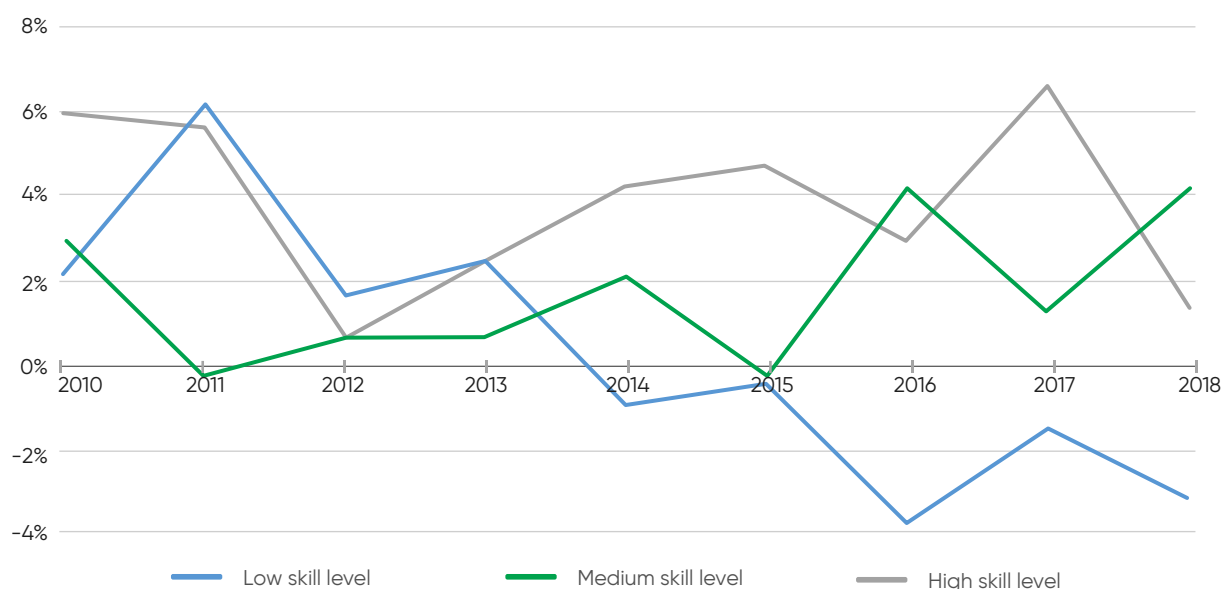
FIGURE 12. DISTRIBUTION OF EMPLOYMENT BY SKILL LEVEL, VIET NAM, ASEAN AND BY INCOME GROUP, 2018 (%)



Notes: Based on the ISCO-08. Low skill level refers to ISCO-08 category 9 for Viet Nam, and to elementary occupations and skilled agricultural, forestry and fishery workers for aggregates. Medium skill level refers to ISCO-08 categories 4 to 8. High skill level refers to ISCO-08 categories 1 to 3.
 Sources: Labour Force Survey and ILO modelled estimates, November 2018.

This objective seems achievable when looking at the trends over the last decade. High-skill employment has been growing faster than medium-skill or low-skill employment in the country (figure 13). However, although this trend is encouraging, over one third of all workers in Viet Nam still have a low skill level, implying that further efforts are needed to foster skills development and the creation of high-skill jobs. The trends of the employment distribution by skill level are also reflected in the employment growth of each skill level. Indeed, low-skill employment has been shrinking since 2014.

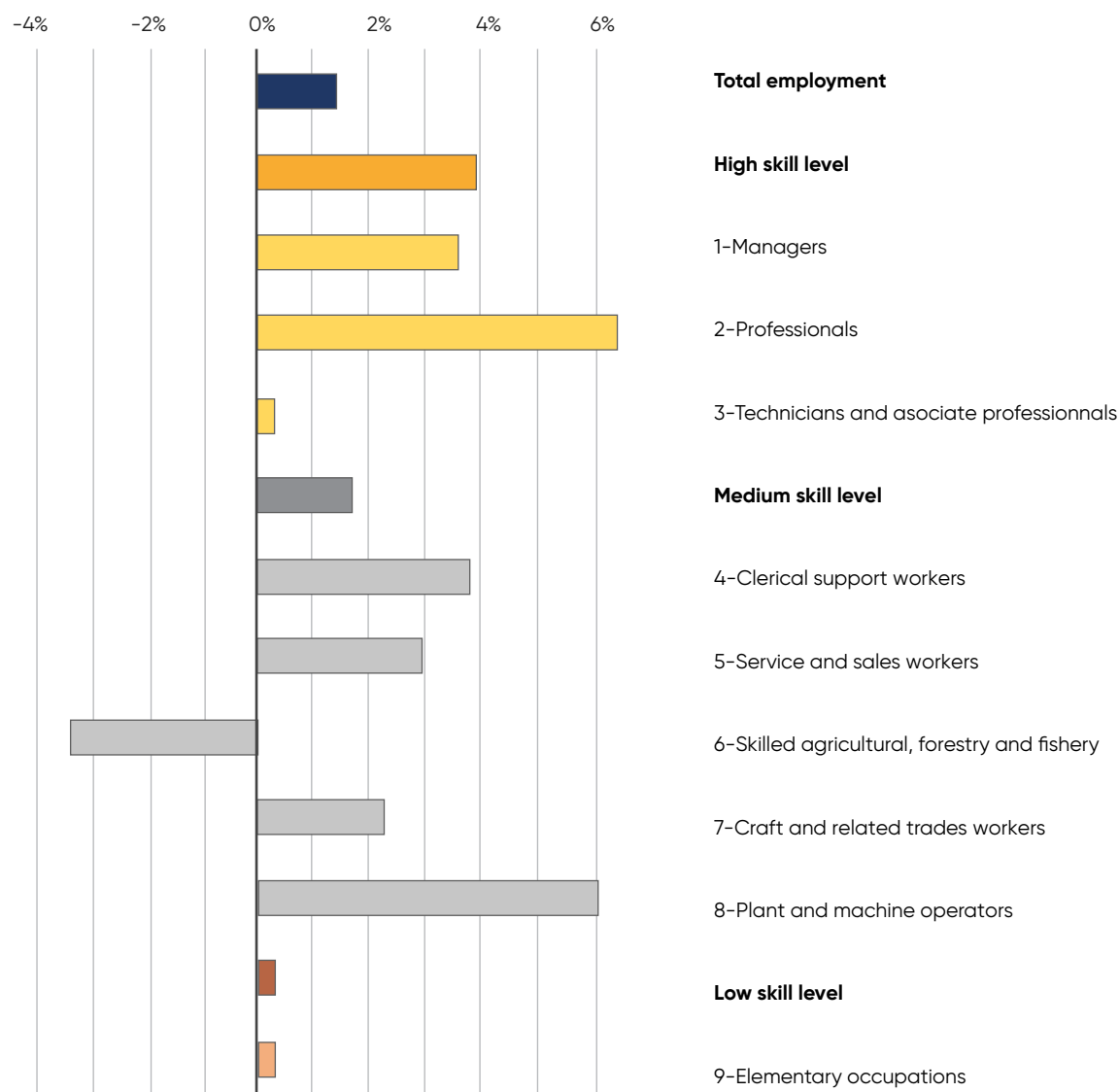
FIGURE 13. ANNUAL EMPLOYMENT GROWTH BY SKILL LEVEL, VIET NAM, 2010–2018 (%)



Note: Based on the ISCO-08. Low skill level refers to ISCO-08 category 9. Medium skill level refers to ISCO-08 categories 4 to 8. High skill level refers to ISCO-08 categories 1 to 3.
Source: Labour Force Survey.

A close look at each occupation (figure 14) shows that the only group with negative average annual employment growth from 2010 to 2018 is skilled agricultural, forestry and fishery workers. Professionals, and plant and machine operators, experienced the highest employment growth during that period. With an annual average of 6 per cent, these occupations expanded almost four times faster than overall employment.

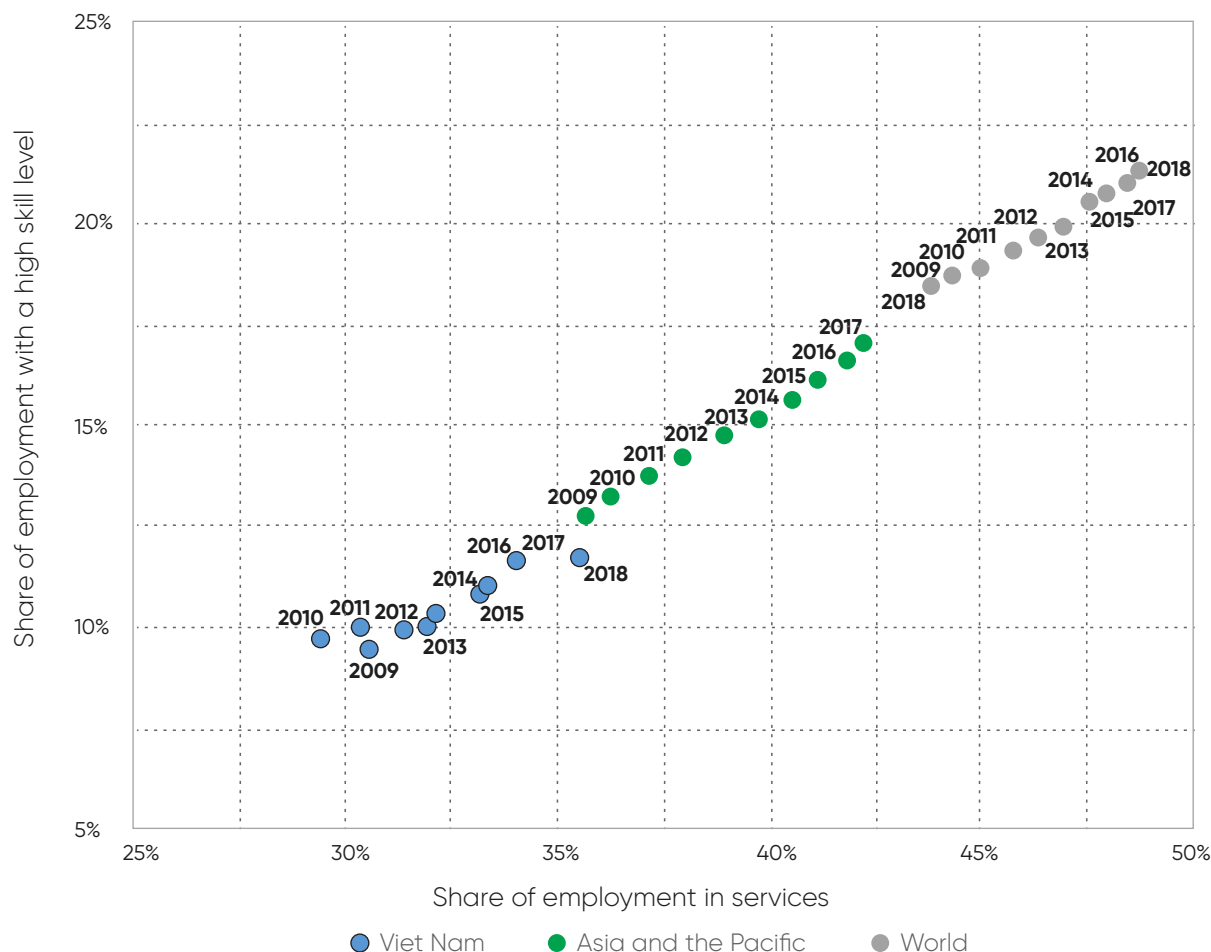
FIGURE 14. AVERAGE ANNUAL EMPLOYMENT GROWTH IN EACH OCCUPATION, VIET NAM, 2010–2018 (%)



Note: Based on the ISCO-08.
Source: Labour Force Survey.

The share of high-skill employment alongside the share of employment in services conveys a country's degree of economic sophistication and stage of development. As shown in figure 15, the share of high-skill employment and the share of employment in services have both been rising in Viet Nam, the Asian region and the world during the past decade. Nevertheless, Viet Nam still has a long way to go in terms of complexification of the economy and workforce skills development. The shares of employment with a high skill level and in services are considerably lower in Viet Nam than in Asia and the Pacific, which in turn are lower than in the world overall. Among other reasons including weak vocational training and a high share of labour in agriculture, forestry and fishery, the low level of technology fusion in basic or even high-tech industries is also contributing to low-skill employment in Viet Nam.

FIGURE 15. SHARES OF HIGH-SKILL EMPLOYMENT AND EMPLOYMENT IN SERVICES, VIET NAM, THE REGION AND THE WORLD, 2009–2018 (%)



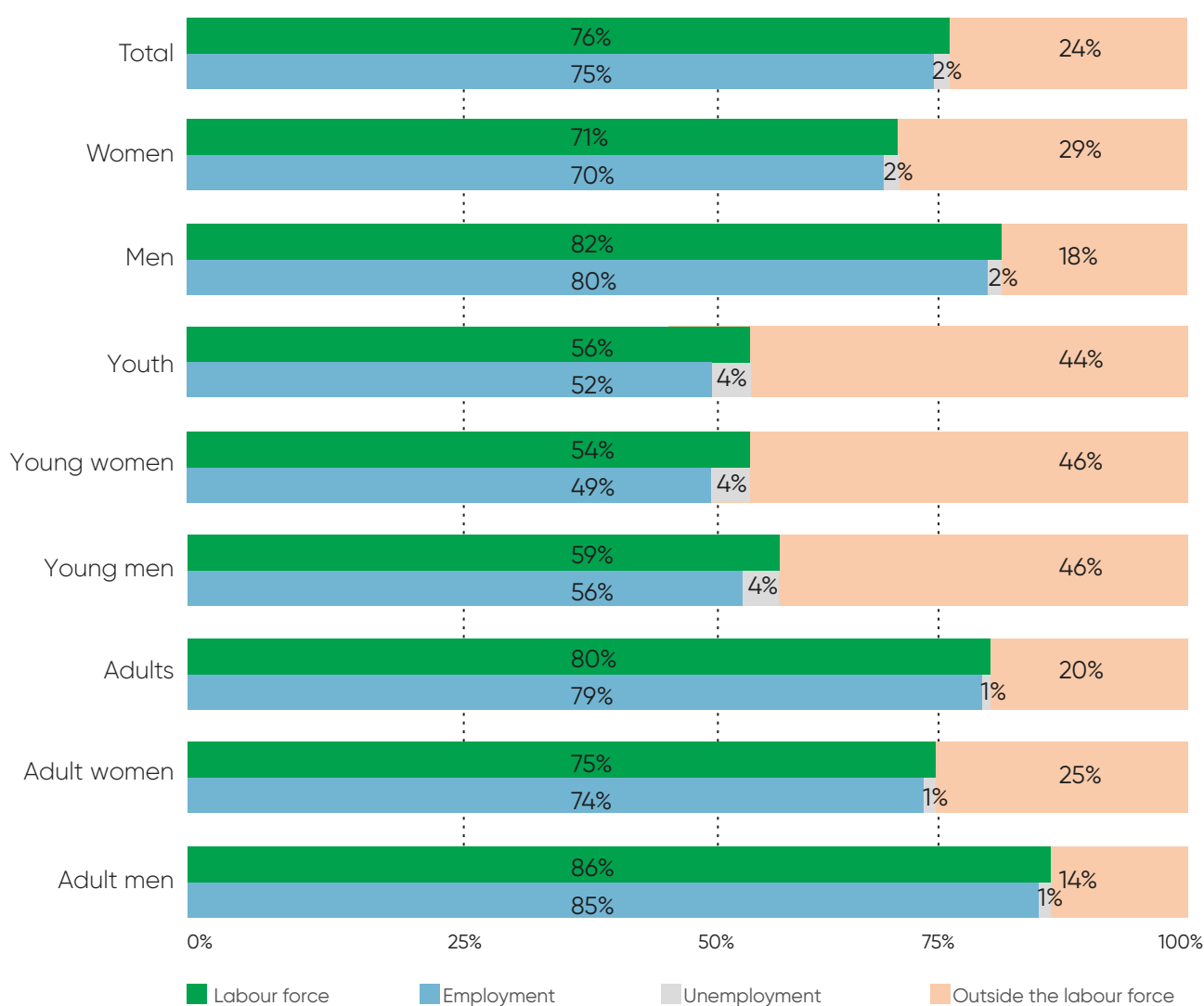
Notes: Based on International Standard Industrial Classification (ISIC) Rev. 4 and the ISCO-08. Services refer to ISIC Rev.4 categories G to U. High skill level refers to ISCO-08 categories 1 to 3.
Source: Labour Force Survey.

3. HIGH LEVELS OF LABOUR FORCE PARTICIPATION ACROSS THE BOARD

Labour market participation is remarkably high in Viet Nam, and has been so for the past decades. In 2018, the total labour force participation rate was 76 per cent. The labour force participation rate of women was 71 per cent, compared to 82 per cent for men. Not surprisingly, youth have a much lower participation rate than adults (56 per cent versus 80 per cent), explained to a large extent by youths' involvement in education or training. Interestingly, the gender gap in labour force participation is smaller among youth (5 percentage points) than among adults (11 percentage points), suggesting that younger generations are more egalitarian in terms of labour market access (figure 16).

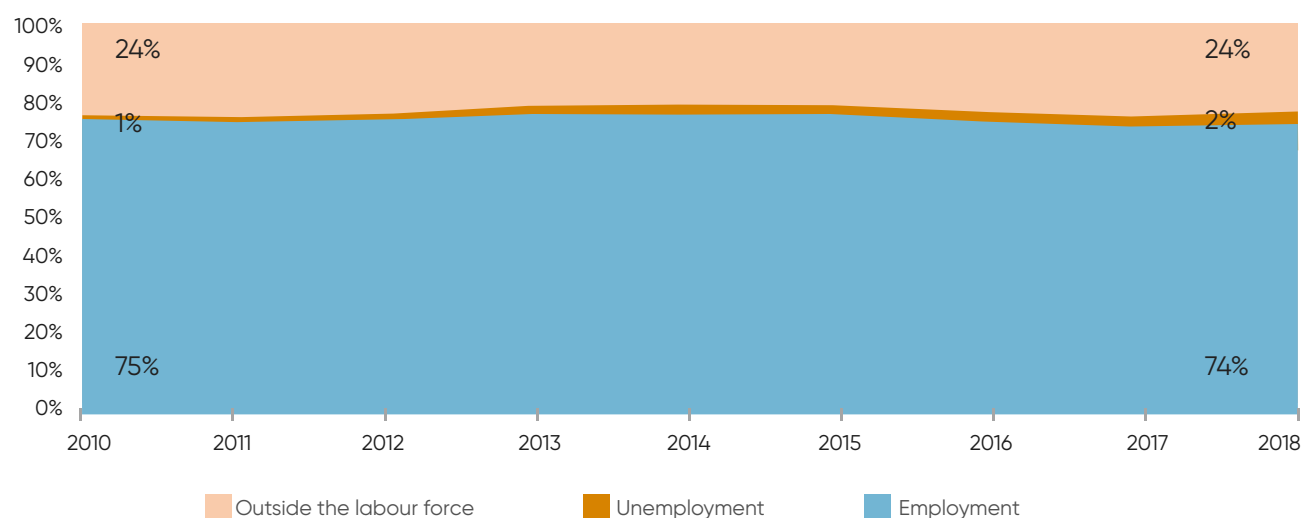
The change in labour force participation of the working-age population over the past decade has been insignificant, as seen in figures 17 and 18. Although young people are staying longer in education than in previous decades, the biggest change in this regard took place before the last decade.

FIGURE 16. DISTRIBUTION OF THE WORKING-AGE POPULATION BY LABOUR FORCE STATUS, VIET NAM, 2018 (%)



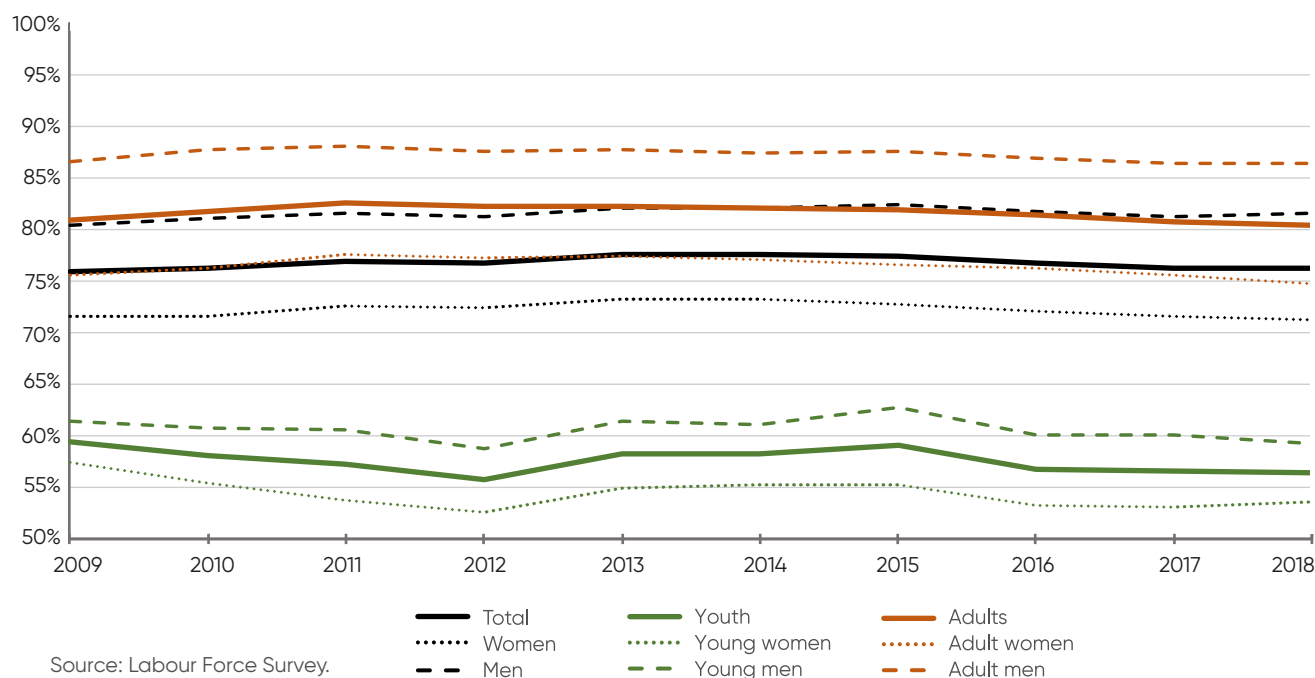
Source: Labour Force Survey.

FIGURE 17. DISTRIBUTION OF THE WORKING-AGE POPULATION BY LABOUR FORCE STATUS, VIET NAM, 2010–2018 (%)



Note: Totals may not tally due to rounding issues.
Source: Labour Force Survey.

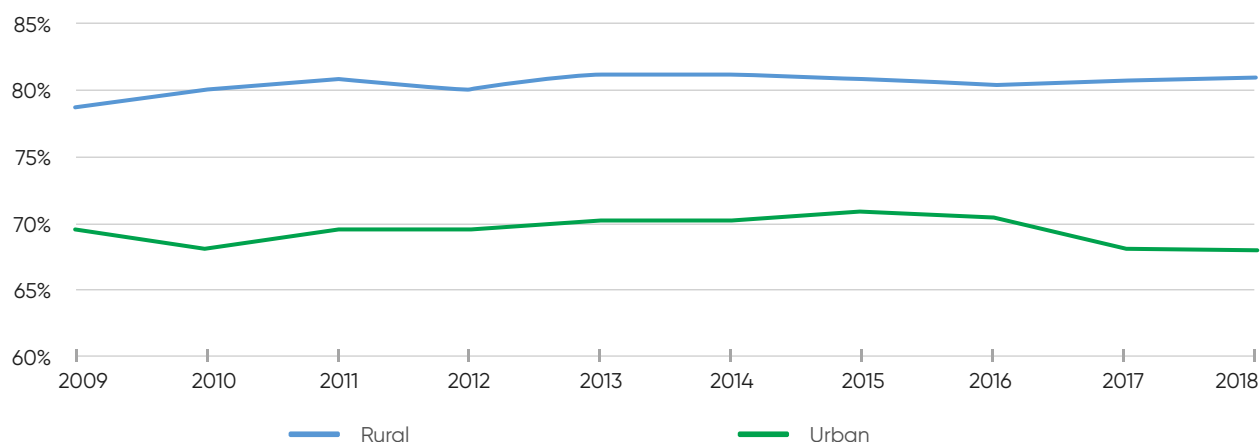
FIGURE 18. LABOUR FORCE PARTICIPATION RATE OF YOUTH AND ADULTS BY SEX, VIET NAM, 2009–2018 (%)



Source: Labour Force Survey.

The rate of participation in the labour force is especially high in rural areas, as illustrated in figure 19. A gap in participation rates between rural and urban areas is not surprising and it can be explained by several factors. Poverty rates tend to be higher in rural areas, leading individuals to be more economically active out of need. In addition, rural labour markets are by nature more unstructured, typically featuring a higher share of contributing family work. In practical terms, this means that taking up an income-generating activity, although often informal and unprotected, tends to be on average easier for individuals in rural areas compared to city dwellers.

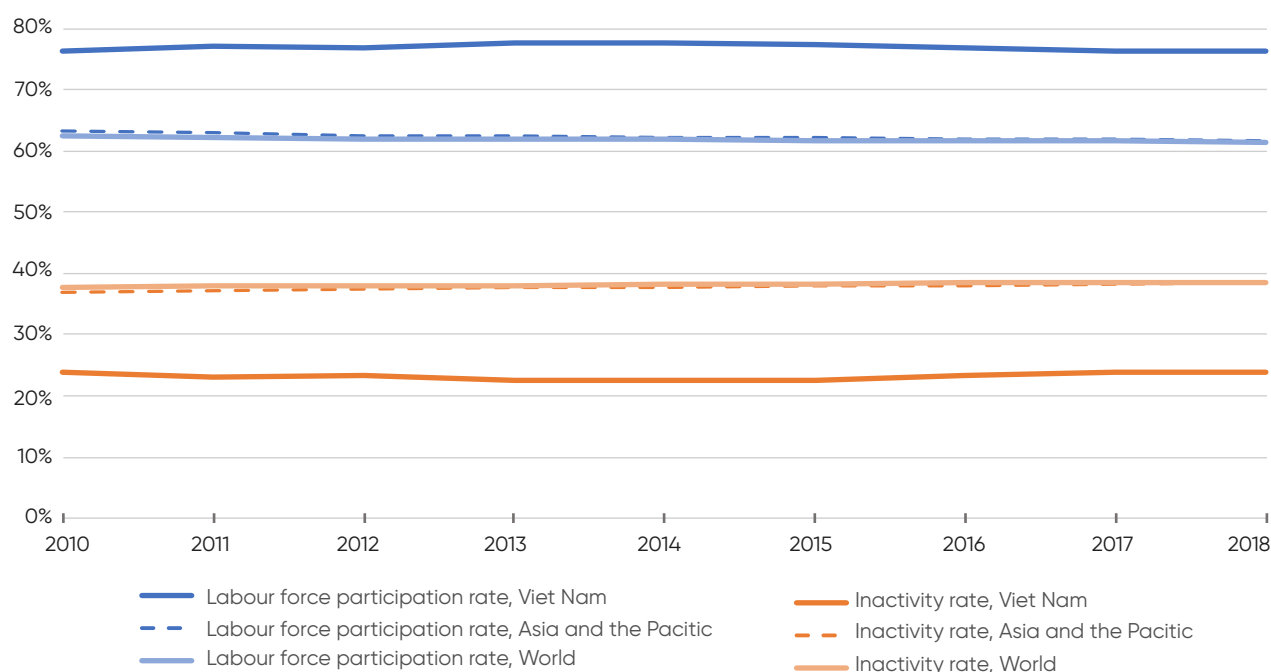
FIGURE 19. LABOUR FORCE PARTICIPATION RATE, RURAL AND URBAN AREAS, VIET NAM, 2009–2018 (%)



Source: Labour Force Survey.

The remarkable level of labour force participation in Viet Nam is all the more evident when compared to the regional and global labour force participation rates. In 2018, the global labour force participation rate was 61 per cent, and the labour force participation rate in Asia and the Pacific was 62 per cent. At 76 per cent, labour force participation in Viet Nam was 15 percentage points higher than the world rate (figure 20).

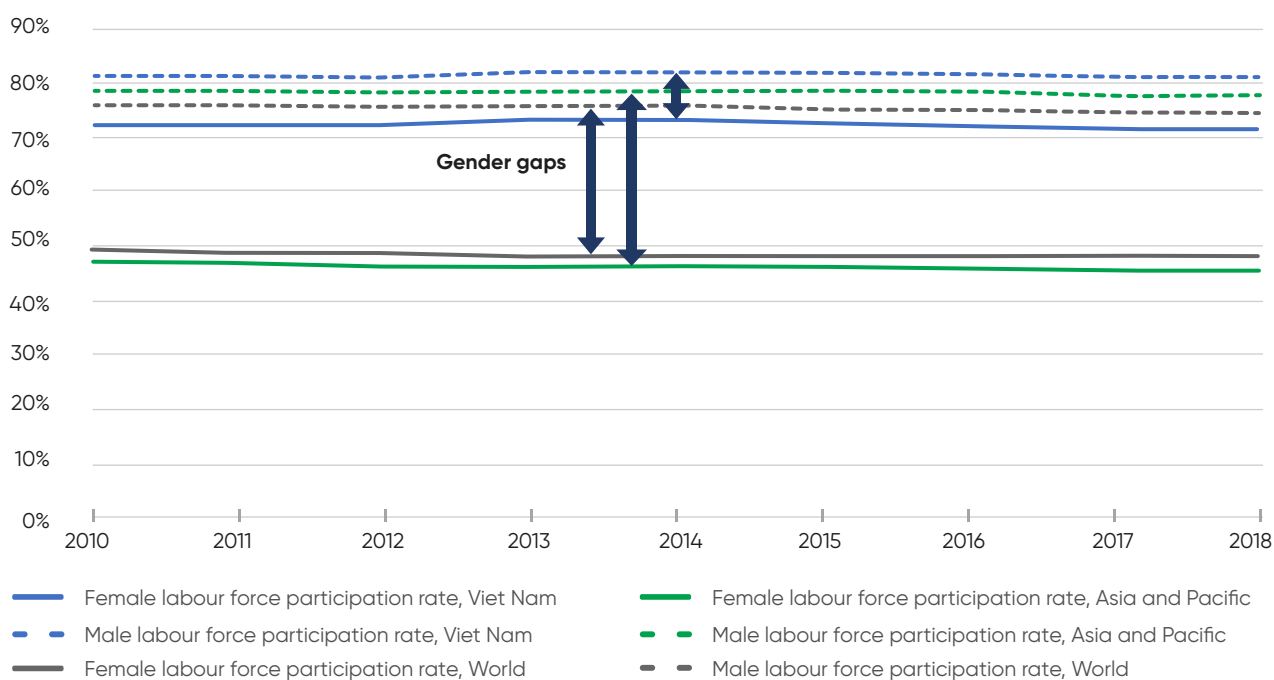
FIGURE 20. LABOUR FORCE PARTICIPATION AND INACTIVITY RATES, VIET NAM, THE REGION AND THE WORLD, 2010–2018 (%)



Sources: Labour Force Survey and ILO modelled estimates, November 2018.

It is not just total labour force participation that is remarkable in Viet Nam, but women's participation is notable as well. Figure 21 compares the evolution in the past decade of labour force participation rates by sex in Viet Nam, Asia and the Pacific, and the world. In 2018, the gender gap in labour force participation was 11 percentage points in Viet Nam, compared to 32 percentage points in Asia and the Pacific and 27 percentage points in the world.

FIGURE 21. LABOUR FORCE PARTICIPATION RATES BY SEX, VIET NAM, THE REGION AND THE WORLD, 2010–2018 (%)

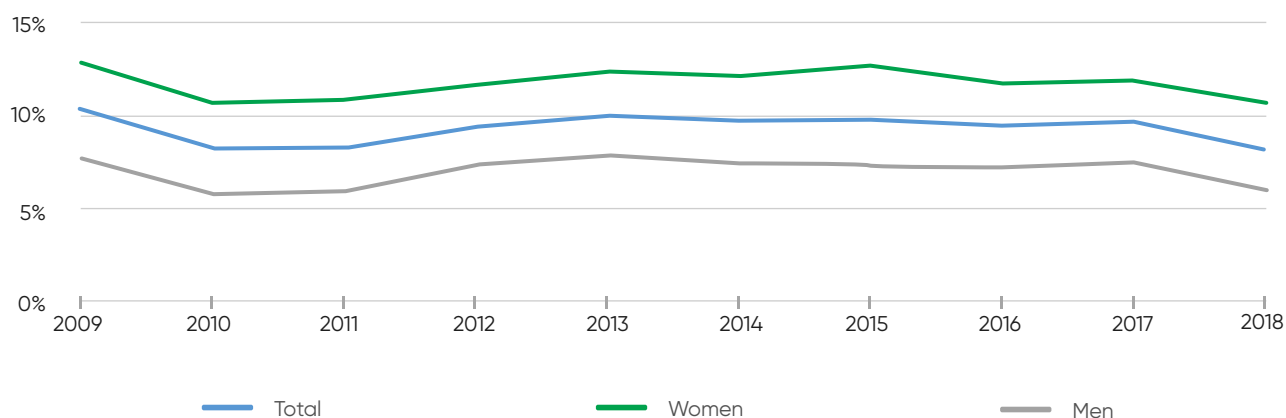


Sources: Labour Force Survey and ILO modelled estimates, November 2018.

The share of youth not in education, employment or training (NEET) is an important indicator of the participation of youth in the labour market and the educational system, and the extent to which they may be at risk of social and economic exclusion in the future.

In Viet Nam, the Labour Force Survey does not inquire into people's participation in training, which means that only the share of youth not in employment or education can be studied. As shown in figure 22, this share has not significantly changed in the past ten years, ranging around 10 per cent throughout the period. In 2018, 8 per cent of all young people in Viet Nam were not employed and not in education. More specifically, 11 per cent of all young women and 6 per cent of all young men were not in education or training.

FIGURE 22. SHARE OF YOUTH NOT IN EDUCATION, EMPLOYMENT OR TRAINING BY SEX, VIET NAM (SDG INDICATOR 8.6.1), 2009–2018 (%)

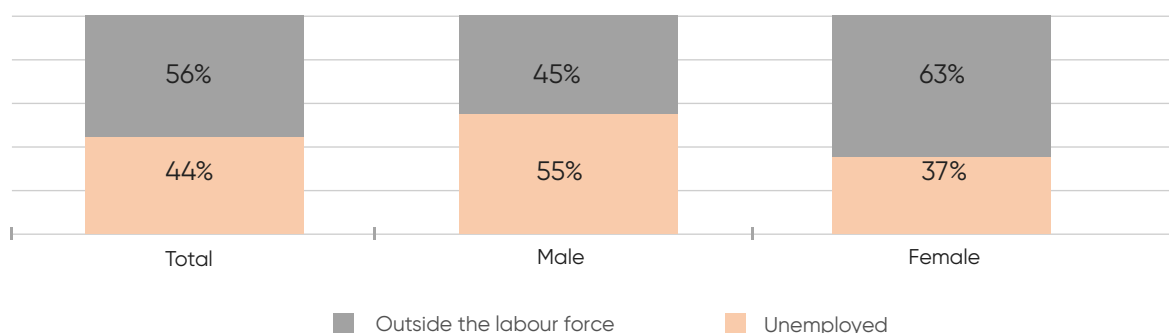


Source: Labour Force Survey.

The NEET indicator brings together individuals in the youth population who meet two criteria: (a) they are not employed (i.e. are unemployed or outside the labour force); and (b) they are not in education. From a labour market status perspective, NEET youth in Viet Nam can either belong to the unemployed, which are part of the labour force, or to those outside the labour force. These two groups are different in terms of likely needs and the labour market challenges they face. Policy responses addressing each group would also vary significantly. Therefore, it is interesting to investigate the relative composition of the NEET group in Viet Nam.

Figure 23 shows that on the whole, youth outside the labour force account for the majority of NEET. This is not surprising if considered in the context of the observed tendency of the population to be economically active, combined with low unemployment. However, when the overall NEET is disaggregated by sex, two different patterns emerge. As is often the case across the world, young men are more likely than young women to be found in the unemployed subgroup of the NEET, while young women are more likely to be outside the labour force.

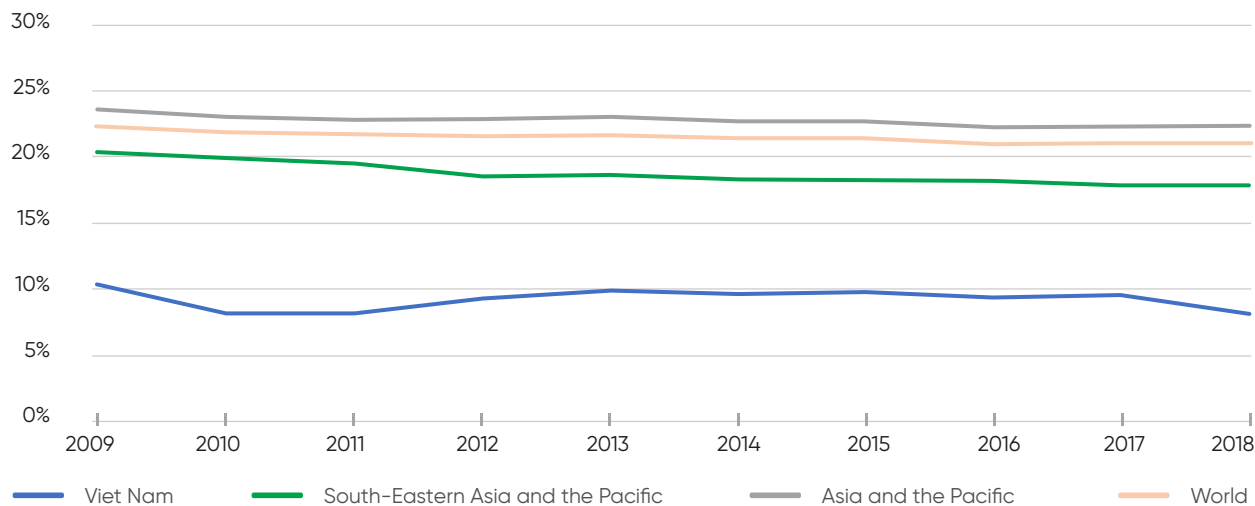
FIGURE 23. COMPOSITION OF YOUTH NOT IN EMPLOYMENT OR EDUCATION, BY WHETHER THEY ARE UNEMPLOYED OR OUTSIDE THE LABOUR FORCE AND SEX, VIET NAM (SDG INDICATOR 8.6.1), 2018 (%)



Source: Labour Force Survey.

Overall though, these results convey the high involvement of youth in the labour market or in the educational system. Compared to youth in the Asian region and in the world in general, youth in Viet Nam are better integrated into the labour market and the educational system. In fact, in 2018, the share of NEET youth was 18 per cent in South-East Asia and the Pacific, 23 per cent in Asia and the Pacific, and 21 per cent in the world (figure 24). This comparison might imply that the vast majority of Vietnamese youth are either acquiring skills that will make them better equipped for future jobs, or actively participating in the labour market, thus gaining professional experience. However, evidence shows that the low quality of jobs is a challenge faced by a significant share of the country's labour force. Whether the working youth are involved in quality employment or in low-skilled, low-paid and unprotected income-generating activities is open to question.

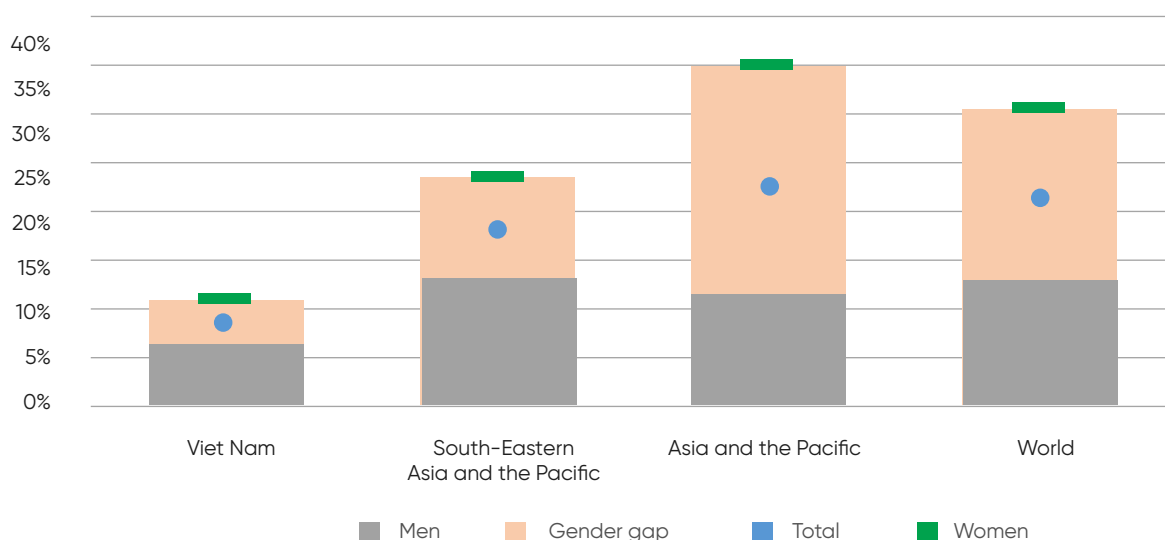
FIGURE 24. SHARE OF YOUTH NOT IN EDUCATION, EMPLOYMENT OR TRAINING (NEET), VIET NAM, THE REGION AND THE WORLD (SDG INDICATOR 8.6.1), 2009–2018 (%)



Note: In Viet Nam, the Labour Force Survey does not inquire into people's participation in training, which means that the indicator analysed for Viet Nam is in fact NEE.
Sources: Labour Force Survey and ILO modelled estimates, November 2018.

What is more, as shown in figure 25, the gender gap in the share of NEET youth is much narrower in Viet Nam (5 percentage points) than in South-East Asia and the Pacific (10 percentage points), Asia and the Pacific (24 percentage points) and the world (18 percentage points). This bears great significance in terms of the future situation of young women in the labour market and society, and their economic empowerment. High shares of NEET young women tend to be associated with low employment-to-population ratios for adult women, suggesting that not participating in the labour market or education in their youth makes it harder for women to access them later on, increasing their risk of social and economic exclusion.

FIGURE 25. SHARE OF YOUTH NOT IN EDUCATION, EMPLOYMENT OR TRAINING, BY SEX, VIET NAM, THE REGION AND THE WORLD (SDG INDICATOR 8.6.1), 2018 (%)



Sources: Labour Force Survey and ILO modelled estimates, November 2018.

4. GREAT PROGRESS IN POVERTY REDUCTION AND THE ROLE OF EMPLOYMENT IN LIFTING PEOPLE OUT OF POVERTY

Poverty has been declining at an outstanding pace in Viet Nam since the early 1990s. More than half of the Vietnamese population lived in extreme poverty in 1992, compared to only 2 per cent in 2016 (figure 26). The share of employed living in poverty (also known as the working poverty rate) decreased during that period at a similarly impressive rate, to also reach 2 per cent in 2016. Reassuringly, this implies that economic growth has contributed to poverty reduction, and employment has played a role in lifting people out of poverty.

FIGURE 26. **POVERTY AND WORKING POVERTY RATES, VIET NAM (SDG INDICATOR 1.1.1), 1992–2018 (%)**

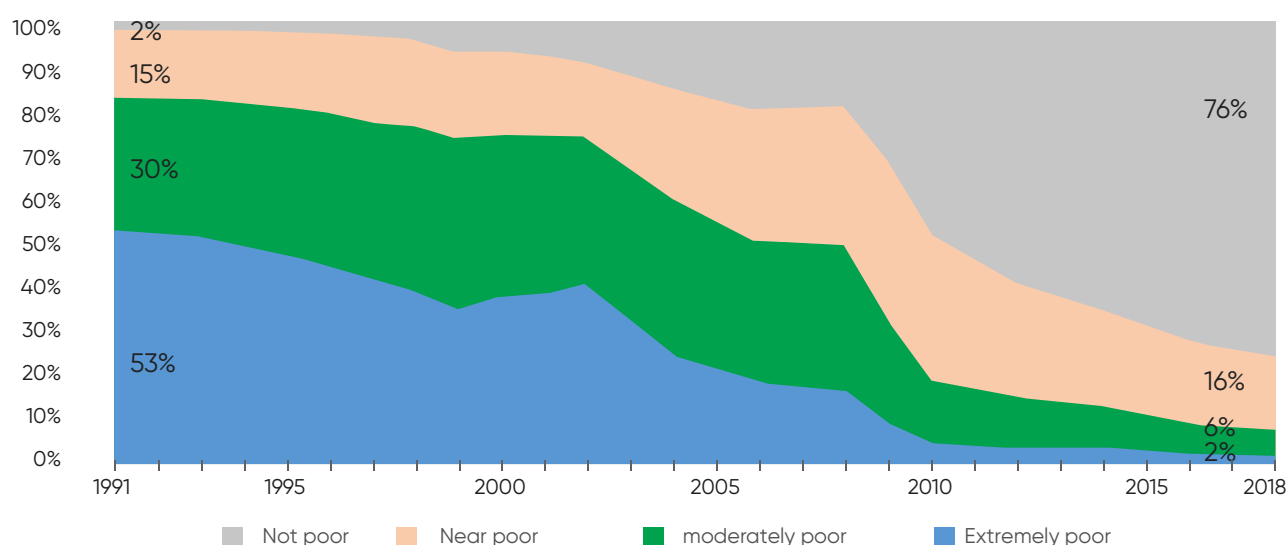


Note: Poverty refers to people living in households with a per capita income or expenditure of less than US\$1.90 purchasing power parity (PPP) per day.

Sources: ILO modelled estimates, November 2018 and World Development Indicators.

A look at the evolution of employment distribution by economic class (figure 27) reveals that it was not only extreme poverty that declined to very meagre levels among the employed, but also moderate poverty. In 1991, an alarming 83 per cent of workers lived in moderate or extreme poverty, compared to 8 per cent in 2018 (figure 27). The fact that the reduction in extreme poverty was accompanied by a reduction in moderate poverty is an indicator of the robustness of progress in poverty reduction, since it means that people are at less risk of falling back into extreme poverty in the event of an unexpected occurrence, such as a temporary loss of livelihood.

FIGURE 27. EMPLOYMENT DISTRIBUTION, BY ECONOMIC CLASS, VIET NAM, 1991–2018 (%)

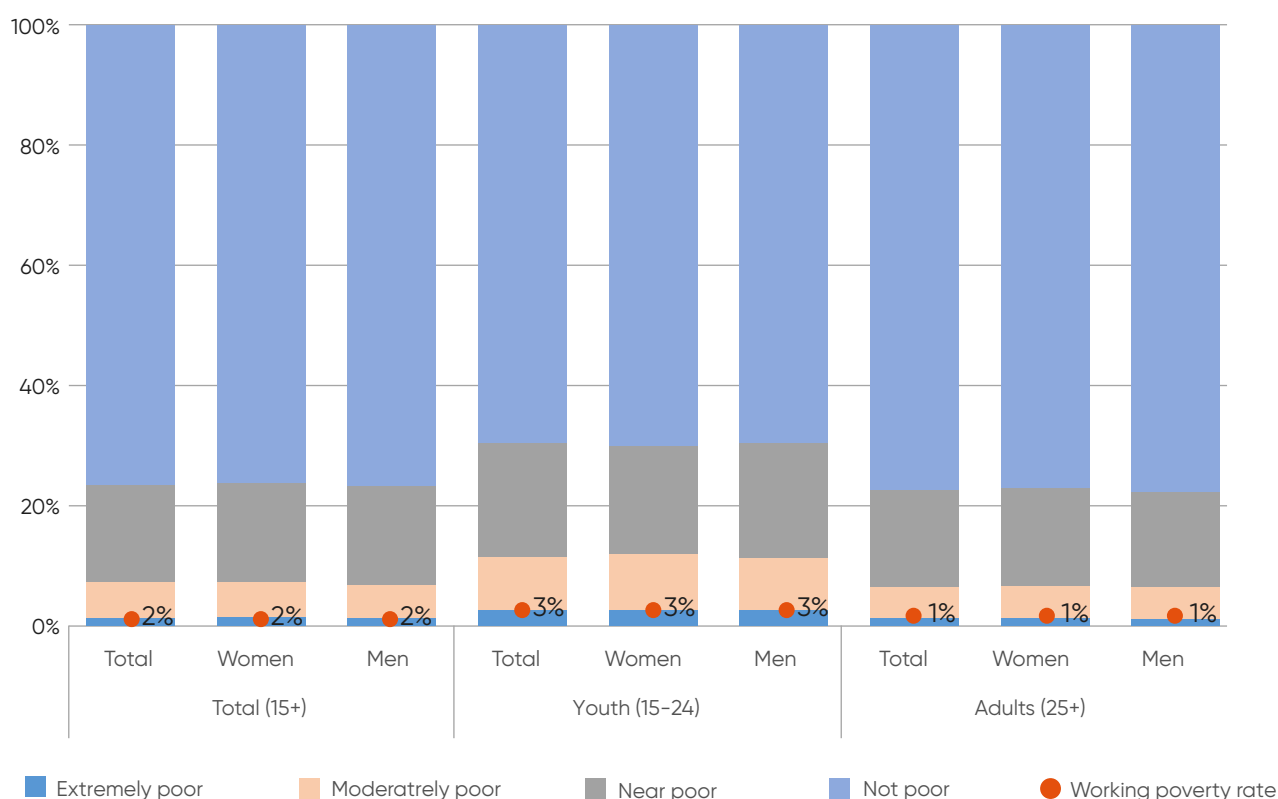


Notes: Extremely poor refers to people living in households with a per capita income or expenditure of less than US\$1.90 purchasing power parity (PPP) per day. Moderately poor refers to people living in households with a per capita income or expenditure of US\$1.90 PPP to US\$3.20 PPP per day. Near poor refers to people living in households with a per capita income or expenditure of US\$3.20 PPP to US\$5.5 PPP per day. Not poor refers to people living in households with a per capita income or expenditure of US\$5.50 PPP per day or more.

Source: ILO modelled estimates, November 2018.

Working poverty does not seem to affect women or men differently. As can be seen in figure 28, employed women and men live in extreme poverty and in moderate poverty at similar (low) rates. Young workers appear to be more exposed to poverty than adult workers, with a youth working poverty rate of 3 per cent compared to an adult working poverty rate of 1 per cent in 2018. Additionally, the share of employed youth living in moderate poverty was close to 9 per cent in 2018 compared to 5 per cent of employed adults.

FIGURE 28. EMPLOYMENT DISTRIBUTION, BY ECONOMIC CLASS, GENDER AND BROAD AGE GROUP, VIET NAM, 2018 (%)



Notes: Extremely poor refers to people living in households with a per capita income or expenditure of less than US\$1.90 purchasing power parity (PPP) per day. Moderately poor refers to people living in households with a per capita income or expenditure of US\$1.90 PPP to US\$3.20 PPP per day. Near poor refers to people living in households with a per capita income or expenditure of US\$3.20 PPP to US\$5.5 PPP per day. Not poor refers to people living in households with a per capita income or expenditure of US\$5.50 PPP per day or more.

Source: ILO modelled estimates, November 2018.

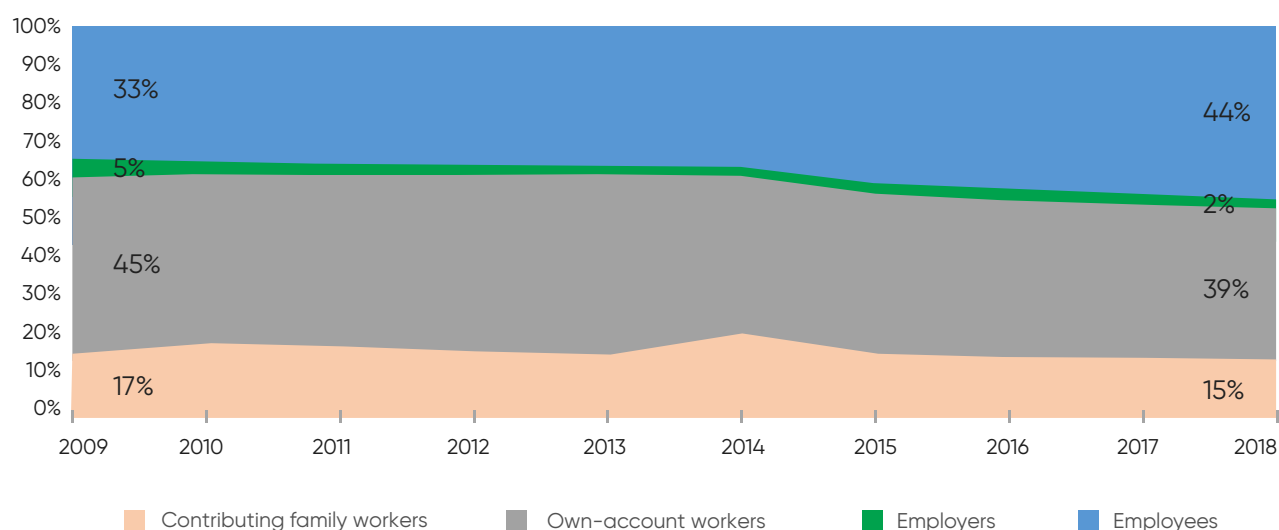
Workers' status in employment refers to a set of specific characteristics of their job, namely the type of contract under which they are employed, the type of economic risk they face in their job (including the attachment between the person and the job) and the type of authority they have over the work establishment and other workers. The status in employment is closely linked to the quality of employment, as it determines to a significant extent the job holder's working conditions. Many aspects of the working life, such as job security, basic remuneration, earnings security, working time and whether the job is in the formal or informal sector, are directly related to workers' status in employment.

The currently applied international standards in labour statistics³ include the following categories of status in employment: employees, employers, own-account workers, members of producers' cooperatives, contributing family workers and workers not classifiable by status. Employees (employed people holding paid employment jobs) represent the category of status usually associated with more job security and better working conditions in general, whereas own-account workers and contributing family workers constitute two status in employment categories regarded as vulnerable employment. Although this is true in general terms, it is important to keep in mind that employees often do lack basic elements of decent work (such as not being covered by social security) while some own-account workers and contributing family workers are not in a precarious or vulnerable situation.

The trend analysis of the employment distribution by status in employment shows that the share of paid employment (employees) is rapidly increasing, while the shares of own-account workers and contributing family workers are decreasing (figure 29 and 30). In 2018, 44 per cent of workers in Viet Nam were employees, while 2 per cent were employers; 39 per cent were own-account workers and 15 per cent were contributing family workers.

Although it is encouraging to note that the share of vulnerable employment (own-account workers and contributing family workers) has declined from 62 per cent in 2009 to 54 per cent in 2018 (figure 31), this still means that more than half of all workers in Viet Nam are in vulnerable employment. Similarly, although the share of paid employment has increased from 33 per cent in 2009 to 44 per cent in 2018, this still means that paid employment is not the reality of the majority of workers.

FIGURE 29. EMPLOYMENT DISTRIBUTION, BY STATUS IN EMPLOYMENT, VIET NAM, 2009–2018 (%)



Notes: Based on the ICSE-93. ICSE-93 category 4. Members of producers' cooperatives is not included in the chart since that category represents less than 0.2 per cent of employment in all years under review.
Source: Labour Force Survey.

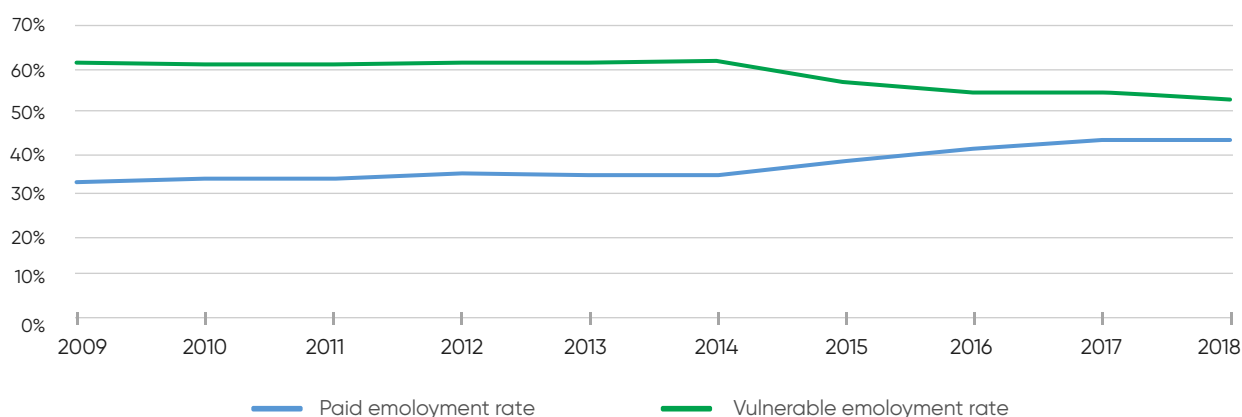
³The 20th ILO International Conference of Labour Statisticians adopted a new classification of status in employment, which is referred to as the 2018 International Classification of Status in Employment, or ICSE-18. However, since the ICSE-18 has not been used for data collection in practice yet, this report focuses on the 1993 International Classification of Status in Employment (ICSE-93).

FIGURE 30. ANNUAL EMPLOYMENT GROWTH, BY STATUS IN EMPLOYMENT, VIET NAM, 2010–2018 (%)



Notes: Based on the ICSE-93. ICSE-93 category 4. Members of producers' cooperatives is not included in the chart since that category represents less than 0.2 per cent of employment in all years under review.
Source: Labour Force Survey.

FIGURE 31. PREVALENCE OF PAID EMPLOYMENT AND VULNERABLE EMPLOYMENT, VIET NAM, 2009–2018 (%)

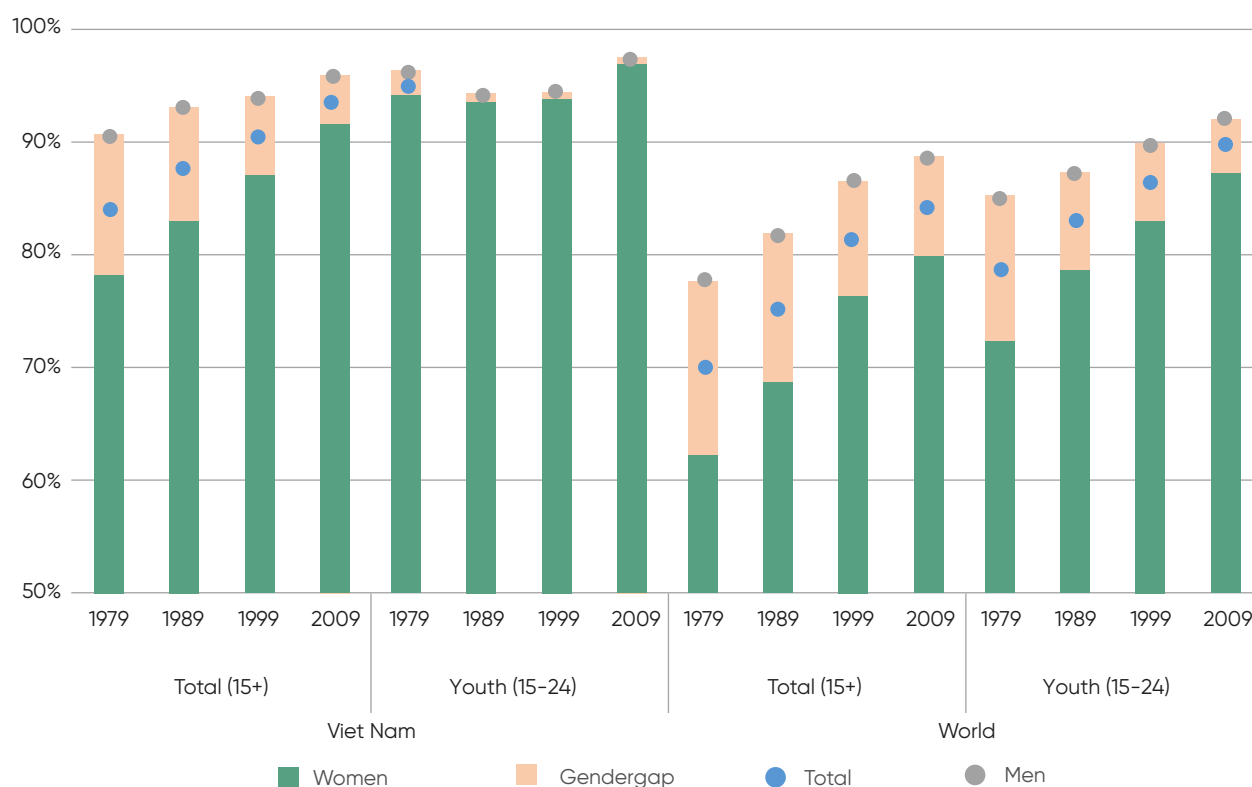


Notes: Based on the ICSE-93. Paid employment refers to ICSE-93 category 1. Employees. Vulnerable employment refers to ICSE-93 categories 3. Own-account workers and 5. Contributing family workers.
Source: Labour Force Survey.

5. IMPROVEMENTS IN THE EDUCATIONAL ATTAINMENT OF THE POPULATION AND THE LABOUR FORCE

Over the last 30 years, the Government of Viet Nam has achieved remarkable progress in educational levels among the labour force. Viet Nam has outperformed the rest of the world in terms of literacy since the late 1970s. In 2009, the country's literacy rate was 94 per cent, compared to a global literacy rate of 84 per cent at the time (figure 32). It is particularly interesting that between 1979 and 2009, Viet Nam was more successful at narrowing gender gaps in literacy than the average of all countries for which data are available. In 2009, the gap was 4 percentage points for Viet Nam, vis-à-vis a world average of 9 percentage points.

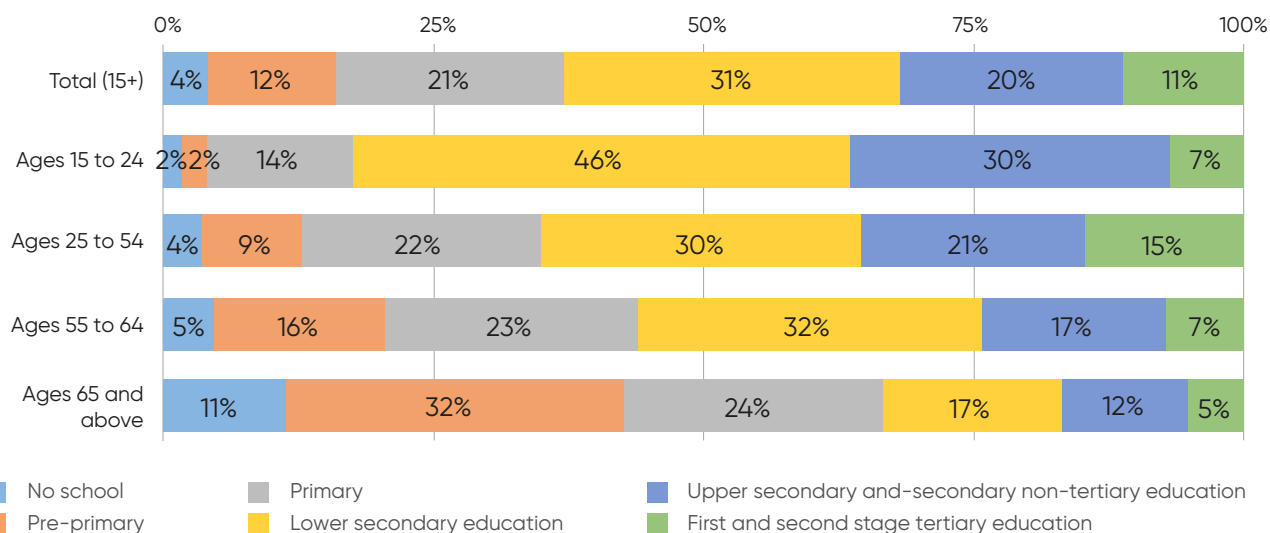
FIGURE 32. TOTAL AND YOUTH LITERACY RATES, BY SEX, VIET NAM AND THE WORLD (RELATED TO SDG INDICATORS 4.3.1 AND 4.5.1), 1979–2009 (%)



Note: Total refers to individuals 15 years old and above. Youth refers to 15–24 year-olds.
Source: World Development Indicators.

The generational patterns of educational attainment of the working-age population convey improvements in access to education over the past several decades in Viet Nam (figure 33). The figure shows that the youngest generation is the best educated in the labour force. Among the 15–24 year-olds, 46 per cent have completed lower secondary education, and 37 per cent went on to complete either upper secondary or tertiary education. Many of these young people are likely to complete higher levels of education still, as suggested by the fact that the 25–54 age bracket has a higher share of university graduates. The age group comprising active individuals aged 65 and above includes a 67 per cent share who did not reach lower secondary education.

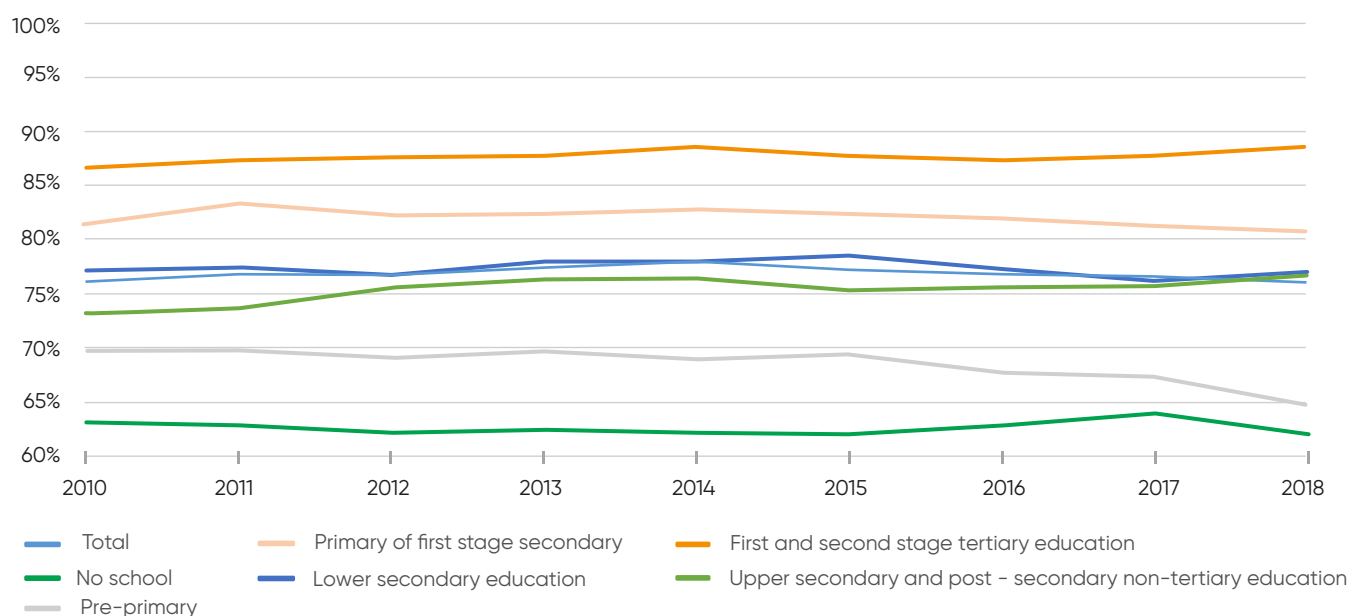
FIGURE 33. DISTRIBUTION BY EDUCATIONAL ATTAINMENT OF THE LABOUR FORCE, BY AGE AND SEX, VIET NAM, 2018 (%)



Note: Based on the International Standard Classification of Education ISCED-97.
 Source: Labour Force Survey.

People with tertiary education have the highest labour force participation rates, and this holds true for the whole period from 2010 to 2018, as depicted in figure 34. People with no schooling or only pre-primary education have the lowest labour force participation rates throughout the same period. This may have to do with age: younger people tend to follow (or have followed) longer studies, but they also tend to participate more in the labour force, while older people (especially those aged 65 and above) have on average lower levels of educational attainment and higher inactivity rates.

FIGURE 34. LABOUR FORCE PARTICIPATION RATES, BY EDUCATIONAL ATTAINMENT, VIET NAM, 2010-2018 (%)



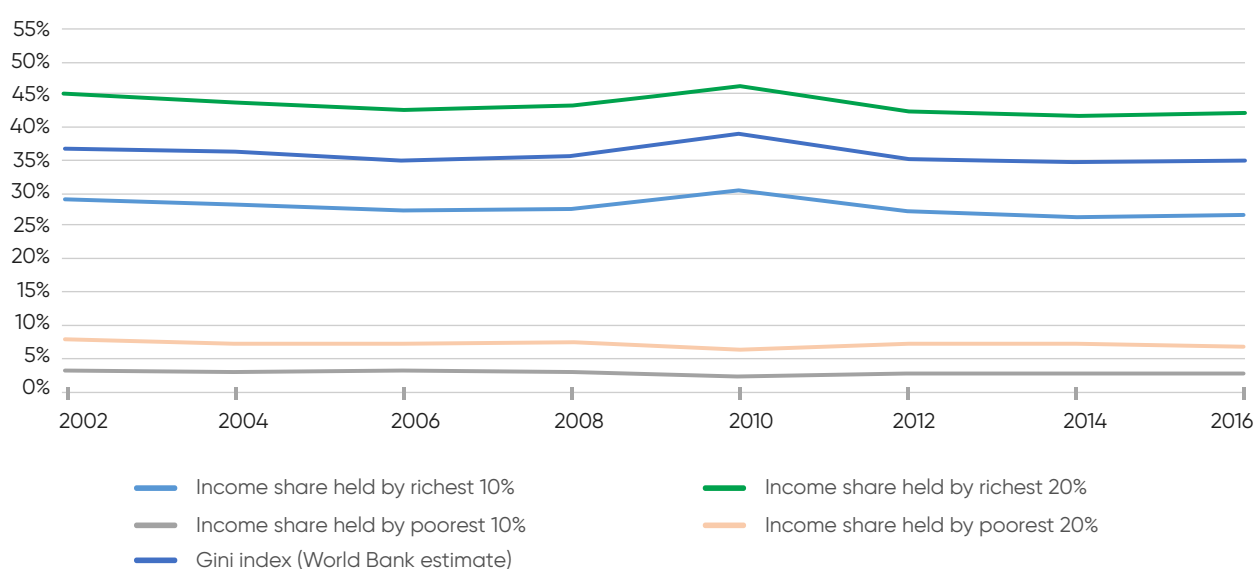
Note: Based on the International Standard Classification of Education ISCED-97.
 Source: Labour Force Survey.

6. SURGING MIDDLE CLASSES BUT PERSISTENT INEQUALITIES

Decades of economic growth, social improvements and labour market transformation have allowed the middle class to emerge in Viet Nam and progressively gain ground. This is a positive development, since large middle classes foster economic growth, human capital acquisition, social cohesion and progress in many spheres.

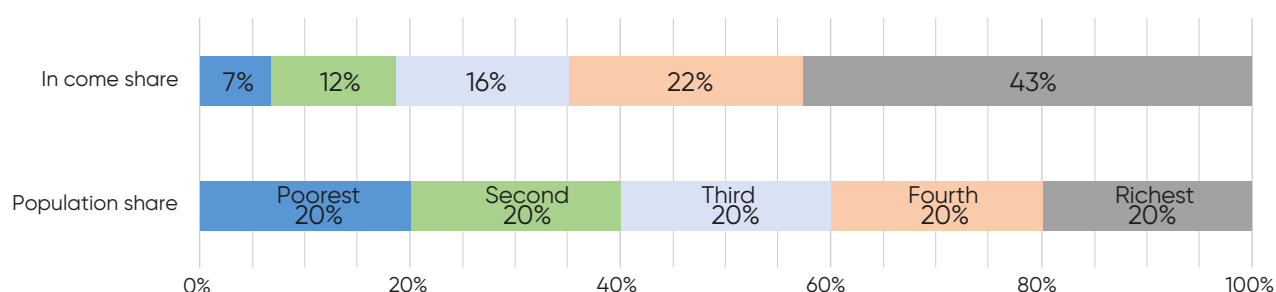
Nonetheless, the surge of middle classes in Viet Nam does not mean that the country managed to eradicate inequality. Indeed, as conveyed in figures 35 and 36, the richest 20 per cent of the population held 43 per cent of income in 2016, while the poorest 20 per cent of the population held only 7 per cent of income. There have been virtually no improvements in this regard since 2002. In 2016, the Gini coefficient of Viet Nam was 35.3 per cent, according to World Bank estimates. In a list of 148 countries with available data ranked from the most to the least egalitarian, Viet Nam came in 60th.

FIGURE 35. GINI INDEX AND OTHER INEQUALITY MEASURES, VIET NAM, 2002–2016 (%)



Source: World Development Indicators.

FIGURE 36. INCOME SHARE HELD BY EACH POPULATION GROUP, VIET NAM, 2016 (%)



Source: World Development Indicators.

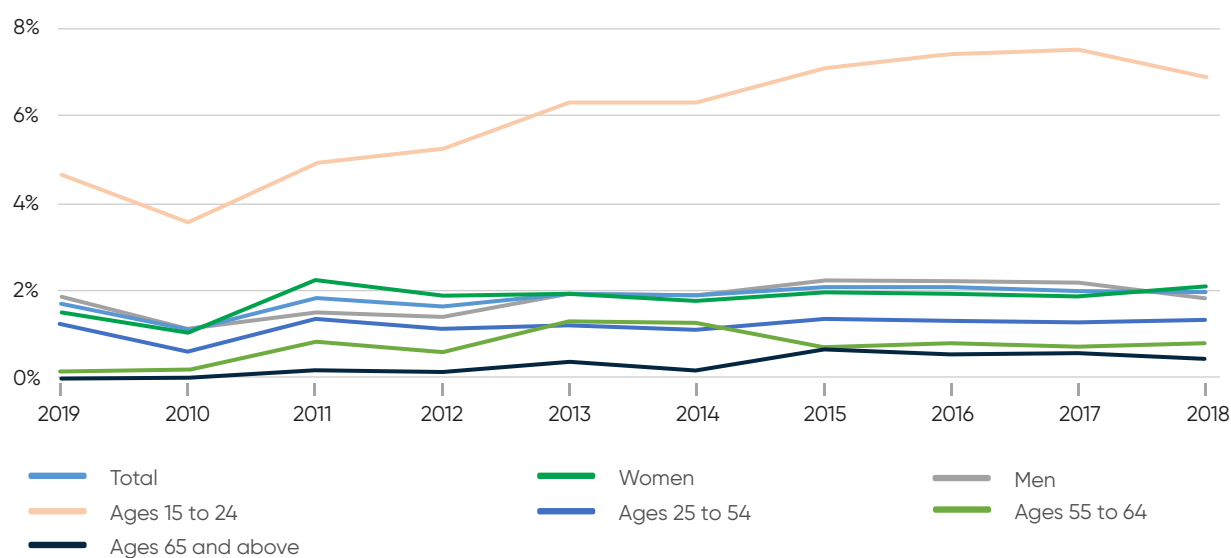
IV. SUSTAINED EMPLOYMENT CREATION AND EASE OF ACCESS TO EMPLOYMENT

1. LOW LEVELS OF UNEMPLOYMENT

It has been established that the labour force participation rates in Viet Nam are rather steep, which means that the working-age population integrates the labour force at high rates. The labour force comprises people in employment (holding jobs) and people in unemployment (jobless but available and seeking employment). How likely are people in the labour force to be unemployed rather than employed?

This report uses Viet Nam's national definition of unemployment.⁴ This definition is not, at the moment, fully in line with the standards adopted by the 19th International Conference of Labour Statisticians in 2013. Viet Nam's definition is currently in the process of being revised, as part of a large effort to align the country's labour market statistics with international standards.

FIGURE 37. UNEMPLOYMENT RATE, BY SEX AND AGE, VIET NAM (SDG INDICATOR 8.5.2), 2009–2018 (%)



Source: Labour Force Survey.

⁴ The internationally agreed definition of unemployment included in the resolution concerning statistics of work, employment and labour underutilization adopted by the 19th International Conference of Labour Statisticians in 2013 classifies as unemployed all people of working age who are not in employment, who are carrying out activities to seek employment and are currently available to take up employment. It also defines as unemployed people not in employment and currently available who are not seeking employment because they have already made arrangements to start a job within a short subsequent period (also known as future starters), participants in skills training or retraining schemes within employment promotion programmes not in employment, not currently available and not seeking employment because they have a job offer to start within a short subsequent period, and people not in employment who carry out activities to migrate abroad in order to work for pay or profit but who are still waiting for the opportunity to leave. Viet Nam's national definition of unemployment includes, in addition to all the groups mentioned above for the internationally agreed definition, people not in employment and available but not seeking employment due to the off season, bad weather, effects of the environment, family obligations, relaxing, temporary illness or injury, or other reasons.

Regardless of the definition used, levels of unemployment in Viet Nam are rather low, both among women and men. As shown in Figure 37, the general prevalence of unemployment has not fluctuated much since 2010, although a slight upward trend is apparent. The total unemployment rate oscillated around 2 per cent from 2011 to 2018. There is no evident gender pattern of unemployment: from 2009 to 2018, the female unemployment rate was higher than the male unemployment rate in some years and lower in others, but the difference was not significant. In 2018, the unemployment rate of women was 2.1 per cent compared to 1.9 per cent for men. As a comparison, the average unemployment rate globally was 5.0 per cent according to ILO estimates.⁵

A breakdown of unemployment by age shows that the eldest (aged 65 and above) have the lowest unemployment rates throughout the past decade. However, this is not because older workers are less likely to lose their jobs, but because they are more likely to stay outside the labour force once they do. This groups is also over Viet Nam's retirement age. Indeed, the inactivity rate of people aged 65 and above is 75 per cent, compared to 24 per cent for the total working-age population.

Unemployment rates are higher for youth than for any other age category, for the entire period from 2009 to 2018. In 2018, the youth unemployment rate stood at 7 per cent. Although this is by no means high by international unemployment standards (the global youth unemployment rate was 11.8 per cent in 2018),⁶ in the national context it implies that youth are over five times more likely to be unemployed than adults. In addition, the youth unemployment rate has been on a much clearer and steeper upward trend than the total unemployment rate since 2010. The decrease in the youth unemployment rate between 2017 and 2018 was too modest to alter the trend.

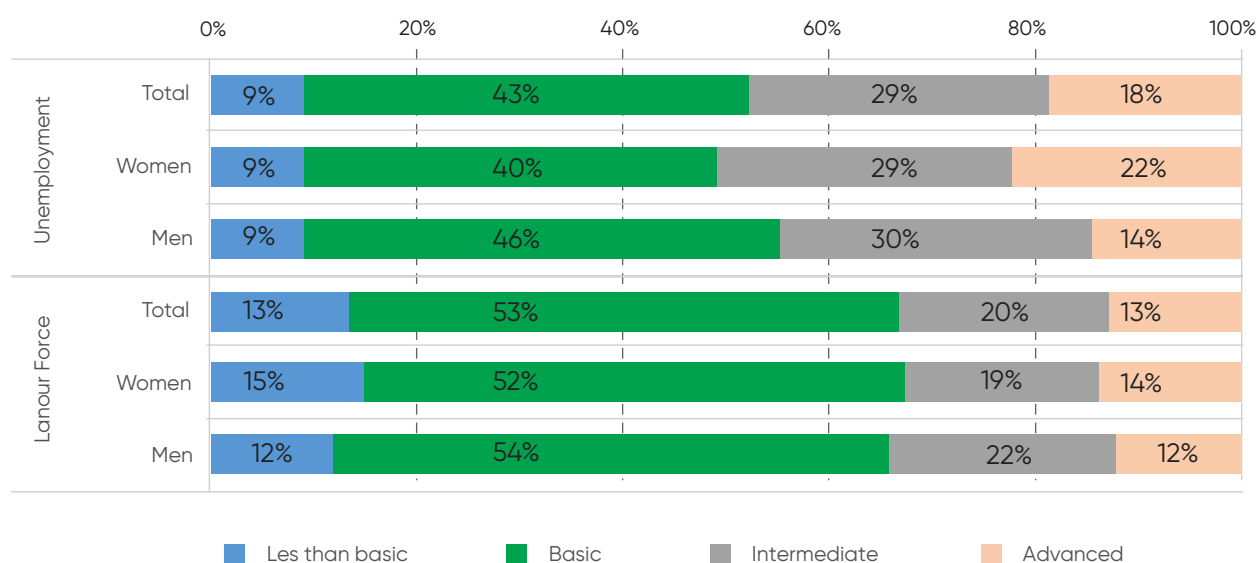
It is important to highlight that youth unemployment is systematically higher than the overall population unemployment rate. One of the reasons is that young people are more likely to be new labour market entrants. They often lack the job search experience required to find employment and the work experience that makes potential hires attractive to employers. That being said, it is important to investigate the other reasons behind youth unemployment, especially in a country aiming to move towards a growth model supported by higher-skilled jobs. While the new generation of Vietnamese workers is the highest educated in the country's history, for this achievement to translate into socio-economic progress, it is essential to monitor whether young people find jobs that suit their qualifications. An analysis of unemployment rates by educational attainment, for the overall labour market and specifically for youth, sheds light on the possible reasons behind the growing youth unemployment trend.

⁵ ILO, 2019b.

⁶ Ibid.

Figures 38 and 39 show that individuals with an intermediate and advanced level of educational attainment are relatively more likely to be found in unemployment than the average person in the labour force. The reasons behind this trend can be multiple. Individuals who have completed higher levels of education may have the economic means to afford being unemployed while they look for a job that matches their qualifications. In the case of youth in particular, in lower middle- income countries it is often found that the highest level of education completed by young women and men is positively associated with household income. Higher unemployment can also be a signal that, although the economy has been creating higher-skilled jobs, those jobs are not yet enough to accommodate the highly skilled individuals on the labour market, or the educational system is not yet effective enough to prepare them for the demands of employers.

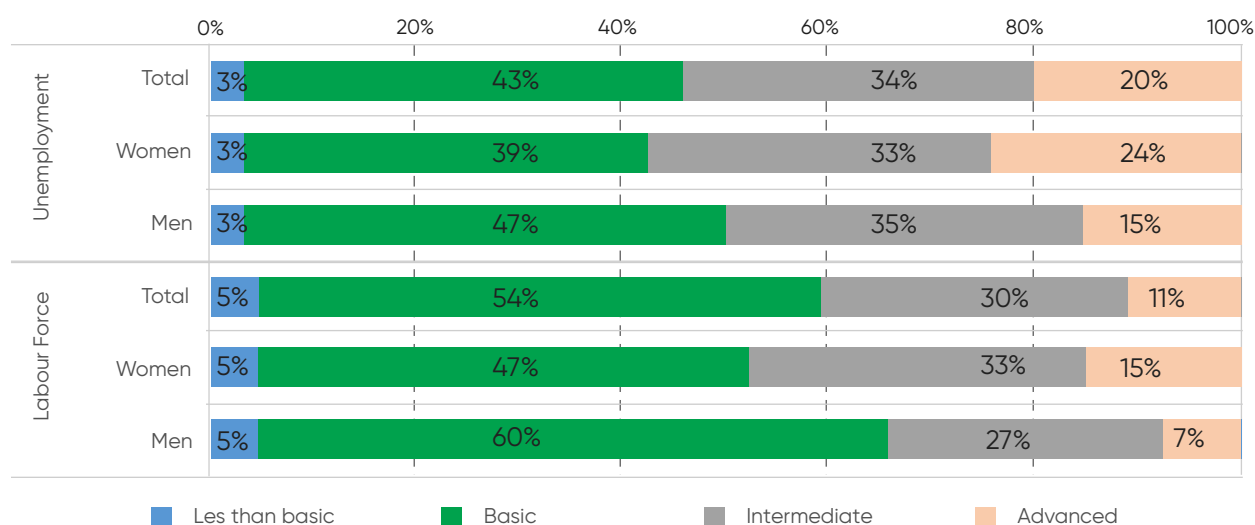
FIGURE 38. DISTRIBUTION OF UNEMPLOYMENT AND THE LABOUR FORCE, BY LEVEL OF EDUCATIONAL ATTAINMENT AND SEX, VIET NAM, 2018 (%)



Notes: Less than basic refers to less than primary education. Basic refers to primary education or lower secondary education. Intermediate refers to upper secondary education or post-secondary non-tertiary education. Advanced refers to tertiary education.

Source: Labour Force Survey.

FIGURE 39. DISTRIBUTION OF YOUTH UNEMPLOYMENT AND YOUTH LABOUR FORCE, BY LEVEL OF EDUCATIONAL ATTAINMENT AND SEX, VIET NAM, 2018 (%)



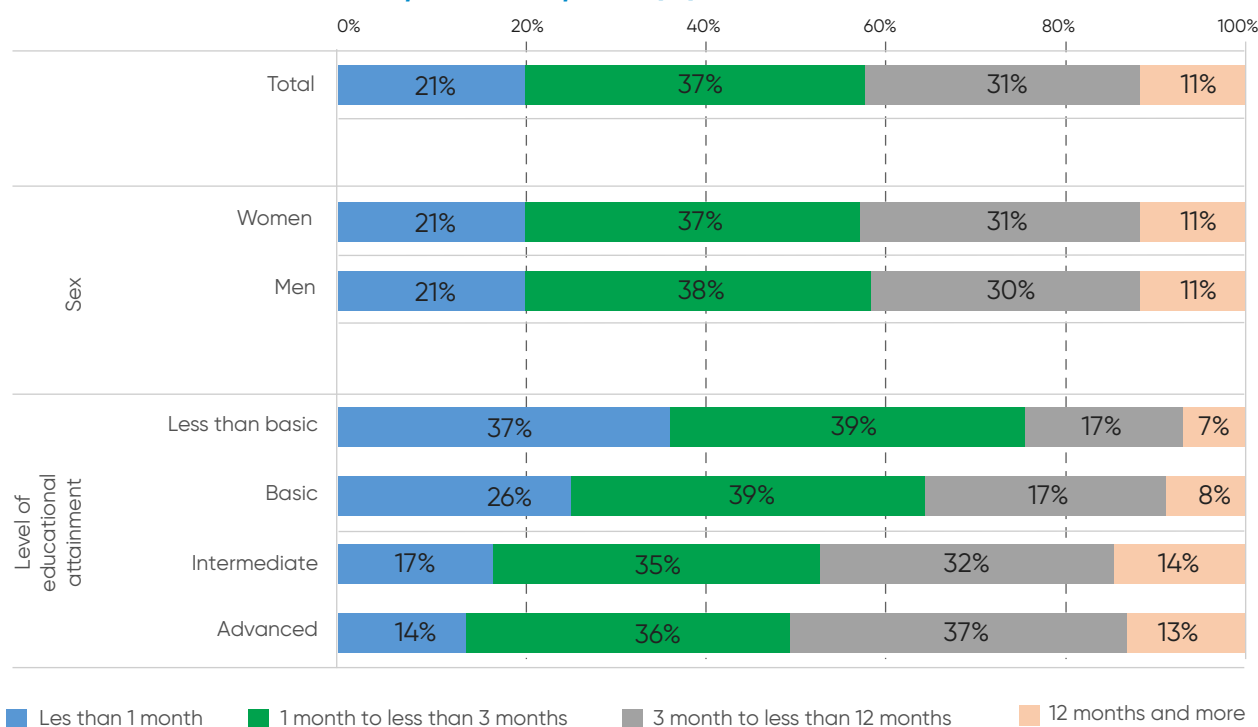
Notes: Less than basic refers to less than primary education. Basic refers to primary education or lower secondary education. Intermediate refers to upper secondary education or post-secondary non-tertiary education. Advanced refers to tertiary education.

Source: Labour Force Survey.

Analysing how long the unemployed have actually been in unemployment is crucial, since the duration of unemployment has strong implications for the quality of life of the unemployed, their future working lives and the health of the labour market. If most of the unemployed have been job searching for a short period only, unemployment may not necessarily be a cause for concern for policy-makers, since the duration of unemployment may simply be the time it takes for jobseekers and employers to find each other. Nevertheless, if a large share of the unemployed are in long-term unemployment, the situation reflects a more serious problem, given the hysteresis effect of unemployment: the longer a person has been unemployed, the longer it takes for them to find a job, triggering a vicious circle of joblessness.

As indicated in figure 40, in Viet Nam, 11 per cent of the unemployed are in long-term unemployment (job searching for at least one year). The duration of unemployment does not reveal a clear gender pattern, but it does show an educational pattern. The vast majority of unemployed with less than primary education (76 per cent) have been unemployed for less than 3 months. As the level of educational attainment of the unemployed increases, the share of short-term unemployed decreases while the share of long-term unemployed increases. One possible explanation is that fewer skilled jobs are available than unskilled jobs, and highly educated people look for jobs that match their qualification level. It is also possible that, as mentioned above, since higher levels of educational attainment are often associated with higher-income households, some unemployed can afford to take time to look for jobs.

FIGURE 40. UNEMPLOYMENT DISTRIBUTION, BY DURATION, SEX AND LEVEL OF EDUCATIONAL ATTAINMENT, VIET NAM, 2018 (%)

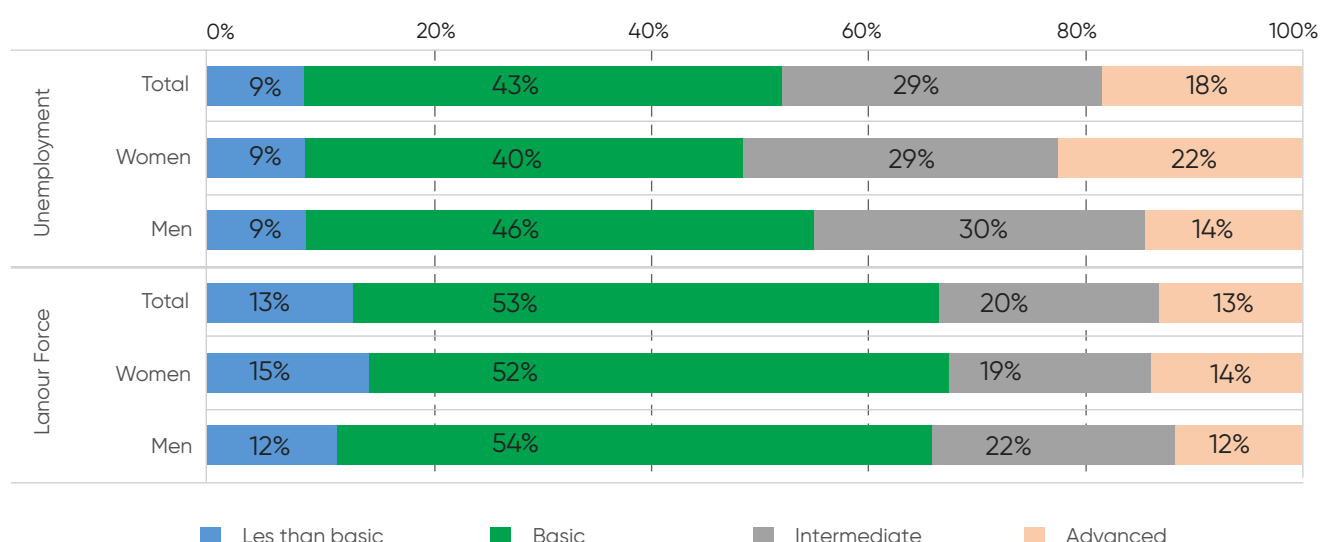


Notes: Less than basic refers to less than primary education. Basic refers to primary education or lower secondary education. Intermediate refers to upper secondary education or post-secondary non-tertiary education. Advanced refers to tertiary education.

Source: Labour Force Survey.

Figure 41 expands on the characteristics of the unemployed. Although people with an advanced education represented 13 per cent of the labour force in 2018, they accounted for 18 per cent of the unemployed. Likewise, while people with a basic educational level or less constituted 66 per cent of the labour force, they made up 52 per cent of the unemployed. In other words, highly educated individuals are over-represented in unemployment, whereas individuals with lower educational attainment are under-represented. This distribution is not unique to Viet Nam; it is found quite consistently across emerging economies. It reflects a context in which the supply of jobs is expanding towards higher skills, but graduates are coming to the labour market at a faster rate. It also suggests that the higher education system is not yet an effective match for the needs of a labour market in transformation. As a result of these and other factors, highly educated jobseekers in emerging economies are likely to face relatively higher levels of unemployment. In Viet Nam in particular, it is noteworthy that highly educated women are particularly affected by unemployment, more so than highly educated men. In 2018, women with an advanced level of educational attainment accounted for 14 per cent of the labour force, but 22 per cent of unemployment.

FIGURE 41. DISTRIBUTION OF UNEMPLOYMENT AND THE LABOUR FORCE, BY LEVEL OF EDUCATIONAL ATTAINMENT AND SEX, VIET NAM, 2018 (%)



Notes: Less than basic refers to less than primary education. Basic refers to primary education or lower secondary education. Intermediate refers to upper secondary education or post-secondary non-tertiary education. Advanced refers to tertiary education.

Source: Labour Force Survey.

Table 3 highlights the shares of first-time jobseekers in total unemployment. In 2018, 31 per cent of the unemployed in Viet Nam were looking for their first job, while the remaining 69 per cent had previous job experience. The breakdown by age reflects the high labour force participation levels in the country. The share of first-time jobseekers among the unemployed in the 25–54 age bracket was only 11.9 per cent, and as many as 43.1 per cent of unemployed youth consisted of individuals who had been employed before.

Although the difference between the share of unemployed women and men looking for their first job is not considerable, the gender difference becomes larger when focusing on the youth age band. While almost half of all young unemployed women had already had a job, only 36 per cent of young unemployed men had been previously employed. This is an interesting finding: the higher likelihood of young unemployed women having job experience implies that they are not newly active in the labour market, evidencing the strong participation of young women in the labour force. This finding also likely reflects the fact that often women stop working for a time in order to have children, and some have difficulty finding employment again.

TABLE 3. DISTRIBUTION OF THE UNEMPLOYED, BY WHETHER OR NOT THEY EVER HAD A JOB, SEX AND AGE, VIET NAM, 2018 (%)

CATEGORY	UNEMPLOYMENT DISTRIBUTION (%)			
	Previously employed	First time jobseeker	Not elsewhere classified	Total unemployment
Total				
Total (15+)	69.0	31.0	0.0	100
Aged 15–24	43.1	56.8	0.1	100
Aged 25–54	88.1	11.9	0.0	100
Aged 55–64	99.8	0.2	0.0	100
Aged 65+	99.2	0.8	0.0	100
Women				
Total (15+)	69.9	30.1	0.1	100
Aged 15–24	49.3	50.5	0.2	100
Aged 25–54	86.9	13.1	0.0	100
Aged 55–64	100.0	0.0	0.0	100
Aged 65+	98.4	1.6	0.0	100
Men				
Total (15+)	68.0	32.0	0.0	100
Aged 15–24	35.9	64.1	0.0	100
Aged 25–54	89.4	10.6	0.0	100
Aged 55–64	99.7	0.3	0.0	100
Aged 65+	100.0	0.0	0.0	100

Source: Labour Force Survey.

Looking at the previous job of the unemployed (table 4), it is clear that the sectors of economic activity contributing the most to unemployment in 2018 were manufacturing, agriculture, trade and construction, but these are also the largest employment sectors. The most common sectors of their previous jobs for women were manufacturing (30 per cent of unemployed women with previous job experience had worked in manufacturing), agriculture (22 per cent) and wholesale and retail trade or repair of vehicles (14 per cent). For men, the most common sectors of their previous jobs were manufacturing (22 per cent), agriculture (17 per cent) and construction (15 per cent).

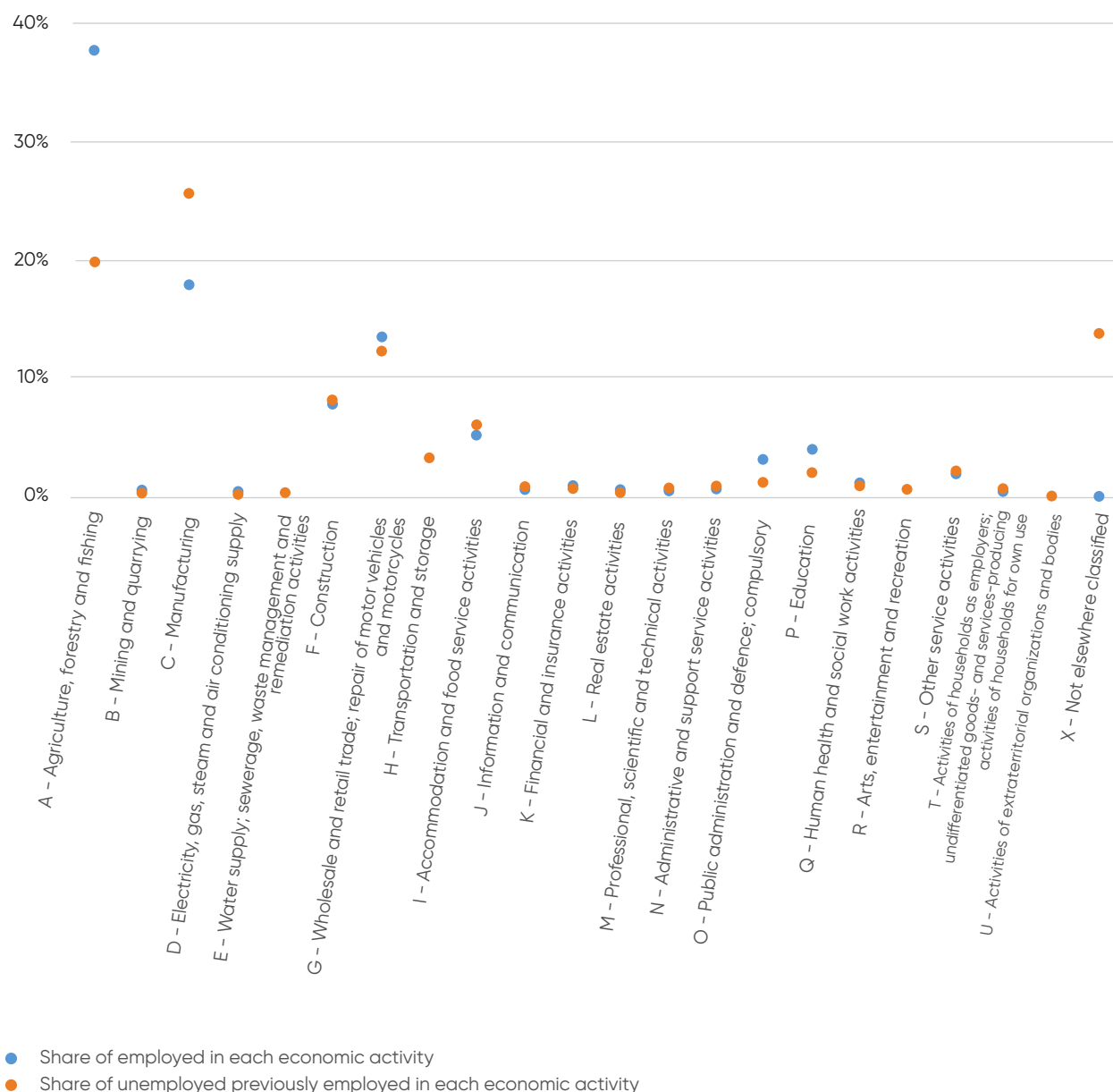
Combining the information in table 4 and figure 42, it becomes apparent that, for instance, while agriculture represents 38 per cent of employment, it accounts for only 20 per cent of unemployment, which means that, although agriculture is the second largest sector in the unemployment distribution, agricultural workers are not very likely to be unemployed. This is not surprising given the characteristics of agricultural workers, a large share of whom are employed in their families' farm. Conversely, while manufacturing represents 18 per cent of employment, it accounts for 26 per cent of unemployment, suggesting that manufacturing workers are more exposed to unemployment.

TABLE 4. DISTRIBUTION OF THE UNEMPLOYED PREVIOUSLY EMPLOYED, BY PREVIOUS ECONOMIC ACTIVITY AND SEX, VIET NAM, 2018 (%)

PREVIOUS ECONOMIC ACTIVITY	UNEMPLOYMENT DISTRIBUTION (%)		
	Total	Women	Men
A - Agriculture, forestry and fishing	19.8	22.0	17.4
B - Mining and quarrying	0.3	0.2	0.4
C - Manufacturing	25.6	29.5	21.5
D - Electricity, gas, steam and air conditioning supply	0.1	0.0	0.3
E - Water supply; sewerage, waste management and remediation activities	0.2	0.0	0.4
F - Construction	8.1	1.3	15.4
G - Wholesale and retail trade; repair of motor vehicles and motorcycles	12.2	14.4	9.9
H - Transportation and storage	3.2	0.8	5.7
I - Accommodation and food service activities	6.1	7.1	5.1
J - Information and communication	0.8	0.5	1.2
K - Financial and insurance activities	0.6	0.6	0.5
L - Real estate activities	0.3	0.1	0.5
M - Professional, scientific and technical activities	0.7	0.6	0.8
N - Administrative and support service activities	0.9	0.6	1.3
O - Public administration and defence; compulsory	1.2	0.7	1.7
P - Education	2.0	3.1	0.8
Q - Human health and social work activities	0.8	1.5	0.1
R - Arts, entertainment and recreation	0.5	0.4	0.6
S - Other service activities	2.2	2.8	1.5
T - Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	0.8	1.2	0.3
X - Not elsewhere classified	13.7	12.8	14.7
Total unemployed previously employed	100	100	100

Note: Based on International Standard Industrial Classification (ISIC) Rev. 4.
Source: Labour Force Survey.

FIGURE 42. SHARE OF EMPLOYED AND OF UNEMPLOYED PREVIOUSLY EMPLOYED IN EACH ECONOMIC ACTIVITY, VIET NAM, 2018 (%)



Note: Based on International Standard Industrial Classification (ISIC) Rev. 4.
Source: Labour Force Survey.

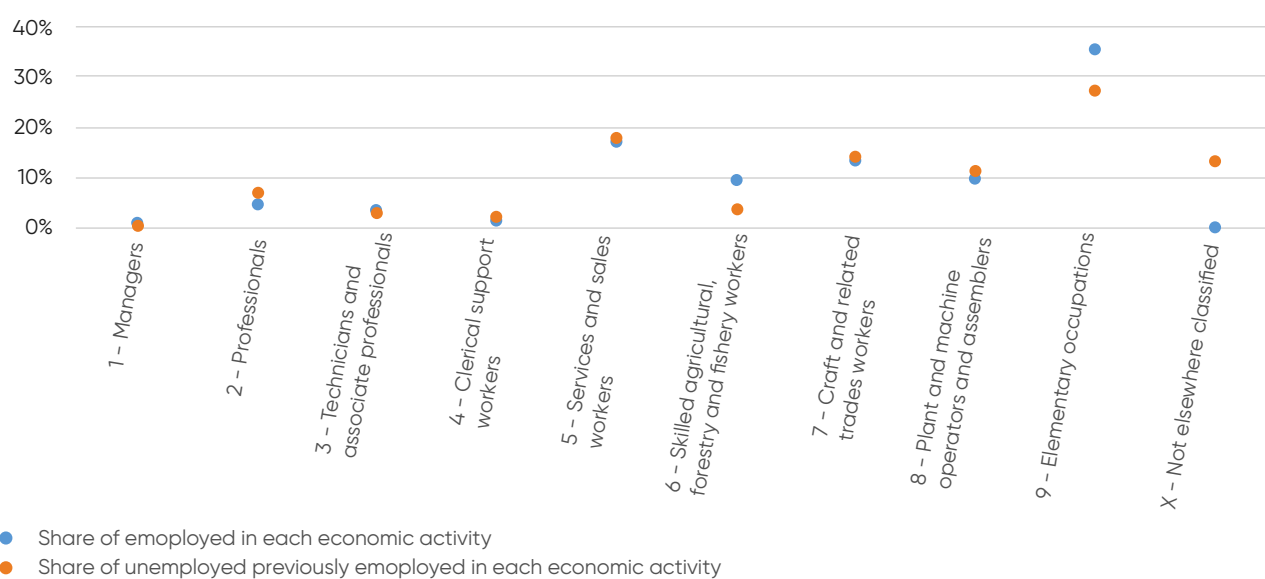
When considering occupations, the most common previous occupations of the unemployed who had job experience in 2018 were elementary occupations (28 per cent of all unemployed previously employed had worked in elementary occupations), followed by services and sales workers (18 per cent), craft and related trades workers (15 per cent) and plant and machine operators and assemblers (12 per cent). Contrariwise, the share of former managers was almost nil among the unemployed (table 5 and figure 43).

TABLE 5. DISTRIBUTION OF THE UNEMPLOYED PREVIOUSLY EMPLOYED, BY PREVIOUS OCCUPATION AND SEX, VIET NAM, 2018 (%)

PREVIOUS OCCUPATION	UNEMPLOYMENT DISTRIBUTION (%)		
	Total	Women	Men
1 - Managers	0.2	0.1	0.4
2 - Professionals	4.7	5.9	3.4
3 - Technicians and associate professionals	3.2	4.5	1.8
4 - Clerical support workers	2.2	2.7	1.7
5 - Services and sales workers	18.1	21.8	14.2
6 - Skilled agricultural, forestry and fishery workers	3.9	3.9	4.0
7 - Craft and related trades workers	14.5	11.2	18.1
8 - Plant and machine operators and assemblers	11.8	11.3	12.3
9 - Elementary occupations	27.5	25.9	29.2
X - Not elsewhere classified	13.7	12.8	14.7
Total unemployed previously employed	100	100	100

Note: Based on the ISCO-08.
Source: Labour Force Survey.

FIGURE 43. SHARE OF EMPLOYED AND OF UNEMPLOYED PREVIOUSLY EMPLOYED IN EACH OCCUPATION, VIET NAM, 2018 (%)



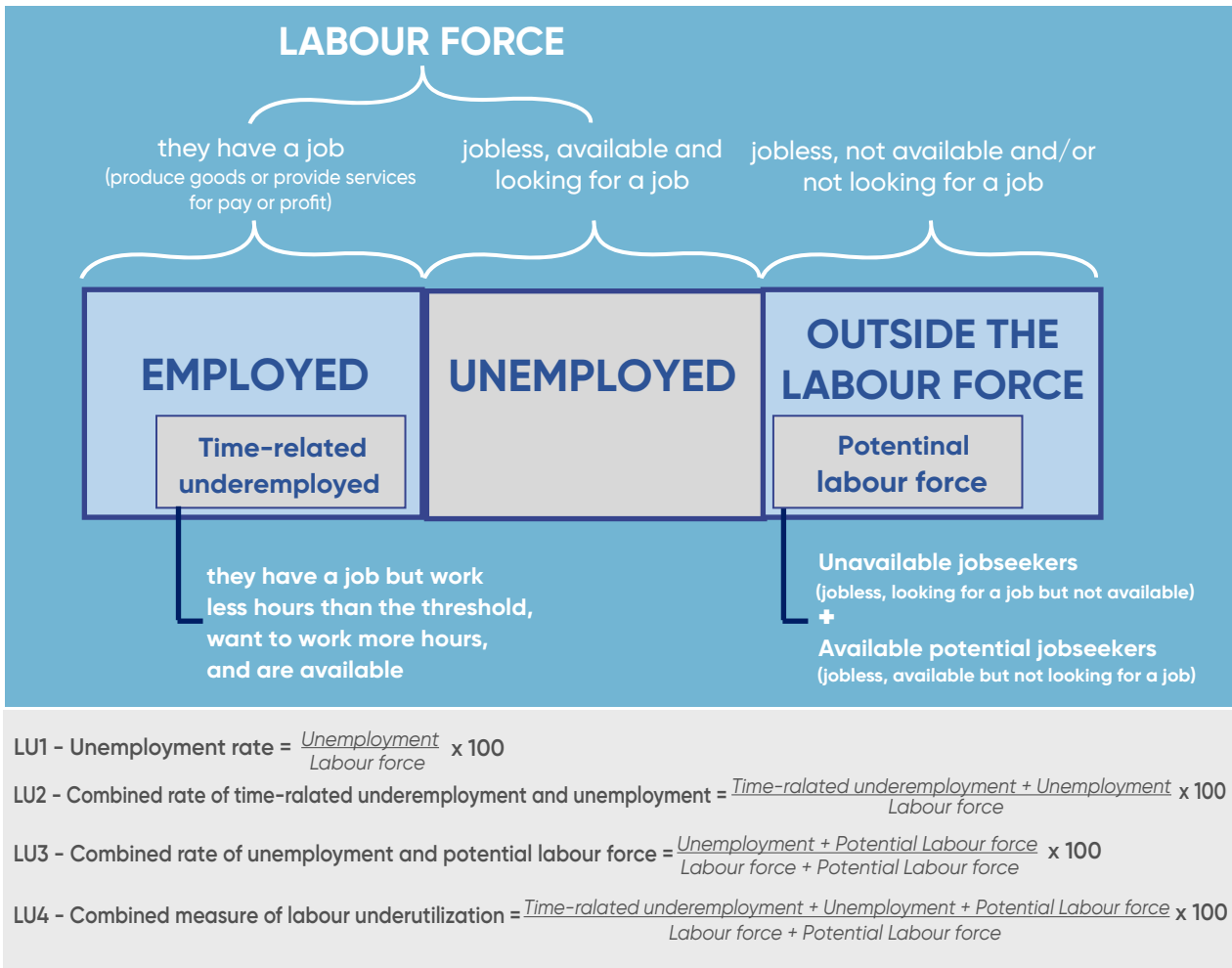
Note: Based on the ISCO-08.
Source: Labour Force Survey.

2. LOW LEVELS OF LABOUR UNDERUTILIZATION IN GENERAL, BEYOND UNEMPLOYMENT

The levels of unemployment in Viet Nam are rather low across the gender and age bands. But what about other forms of labour underutilization? Are low unemployment rates masking other, less visible, forms of labour underutilization?

The Resolution concerning statistics of work, employment and labour underutilization adopted by the 19th International Conference of Labour Statisticians in 2013 recognized the limitations of the unemployment rate as the sole measure of labour underutilization, and introduced a number of complementary measures to provide a fuller picture, described in figure 44. In addition to the unemployed, who are in an explicit form of labour underutilization, the resolution identified groups of people in labour underutilization among the employed (time-related underemployment) and among those outside the labour force (the potential labour force). The simultaneous analysis of the labour underutilization measures recommended in the resolution makes evident that the unemployment rate provides an incomplete image of labour underutilization, since it represents only a fraction of it and, by focusing only on unemployment, the hardships of other groups may be disregarded. This section analyses these groups one by one to assess their respective magnitude on Viet Nam's labour market.

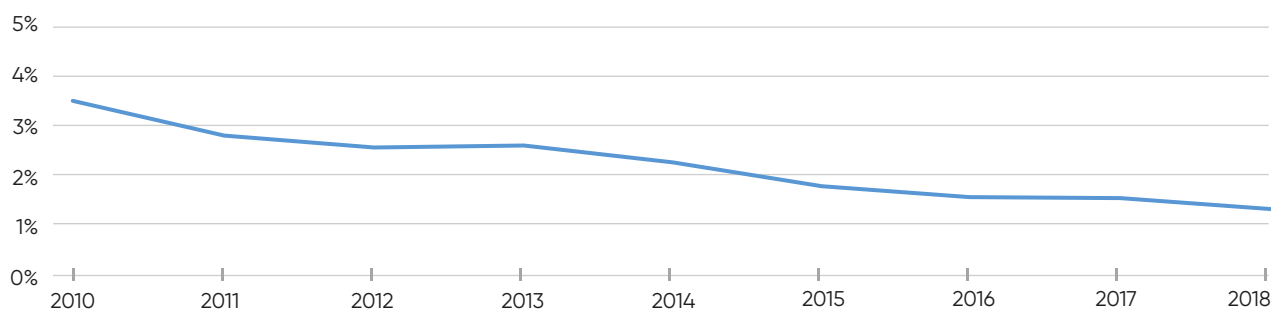
FIGURE 44. WORKING-AGE POPULATION BY LABOUR FORCE STATUS AND LABOUR UNDERUTILIZATION MEASURES



LU = labour underutilization.
Source: ILO, 2013b.

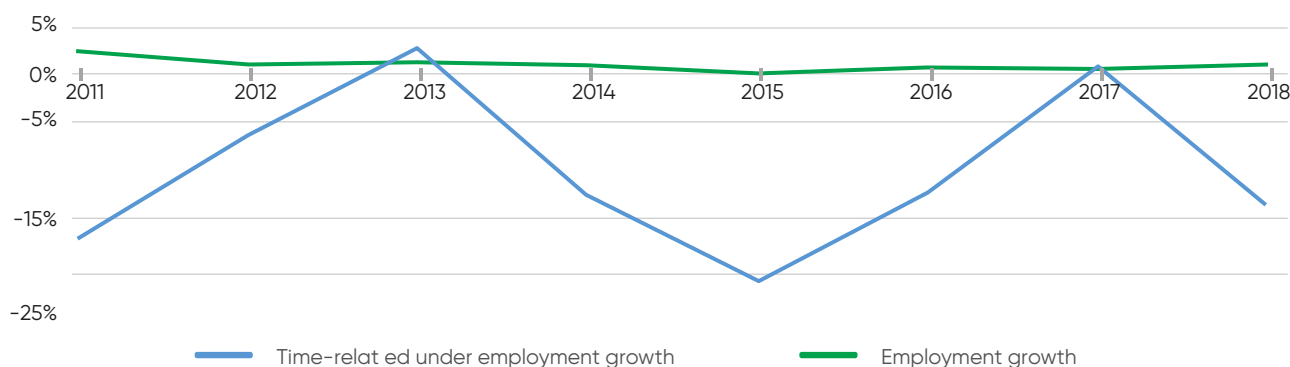
The time-related underemployment rate is a measure of labour underutilization that provides information regarding the share of employed people who are willing and available to increase their working time and worked fewer hours than a specified time threshold during the period of observation. Not surprisingly, time-related underemployment affects a minor share of the employed in Viet Nam. The share of time-related underemployment, already rather low in 2010, at 3.5 per cent, remained on a downward trend in the past decade, reaching 1.3 per cent in 2018. Indeed, while employment grew steadily during the entire decade, time-related underemployment declined every year from 2011 to 2018 (figures 45 and 46).

FIGURE 45. TIME-RELATED UNDEREMPLOYMENT RATE, VIET NAM, 2010–18 (%)



Source: Labour Force Survey.

FIGURE 46. ANNUAL GROWTH RATES OF EMPLOYMENT AND TIME-RELATED UNDEREMPLOYMENT, VIET NAM, 2011–18 (%)



Source: Labour Force Survey.

The potential labour force measure, another indicator recognized in the resolution, is one of high importance to policy-makers, researchers and labour market agents. This indicator is the sum of people not in employment and available but not seeking employment (available potential jobseekers) and of people not in employment who are seeking employment but not available (unavailable jobseekers). These are different groups of jobless people who have different degrees of attachment to the labour market. The implications for employment policies aiming to address them are different. As Viet Nam is facing a rapidly ageing labour force, policy-makers may begin to look into activating those groups who are not currently part of the labour market, but who have a relatively strong attachment to the active population.

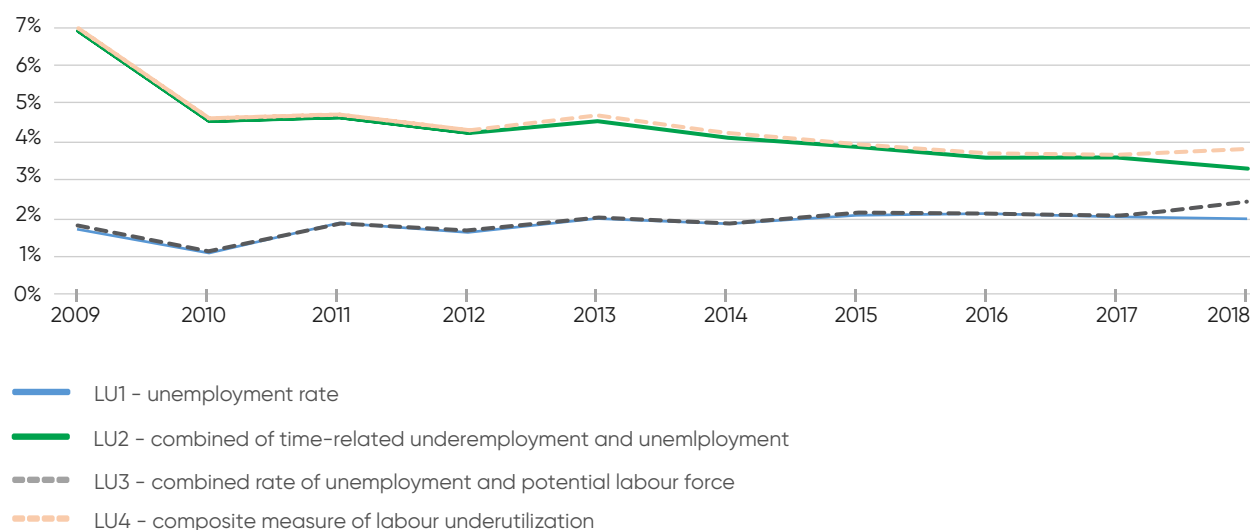
Due to deviations in the national definition of unemployment from the international standard, the unemployment rate in Viet Nam nearly coincides with the combined rate of unemployment and potential labour force, and the combined rate of time-related underemployment and unemployment nearly coincides with the composite measure of labour underutilization. Nevertheless, it is still enlightening to look at respective trends in unemployment alone, vis-à-vis trends of the composite labour underutilization.

The unemployment rate is the share of people in the labour force who are jobless but available and actively looking for a job. It does not capture jobless people interested in employment but who quit the job search due to discouragement or for other reasons; people who are not immediately available to take up a job; and people who are in employment but with insufficient working time. Hence, the gap between the unemployment rate and the composite measure of labour underutilization provides an indication of the prevalence of these types of situations. Figure 47 shows that the composite labour underutilization measure declined slightly over the past decade, while the unemployment rate increased slightly, meaning that the gap between the two narrowed. This, however, is the case for the aggregate labour market. The trend for the specific 15–24 age bracket looks different.

As depicted in figure 48, youth are more likely than adults to be in all forms of labour underutilization. What is more, the gap between the unemployment rate and the composite measure of labour underutilization is wider for youth than adults. This implies that forms of labour underutilization other than unemployment affect the youth labour market relatively more. Several explanations are possible. Young people, similarly to what has already been discussed, might lack labour market experience and job search support they need that is adequate to their skills and qualifications, which on average are higher than those of adults on the labour market. If they are not pushed into the labour market for economic reasons, they may find it more effective to wait for a job opportunity they learn about through word of mouth rather than through an active search.

Another reason for the aggregate value of labour underutilization might be low employment availability due to other responsibilities. The latter might well affect young women to a relatively larger extent than young men, although the insufficient level of data disaggregation means this hypothesis cannot be proved or disproved. What does emerge from the data, however, is that labour underutilization has a stronger gender pattern (in favour of men) among youth than adults, putting young women in a more vulnerable position in the labour market.

FIGURE 47. UNEMPLOYMENT RATE (SDG INDICATOR 8.5.2) AND OTHER LABOUR UNDERUTILIZATION MEASURES, VIET NAM, 2009–2018 (%)



LU = labour underutilization.

Note: Labour underutilization measures as defined in the resolution concerning statistics of work, employment and labour underutilization.

Source: Labour Force Survey.

FIGURE 48. UNEMPLOYMENT RATE (SDG INDICATOR 8.5.2) AND OTHER LABOUR UNDERUTILIZATION MEASURES FOR YOUTH AND ADULTS, BY SEX, VIET NAM, 2018 (%)



LU = labour underutilization.

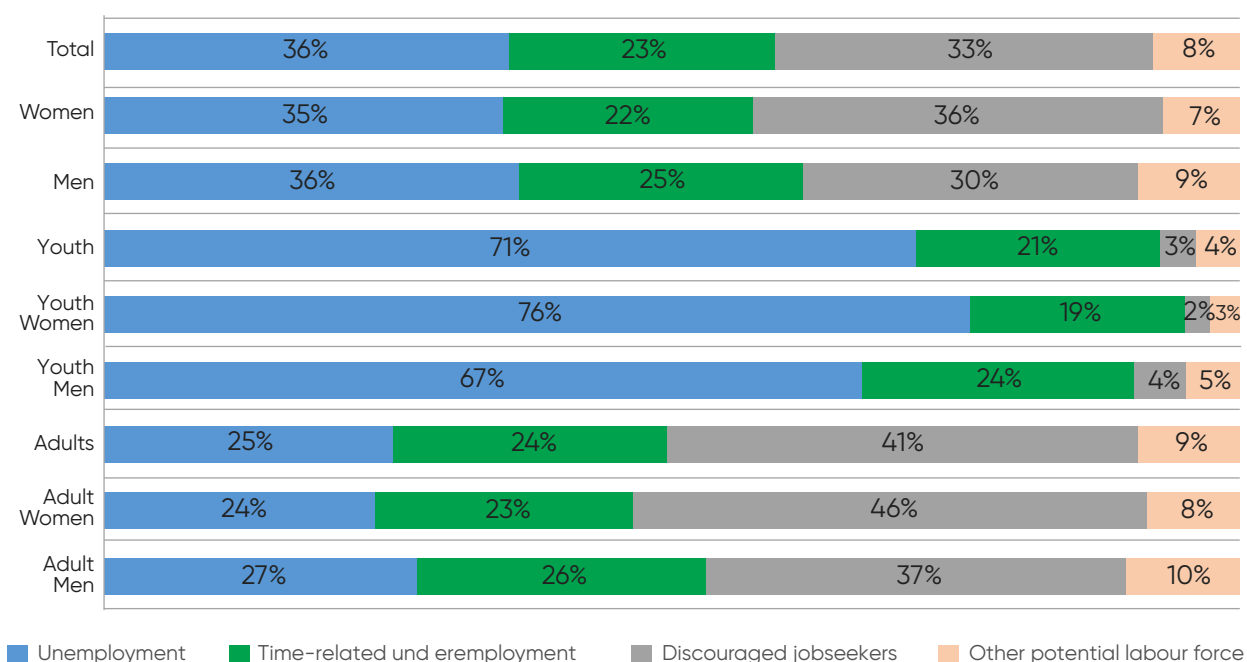
Note: Labour underutilization measures as defined in the resolution concerning statistics of work, employment and labour underutilization.

Source: Labour Force Survey.

Figure 49 brings together all groups in labour underutilization to study the relative significance of each in the total. This includes unemployed people, people in time-related underemployment and people in the potential labour force. Discouraged jobseekers are a subgroup of the potential labour force, made up of people not in employment, available but not seeking employment for specific labour market-related reasons.

That is, they are jobless people who got discouraged in their job search due to labour market conditions, but who are willing and available to take up employment. The rest of the potential labour force is made up of people who are available for employment but not looking for a job for reasons not related to the labour market specifically, and people who are looking for a job but not immediately available. The findings in figure 49 show that unemployment is by far the most predominant form of labour underutilization for young workers, whereas adults are more likely to be discouraged in their job search for labour market-related reasons than to be unemployed. These findings signal the need for targeted policy formulations to address the different challenges youth and adults face on the labour market. They also indicate that current employment strategies may need to be revised in light of emerging trends in the youth labour market related to increased skills patterns and changes in the type of jobs created by Viet Nam's growing economy. In addition, the issues related to job search discouragement among adults emerging from this analysis call for further investigation into the underlying factors.

FIGURE 49. LABOUR UNDERUTILIZATION COMPOSITION FOR YOUTH AND ADULTS, BY SEX, VIET NAM, 2018 (%)



Note: Discouraged jobseekers are a subgroup of the potential labour force, made up of people not in employment, available but not seeking employment for specific labour market-related reasons.

Source: Labour Force Survey.

V. ... BUT WITH DEFICITS IN DECENT WORK AND EMPLOYMENT QUALITY

Section IV of this report establishes that labour underutilization levels are low in general in Viet Nam, although current demographic trends indicate that it is increasingly important for policy-makers to reduce these levels even further in the future. Employment levels, on the other hand, are high among the population, and access to jobs appears relatively smooth. This section will take an in-depth look into the quality of those jobs. It will do so by analysing several aspects that taken together provide an overview of decent work challenges and opportunities in Viet Nam's labour market. These include whether jobs are informal or vulnerable, allow adequate earnings and satisfactory working time, ensure the productive use of skills and give incentives to workers to upskill, offer occupational safety and health, allow healthy dialogue between workers' and employers' organizations, and ensure freedom from child labour.

1. INFORMALITY AND VULNERABILITY

Informality has two aspects: the informal nature of a person's job (informal employment) and the informal status of the economic unit the person works in (informal sector). It is possible to have an informal job (that is, to be in informal employment) in a formal sector enterprise, just as it is possible (although much less likely) to have a formal job (that is, to be in formal employment) in a unit of the informal sector. Figure 50 presents the conceptual framework for the measurement of informal employment adopted by the 17th International Conference of Labour Statisticians in 2003. This framework will be revised and improved by the next International Conference of Labour Statisticians, planned for 2023.

FIGURE 50. CONCEPTUAL FRAMEWORK^(a) FOR FORMAL AND INFORMAL EMPLOYMENT⁷

Production units by type	Job by status in employment								
	Own-account workers		Employers		Contributing family workers	Employees		Members of producer's cooperatives	
	Informal	Formal	Informal	Formal	Informal	Informal	Formal	Informal	Formal
Formal sector enterprises					1	2			
Informal sector enterprises ^(b)	3		4		5	6	7	8	
Households ^(c)	9					10			

Notes: Informal employment refers to cells 1 to 6 and 8 to 10. Employment in the informal sector refers to cells 3 to 8. Informal employment outside the informal sector refers to cells 1, 2, 9 and 10.

(a) Cells shaded in dark grey refer to jobs, which by definition do not exist in the type of production unit in question. Cells shaded in light grey refer to formal jobs. Unshaded cells represent the various types of informal jobs. (b) As defined by the 15th International Conference of Labour Statisticians resolution (excluding households employing paid domestic workers). (c) Households producing goods exclusively for their own final use and households employing paid domestic workers.

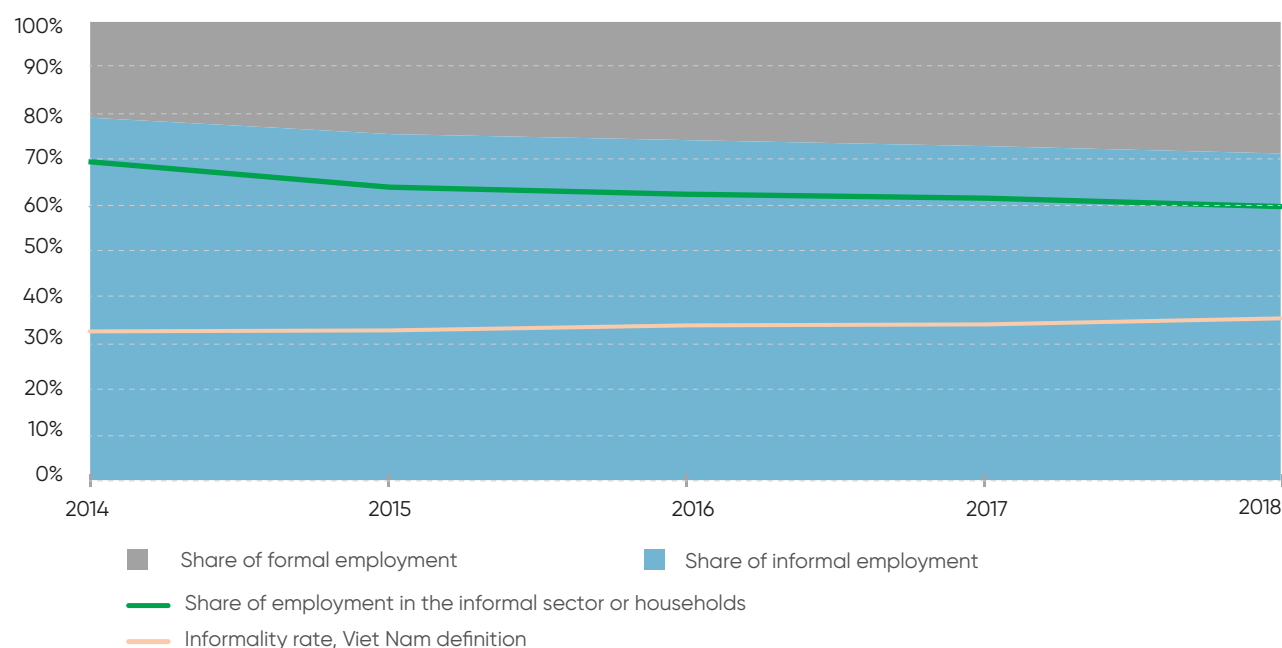
Source: ILO, 2013.

⁷Viet Nam's definition of informal employment does not include the Household production unit.

Workers in informal employment are, by definition, more vulnerable in many ways than workers in formal employment, such as not being covered by labour legislation or social security systems. This vulnerability has a negative impact on working and living conditions. It can also affect a country's level of productivity, economic growth and poverty since informal employment tends to be less productive and less well remunerated. Thus, statistics on informal employment are crucial to inform policy-makers seeking to improve labour market access and working conditions. They also provide valuable information on the characteristics of those excluded from the formal sector and formal jobs.

For international comparability purposes, the ILO established a harmonized definition of informal employment and the informal sector, based on a number of criteria, including coverage by social protection, access to paid annual leave and paid sick leave, status in employment, destination of production and bookkeeping. The definition of informal employment used at the national level in Viet Nam refers to employment without social insurance (especially without compulsory social insurance) and the absence of a labour contract of at least three months. To analyse informality, this report uses the ILO harmonized operational criteria established to determine the informal nature of employment and the informal sector.

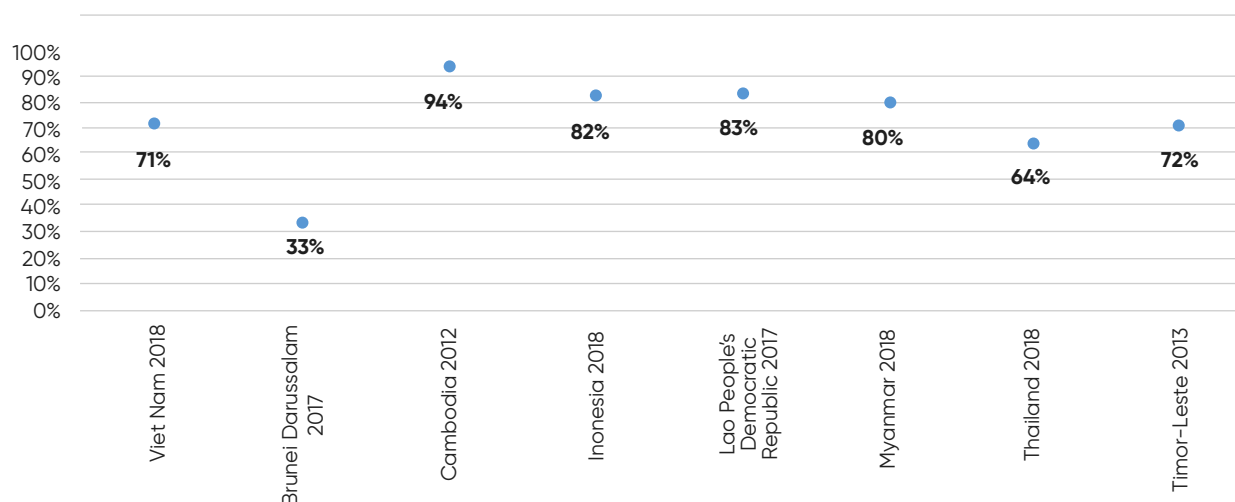
FIGURE 51. SHARE OF INFORMAL EMPLOYMENT AND OF EMPLOYMENT IN THE INFORMAL SECTOR OR HOUSEHOLDS (SDG INDICATOR 8.3.1), VIET NAM, 2014–2018 (%)



Note: ILO harmonized criteria used to define informal employment and the informal sector.
Source: Labour Force Survey.

In Viet Nam in 2018, informal employment represented 71 per cent of employment and employment in the informal sector or households represented 60 per cent of employment (figure 51). In addition, from 2014 to 2018, both the share of informal employment and the share of employment in the informal sector or households declined. Figure 52 compares Viet Nam's informal employment rate to that of other ASEAN countries for which data are available.

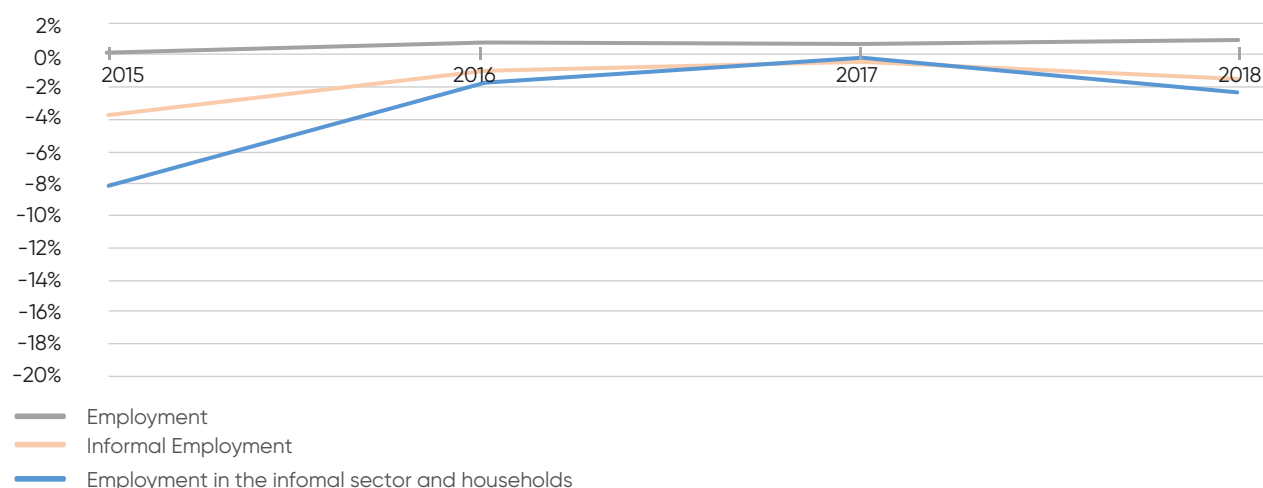
FIGURE 52. SHARE OF INFORMAL EMPLOYMENT, ASEAN COUNTRIES, LATEST YEAR AVAILABLE (ILO HARMONIZED DEFINITION) (%)



Source: ILOSTAT – Labour force or other types of household surveys.

Yet, this is no reason for complacency. The informal employment rate in most ASEAN countries is well above the world's average of 61.2 per cent⁸. In Viet Nam, workers in informal employment account for the majority of employed individuals in the country. Informal workers are typically not protected by labour legislation and not covered by countries' existing social protection mechanisms. The prevalence of informal employment, combined with the low levels of labour underutilization discussed previously, points to the fact that Viet Nam's labour market is not in need of more jobs, but of better jobs (figure 53).

FIGURE 53. ANNUAL GROWTH IN EMPLOYMENT, INFORMAL EMPLOYMENT AND EMPLOYMENT IN THE INFORMAL SECTOR, VIET NAM, 2015–2018 (%)

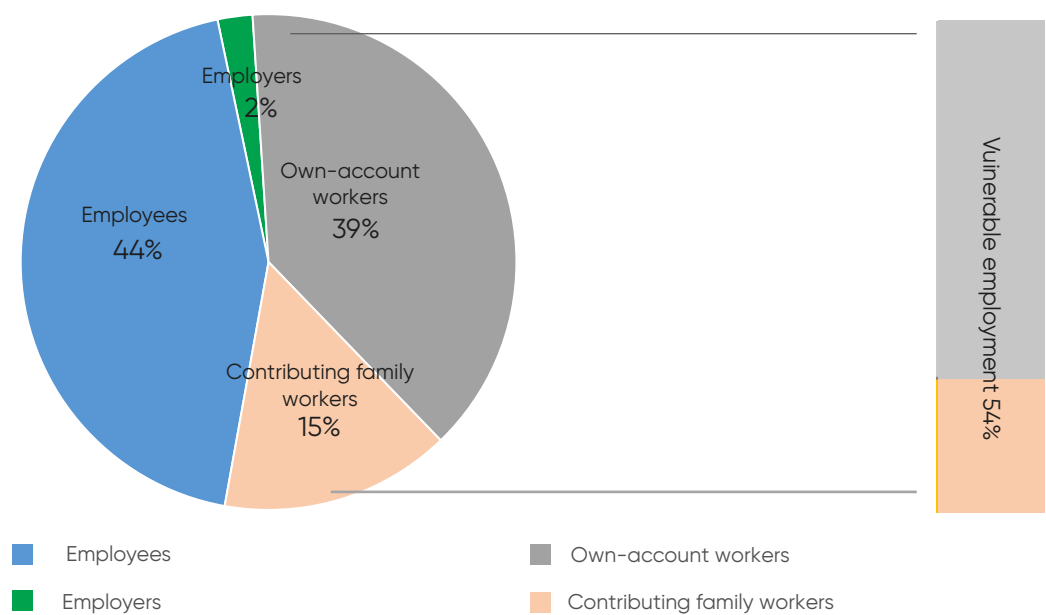


Note: ILO harmonized criteria used to define informal employment and the informal sector.
Source: Labour Force Survey.

⁸ ILO, 2019b.

Informality is closely linked to the status in employment of workers, which determines to a great extent their conditions of employment. Contributing family workers by definition are considered to be in informal employment, and so are own-account workers who are not producing for sale. Recalling the information provided in section III.4, contributing family workers and own-account workers make up vulnerable employment, whose share in overall employment has been declining in Viet Nam over the last two decades due to the expansion of industrialization and the emergence of wage and salaried employment. Yet, in 2018, over half of the employed in Viet Nam (54 per cent) were in vulnerable employment (figure 54).

FIGURE 54. EMPLOYMENT DISTRIBUTION, BY STATUS IN EMPLOYMENT, VIET NAM, 2018 (%)

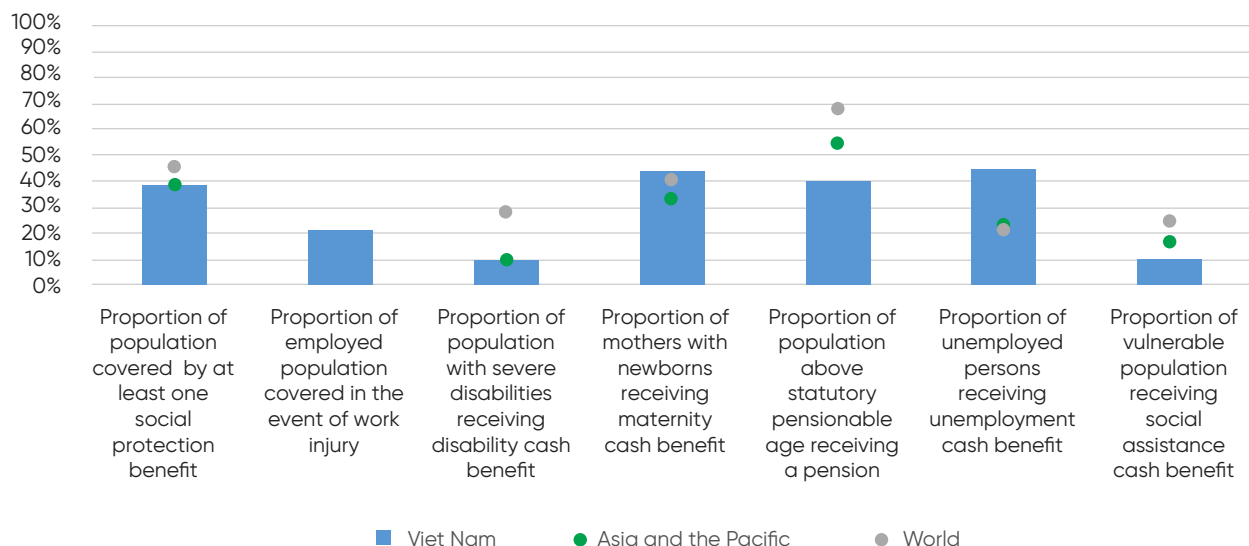


Notes: Based on the ICSE-93. ICSE-93 category 4. Members of producers' cooperatives is not included in the chart since it represents less than 0.2 per cent of employment.
Source: Labour Force Survey.

2. SOCIAL PROTECTION COVERAGE

Social protection is a human right, ensuring access to health care and income security for all, and allowing people to be protected against eventualities throughout the life cycle. In Viet Nam, 23 per cent of the employed were covered by at least one social protection benefit in 2018. The latest data for Asia and the Pacific and for the world as a whole (2016) shows social protection coverage rates of 39 per cent regionally, and 45 per cent globally. Figure 55 provides information on social protection coverage by specific contingency. The weakest areas of social protection in Viet Nam concerned social assistance cash benefits for vulnerable population (10 per cent) and people with disabilities, of which less than 10 per cent received disability cash benefits in 2016.

FIGURE 55. SOCIAL PROTECTION COVERAGE, VIET NAM, THE REGION AND THE WORLD (SDG INDICATOR 1.3.1), 2016 (%)



Sources: ILO Social Security Inquiry (SSI), ILO estimates based on country data.

Recent reforms have prioritized improving the coverage of older people in Viet Nam. However, children and people of working age (many of whom are also of childbearing age) are actually the least likely of all age groups to benefit from the existing social protection transfer system.

An especially disadvantaged group in terms of access to social protection benefits is that of workers in the informal sector. They face significant barriers limiting their incorporation into the social insurance system. They are more likely to have low incomes and lower levels of education, be self-employed and work in non-standard employment, including in part-time and temporary work. They often face irregular (either very short or excessively long) hours, where they are more likely to be exposed to work-related health and safety risks. All of these factors pose challenges for incorporating informal sector workers into the social insurance system, where participation depends not only on being registered but on regularly paying contributions and meeting minimum qualifying periods.

Previous research underscored the importance of understanding the nature of the informality and of being uninsured in Viet Nam, since different solutions may be required to reach different workers according to their circumstances. If policy-makers treat uninsured workers as a monolithic group – and specifically, if they conflate the challenges facing uninsured non-wage earning with those facing wage earners – the proposed solutions are not likely to be effective for many uninsured workers.

3. PERSISTENT CHALLENGE OF LOW EARNINGS

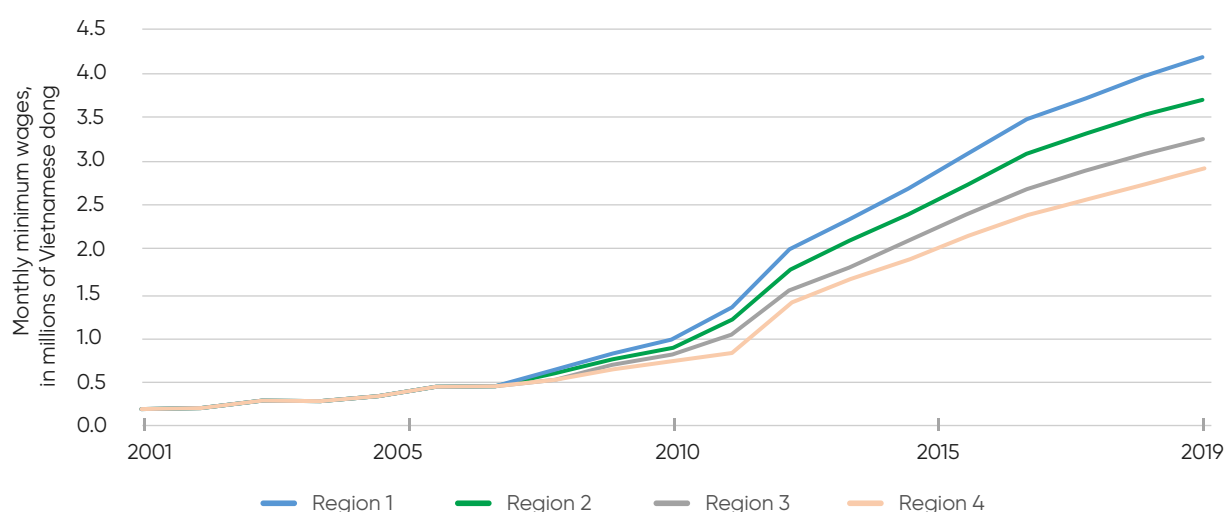
The income workers receive for their employment is a crucial aspect of the quality of that employment. In fact, earnings are a key element of working conditions. Decent jobs are jobs that give rise to an adequate income, allowing workers to secure a decent living for themselves and their families. Information on the earnings that employees and the self-employed receive in exchange for their work is crucial to provide an indication of their purchasing power and living standards.

Hourly earnings, in particular, convey valuable information on the adequacy of employment-related income since hourly data remove the effect of the number of hours worked. Unfortunately, no statistics are available on hourly earnings in Viet Nam; it is thus necessary to explore whether workers have to palliate low hourly earnings with long work hours, and analyse data on working time (see the following section). In this section, the focus is on the study of monthly earnings of the employed.

In the context of Viet Nam's economic boom of the last three decades, it is fair to ask the extent to which workers benefited from economic growth. Recalling the dramatic decline of the working poverty rate presented in section III.4, it seems that economic growth has been, at least to a certain extent, pro-poor. However, working poverty reduction is not necessarily (only) a reflection of better earnings, since other factors play a role as well, including household composition and sources of income other than employment.

The government has shown a steady commitment to ensuring that wages keep up with the cost of living; the statutory legal minimum wage has been rising at a sustained pace since 2001 (figure 56).

FIGURE 56. MINIMUM WAGE BY REGION,⁹ VIET NAM, 2001–2019
(Vietnamese dong million)



Source: Labour legislation.

Based on data from the Labour Force Survey, the average monthly earnings of employees in 2018 were around 5,776,000 Vietnamese dong (VND), which represented 1.5 times the minimum wage of region 1 and 2.1 times the minimum wage of region 4. The same year, the average monthly earnings of the self-employed were around VND5,213,000, which represented 1.3 times the minimum wage of region 1 and 1.9 times the minimum wage of region 4.

⁹Viet Nam has four minimum wages for four different regions based on their level of development and living standards.

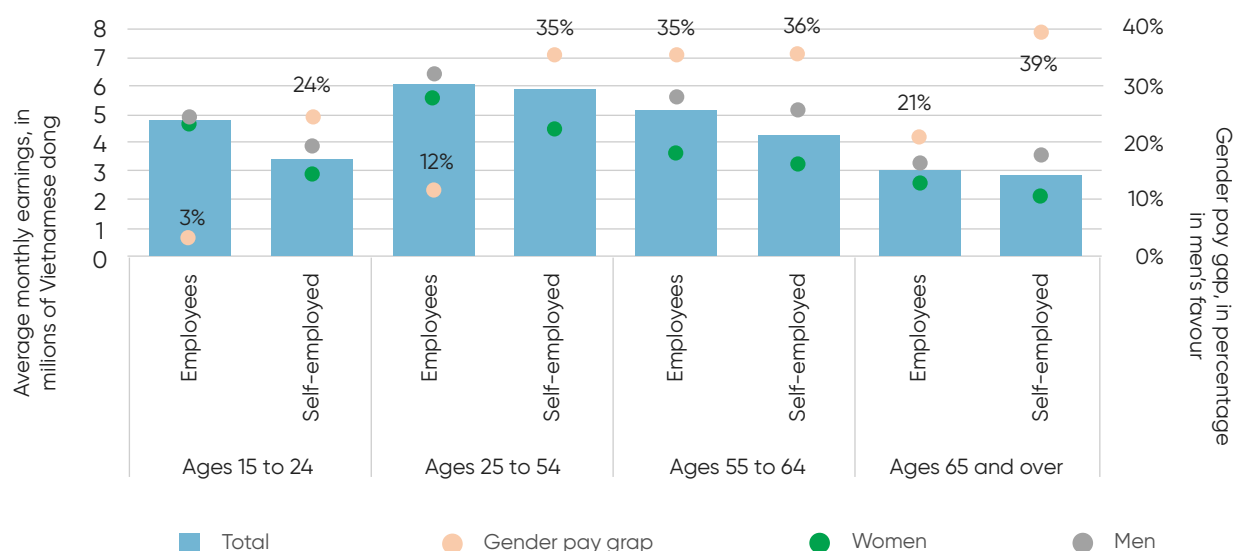
Figures 57, 58 and 59 provide interesting insights into the patterns of earnings in the Vietnamese labour market, allowing a number of valuable observations. First, it is noteworthy that the gross gender pay gap (that is, the gender pay gap calculated based on monthly earnings, thus affected by differences in working time) is systematically positive, meaning that women earn on average less than men at all ages, in all economic activities and both among employees and the self-employed. The gender pay gap is negative, however, for certain occupations, namely, self-employed managers, self-employed professionals and self-employed clerical support workers, but reliability issues may affect the quality of the survey data for such small groups of the population.

Second, it is interesting to note that the gender pay gap is consistently smaller among employees than among the self-employed, and this holds true for workers of all ages, in all economic activities and in most occupations. What is more, the gender pay gap is narrower among young workers than among those of any other age band.

Third, although employees have higher earnings on average than the self-employed, this varies considerably from one occupation to the other, and from one economic activity to the other. It is worth bearing in mind that the self-employed are a heterogeneous group, including employers, own-account workers, members of producers' cooperatives and contributing family workers. The self-employed have lower earnings on average than employees in occupations and economic activities where they are numerous, and are likely to be in vulnerable employment. Conversely, they have higher earnings in occupations where they are less numerous and may be employers, such as among managers. Composition effects are thus at play, resulting in higher average earnings for employees than for self-employed at the aggregate level, although within many subgroups the self-employed earn on average more than employees.

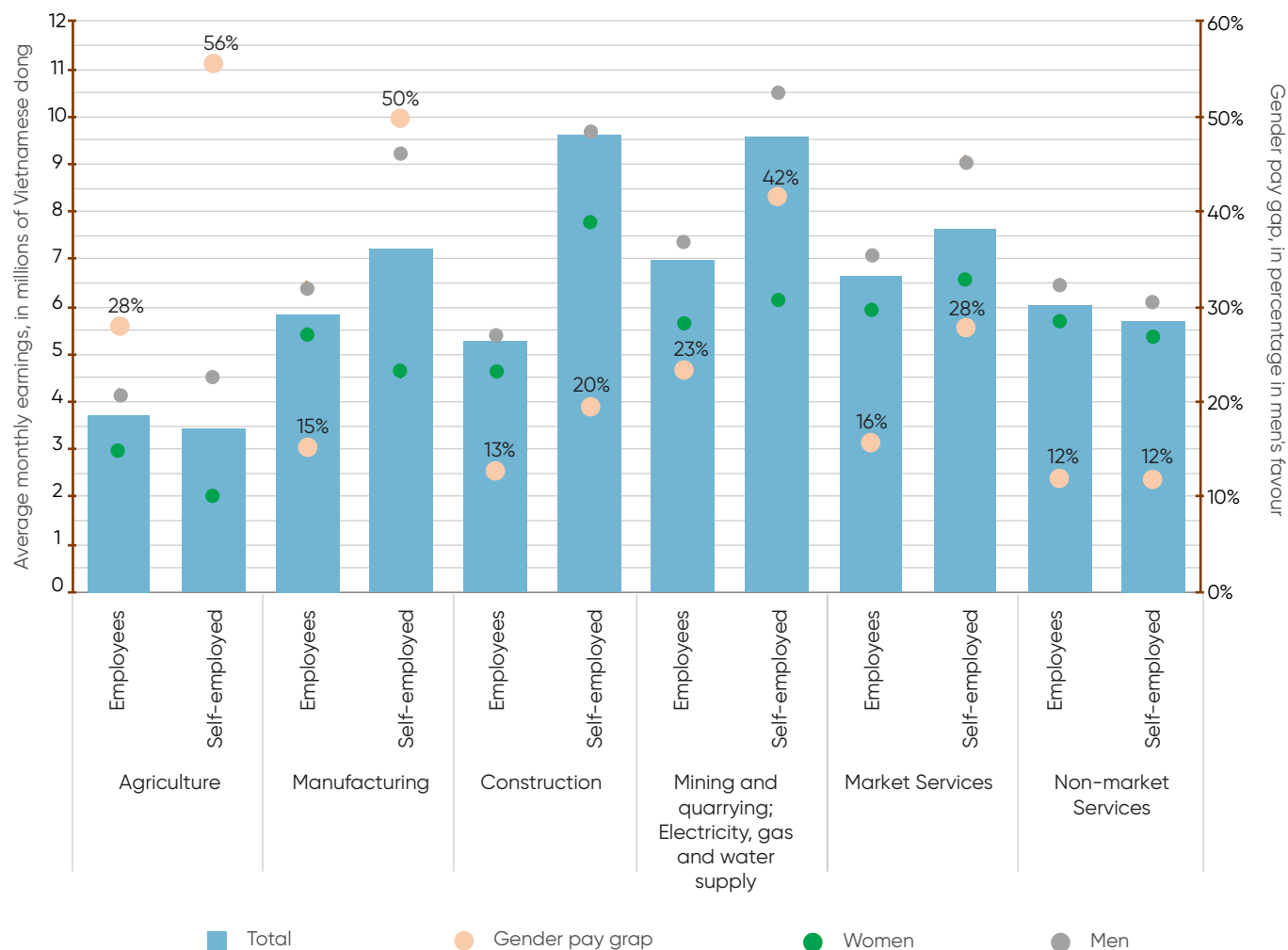
Fourth, as expected, workers' monthly earnings increase with their level of skills. Managers with paid employment jobs earn on average 2.3 times what employees in elementary occupations earn, and self-employed managers earn on average seven times what the self-employed in elementary occupations earn.

FIGURE 57. AVERAGE MONTHLY EARNINGS OF EMPLOYEES AND SELF-EMPLOYED, BY SEX AND AGE, AND GENDER PAY GAP (%), VIET NAM, 2018 (Vietnamese dong million)



Source: Labour Force Survey.

FIGURE 58. AVERAGE MONTHLY EARNINGS OF EMPLOYEES AND SELF-EMPLOYED BY SEX AND ECONOMIC ACTIVITY, AND GENDER PAY GAP (%), VIET NAM, 2018 (Vietnamese dong million)



Average monthly earnings of employees and self-employed by sex and economic activity (2018)
Source: Labour Force Survey.

FIGURE 59. AVERAGE MONTHLY EARNINGS OF EMPLOYEES AND SELF-EMPLOYED, BY SEX AND OCCUPATION, AND GENDER PAY GAP (%), VIET NAM, 2018
(Vietnamese dong million)



Note: Based on the ISCO-08.
Source: Labour Force Survey.

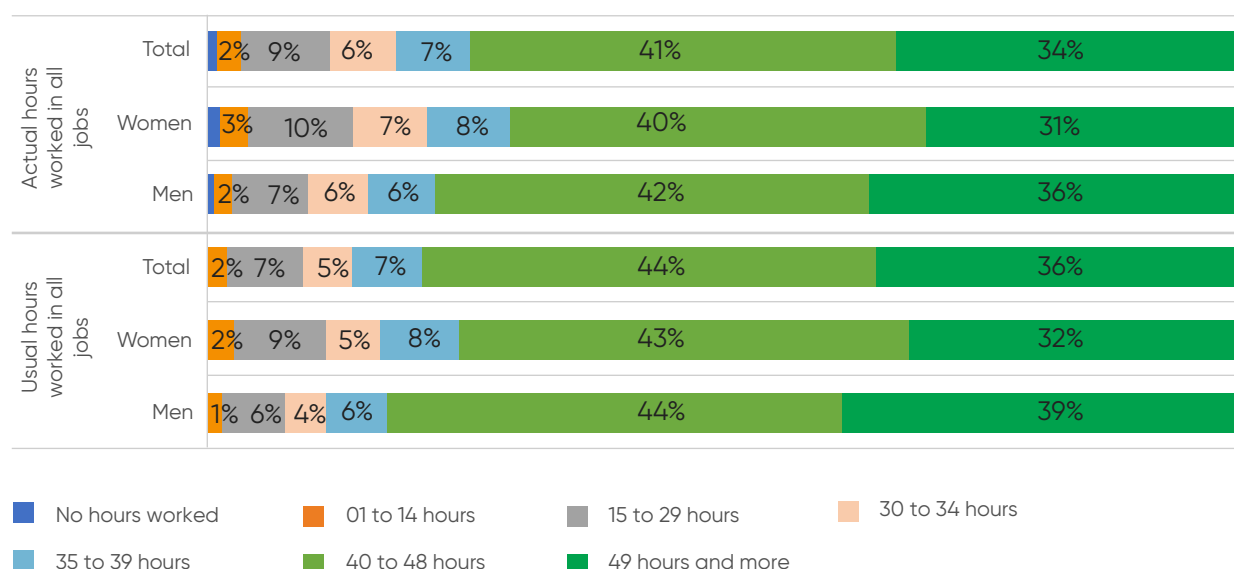
4. THE TWO-FACETED CHALLENGE OF WORKING TIME: INSUFFICIENT AND EXCESSIVE HOURS OF WORK

Adequate working time is a crucial part of decent work. It represents another key element of working conditions and has a great impact on workers' income, well-being, living conditions and work-life balance. Working time and earnings are both core aspects of employment quality and they are closely intertwined. The adequacy of hourly earnings will determine to a great extent the adequacy of working time (or rather, the inadequacy of hourly earnings will often lead to the inadequacy of working time, by forcing workers to work excessive hours to reach a reasonable income level).

The challenge of working time is two-faceted. On the one hand, it should not be excessive, allowing workers to live a full life outside of work, preserving their health and safety and providing adequate periods of rest and recuperation. On the other, it should not be insufficient either, so workers can reach an adequate level of monthly remuneration through access to a minimum desirable number of hours of work, avoiding involuntary part-time employment and time-related underemployment.

As observed in previous sections of this report, time-related underemployment is not a cause for concern in the Vietnamese labour market. Thus, concerning working time, the biggest difficulties for workers in Viet Nam are related to excessive working hours rather than to insufficient working hours. Concretely, over one third of all workers in Viet Nam worked excessive hours in 2018, defined as more than 48 hours per week. The share of employed with excessive working time was 34 per cent based on actual hours worked in all jobs, or 36 per cent based on usual hours worked in all jobs (figure 60). The share of employed working part time (usually defined as less than 30 hours per week) is rather low, both based on actual and usual hours of work (11 and 9 per cent, respectively). Higher shares of employed women than employed men work less than 39 hours per week. However, it must be noted that these figures refer only to hours worked in employment and do not take into account hours worked in other forms of work, such as unpaid domestic and care work.

FIGURE 60. EMPLOYMENT DISTRIBUTION, BY WEEKLY ACTUAL AND USUAL HOURS WORKED IN ALL JOBS AND SEX, VIET NAM, 2018 (%)



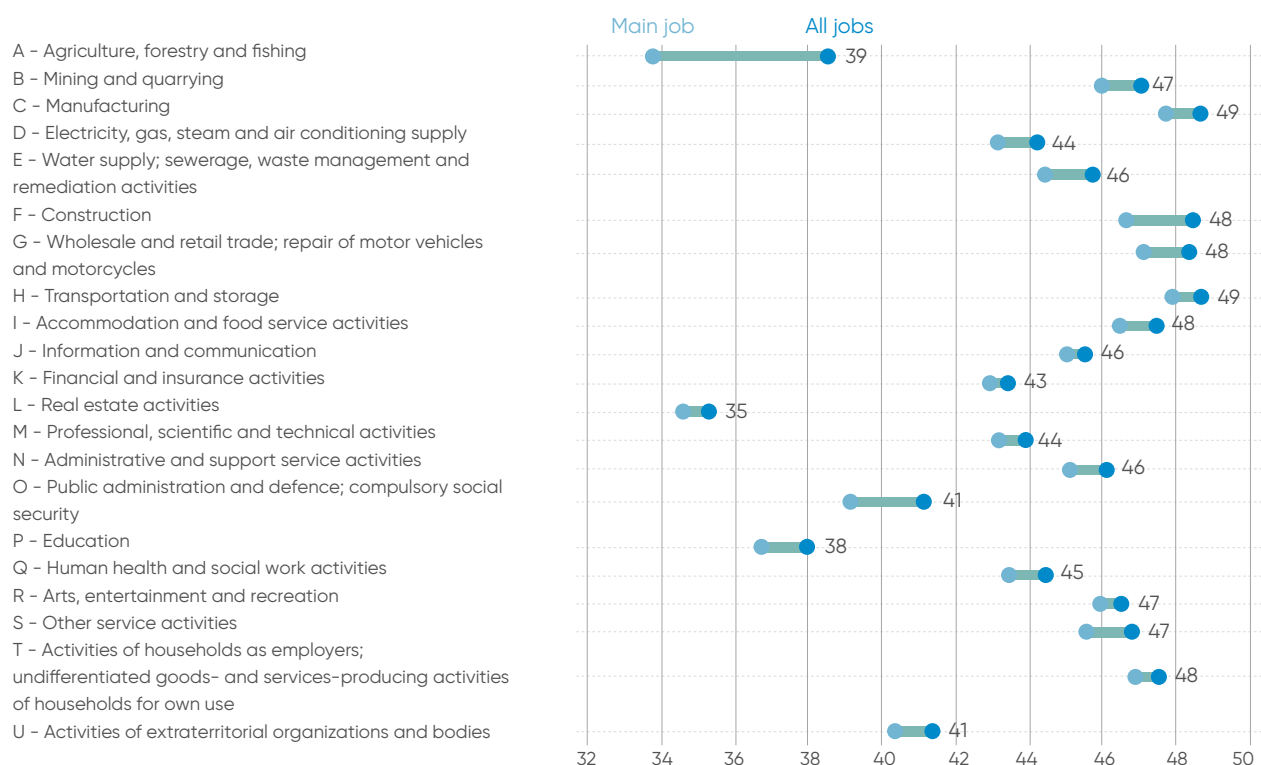
Source: Labour Force Survey.

The average number of hours usually worked in a typical week by the employed in Viet Nam in all their jobs is 45.2. Employed women usually work on average 44 hours per week in all their jobs, while employed men usually work 46.2 hours per week in all their jobs, although this does not include hours spent in unpaid work.

Figures 61, 62 and 63 convey a startling pattern: workers in Viet Nam systematically resort to taking up multiple jobs at once. Multiple job-holding appears as a frequent response to overcome insufficient working time in the main job (or rather, insufficient earnings given the working time). The gap between hours worked on average in the main job versus in all jobs is widest in agriculture, forestry and fishing, implying that agricultural workers are the most exposed to multiple-job holding. Nevertheless, they are not the ones with the longest working time: construction workers usually work on average the greatest number of hours per week in all jobs (50.9), followed by workers in manufacturing (50.2) and those in transportation and storage (49.9). The economic activity where workers have on average the shortest working time is also the one where they have the highest time-related underemployment rate, that is, the real estate sector (35.9 weekly hours usually worked in all jobs).

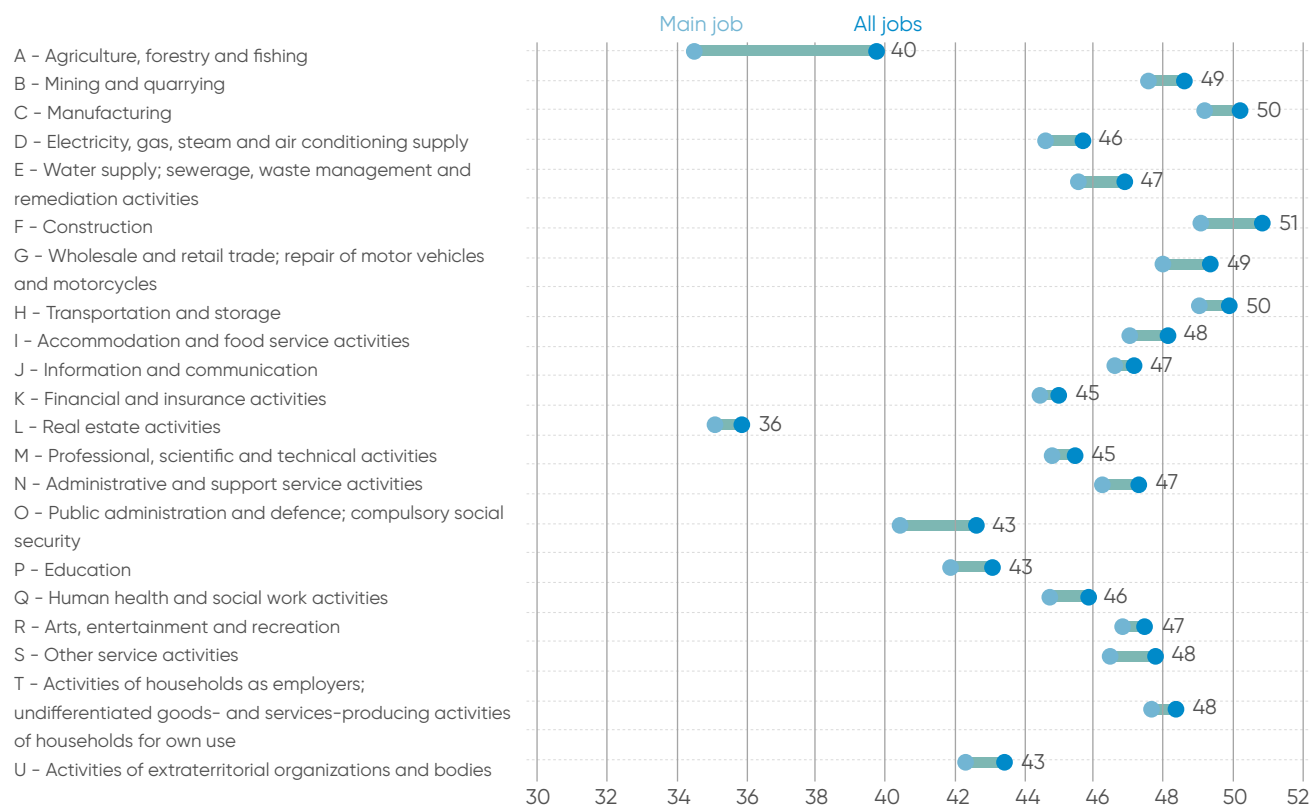
Moreover, the difference in hours spent in the main job versus all jobs is greater for women than for men in the vast majority of economic activities, suggesting that women have to resort more frequently to multiple job-holding.

FIGURE 61. AVERAGE WEEKLY HOURS ACTUALLY WORKED IN MAIN JOB AND ALL JOBS, BY ECONOMIC ACTIVITY, VIET NAM, 2018



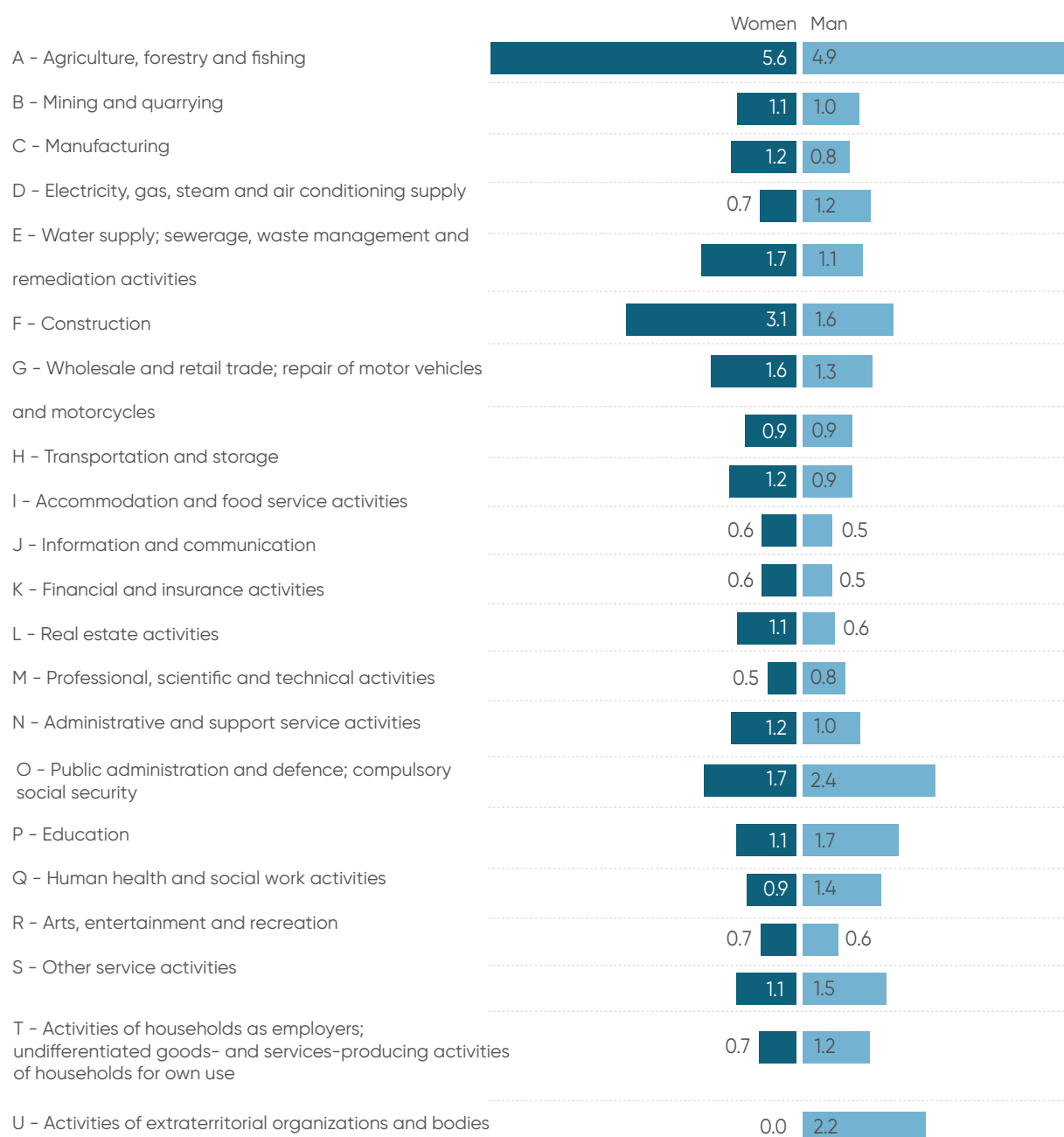
Notes: Based on International Standard Industrial Classification (ISIC) Rev. 4. Created with Datawrapper.
Source: Labour Force Survey.

FIGURE 62. AVERAGE WEEKLY HOURS USUALLY WORKED IN MAIN JOB AND ALL JOBS, BY ECONOMIC ACTIVITY, VIET NAM, 2018



Notes: Based on International Standard Industrial Classification (ISIC) Rev. 4. Created with Datawrapper.
Source: Labour Force Survey.

FIGURE 63. DIFFERENCE IN WEEKLY HOURS USUALLY WORKED IN MAIN JOB COMPARED TO ALL JOBS, BY SEX AND ECONOMIC ACTIVITY, VIET NAM, 2018

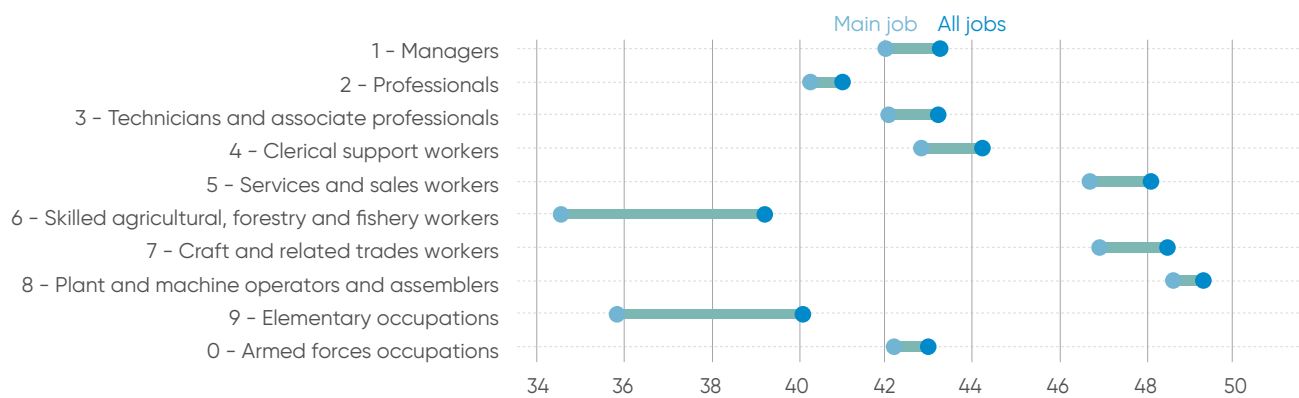


Notes: Based on International Standard Industrial Classification (ISIC) Rev. 4. Created with Datawrapper.
Source: Labour Force Survey.

Focusing on the patterns of working time by occupation presented in figures 64 and 65, it is apparent that skilled agricultural, forestry and fishery workers work on average the shortest hours (40.6 weekly hours usually worked in all jobs), followed by workers in elementary occupations (41.4), coinciding with the occupations with the highest time-related underemployment rates and those with a high proportion of informal employment in the labour market. In these two occupations, the gap between hours worked in the main job and in all jobs is considerably wider than in all other occupations, pointing to the increased likelihood of these workers holding multiple jobs to palliate inadequate earnings in their main job.

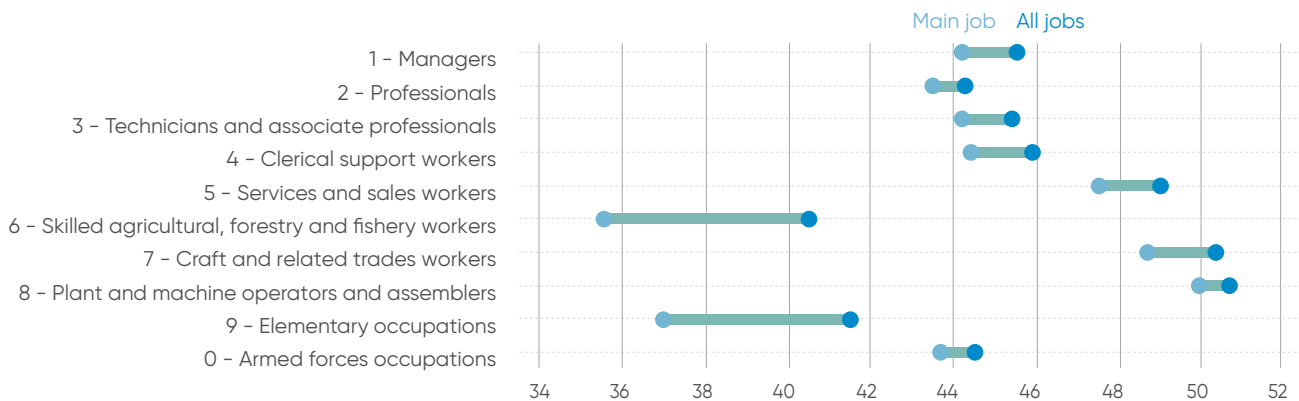
It must be noted that excessive working time is a serious concern in Viet Nam that needs to be addressed by policy and decision-makers. Indeed, many groups of workers usually work on average an excessive number of hours per week in all their jobs (more than 48 hours per week), including workers in mining and quarrying, manufacturing, construction, wholesale and retail trade and repair of motor vehicles, transportation and storage, and accommodation and food service activities, and those working as services and sales workers, craft and related trades workers, and plant and machine operators.

FIGURE 64. AVERAGE WEEKLY HOURS ACTUALLY WORKED IN MAIN JOB AND ALL JOBS, BY OCCUPATION, VIET NAM, 2018



Notes: Based on the ISCO-08. Created with Datawrapper.
Source: Labour Force Survey.

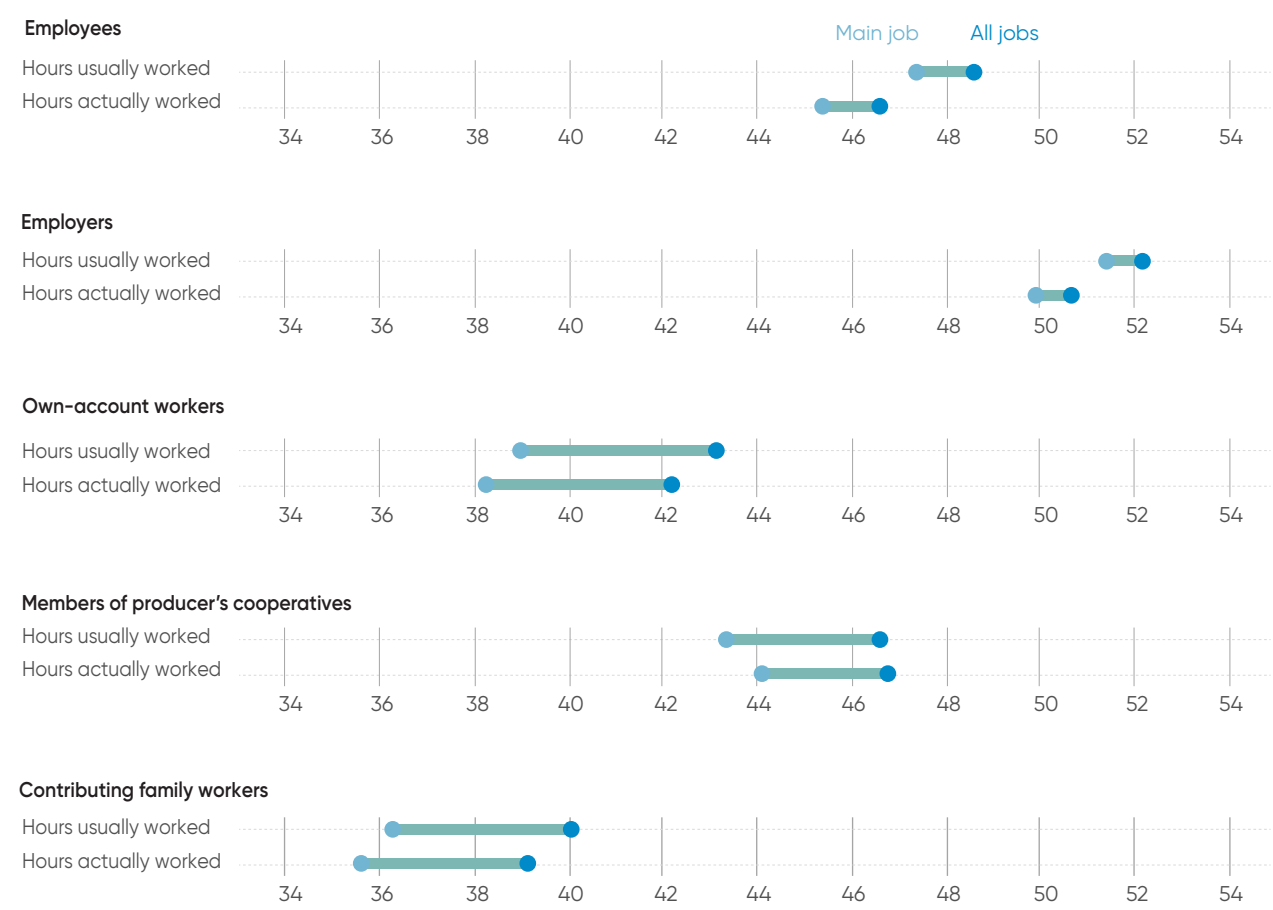
FIGURE 65. AVERAGE WEEKLY HOURS USUALLY WORKED IN MAIN JOB AND ALL JOBS, BY OCCUPATION, VIET NAM, 2018



Notes: Based on the ISCO-08. Created with Datawrapper.
Source: Labour Force Survey.

Figure 66 depicts the effect of paid employment and vulnerable employment on working time. The difference between the number of hours worked in the main job compared to all jobs is much larger for own-account workers and contributing family workers than for employees, conveying that the main job of employees more frequently has sufficient working time.

FIGURE 66. AVERAGE WEEKLY HOURS USUALLY AND ACTUALLY WORKED IN MAIN JOB AND ALL JOBS, BY STATUS IN EMPLOYMENT, VIET NAM, 2018



5. SKILLS AND EDUCATIONAL LEVEL OF THE WORKFORCE AND THEIR PAYOFF

The workforce in Viet Nam is increasingly well-educated and equally educated. As already mentioned, workers with the most advanced educational levels have the highest unemployment rates, which may be a reflection of their difficulty to find skilled jobs or of their ability to afford job searching for as long as necessary until they find the right job. But what about more highly educated people in employment? Is their employment quality better? This section analyses indicators of job quality and investigates the association between them and educational attainment.

Table 6 shows that higher levels of education are associated with a lower probability of engaging in informal employment. As discussed earlier in this report, individuals employed informally are mostly unprotected and therefore vulnerable. Virtually no one with second-stage tertiary education and very few with first-stage tertiary education are in informal employment. Workers with tertiary education make up the largest share of formal employment in relative terms.

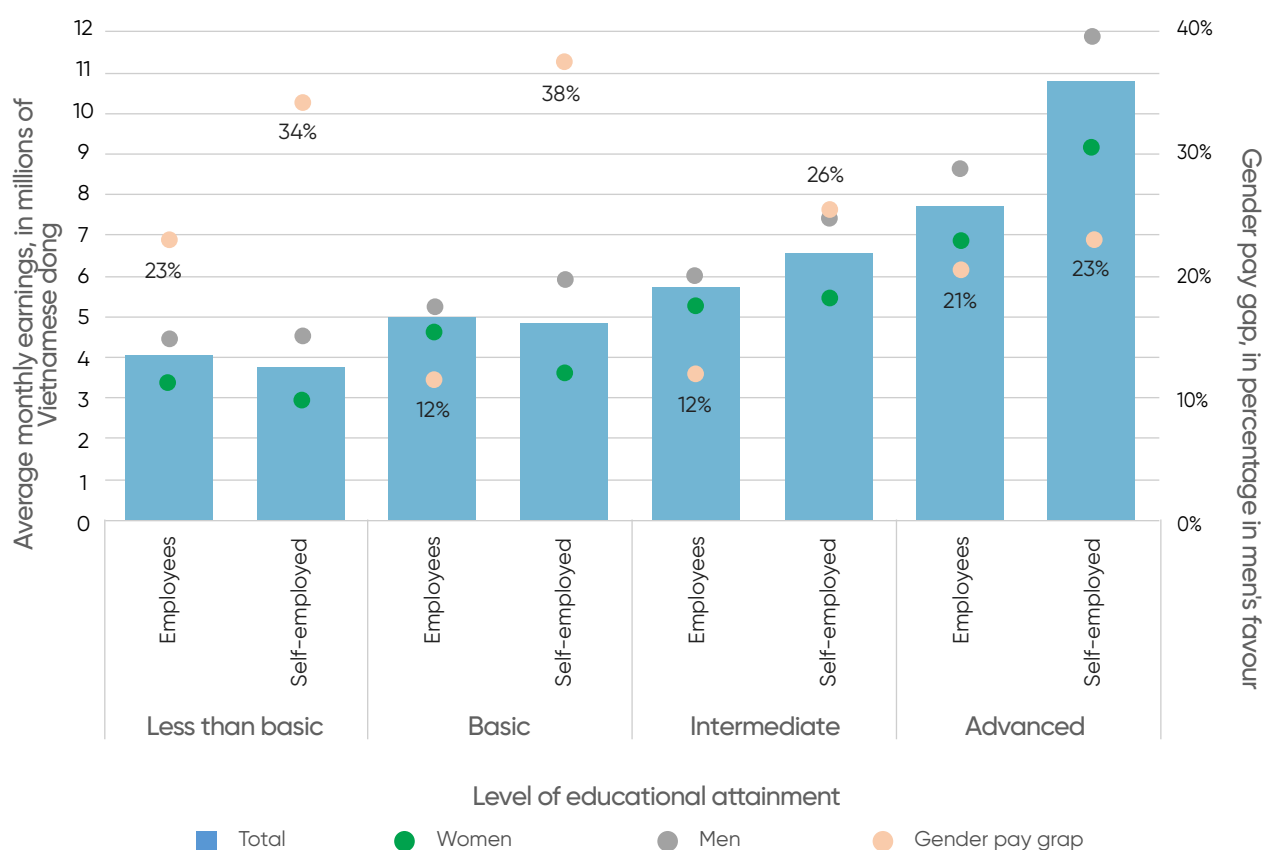
TABLE 6. EMPLOYMENT DISTRIBUTION, BY EDUCATIONAL ATTAINMENT AND FORMAL/INFORMAL EMPLOYMENT, VIET NAM, 2018 (%)

EDUCATIONAL LEVEL (ISCED 97)	EMPLOYMENT TYPE	
	Informal employment	Formal employment
X – No schooling	4.9	0.3
0 – Pre-primary education	13.1	2.2
1 – Primary education or first stage of basic education	27.2	9.8
2 – Lower secondary or second stage of basic education	35.3	21.2
3 – Upper secondary education	14.3	22.0
4 – Post-secondary non-tertiary education	2.1	7.9
5 – First stage of tertiary education	3.1	34.7
6 – Second stage of tertiary education	0.0	1.9
Total	100	100

Note: ILO harmonized criteria used to define informal employment.
Source: Labour Force Survey.

Another indicator of job quality is average monthly earnings. Figure 67 shows earnings by sex, and the gender pay gap by level of completed education. The chart illustrates that higher levels of education are associated with higher earnings collected by workers. Workers with an advanced level of educational attainment have on average considerably higher monthly earnings than those with lower educational levels. In fact, the average level of earnings seems to increase progressively with the level of educational attainment. While the progressive increase applies to both female and male workers, the gender pay gaps do not suggest any systematic behaviour vis-à-vis the level of completed education.

FIGURE 67. AVERAGE MONTHLY EARNINGS OF EMPLOYEES AND SELF-EMPLOYED, BY SEX AND LEVEL OF EDUCATIONAL ATTAINMENT, AND GENDER PAY GAP, VIET NAM, 2018 (%) (Vietnamese dong million)



Notes: Less than basic educational level refers to no schooling and pre-primary education. Basic educational level refers to primary education or lower secondary education. Intermediate educational level refers to upper secondary education or post-secondary non-tertiary education. Advanced educational level refers to tertiary education.

Source: Labour Force Survey.

The skill level of workers' occupations are often considered a proxy for quality of employment. Although there can be exceptions, the high-skill occupations are usually better paid and more likely to be formal. Table 7 shows that, overall, the higher the occupation's skill level, the higher the educational level completed by the individuals in that occupation.

TABLE 7. EMPLOYMENT DISTRIBUTION, BY EDUCATIONAL ATTAINMENT AND OCCUPATION, VIET NAM, 2018 (%)

OCCUPATION (ISCO-08)	EDUCATIONAL LEVEL (ISCED 97)								Total
	X No schooling	0 Preprimary education	1 Primary education or first stage of basic education	2 Lower secondary or second stage of basic education	3 Upper secondary education	4 Postsecondary nontertiary education	5 First stage of tertiary education	6 Second stage of tertiary education	
1 - Managers	0.0	0.0	0.2	1.7	4.4	8.4	76.9	8.3	100
2 - Professionals	0.0	0.0	0.0	0.1	0.5	1.9	91.5	6.0	100
3 - Technicians and associate professionals	0.0	0.3	0.5	2.1	8.7	41.3	46.9	0.3	100
4 - Clerical support workers	0.2	1.2	6.5	18.9	31.8	13.1	27.6	0.7	100
5 - Services and sales workers	1.5	7.9	21.7	32.7	24.7	4.2	7.1	0.1	100
6 - Skilled agricultural, forestry and fishery workers	5.1	18.3	33.1	31.1	9.7	1.4	1.2	0.0	100
7 - Craft and related trades workers	1.2	6.5	23.2	41.4	23.2	1.8	2.6	0.0	100
8 - Plant and machine operators and assemblers	0.5	4.2	17.6	39.1	33.2	2.0	3.5	0.0	100
9 - Elementary occupations	7.4	15.5	28.7	35.4	10.6	1.3	1.2	0.0	100

Source: Labour Force Survey.

This observation, however, requires further investigation. It is not per se fully informative to know what share of workers employed in an occupation at a given skill level have completed a given qualification level. What is more interesting is to assess if the qualification level held by a worker is adequate for the occupational level of the job performed. If the qualification level is adequate, the level of education completed by the worker is considered well matched with the occupation. Whenever this is not the case, a qualification mismatch is observed. Those who have a higher (lower) level of education are considered over- (under-) educated.

Both types of mismatch can have a negative impact on the productivity and satisfaction of workers. Under-educated workers might bring lower added-value to their occupations than well-matched workers. They are likely to have learned their trade through non-formal channels, which usually means that their current employment is informal. More personally, undereducated workers are more prone to suffering from a sense of insecurity and inadequacy. In the same job, overeducated workers earn more than those with a lower (i.e. appropriate) level of qualifications, but less than workers at their same educational level and in a job that matches it well.

Table 8 describes how the qualification mismatch between the job that a person does and their level of completed education is measured. This section applies the normative measure of occupational skills categories from the ISCO. ISCO-08 includes the categorization of major occupational groups (1-digit ISCO levels) by level of education in accordance with the International Standard Classification of Education (ISCED).

TABLE 8. ISCO MAJOR GROUPS, BROAD OCCUPATION GROUP AND EDUCATIONAL LEVEL

ISCO MAJOR GROUP	BROAD OCCUPATION GROUP	EDUCATIONAL LEVEL
Managers	High-skilled non-manual	Tertiary (ISCED 5-6)
Professionals		
Technicians and associate professionals		
Clerical support workers	Low-skilled non-manual	Secondary (ISCED 3-4)
Services and sales workers		
Skilled agricultural, forestry and fishery workers	Skilled manual	
Craft and related trades workers		
Plant and machine operators and assemblers		
Elementary occupations	Unskilled	Primary (ISCED 1-2)

Source: ILO, 2013a.

Table 9 offers a quantification of qualification mismatches among the employed. It is important to clarify that the table is an attempt to measure the magnitude of qualification mismatches, not of skills mismatches. The qualification held by an individual can, in some cases and to some extent, be considered as a proxy of their skills, but the two concepts are different.

TABLE 9. DISTRIBUTION OF EMPLOYMENT, BY OCCUPATION, EDUCATIONAL LEVEL AND QUALIFICATION MATCHING, VIET NAM, 2018 (%)

OCCUPATION (ISCO-08)	EDUCATIONAL LEVEL (ISCED-97)								
	X No schooling	0 Preprimary education	1 Primary education or first stage of basic education	2 Lower secondary or second stage of basic education	3 Upper secondary education	4 Postsecondary nontertiary education	5 First stage of tertiary education	6 Second stage of tertiary education	Total
1 – Managers	0	0	0	2	4	8	77	8	100
2 – Professionals	0	0	0	0	0	2	91	6	100
3 – Technicians and associate professionals	0	0	0	2	9	41	47	0	100
4 – Clerical support workers	0	1	6	19	32	13	28	1	100
5 – Services and sales workers	1	8	22	33	25	4	7	0	100
6 – Skilled agricultural, forestry and fishery workers	5	18	33	31	10	1	1	0	100
7 – Craft and related trades workers	1	7	23	41	23	2	3	0	100
8 – Plant and machine operators and assemblers	0	4	18	39	33	2	4	0	100
9 – Elementary occupations	7	16	29	35	11	1	1	0	100

Skills in the job and educational level: ■ Correctly matched ■ Undereducated workers ■ Overeducated workers

Source: Labour Force Survey.

Based on the framework presented in Table 9 to define the expected educational level for each occupation, in 2018, the level of educational attainment of 54.5 per cent of all the employed in Viet Nam correctly matched the skill level of their main job; 38.2 per cent of all those in employment were undereducated given the skills required by their main job; 7.3 per cent of the employed were overeducated.

It emerges clearly from the table's results that workers in the highest-skilled occupations are largely well matched. Once again, higher levels of educational attainment are associated with better-quality jobs. The good qualification matching of managers and professionals is also a positive result in relation to Viet Nam's objective to increase the value added of the country's economy. The current share of high-skill occupations in employment are being performed by individuals who possess the right qualifications to contribute productively to the work they do. That being said, technicians and associate professionals are likely to be affected by a qualification mismatch. Almost half (41 per cent) of the employed in this category of occupations are undereducated workers. Undereducation is pronounced (more than 60 per cent) among services and sales workers, craft and related trades workers, and plant and machine operators and assemblers. Skilled agricultural, forestry and fishery workers stand out, as the quasi-totality (87 per cent) of workers in that category of occupations are undereducated. These results, complemented by the observation that overeducation is very limited at all levels, point at Viet Nam's segmented labour market. The economy has been creating more high-skill jobs and labour market entrants have been increasingly better educated. However, these trends are still too new to have had a wide impact on the overall labour market. The majority of workers in medium-skilled occupations have not completed the level of education required by the job they have. This does not mean that they are not competent workers. It means, however, that their competencies are not accompanied by a certification that can signal their skills to employers. Their overall employability and their opportunities to find better or formal jobs are therefore severely limited.

Clerical support workers represent the occupation with the highest share of overeducated workers: 29 per cent of all clerical support workers in Viet Nam in 2018 were overeducated. On the other end of the spectrum, as mentioned, the skilled agricultural, forestry and fishery workers represent the occupation with the highest share of undereducated workers: 87 per cent of them were undereducated in 2018.

As mentioned before, the cohorts of labour market entrants are reaching higher educational levels than the previous generations. It is therefore interesting to compare table 9 with table 10, which looks at qualification mismatches affecting young workers only. Compared to the overall labour market, youth are more likely to be well matched. Undereducation among middle-skilled occupations is less severe in the youth labour market. Overall, 58.7 per cent of young people in employment held a job requiring a level of skills correctly matching their educational attainment; 29.5 per cent of youth in employment were undereducated; 11.7 per cent of employed youth were overeducated for their jobs.

TABLE 10. DISTRIBUTION OF YOUTH EMPLOYMENT IN EACH OCCUPATION, BY EDUCATIONAL LEVEL, VIET NAM, 2018 (%)

OCCUPATION (ISCO-08)	EDUCATIONAL LEVEL (ISCED-97)								Total
	X No schooling	0 Preprimary education	1 Primary education or first stage of basic education	2 Lower secondary or second stage of basic education	3 Upper secondary education	4 Postsecondary nontertiary education	5 First stage of tertiary education	6 Second stage of tertiary education	
1 - Managers	0	0	0	3	13	8	67	10	100
2 - Professionals	0	0	0	0	1	4	94	1	100
3 - Technicians and associate professionals	0	0	0	0	8	34	57	0	100
4 - Clerical support workers	0	0	7	14	42	7	30	0	100
5 - Services and sales workers	1	2	13	32	38	4	11	0	100
6 - Skilled agricultural, forestry and fishery workers	2	5	29	43	18	1	3	0	100
7 - Craft and related trades workers	0	3	19	40	34	1	2	0	100
8 - Plant and machine operators and assemblers	0	1	13	37	43	1	2	0	100
9 - Elementary occupations	3	6	26	44	18	1	3	0	100

Skills in the job and educational level:

Source: Labour Force Survey.

Correctly matched

Undereducated workers

Overeducated workers

6. EFFORTS NEEDED TO ENSURE WORKERS' SAFETY AND HEALTH

Occupational safety and health at work are vital components of decent work. The physical conditions and mental demands of the workplace determine to a great extent workers' conditions. Occupational accidents have a significant human, social and economic cost, which decision-makers should strive to eliminate by ensuring that all workplaces are safe. In this, labour inspection plays an essential role, through the monitoring of compliance with standards on occupational safety and health, and the identification of issues of concern.

Statistics on occupational injuries are essential to assess the extent to which workers are protected from work-related hazards and risks. In this regard, indicators on occupational injuries are complementary to those on labour inspection, given that labour inspection is one of the main mechanisms to monitor occupational safety.

The Law on Occupational Safety and Health which took effect in July 2016 in Viet Nam marked a significant milestone for workers in the country, by extending the protection and preventive efforts to the informal economy. This is all the more relevant since informal employment accounts for 71 per cent of all employment in Viet Nam.

Viet Nam's commitment to addressing occupational safety and health also led to the ratification of the ILO Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187), in 2014 and, previously, the ILO Occupational Safety and Health Convention, 1981 (No. 155), in 1994.

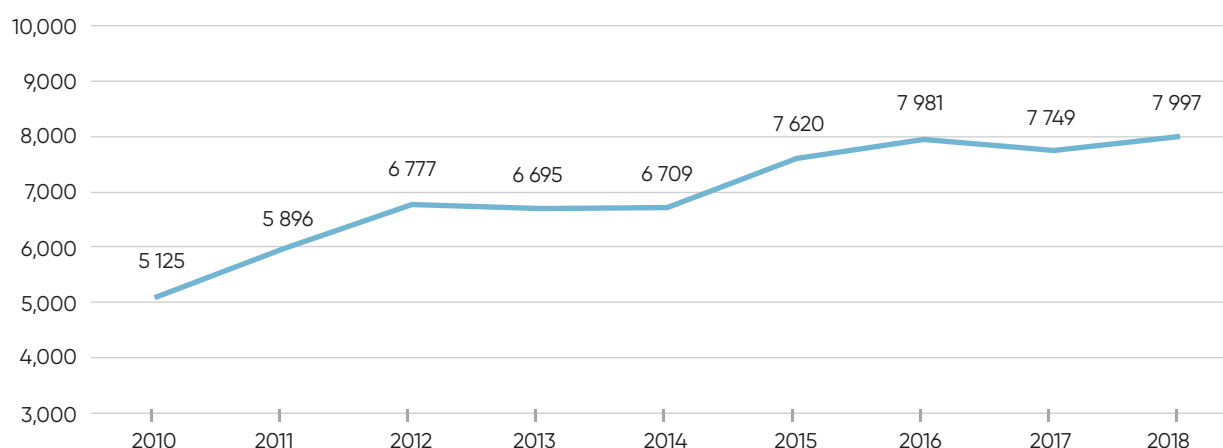
However, the commitment to ensuring that all workers have safe and secure workplaces can only be fully materialized with reliable, comprehensive and detailed statistics providing a truthful picture of the situation and casting light on the groups of workers most exposed to risks. In order to inform policy formulation and occupational safety and health campaigns, the statistics should be reliable, meaning they follow robust methodologies to avoid under-reporting and under-notification of occupational accidents (as well as double-counting and over-reporting); comprehensive, meaning they should cover all workers and not just a restricted subgroup of workers (for instance, only those covered by a certain social insurance or only those working in enterprises voluntarily notifying accidents to the competent authority); and detailed, meaning they provide enough disaggregation to show in what regions of the country, in what economic activities and in what type of workplaces workers are most at risk of occupational accidents.

Unfortunately, the statistics available on occupational accidents and injuries in Viet Nam are not comprehensive, rendering it very difficult to make an informed assessment of workers' occupational safety and health. The statistics available are derived from administrative data gathered by the Ministry of Labour, Invalids and Social Affairs from the notification of accidents by employers and through the activities of the Labour Inspectorate. Nonetheless, not all occupational accidents are notified by the corresponding employer, and not all accidents are brought to the attention of labour inspectors. Furthermore, the share of workers actually covered by the statistics is unknown. SDG indicator 8.8.1 on the rate of fatal and non-fatal occupational injuries per 100,000 workers points specifically to the personal likelihood of workers incurring occupational injuries, but its calculation requires having comprehensive information on all occupational injuries and on the data reference group.

As shown in figure 68, the number of occupational accidents recorded by the Ministry of Labour, Invalids and Social Affairs has increased since 2010. However, it is difficult to know whether this increase is a reflection of rising safety risks at workplaces and worsening security measures or a reflection of improved recording of occupational accidents.

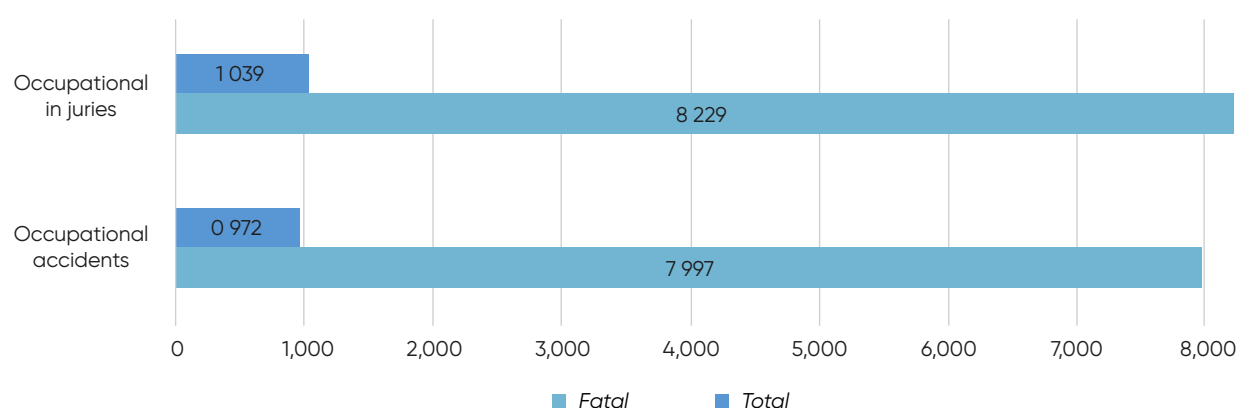
In any case, almost 8,000 occupational accidents were recorded in 2018, injuring or killing 8,229 workers, reason enough to prompt immediate action to eliminate risk factors. Of all the occupational accidents that took place in 2018, 972 (or 12 per cent) caused fatalities. The official records state that 1,039 workers were killed in occupational accidents in 2018 (Figure 69).

FIGURE 68. NUMBER OF OCCUPATIONAL ACCIDENTS, VIET NAM, 2010–2018



Sources: Ministry of Labour, Invalids and Social Affairs and ILO, 2016 and 2019.

FIGURE 69. NUMBER OF TOTAL AND FATAL OCCUPATIONAL ACCIDENTS AND INJURIES, VIET NAM, 2018

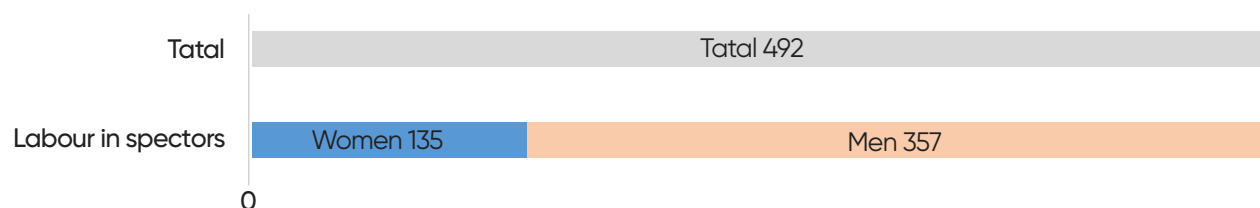


Source: Ministry of Labour, Invalids and Social Affairs and ILO, 2019.

The capacity of the labour inspection to enforce workplace safety is a decisive factor in the success of occupational safety and health campaigns. The labour inspection plays a key role in ensuring compliance with occupational safety and health regulations, but it can only deliver on its mandate if it is well equipped to fulfil it. Labour inspectors must have the necessary logistic and technical means to carry out their tasks. Moreover, the number of labour inspectors should be sufficient to reasonably cover all workplaces and all workers liable to labour inspection.

In Viet Nam, in December 2014, there were 492 labour inspectors: 357 male and 135 female inspectors (figure 70). According to the Labour Force Survey, in 2014 there were around 52.7 million people employed in Viet Nam, 11.3 million of which were in formal employment (based on ILO harmonized criteria to define informal employment). This implies that, on average, there was one inspector for every 23,000 people in formal employment, or one inspector for every 107,000 people employed in 2014.

FIGURE 70. NUMBER OF LABOUR INSPECTORS, VIET NAM, 2014



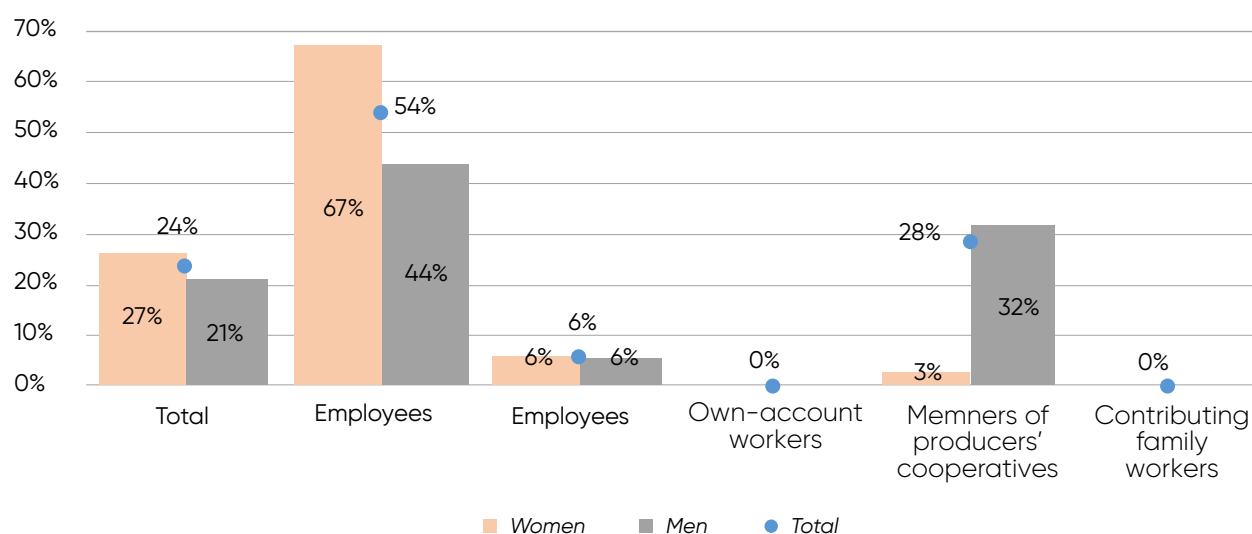
Source: Ministry of Labour, Invalids and Social Affairs and ILO, 2016.

7. INDUSTRIAL RELATIONS

Workers' working conditions determine to a great extent their living conditions (and those of their families). Industrial relations are one of the key mechanisms to promote better wages and satisfactory working conditions, as well as social justice and peace. They include negotiations and consultations among the different labour market actors, collective bargaining and dispute prevention and resolution. Effective industrial relations contribute to inclusive and sustainable development by facilitating the fairer sharing of economic gains among industrial relations actors and also contribute to social cohesion and stability. To assess the extent of functions of industrial relations, reliable data are needed on unions and unionization, employers' organizations, strikes and other incidents. In Viet Nam, these data are now starting to be built.

Viet Nam's Labour Force Survey includes a question on whether a trade union exists in the firm where the person works, which is asked to all groups of status in employment, although a large share of workers do not answer. In 2018, 24 per cent of those who answered this question worked in firms in which a trade union existed, which means that around a quarter of workers in Viet Nam can count on a trade union in their workplace. Evidently, employees are much more likely to work in workplaces with a trade union than the self-employed. Given the nature of their jobs, own-account workers and contributing family workers cannot count on trade unions in their workplaces, while 54 per cent of employees have a trade union in their place of work (figure 71).

FIGURE 71. SHARE OF EMPLOYED WORKING IN A FIRM IN WHICH THERE IS A TRADE UNION, BY SEX, VIET NAM, 2018 (%)



Source: Labour Force Survey.

The Vietnam General Confederation of Labour (VGCL) reports¹⁰ that by the end of 2018, it had 126,878 grass-root trade unions and 10,300,446 union members, 70 per cent of which worked in enterprises. This means that around 43 per cent of employees and 19 per cent of people employed were union members in Viet Nam in 2018.

The VGCL has undertaken several initiatives to deepen its relationship with workers, leading to the establishment of numerous new grass-root unions. From 2008 to 2018, the confederation recruited 7,223,264 new union members and established 55,936 new grass-root unions. It is noteworthy that, in recent years, VGCL has moved towards a bottom-up organizing approach rather than a top-down approach in organizing unions.

In addition, VGCL reports¹¹ that, by the end of 2018, 28,876 collective bargaining agreements were in its system, accounting for 72 per cent of the total number of employees at unionized enterprises. Although it is encouraging to note the prevalence of collective agreements in firms where trade unions exist, it must be highlighted that the substance of these agreements are more often than not a replication of legal minimum conditions rather than improved wages and working conditions negotiated between employers and workers. Again, the signs of innovation in collective bargaining are encouraging, as VGCL has begun experimenting with multi-employer collective bargaining in addition to traditional enterprise bargaining, although the effects of these new experiments have yet to be seen.

The impact of having a trade union in the workplace appears positive when looking at differences in earnings (figure 72). The average earnings of both employees and the self-employed are higher in unionized firms than in other workplaces.

The gender pay gap appears to be narrower in firms in which a trade union exists, reflecting the positive impact on gender equality of collective bargaining and social dialogue.

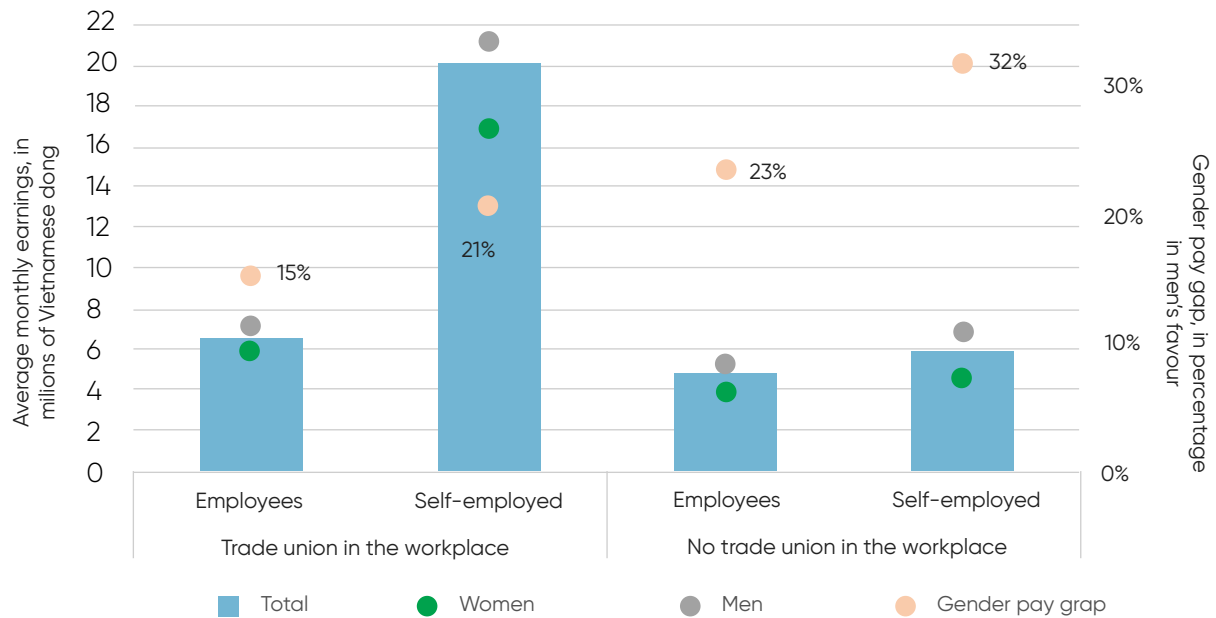
However, the available data do not allow the establishment of causal relations, because higher earnings in unionized enterprises may be explained by enterprise size rather than unionization itself. It is also important to note that, as shown in figure 73, workers of unionized firms tend to work longer hours, which may contribute to their higher earnings.

These data indicate a need for more in-depth quantitative research and qualitative case studies to analyse the effects of unionization and collective bargaining in Viet Nam's workplaces.

¹⁰ VGCL Review Report of 10 Years of Implementation of Decree 22

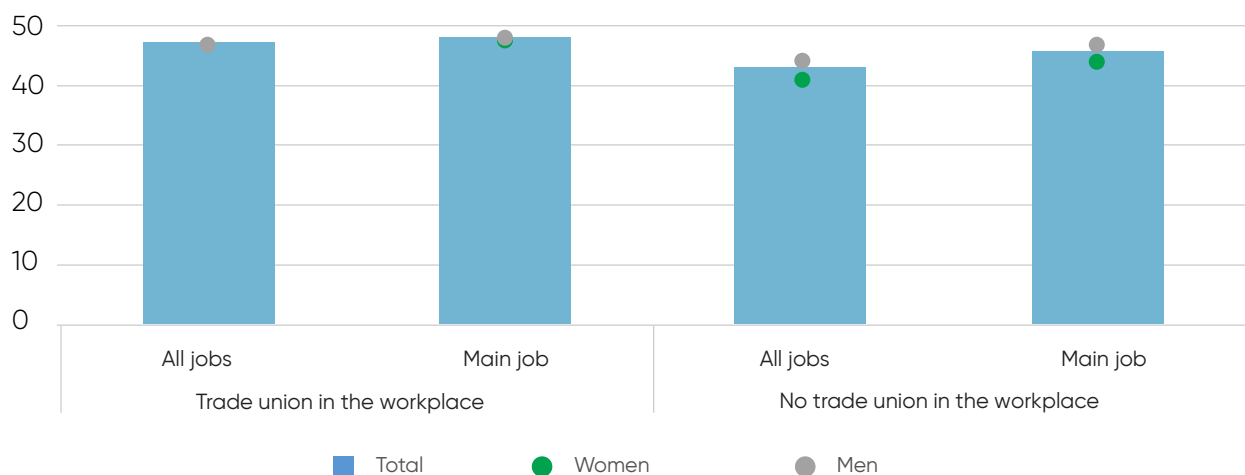
¹¹ VGCL Review Report of 10 Years of Implementation of Decree 22

FIGURE 72. AVERAGE MONTHLY EARNINGS OF EMPLOYEES AND SELF-EMPLOYED, BY SEX AND PRESENCE OF A TRADE UNION IN THE WORKPLACE, AND GENDER PAY GAP, VIET NAM, 2018(Vietnamese dong million)



Source: Labour Force Survey.

FIGURE 73. AVERAGE WEEKLY HOURS USUALLY WORKED IN ALL JOBS AND MAIN JOB, BY SEX AND PRESENCE OF A TRADE UNION IN THE WORKPLACE, VIET NAM, 2018



Source: Labour Force Survey.

Another crucial aspect of industrial relations is strikes and lockouts. Strikes and lockouts are indicators of the quality of industrial relations and they also indicate the extent to which workers and employers can express their grievances.

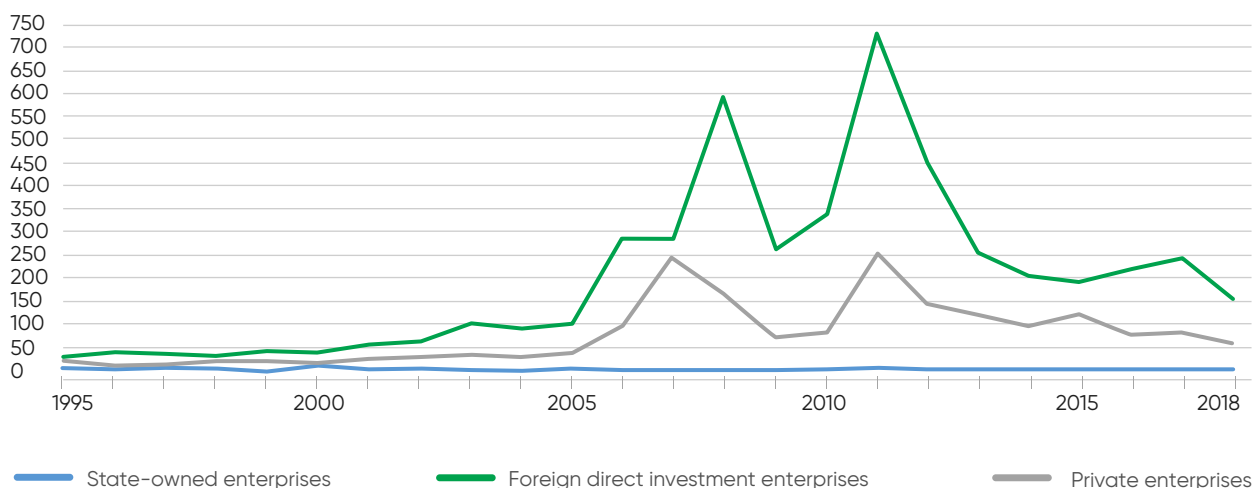
According to VGCL, the number of strikes in Viet Nam had been on an upward trend from the mid-1990s to the early 2000s, particularly in foreign direct investment enterprises (figure 74). In 2018, of the 214 strikes occurring in Viet Nam, over 70 per cent were in foreign direct investment enterprises. During the past two decades, the most notorious peaks of social unrest were in 2007–08 and 2011, when the number of strikes abruptly soared.

The recent stabilization of the strike situation can be attributed to a number of factors. First, compared to the late 2000s and early 2010s, the consumer price index has stabilized. The peak in the strike wave in the late 2000s and early 2010s was partly triggered by high inflation. Second, the establishment of the National Wage Council in 2013 greatly improved the way the national minimum wage is determined. The state of affairs moved from a situation with unilateral and irregular minimum wage adjustments to the creation of a regular, predictable and tripartite process to set the minimum wage, which increased it in a steady and significant manner. Third, there are indications that two-way communications between the managers and workers improved in many FDI sectors where the strikes predominantly took place.

However, one fact has not changed in the past 25 years: all strikes since 1995 have been wildcat strikes, initiated by the workers themselves, not by the trade unions. This reveals problems with the representational functions of trade unions and with the procedures for labour dispute settlement.

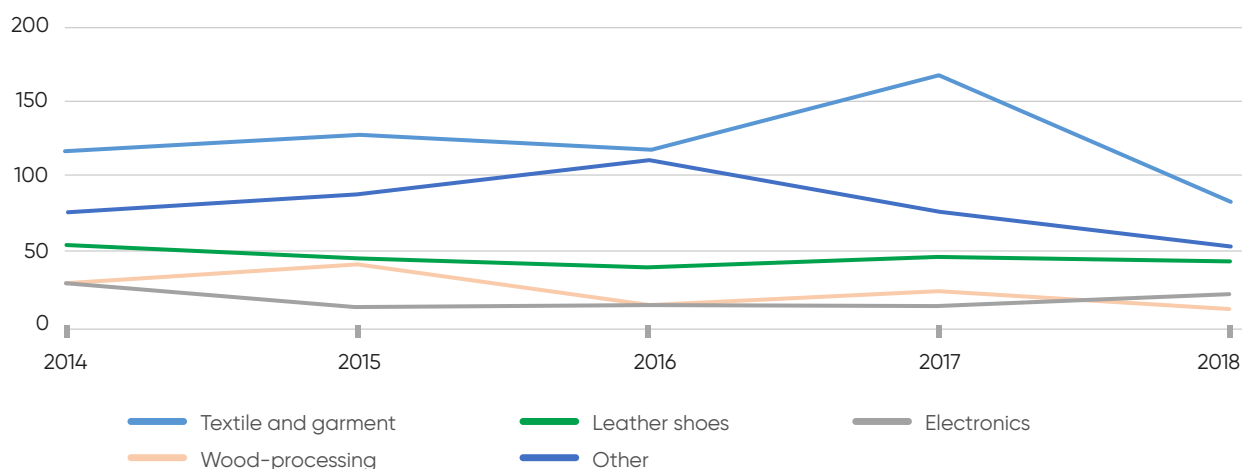
Concerning the sectoral distribution of strikes (figure 75), in 2018, the textile and garment sector gave rise to 84 strikes (39 per cent of all strikes), the leather shoe industry to 44 (21 per cent), the electronics industry to 21 (10 per cent) and the wood-processing industry to 12 (6 per cent).

FIGURE 74. NUMBER OF STRIKES, BY TYPE OF ENTERPRISE, VIET NAM, 1995–2018



Source: Statistics on strikes – consolidated by VGCL – Industrial Relations Department.

FIGURE 75. NUMBER OF STRIKES, BY SECTOR, VIET NAM, 2014–2018



Source: Statistics on strikes – consolidated by VGCL – Industrial Relations Department.

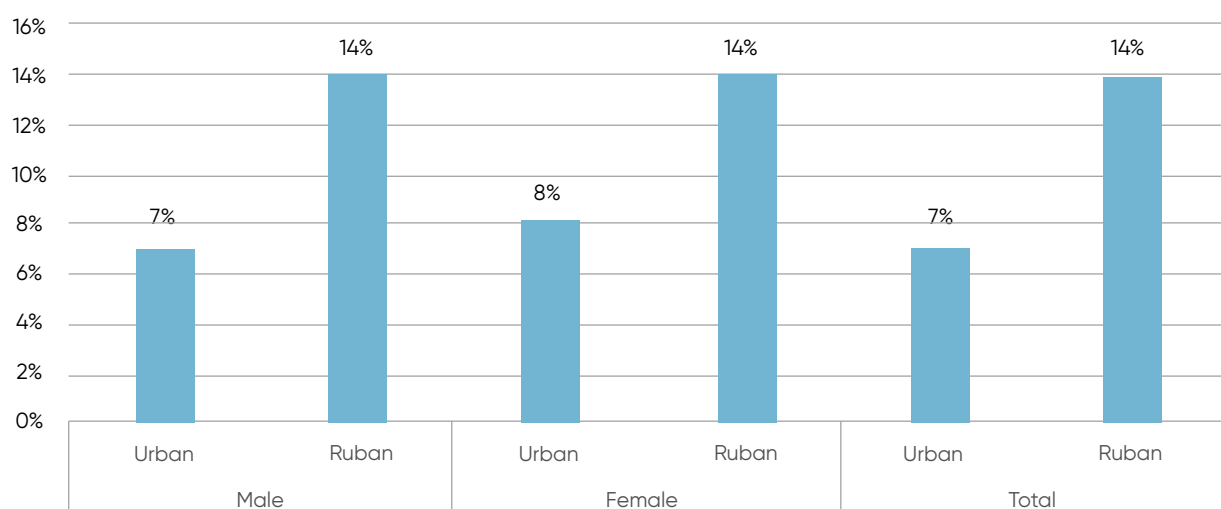
8. INCIDENCE OF CHILD LABOUR

Child labour is a major concern, given its adverse, long-lasting effects on the affected children themselves as well as on communities and societies. The prevalence of child labour reflects insufficient development and the persistence of poverty. The time spent by children in labour is time they are not spending on enriching activities typically associated with childhood, such as education, socialization and leisure, intended to develop their human and social capital. For these reasons, child labour needs to be eliminated. Towards this objective, statistical information on the number and proportion of children subject to the hardships of child labour is crucial to understand the scope of the issue, to inform policy formulation and to assess the results of the policies implemented.

In 2014, 12 per cent of all children aged 5–17 in Viet Nam were engaged in economic activity, according to UNICEF and ILO calculations for SDG indicator 8.7.1 on the child labour rate. The gender difference that year in child labour participation was not strong; 12.5 per cent of girls aged 5–17 compared to 11.9 per cent of boys the same age were engaged in economic activity. Moreover, 13.1 per cent of children aged 5–17 were engaged in economic activity or household chores: 13.6 per cent of girls and 12.7 per cent of boys. At the time, more than one in ten children in Viet Nam were engaged in economic activity, prompting Viet Nam's government to increase efforts to ensure that all girls and boys could fully develop, without carrying out activities harmful to their health, safety or morals.

Figure 76 indicates that the overall estimates of child labour mask important differences by residence. Child labour is much higher in rural areas than in cities and towns. The differences in terms of involvement between boys and girls are negligible.

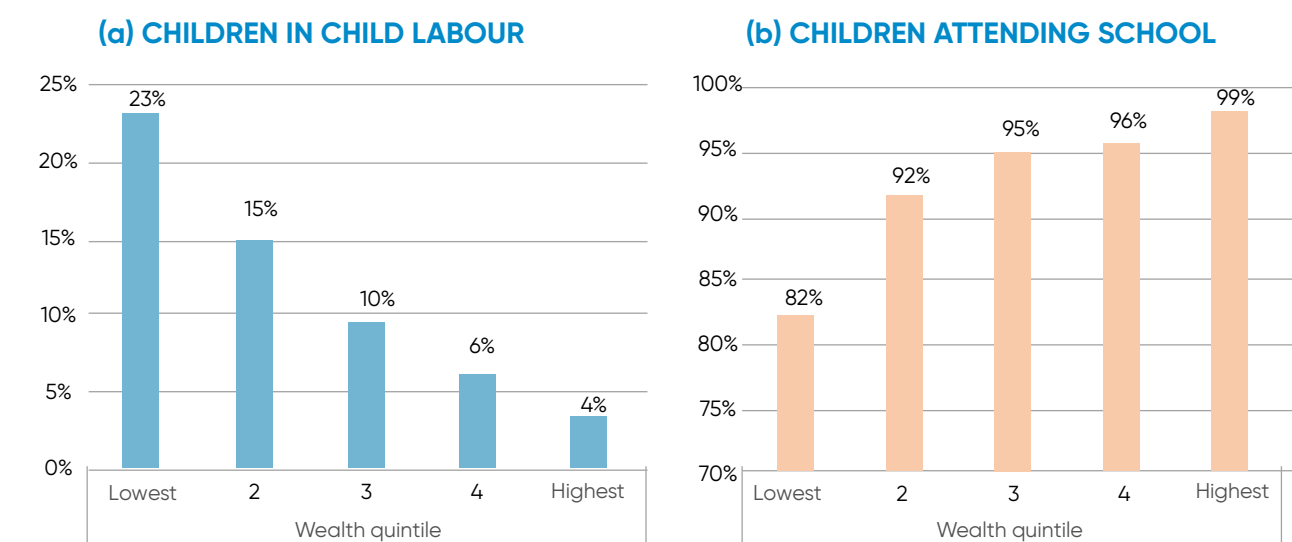
FIGURE 76. SHARE OF CHILDREN IN CHILD LABOUR, BY SEX AND AREA OF RESIDENCE, VIET NAM, 2014 (%)



Source: General Statistics Office of Viet Nam and UNICEF, 2015.

Child labour is higher among children from poor households (figure 77a). More than 23 per cent of children belonging to poor household are in child labour compared to about 4 per cent of children belonging to household from the top wealth quintile. However, even among best-off households, the figure highlights the presence of children in child labour. In policy terms, this result suggests that a strategic response based on poverty reduction alone is unlikely to be effective in eliminating child labour. On the other hand, children in better-off households are more likely to attend school (99 per cent) compared to children belonging to poor household (82 per cent) (figure 77b).

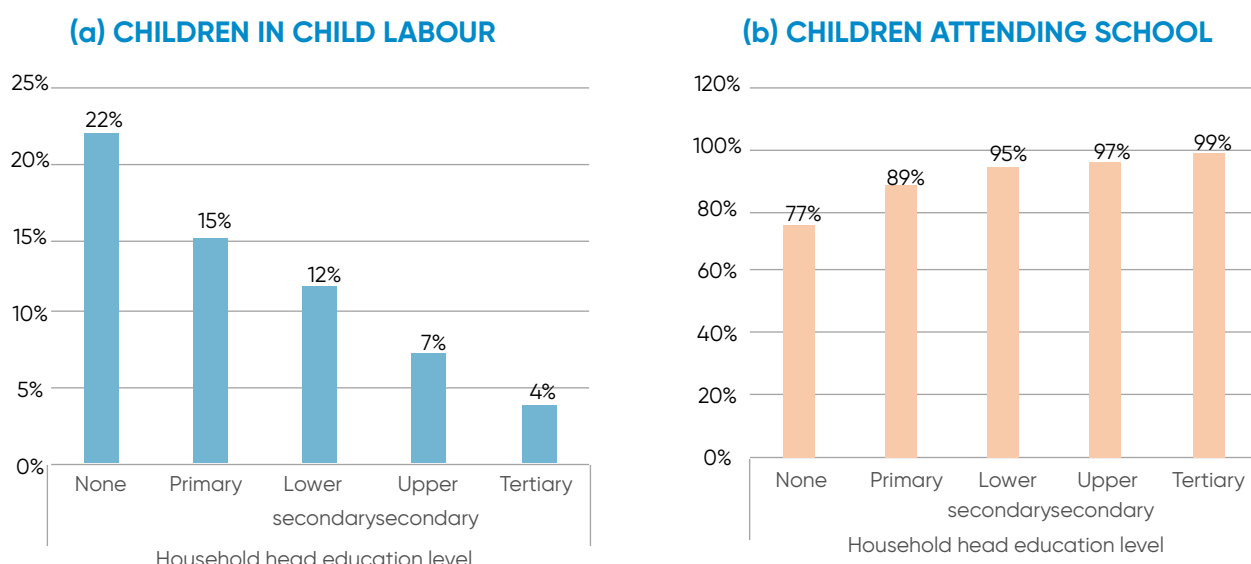
FIGURE 77. SHARE OF CHILDREN IN CHILD LABOUR AND ATTENDING SCHOOL, 5–17 AGE GROUP, BY HOUSEHOLD WEALTH QUINTILE, 2014 (%)



Source: General Statistics Office of Viet Nam and UNICEF, 2015.

Analysis results of the association between educational attainment of the household's head and the probability that children are found in child labour are illustrated in figure 78. On the one hand, figure 78a shows that the higher the level of education completed by the head of the household, the lower the share of children involved in child labour. On the other hand, figure 78b indicates that children are increasingly more likely to attend school as the educational attainment of the household's head increases.

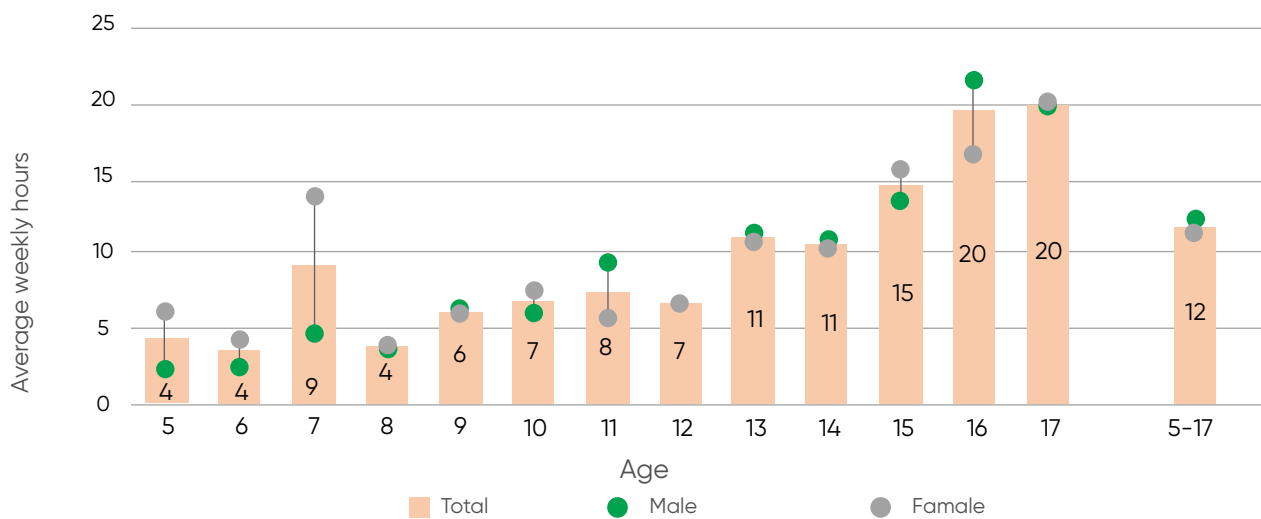
FIGURE 78. SHARE OF CHILDREN IN CHILD LABOUR AND ATTENDING SCHOOL, 5–17 AGE GROUP, BY HOUSEHOLD HEAD EDUCATIONAL LEVEL, 2014 (%)



Source: General Statistics Office of Viet Nam and UNICEF, 2015.

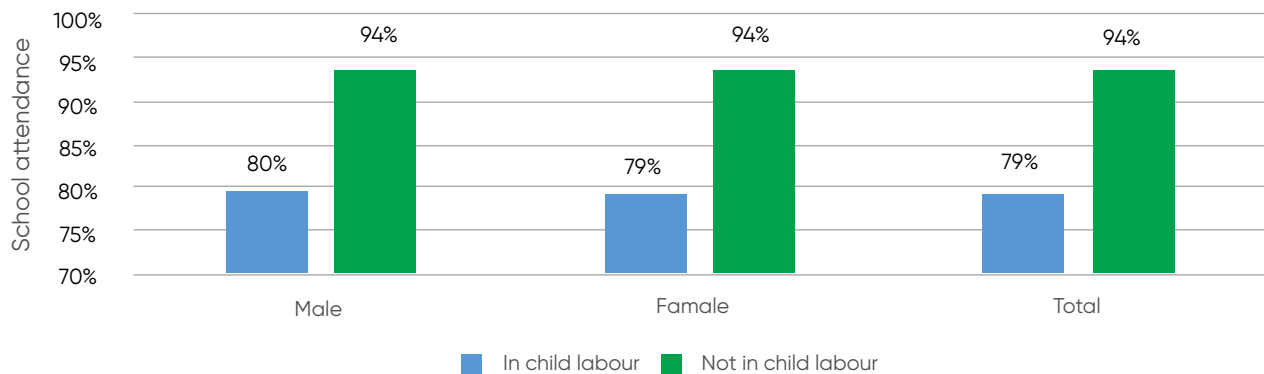
It is important to investigate how many hours working children are involved in economic activities per week and by age. Figure 79 shows that working children aged 5–17 log an average of 12 working hours per week. Working hours rise with age, showing a sharp increase at the age of 13 and among those children in the legal working age. However, even as children enter the legal working age, the increased work intensity may negatively affect children's school performance for those continuing with education, or make the probability of dropping out more likely. If the exigencies of work mean that children are denied schooling altogether or are less able to perform in the classroom, then these children will not acquire the education and life skills necessary to successfully transition to adult life and decent work. In fact, involvement in child labour is known to have a detrimental effect on the ability of children to attend school. Figure 80 confirms this narrative for Viet Nam's working children in 2014

FIGURE 79. WORKING CHILDREN AVERAGE WEEKLY WORKING HOURS, BY AGE AND SEX, 2014



Source: General Statistics Office of Viet Nam and UNICEF, 2015.

FIGURE 80. SCHOOL ATTENDANCE, BY CHILD LABOUR STATUS AND SEX, 2014 (%)



Source: General Statistics Office of Viet Nam and UNICEF, 2015.

The Alliance 8.7 and Viet Nam

Viet Nam is a pathfinder country of Alliance 8.7 – an inclusive global partnership committed to achieving Target 8.7 of the Sustainable Development Goals. The main aim of the Alliance is to catalyse action on Target 8.7. It focuses on scaling up solutions that work, driving innovation, and leveraging and maximizing the impact of resources. The Alliance brings together actors at all levels to collaborate, strategize, share knowledge and ultimately accelerate progress in order to deliver on this commitment by 2030. Pathfinder countries are an integral part of the Alliance. They are committed to accelerating efforts with new action and willing to try new approaches from which others can learn to support Target 8.7's urgent deadlines. In May 2019, Viet Nam set its goals and priorities as a pathfinder country with the participation of a range of stakeholders, including relevant ministries, UN agencies, social organizations and the private sector. These priorities cover four main areas: 1) child labour, business and supply chains; 2) trafficking and migration for labour exploitation; 3) child labour and education; and 4) child labour in agriculture.

The Government of Viet Nam is committed to eliminating child labour in the country. From a legislative perspective, for instance, it has been working to further improve the Labour Code and strengthen compliance. A new Child Labour Survey conducted in 2018 indicates very positive results of this commitment on the incidence of child labour in Viet Nam. When this report was printed, the survey's results were still preliminary and could not be used for a full-fledged analysis.

VI. CONCLUDING REMARKS

The recent history of dramatic social and economic changes in Viet Nam led the country to an era of economic growth and development. The economy underwent intense transformation, allowing the industrial and services sectors to flourish and an industrialization process to take place quickly. Economic growth was to a great extent pro-poor in nature, greatly favouring poverty reduction.

Workers in Viet Nam do not have difficulties in accessing employment. The working-age population participates in the labour force at very high rates, and this holds true for men and women. Levels of labour underutilization are low in general, in terms of unemployment, time-related underemployment and job-search discouragement. Thus, the availability of employment does not seem to be a cause for concern, at least not regarding the general population. Young workers do, however, face heightened challenges to access jobs, and they are relatively more exposed to unemployment.

Viet Nam's workforce is increasingly well-educated, although its skill level remains lower than global averages. Obtaining higher levels of education pays off in terms of labour market outcomes: people with advanced educational levels have a higher likelihood of finding jobs that are more formal and better paid. They are also relatively more likely to be unemployed, and unemployed for longer, possibly pointing to a deficit in high-skill jobs or a mismatch between the skills of current graduates and the requirements of these jobs. Higher unemployment rates among the more highly educated may also reflect their ability to remain jobless for as long as necessary until they find the right job.

The fact that labour underutilization is low in general does not mean that workers enjoy smooth access to decent jobs. In fact, the ease of access to employment hides deficits in employment quality, including in the areas of earnings, working time, social protection coverage and social dialogue. Informality affects the majority of workers in Viet Nam, leaving them in a vulnerable situation where labour legislation and social protection cannot typically reach them.

Viet Nam's labour market has benefited from the country's economic boom and many of its aspects have improved during the past three decades. Nevertheless, to achieve sustainable development and decent work for all, it is paramount that all workers, men and women, youth and adults, access decent jobs. The Government of Viet Nam has been taking steps on several fronts to improve access for all workers to the conditions outlined in the ILO Declaration on Fundamental Principles and Rights at Work, and expand decent work in the country. For these steps to lead to better jobs for all women and men in Viet Nam, it is paramount that these efforts be sustained in the years to come.

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VIII. STATISTICAL APPENDIX

SDG indicator 1.1.1 – Proportion of population below the international poverty line, by sex, age, employment status and geographical location

Working poverty rate, expressed as the share of employed living in households with a per capita income or expenditure of less than US\$1.90 purchasing power parity (PPP) per day (%)										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total										
Total (15+)	37.7	39.0	40.7	32.5	24.9	21.5	18.4	16.8	16.3	8.7
Youth (15–24)	44.2	45.6	47.5	39.5	31.3	27.0	23.0	22.0	22.2	12.5
Adults (25+)	35.6	36.9	38.5	30.4	23.1	19.9	17.1	15.4	14.7	7.7
Women										
Total (15+)	38.4	39.9	41.6	33.6	26.0	22.4	19.2	17.3	16.7	8.9
Youth (15–24)	45.4	46.8	48.8	41.5	33.5	28.8	24.4	23.0	22.9	13.1
Adults (25+)	36.2	37.7	39.4	31.2	23.8	20.6	17.7	15.8	15.1	7.8
Men										
Total (15+)	37.0	38.1	39.8	31.5	24.0	20.7	17.7	16.3	15.9	8.5
Youth (15–24)	43.1	44.4	46.3	37.6	29.2	25.3	21.6	21.0	21.6	11.9
Adults (25+)	35.0	36.2	37.7	29.6	22.4	19.3	16.6	15.0	14.4	7.6

Working poverty rate, expressed as the share of employed living in households with a per capita income or expenditure of less than US\$1.90 purchasing power parity (PPP) per day (%)									
	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total									
Total (15+)	4.9	4.1	3.3	3.2	3.1	2.7	2.3	1.9	1.6
Youth (15–24)	7.9	6.8	5.7	5.6	5.5	4.8	4.2	3.5	3.1
Adults (25+)	4.2	3.5	2.8	2.7	2.6	2.3	2.0	1.6	1.4
Women									
Total (15+)	5.1	4.3	3.4	3.4	3.3	2.9	2.5	2.0	1.7
Youth (15–24)	8.7	7.5	6.2	6.2	6.1	5.4	4.7	3.8	3.4
Adults (25+)	4.3	3.6	2.9	2.8	2.7	2.4	2.1	1.7	1.5
Men									
Total (15+)	4.7	3.9	3.2	3.1	3.0	2.6	2.2	1.8	1.5
Youth (15–24)	7.2	6.2	5.2	5.1	4.9	4.4	3.8	3.1	2.8
Adults (25+)	4.1	3.4	2.7	2.7	2.6	2.2	1.9	1.5	1.3

SDG indicator 1.3.1 – Proportion of population covered by social protection floors/systems, by sex, distinguishing children, unemployed persons, older persons, persons with disabilities, pregnant women, newborns, work-injury victims and the poor and the vulnerable

	%	Year
Proportion of population covered by at least one social protection benefit	37.9	2016
Proportion of employed population covered in the event of work injury	21.1	2015
Proportion of population with severe disabilities receiving disability cash benefit	9.7	2016
Proportion of mothers with newborns receiving maternity cash benefit	44.5	2016
Proportion of population above statutory pensionable age receiving a pension	39.9	2016
Proportion of unemployed persons receiving unemployment cash benefit	45.0	2016
Proportion of vulnerable population receiving social assistance cash benefit	10.0	2016

Sources: ILO Social Security Inquiry (SSI), ILO estimates based on country data.

SDG indicator 5.5.2 – Proportion of women in managerial positions

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Female share in management (%)										
	20.7	23.4	23.3	23.9	24.4	22.9	25.8	26.1	27.2	27.3
Female share in employment (%)										
	48.7	48.4	48.3	48.5	48.6	48.8	48.5	48.5	48.2	47.8

Source: Labour Force Survey.

SDG indicator 8.2.1 – Annual growth rate of real GDP per employed person

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Output per worker	1 491	1 551	1 603	1 682	1 771	1 867	1 961	2 059	2 141	2 200
(GDP constant 2010 US\$)										
Annual growth rate (%)	4.3	4.0	3.4	4.9	5.3	5.4	5.0	5.0	4.0	2.8
Output per worker	5 015	5 219	5 392	5 657	5 957	6 282	6 597	6 926	7 202	7 401
(GDP constant 2011 international \$ in PPP)										
Annual growth rate (%)	4.3	4.1	3.3	4.9	5.3	5.5	5.0	5.0	4.0	2.8
	2010	2011	2012	2013	2014	2015	2016	2017	2018	
Output per worker	2 279	2 376	2 460	2 537	2 650	2 810	2 970	3 136	3 312	
(GDP constant 2010 US\$)										
Annual growth rate (%)	3.6	4.3	3.5	3.1	4.5	6.0	5.7	5.6	5.6	
Output per worker	7 666	7 993	8 276	8 533	8 914	9 454	9 991	10 550	11 142	
(GDP constant 2011 international \$ in PPP)										
Annual growth rate (%)	3.6	4.3	3.5	3.1	4.5	6.1	5.7	5.6	5.6	

PPP = purchasing power parity.

Source: ILO modelled estimates, November 2018.

SDG indicator 8.3.1 - Proportion of informal employment in non-agriculture employment, by sex

Share of informal employment, ILO harmonized criteria (%)					
	2014	2015	2016	2017	2018
Total					
Total	78.5	75.5	74.1	73.3	71.4
Women	77.9	74.2	72.8	71.4	73.5
Men	79.1	76.7	75.3	75.1	69.2
Non-agriculture					
Total	60.6	57.1	56.3	56.1	54.9
Women	58.0	53.4	52.5	51.5	50.2
Men	63.0	60.5	59.8	60.1	59.0

Source: Labour Force Survey.

SDG indicator 8.5.2 - Unemployment rate, by sex, age and persons with disabilities

Unemployment rate, national definition (%)										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total										
Total (15+)	1.7	1.1	1.9	1.7	2.0	1.9	2.1	2.1	2.1	2.0
Ages 15–24	4.6	3.6	4.9	5.2	6.3	6.3	7.1	7.4	7.5	6.9
Ages 25–54	1.2	0.6	1.4	1.2	1.3	1.2	1.4	1.3	1.3	1.4
Ages 55–64	0.2	0.2	0.9	0.7	1.3	1.3	0.7	0.8	0.7	0.8
Ages 65 and above		0.1	0.2	0.2	0.4	0.2	0.7	0.5	0.6	0.5
Women										
Total (15+)	1.6	1.1	2.3	1.9	2.0	1.8	2.0	1.9	1.9	2.1
Ages 15–24	4.4	3.5	5.9	6.4	7.2	7.2	7.4	7.5	7.6	7.9
Ages 25–54	1.1	0.7	1.9	1.4	1.3	1.2	1.3	1.2	1.1	1.5
Ages 55–64		0.1	0.2	0.1	0.2	0.2	0.6	0.6	0.6	0.5
Ages 65 and above			0.3	0.2	0.5	0.3	0.5	0.4	0.6	0.5
Men										
Total (15+)	1.9	1.2	1.5	1.5	2.0	1.9	2.3	2.2	2.2	1.9
Ages 15–24	4.8	3.6	4.0	4.3	5.5	5.6	6.8	7.4	7.5	6.0
Ages 25–54	1.4	0.6	1.0	0.9	1.2	1.2	1.5	1.5	1.4	1.3
Ages 55–64	0.2	0.3	1.6	1.2	2.3	2.4	0.9	1.0	0.9	1.2
Ages 65 and above		0.1	0.2	0.2	0.3	0.1	0.8	0.7	0.7	0.5

Blank cells = data not available.
Source: Labour Force Survey.

SDG indicator 8.6.1 – Proportion of youth (aged 15–24) not in education, employment or training

Share of youth aged 15–24 not in employment or education (%)										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total	10.3	8.2	8.3	9.4	10.0	9.7	9.9	9.5	9.7	8.3
Women	12.9	10.7	10.8	11.7	12.3	12.2	12.6	11.8	12.0	10.6
Men	7.7	5.9	5.9	7.4	7.8	7.5	7.3	7.2	7.5	6.0

Source: Labour Force Survey.

SDG indicator 8.7.1 – Proportion and number of children (aged 5–17) engaged in child labour, by sex and age

	%	Year
Proportion of children engaged in economic activity and household chores (%)		
Total	13.1	2014
Girls	13.6	2014
Boys	12.7	2014
Proportion of children engaged in economic activity (%)		
Total	12.1	2014
Girls	12.5	2014
Boys	11.9	2014

Source: UNICEF and ILO calculations.

SDG indicator 9.2.2 – Manufacturing employment as a proportion of total employment

Share of manufacturing employment (%)										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total	14.5	14.3	13.8	13.8	14.0	14.4	15.7	16.7	17.3	17.9
Women	15.1	15.4	14.7	15.0	15.2	15.8	17.6	18.8	19.7	20.8
Men	13.9	13.2	13.0	12.7	12.8	13.2	13.9	14.7	15.1	15.3

Source: Labour Force Survey.

SDG indicator 10.4.1 – Labour share of GDP, comprising wages and social protection transfers

Adjusted (ILO) labour income share (%)													
2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
47.1	46.3	45.8	45.0	45.3	44.9	44.1	43.9	44.2	43.8	42.7	40.5	40.3	40.5

Source: ILO modelled estimates, July 2019.



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