

21 April 2020

## ► COVID-19 and the labour market in Viet Nam<sup>1</sup>

### 1. Virus spread and containment measures

**In Viet Nam, COVID-19 infection has unfolded in three phases.** The first phase developed from late January to mid-February 2020. During this period, all reported cases had in common a clear travel history to China. The second phase, which began in early March after a long stretch with no reported COVID-19 cases in Viet Nam, saw the emergence of cases linked to travel from countries other than China that became new viral epicentres. Both phases were characterized by a clear traceability of infections, which means that all reported cases in Viet Nam could be ultimately tracked back to close contact with infected individuals outside of the country. As of 20 April 2020, no new case has been reported for four consecutive days. The entire country still remains vigilant, but the lack of new infections is a strong indication of the effectiveness of Government's concerted efforts to contain the spread of COVID-19.

**As the COVID-19 situation developed, the Government of Viet Nam implemented increasingly stringent measures that have proven effective in containing the health crisis.** The Prime Minister has regularly encouraged the population to apply social distancing in a progressively stricter manner. Schools closed at the beginning of February. Flows of inbound travellers have been reduced through suspension of visas upon arrival, mandatory quarantine, and eventually a ban on all international flights. Domestic travel has been minimized and transportation largely suspended both between and within provinces. On 31 March<sup>2</sup>, the Government ordered all non-essential businesses<sup>3</sup> to close for at least two weeks. The Government's main objective in implementing these measures is to protect the life and health of women and men in Viet Nam at any cost, and eventually eradicate the virus from the country.

**In the meantime, the virus spread throughout the world's largest economies and Viet Nam's trading partners, leading to massive reduction**

**in economic activity.** China's Hubei province faced off the crisis through a lockdown through February. In March<sup>4</sup>, as social distancing in China began to ease up, countries the European Union started to apply stringent rules, later followed by the US. A new wave of Asian infections then emerged in late March. On 7 April, Japan declared a state of emergency. By the time this note was drafted most of Viet Nam's top export destinations were implementing various forms of lockdown, thus severely affecting the country's economic activity.

### 2. Impact on economic activity in the first quarter of 2020

**The measures adopted to confront the pandemic in Viet Nam and across the world are affecting the country's economic performance.** In part, such impact is the *direct* consequence of domestic containment measures, which have kept people from using services and buying goods, and more recently have ordered some businesses to close temporarily. In addition, similar measures taken by other countries across the world have large-scale, indirect effects on Viet Nam's economy. Factories across key manufacturing sectors have stalled production in the countries that serve as Viet Nam's principal import and export partners. This translates into procurement challenges for Vietnamese factories that rely on imports of components for their production cycles. At the same time, as consumers in large markets across Asia, the US and the EU are also forced in lockdown, their consumption of imported goods is curtailed, leading to the cancellation of orders from Vietnamese factories. Figure 1 illustrates the potential severity of these indirect impact channels on Viet Nam's economy. The X-axis indicates the share in total Viet Nam's exports. The Y-axis shows the index of the stringency of measures<sup>5</sup> applied in Viet Nam's top export partners. The bubble size indicates the total value of Viet Nam's export to each country. The figure illustrates that most trading partners have significantly restricted their economic activity, potentially affecting large shares of Viet Nam's exports.

<sup>1</sup> The COVID-19 situation evolves quickly across the world, while data collection and analysis requires time. Therefore, the full impact of daily developments in Viet Nam and in other countries becomes visible with some delay. This technical note discusses all visible and expected impacts based on the latest data available in mid-April 2020, including labour market data.

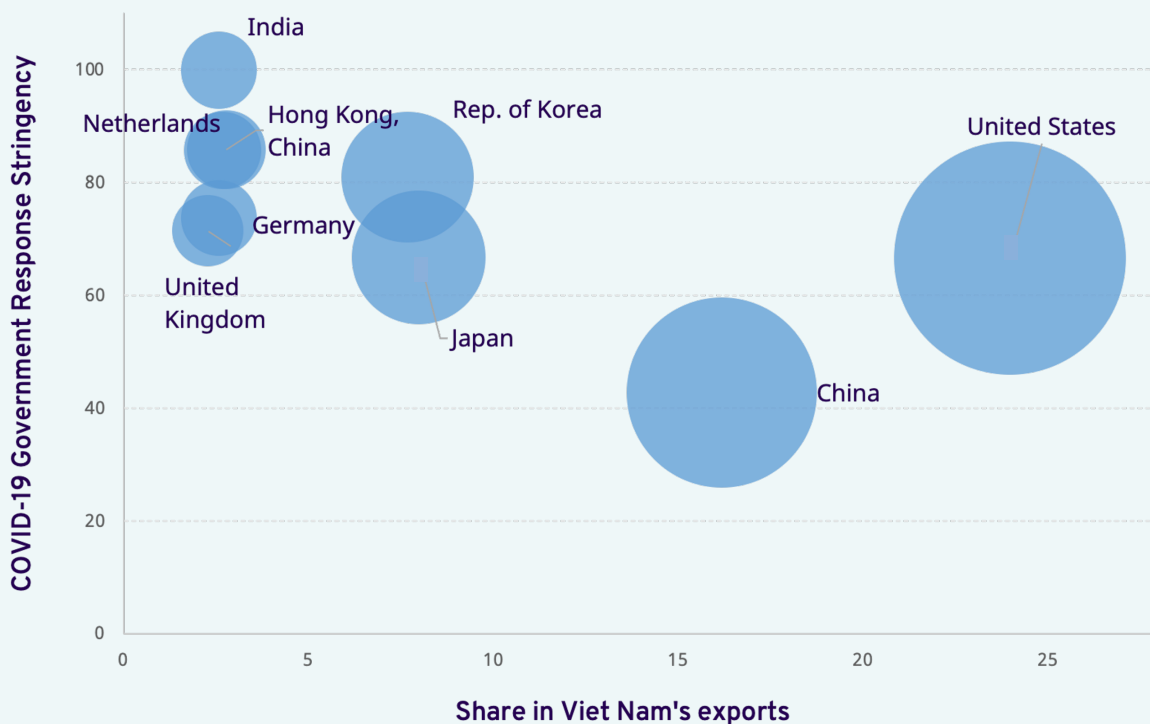
<sup>2</sup> Directive No. 16/CT-TTg (Directive 16) enforcing social distancing throughout Vietnam for 15 days from 1 April 2020.

<sup>3</sup> Shops allowed to remain open are limited to those selling food, medicine and fuel.

<sup>4</sup> European Centre for Disease Prevention and Control

<sup>5</sup> According to University of Oxford's COVID-19 Government Response Stringency Index.

► Figure 1: Share of export by top export partner and the respective stringency of COVID-19 government response measures

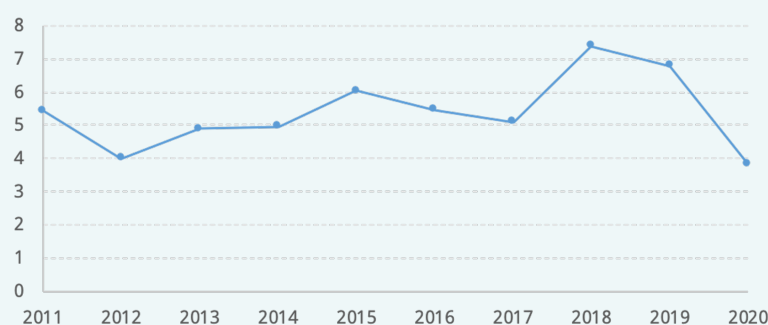


Source: ILO compilation based on Viet Nam's General Statistics Office, Exports and imports of goods by main countries and territories in 2019; University of Oxford, COVID-19 Government Response Stringency Index; ourworldindata.org.

**The impact of both direct and indirect channels of economic shock was visible in Viet Nam's economic performance at the end of the first quarter of 2020.** Figure 2 shows that GDP growth rate in the first quarter of 2020 declined by 3 percentage points compared to the same period in

2019. This value provides an indication that overall, the economy kept growing during the first three months of the year. However, it also indicates that economic performance in the quarter experienced the sharpest slowed down year-over-year in a decade.

► Figure 2: Viet Nam's GDP growth in Q1, year over year, 2011-20



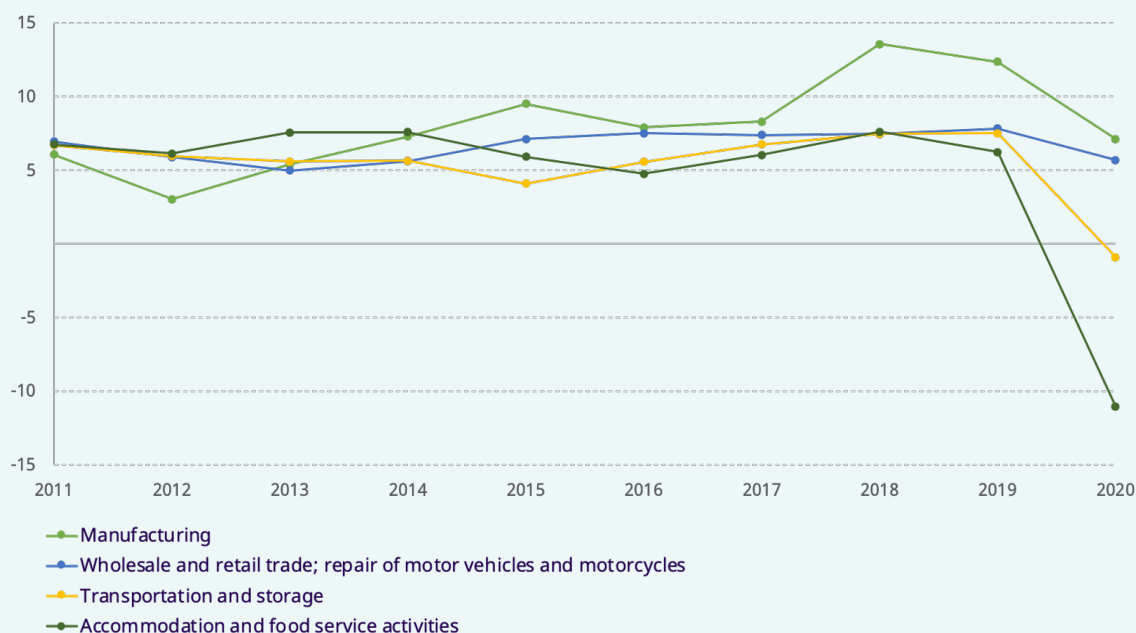
Source: Viet Nam's General Statistics Office, Social and economic situation data, 2011-2020.

A recent ILO analysis<sup>6</sup> highlighted that the economic shock stemming from COVID-19 is not uniform. Rather, specific sectors are especially hit by the collapse in economic activity. In Viet Nam, businesses in the **wholesale and retail trade** sectors have faced a reduction in demand due to social distancing, with on-line shopping and home delivery options compensating only to a limited extent the loss in main sources of revenue. Subsequently, non-essential activities were hit by widespread closures. In addition, mandatory restrictions to movement have caused a shock to the **transport, storage and communication** industry. This sector is also indirectly affected by the travel bans adopted in other countries. Viet Nam's national air carrier grounded 40 per cent of its fleet in mid-March because of the virus spread in Europe and subsequently due to the mandatory suspension of all international flights introduced by the Vietnamese Government. The company reported a drop in revenues of VND6.7 trillion (US\$287.6 million) in Q1 2020.<sup>7</sup> A similar mix of direct and indirect mechanisms has created a collapse in economic activity in the **accommodation and food services** sector.

**Tourism** flows, both national and international, were stopped abruptly, together with revenues in this sector<sup>8</sup>. Sales in the sector contracted by more than 26 percentage points in March only, compared to the same period in 2019<sup>9</sup>. Tourism is in fact a combination of economic activity in 10 different sub-sectors<sup>10</sup> in Accommodation and food service activities, Transport and storage, as well as Arts, entertainment and recreation. Since this note follows the international standards on classification of economic activities, tourism will be mostly discussed as part of these separate sectors.

Several segments of the **manufacturing** sector are also severely affected<sup>11</sup>, through both direct and indirect mechanisms. According to the Vietnam Automobile Manufacturers Association (VAMA) a collapse of more than 27 per cent in domestic demand has led some of the largest manufacturers in Viet Nam to stop production in their factories. In the wood processing industry, 80 per cent of exporters to the EU and US markets had received order cancellations or delays. The garment and textile industries are also facing order cancellations

► Figure 3: Economic growth in selected sectors, Q1, year-over-year, 2011-20



Source: Viet Nam's General Statistics Office, Social and economic situation data, 2011-20.

<sup>6</sup> ILO, COVID-19 and the world of work 2nd Edition, 7 April 2020.

<sup>7</sup> Reuters, 11 March 2020; Viet Nam News, 2 April 2020. Viet Nam News, 7 April 2020.

<sup>8</sup> Tourism is a combination of 10 sub-sectors that belong to three different aggregate sectors in the International Standard Industrial Classification of All Economic Activities (ISIC). These are Accommodation and food service activities, Transport and storage, and Arts, entertainment and recreation.

<sup>9</sup> Viet Nam's General Statistics Office, Social and economic situation in the first Quarter of 2020.

<sup>10</sup> According to the International Standard Industrial Classification of All Economic Activities (ISIC), Rev. 4.

<sup>11</sup> Reuters, 20 March 2020; Viet Nam News, 24 March 2020; VnExpress, 1 April 2020.

or postponement from buyers in the EU and US, some of which have suspended their orders until June.

**Aggregate growth in these sectors in the first quarter reflects this sharp fall in economic activity.** Figure 3 reveals a slowdown in *manufacturing* of more than 5 percentage points compared to the same period in 2019. The *wholesale and retail trade, repair of motor vehicles and motorcycles* sector had its slowest performance in the first quarter since 2014. However, the chart captures data until the end of March, and therefore covers only four days of the non-essential business closure, thus suggesting that performance in this sector is likely to worsen in April. A contraction is already visible in the first quarter in the *transportation and storage* industry. The most severe shock to economic output in Q1 was recorded in *accommodation and food service activities*, which contracted by eleven percentage points compared to the same period in 2019.

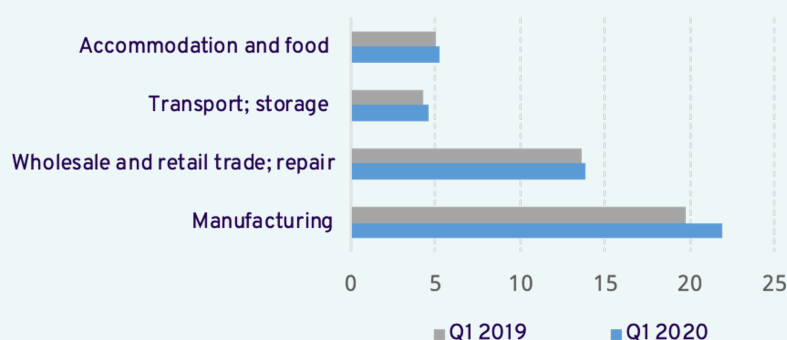
### 3. Effects of COVID-19 on employment in Viet Nam

**The widespread reduction in economic activity is having an unprecedented impact on Viet Nam's world of work.** Health workers are at the frontline of the fight against the virus. While they render a priceless service to society by discharging their daily duties, their work places expose them to the constant possibility of contagion. Many workers who continue to go to work have faced a

profound change in their working methods. Enterprises have altered their working modalities to protect the health of workers, with a possible impact on output. Millions of workers are directly affected by the containment measures applied by the Government of Viet Nam. The widespread quarantine policy pursued by the Government has led to 14-day closures of many businesses or parts of businesses of all sizes and sectors. Social distancing in March and lockdown in March and April are resulting in a dramatic fall in revenues and workplace closures for workers employed in non-essential businesses. Factories serving the domestic market are reducing the working hours of employees, offering lowered wages or suspending production altogether and letting workers go. Workers in exporting enterprises are also subject to drastic reductions in working hours, contract suspensions, wage cuts and layoffs. A recent assessment from Viet Nam's Chamber of Commerce and Industry (VCCI)<sup>12</sup>, run in 46 provinces and cities, found that more than 76 per cent of the surveyed enterprises had reduced employee working hours through a range of options, from flexible working hours to, ultimately, layoffs.

**The national data from the first quarter is expected to show little impact of the COVID-19 crisis on Viet Nam's labour market.** An analysis of labour market indicators derived from the most recent data available reveals that employment, unemployment and working hours in the first quarter 2020 remained unaffected by the crisis. We find stable employment figures also in the sectors

► Figure 4: Labour market status of working age population and share of employment in sectors affected by the crisis, Q1, year-over-year, 2019-20



Source: ILO calculations based on latest available data.

<sup>12</sup> Information gathered from online meetings and reports from over 700 enterprises and business associations across the country.

that experienced either a slowdown in growth or a contraction in the first quarter in connection to the crisis (Figure 4). The share of tourism employment, a combination of several sub-sectors, in total employment remained stable too. Experience from past global crisis periods has shown that the labour market reacts to economic downturns with some delay, with enterprises first trying to maintain their workforces as long as possible through reduced production until this finally proves untenable. The current crisis is somewhat different though, in that containment measures affect employment directly, yet it is too early for the impact to show in the statistics. The latest round of labour force survey data collection by the General Statistics Office was completed over the first week of March. The strictest COVID-19 containment measures on travel, the partial lockdown and the

closure of non-essential businesses were all applied from mid-March. Their full effect are expected to be adequately captured in the data from the second quarter.

**We can estimate the economic impact on economic sectors that are likely to bear the brunt of the crisis in the second quarter.** Using economic data from the first quarter, as well as real-time information about containment measures and their consequences on enterprises and consumers, it is possible to estimate the reduction in economic output expected per sector over the first two quarters of 2020. Such reduction is influenced by the vulnerability of each sector to the direct effects of COVID-19 containment (as explained in section 2 of this note), or indirect ones, or both. Based on these consideration, we

► Table 1: Employment by sector and level of risk

Economic sector	Expected impact of crisis on economic output, Q1 and Q2, 2020	Total employment in 2020, Q1 (000s)
Agriculture; forestry and fishing	Low	18 938
Education	Low	2 019 <sup>13</sup>
Public administration and defence; compulsory social security	Low	1 517
Human health and social work activities	Low	626
Financial and insurance activities	Low	507
Utilities	Low	360
Mining and quarrying	Low	195
Construction	Low-medium	4 546
Real estate; business and administrative activities	Medium	996
Manufacturing	Medium-high	10 941
Wholesale and retail trade; repair of motor vehicles and motorcycles	Medium-high	7 525
Transport; storage and communication	Medium-high	2 330
Arts, entertainment, recreation and other services	Medium-high	1 289
Accommodation and food service activities	High	2 773

Source: ILO assessment; Viet Nam's General Statistics Office, Labour Force Survey, 2019.

<sup>13</sup> Teachers and non-teaching staff in public schools work on government-funded contracts. UNICEF indicates that some teachers on short-term contracts may have their salaries affected, but a lack of data makes it difficult to estimate their share out of the total.

have assigned to each direct and/or indirect effect a level representing the expected severity of fall in economic output. Table 1 illustrates the results.

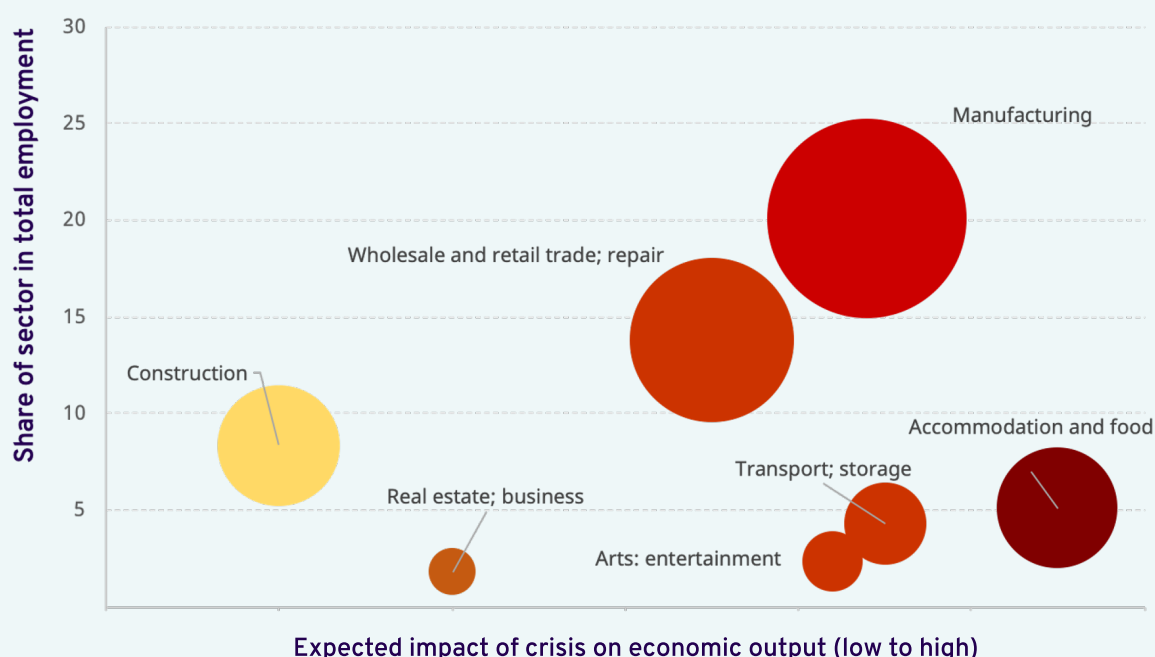
**Based on the assessment illustrated in Table 1, around 25.8 million workers in Viet Nam are employed in sectors that are at risk to experience a significant (medium or high) reduction in economic output.** The accommodation and food service sector as a whole is facing an especially devastating impact, with a severe contraction already visible in the first quarter. Economic activity in tourism (a combination of accommodation and food services, transport, as well as art and entertainment activities) has stopped. In addition, the hard-hit sectors include manufacturing. As discussed in section 2, industries involved in garment global supply chains, automotive assembly, and manufacturing of furniture are facing dramatic reductions in activity and widespread suspension of factory production due to cancellation of orders from national and international markets. Beyond the manufacturing sector, air transport, as part of the transport, storage and communication sector, has virtually come to a standstill, as has several activities in the areas of arts, entertainment and recreation.

**The employment impact of the crisis will depend on the level of economic disruption and the size of employment in each affected sector.**

Based on the assessment of reduction in economic output illustrated in Table 1, we can estimate the share of workers at risk of losing work either in its entirety or in terms of reduced hours or wages, or both. We envisage two scenarios: one lower-impact scenario in which containment measures are eased during the second quarter, and one higher-impact scenario where the measures remain largely in place. Figure 5 below shows the results of the exercise to identify the workers most at risk of job/livelihood loss in the face of the COVID-19 crisis. The X-axis represents the economic impact, measured as a drop in economic output of each sector. The level of impact on each sector is assessed, on a scale from low to high, as summarized in Table 1. The Y-axis indicates the share in overall employment of each sector. The bubble size is the estimated number of workers at risk.

**Applying two scenarios, the ILO estimates that by the end of the second quarter the crisis can affect the livelihood of 4.6 to 10.3 million workers, whether through a decline in working hours, in wages or, ultimately, job loss.** Based on

► Figure 5: Expected severity of reduction in economic output and relative magnitude of at-risk employment



Source: ILO calculations based on Viet Nam's General Statistics Office, Labour Force Survey, 2019.



the higher-impact scenario (see Annex I for further description of the methodology), this includes 3.8 million workers in **manufacturing**, 2.6 million workers in the **wholesale and retail trade, repair of motor vehicles and motorcycles** sector, and 1.4 million in **accommodation and food service** activities. The lower impact scenario, 1.8 million manufacturing workers will be at risk, as well as 0.9 million workers in wholesale and retail trade, and 0.9 in accommodation and food service activities. **Agriculture, forestry and fishing**, which overall employs 18.9 million workers, is considered a low-risk sector overall, but challenges may arise for subsectors working on export products.

## 4. Impact on vulnerable workers

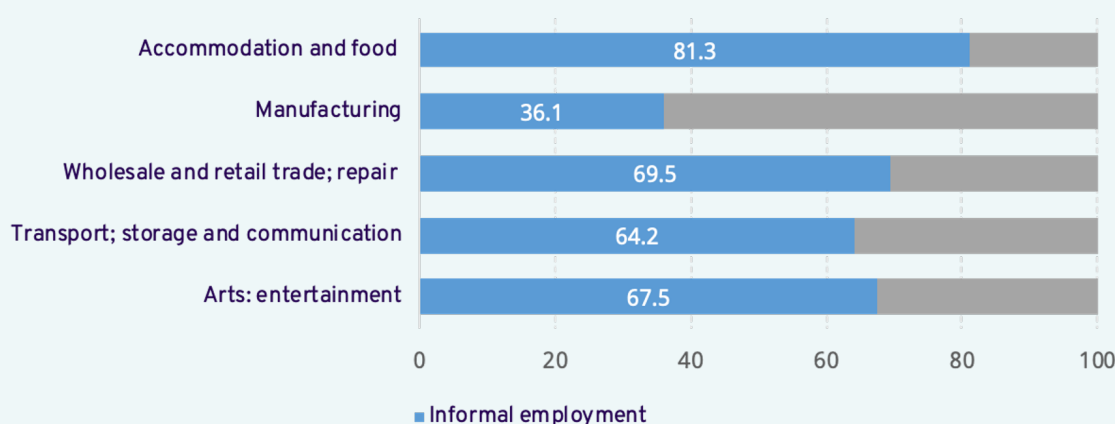
**The crisis will hit informal workers especially hard.** The informal economy is a major contributor to the livelihoods of women and men in Viet Nam. Over the last decade the share of informal employment has been on a downward trend, but it still accounts for the vast majority of workers in the country. Informal workers lack the basic benefits usually provided by a formal job, including social protection coverage. If they stop working due to economic downturn, sickness, or social distancing, they have no income security. Millions of workers in the informal economy in Viet Nam do not have access to financial health protection. In 2019, 38.1 million people were in informal employment<sup>14</sup>.

Almost 13 million among them worked in sectors facing the largest economic shock (Figure 6).

**The direct impact of containment measures is likely to hit the informal sector relatively harder.** The effect of indirect measures on the other hand, through manufacturing imports and exports, is stronger on formal workers. Viet Nam's manufacturing sector has been traditionally divided between enterprises serving international markets, and those working domestically. The first group has virtually no business links with suppliers working with the domestic market and trends, and tends to apply higher job quality standards, resulting in a workforce that is largely formal. These enterprises and workers are more exposed to the effect of containment measures implemented by trading partners. Informal workers, on the other hand, are more exposed to the economic impact of the social distancing. These are in SMEs serving the domestic market, as well as in accommodation and food services, wholesale and retail trade, and transportation and storage, which are, as discussed, also the sectors most severely affected by the crisis.

**The crisis is affecting sectors with high shares of vulnerable employment.** Figure 7 illustrates the status in employment in the five sectors facing the sharpest reduction in economic activity. This indicator refers to the relation of the worker to an

► Figure 6: Informal employment in the five hardest hit sectors, 2019



Source: ILO calculations based on Viet Nam's General Statistics Office, Labour Force Survey, 2019.

<sup>14</sup> This note applies ILO standard definition of informal employment. That definition differs from Viet Nam's national definition, which does not include the Household production unit.

employer or livelihood seeking activity and the level of economic risk workers face. Many aspects of job quality, including remuneration and earnings security, are associated with employment status. Own-account workers and contributing family workers are the two statuses deemed most vulnerable in terms of working arrangements and thus together constitute the category known as “vulnerable employment”. They are the least likely to have formal work arrangements, access to income security against economic shocks, and savings. They make up the bulk, though not all, of informal employment in Viet Nam. They also face the highest risk to fall into poverty. Working poverty, the proportion of employed population below the international poverty line of \$1.90, has been on a sharp downward trend for years (Figure 8), reaching 1.2 per cent in 2019. However, the social distancing measures of the COVID-19 response are likely to severely reduce income options for individuals near the poverty line, such as waste recyclers and street vendors.

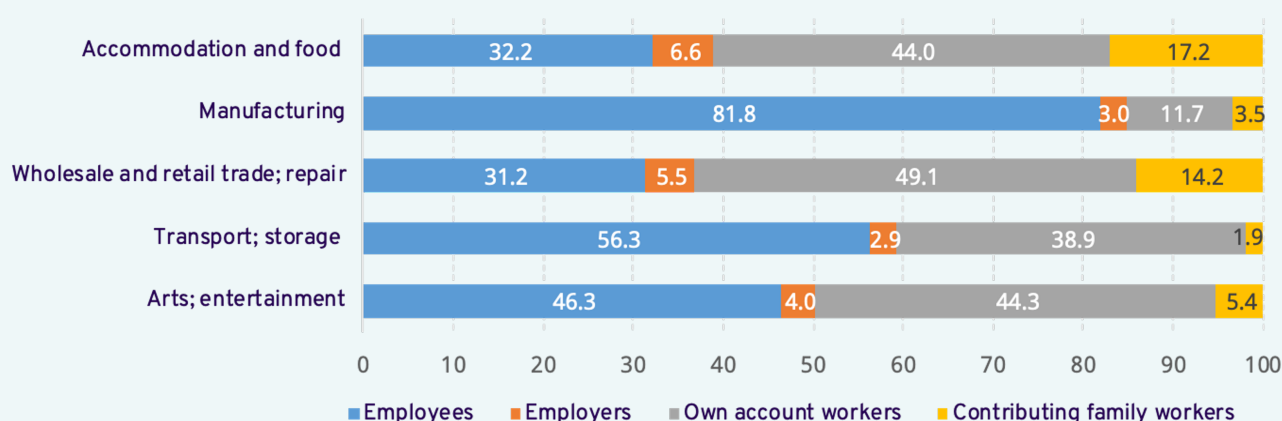
**Vulnerable employment is prevalent in the hardest-hit sectors.** Figure 7 shows that vulnerable workers represent a large share of employment in these sectors, for a total of almost 9 million workers. Contributing family workers are especially disadvantaged since they are typically unpaid. Around 2 million contributing family workers are employed in the highest-risk sectors, showing that family businesses provide an important share of livelihoods in these industries. In the current crisis, this means that entire households are seeing a

collapse in their revenue streams.

**A paid job is however no guarantee for access to social protection.** Employees represent the category of status in employment usually associated with more job security and better working conditions in general. This category has more than doubled in Viet Nam since the early 2000s, and in 2019 accounted for 47.3 per cent of total employment, thanks to economic transformation and the expansion of manufacturing. However, holding a paid employment job in Viet Nam does not per se mean to have access to social insurance. Manufacturing alone accounted for more than 2 million informal employees in 2019.

**Women are overrepresented in Viet Nam’s hardest-hit sectors.** Women constitute more than half of the workforce in most hard-hit sectors, and the absolute majority of workers in the sectors taken together (Figure 9). Within these five industries, we find an especially high share of women in some sub-sectors experiencing reduction in output. These include for example retail trade, where women account for almost 64 per cent of workers, and garment manufacturing, with a workforce that is more than 77 per cent female. Already before the COVID-19 crisis, women were more likely than men to be found in contributing family work, and faced a pay gap. The current economic shock will exacerbate these challenges. In addition, the impact of the economic crisis on women will interact with Viet Nam’s unique social norms, which portray women as the natural

► Figure 7: Status in employment in the five hardest hit sectors



Source: ILO calculations based on Viet Nam’s General Statistics Office, Labour Force Survey, 2019



caregivers, while also expecting them to be almost as active on the labour market as men. In 2019, employed women worked on average 38.8 hours per week in their jobs (1.2 hours less than men), plus 23.5 hours per week in the household (12.7 hours more than men)<sup>15</sup>. With schools closed since early February and social distancing measures in place, childcare responsibilities are likely to fall heavily on women, possibly forcing them to make decisions regarding their employment, and further reducing their income.

**The crisis has also exacerbated the challenges faced by Vietnamese migrant workers.** On March 30th, there were more than 561,000 regular Vietnamese migrant workers working abroad across 36 countries and territories. Japan, Taiwan, China and the Republic of Korea together host more than 90 per cent of Vietnamese workers. The vast majority (approximately 80 per cent) work in manufacturing. The most recent information from the Ministry of Labour, Invalids and Social Affairs (MOLISA) suggests that migrant workers abroad largely remained in destination countries over the first quarter of 2020. Data is being collected on why migrant workers might remain in destination countries, however plausible reasons could include costs associated with returning home, travel and visa restrictions, loss of income, needing to send remittances to family, and fear of not being able to obtain back recruitment costs and related fees prior to completion of contracts. Irregular workers might be particularly vulnerable during this time depending on their access to health care, social

► Figure 8: Share of working poverty in Viet Nam



Source: ILO modelled estimates, 2019.

protection or COVID responses in countries of destination.

## 5. Conclusions

**Viet Nam has managed to contain the COVID-19 health crisis remarkably well over the first months of 2020.** To achieve this result, the country implemented early and progressively more stringent measures to limit the spread of the infection. These measures have reduced economic activity for a period. In the meantime, countries across the world, and among them Viet Nam's top export partners, are applying similar measures aimed at fighting the virus, to various degrees of stringency. The overall impact on the economy through both

► Figure 9: Female employment in the five hardest hit sectors, 2019



Source: ILO calculations based on Viet Nam's General Statistics Office, Labour Force Survey, 2019

<sup>15</sup> Viet Nam's General Statistics Office, Labour Force Survey, Q1, 2019.

The overall impact on the economy through both direct (generated by domestic decisions) and indirect (caused by government response to the crisis in other countries) channels was significant in the first quarter, with a further deterioration of performance expected for the subsequent months.

**Applying two scenarios, the ILO estimates that by the end of the second quarter the crisis can affect the livelihood of 4.6 to 10.3 million workers, whether through a decline in working hours, in wages or, ultimately, job loss.** Workers in the informal economy will be severely affected due to their lack of income security. Vulnerable workers are especially exposed to economic risk, since most of them work informally in low-paid occupations, and are unlikely to be able to count on savings. Female workers are overrepresented in most sectors experiencing widespread reduction in economic activity.

**The actual extent of livelihood loss will depend on the evolution of the pandemic and the measures taken by the Government of Viet Nam and other countries.** The unprecedented nature of the shock created by the COVID-19 pandemic makes it difficult to predict its developments by means of comparison with any past crises. Countries are finding themselves in uncharted territory, taking a variety of approaches to the containment, and adjusting them based on their own experience and that of others.

**When this note was prepared, Viet Nam was easing lockdown restrictions in some parts of the country for one week.** The measure excludes several provinces and Viet Nam's main urban economic centres of Ha Noi and Ho Chi Minh City, and where it applies, it does not remove social distancing rules altogether. Still, this measure will bring some relief to the direct channels of economic shock. In the meantime, however, Viet Nam's trade partners are in the midst of the COVID-19 fight. Several of the top export partners have increased the stringency of their measures since the beginning of April. It is difficult to predict when there may be some relief to the indirect channels of economic shock. In the medium term, even if Viet Nam should choose to lift social distancing measures in the whole country, the crisis (whether directly or indirectly brought to the country's economy) may affect overall consumption by eroding the financial means of individuals, and

therefore the ability of domestic demand to sustain the economy.

**The IMF<sup>16</sup> expects negative economic growth for 2020 in over 170 countries, with a partial recovery in 2021.** However, countries across the world are taking bold actions to support their respective economies. In Viet Nam, the Government is unveiling a range of monetary and fiscal measures to keep enterprises afloat and safeguard incomes in the short term. Plans to push economic recovery in the medium and long term are taking shape. While the health crisis is brought under control, Viet Nam's leadership will now need to address the economic crisis in an equally aggressive manner. The magnitude of the task calls for integrated responses including: measures to stimulate the economy and employment; support to enterprises, jobs and incomes for the months to come; protecting workers in the workplace; and relying on social dialogue for solutions.

**Viet Nam has addressed the COVID-19 health crisis with resolve and strength, and most importantly, with an aim at protecting all women and men and leave no one behind.** The same approach needs to be directed at economic, social and labour market challenges. This is a critical time to ensure that socioeconomic policy response is designed to be inclusive, is based on tripartite consultations, and reach the most vulnerable on the labour market. Out of this difficult time, an opportunity is emerging for Viet Nam: to build the foundations of a more inclusive growth path, which leaves no one behind once recovery begins.

<sup>16</sup> International Monetary Fund, 9 April 2020.

## ► Annex I: Methodology notes

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The number of jobs vulnerable to disruption as a result of the Covid-19 crisis is estimated by using a two-step process. First, we assess the level of expected impact to economic output in each sector in a manner similar to that used for the ILO global analysis in its *ILO Monitor 2nd edition: COVID-19 and the world of work*.<sup>17</sup> As a second step, we estimate the share of jobs at risk within each impacted sector.

To complete the first step, we examine economic sectors based on the International Standard Industrial Classification of All Economic Activities (ISIC), Revision 4, at level 2 of disaggregation. For each of the 88 sub-sectors we assess the effect of direct and indirect channels of impact on expected economic output. We assign coefficients representing low, medium and high level of economic output reduction to each sector for both direct and indirect impact mechanisms.

As a measure to evaluate the indirect impact on each sector, we looked at the composition of exports by Viet Nam to the top export destinations based on 2019 data from the General Statistics Office. The destinations include: China, Japan, Germany, Hong Kong (China), India, the Netherlands, Republic of Korea, the United Kingdom and the United States. We combine this information with data from the Oxford COVID-19 Government Response Tracker, which ranks the stringency of social distancing measures implemented by Governments in 144 countries and territories. Using the information on hand, we apply a rating of low, medium-low, medium, medium-high and high risk of economic disruption (Table 1).

To estimate the resulting share of at-risk jobs, we apply a method developed by the ILO's Regional Economic and Social Analysis Unit. The method estimates a coefficient representing the share of workers in each sector (ISIC, level 2) at risk to lose a portion of their volume of work due to the assessed reduction in economic activity. We applied a lower- and higher-risk scenario with differences in the coefficients multiplied by the number of persons employed in the detailed sector to generate a range of workers impacted. The employment data used are the 2019 annual average of the quarterly Labour Force Survey produced by the General Statistics Office of Viet Nam.

The term 'at risk' in this context is adapted from the term applied in the *ILO Monitor 2nd edition*. The ILO Monitor offers estimates on the overall decline in working hours expected in the second quarter of 2020 as a result to the Covid-19 pandemic. The report indicates that 6.7 per cent of overall working hours may be lost in lower-middle income countries (like Viet Nam), equivalent to 70 million full-time workers overall. It is important to highlight that the number of at-risk workers estimated in this note is not comparable to the number of equivalent full-time workers calculated in the ILO Monitor. Rather, the term here is a broader variation intending to give an estimation of the number of workers who face a reduction in the volume of their work as a result of the Covid-19 crisis. The reduced volume can come in the form of decreased working hours but can also come with complete job loss. Results of the second quarter Labour Force Survey will allow us to see the extent to which the Covid-19 impact is showing up in the labour market as unemployment, underemployment or inactivity.

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<sup>17</sup> ILO, COVID-19 and the world of work 2nd Edition, 7 April 2020.

