



FOR INFORMATION

FIRST ITEM ON THE AGENDA

Implementation of the Global Employment Agenda: Country presentation Viet Nam

1. At its March 2006 session, the Committee requested the Office to continue inviting selected countries (two per biennium) to share their experiences in formulating and implementing employment policies; determine the extent to which ILO approaches, guidelines and tools have been used; and identify good practices and learn from each others' experiences.
2. The country presentation for Viet Nam accompanies the present paper.

Geneva, 21 February 2008.

Submitted for information.

VIET NAM

NATIONAL REPORT ON EMPLOYMENT STRATEGIES¹

Introduction

Labour and employment play a key role in the socio-economic development of Viet Nam. Successful employment policies help bring into full play the internal strength to meet the demand of industrialization and modernization, improve income and living standards for the people, boost economic growth, reduce poverty and ensure social stability.

1 General context

1.1 International context

Moving into the 21st century, the world is witnessing rapid and profound changes, opening new opportunities and challenges for all countries, particularly developing and less-developed ones. Globalization and international integration with prospects for stability and cooperation in mutual development have become a prominent trend accompanied by a revolution in science and technology and an explosion of information technology and bio-technology, all making the movement, cooperation and division of labour more visible. Together, these trends have had profound implications on international relations and the strategies for development of each country. The economic, cultural and social development and dynamism of the Association of Southeast Asian Nations (ASEAN) have brought about new opportunities for boosting the socio-economic development of Viet Nam, in general, and the development of labour markets, promotion of employment creation and improvements in the quality of human resources, in particular.

Apart from these opportunities, there are also emerging challenges which need to be properly addressed involving complex issues at the national level as well as emerging global issues such as environmental degradation, epidemics,

¹ This report is presented at 301st Session of the Governing Body-Committee on Employment and Social Policy, Geneva, March, 2008

energy shortage and “brain drain” in developing countries resulting from globalization.

1.2 Viet Nam context

On 7 November 2006, Viet Nam became the 150th member of the world’s largest trade organization – the World Trade Organization (WTO). The accession brings new opportunities for Viet Nam to speed up further integration into the global economy, to receive equal treatment on the common level playing field of the world and to enhance the country’s status in the international arena. Together with the expansion of markets for trade in goods and services, increasing inbound and outbound investment, new employment opportunities are created, especially capital-intensive and knowledge-based jobs. Legal barriers relating to movement of natural persons are being lifted and new diplomatic, economic and labour relations are being established creating favourable conditions for Vietnamese to work abroad.

International economic integration also brings new challenges to Viet Nam’s economy. Fiercer competition is affecting low-competitive, small-scale and individual household enterprises at risk of bankruptcy, resulting in tens of thousands of workers becoming redundant. High rates of unemployment and underemployment in the informal sector and the low quality of Viet Nam’s workforce skills are major challenges in the context of integration .

After 20 years reform policy (“doi moi”) and opening up the economy for development, Viet Nam has accomplished remarkable economic and social achievements with sustained socio-economic and political stability and new production relations; the economic structure is shifting in a positive direction in line with the process of industrialization and modernization; development investment continues to increase; diplomatic and economic ties are widening both bilaterally and multilaterally; the allocation of labour is increasingly determined by market principles; labour market institutions have been strengthened; the concepts of employment and self-employment are more widely understood. These achievements are preconditions for Viet Nam to boost economic growth and create more and better jobs for its people.

In spite of these accomplishments, Viet Nam remains essentially an agriculture-based country, with 75 per cent of the workforce living in rural areas; the economy is still small in scale and low in competitiveness; the structure of

production and employment is shifting slowly; agricultural workers constitute a major share of the workforce at 53 per cent in 2007. The percentage of workers with training is low. These are major challenges for Viet Nam in realizing the goal of decent work.

2 Viet Nam's employment strategies in the period 2001–2010

2.1 Targets for employment strategies

The Communist Party and Government of Viet Nam have identified employment creation and decent work for the people as pressing issues and accorded a high priority among other socio-economic policies. Viet Nam's Socio-Economic Development Strategy for the 2001–2010 period clearly states that: *“employment creation is a crucial issue to bring into full play the human capital to achieve economic growth and sustainability, social stability, and to respond to the legitimate and pressing demands of the people”*. Based on the Socio-Economic Development Strategy (2001–10), Viet Nam has developed an Employment Strategy for the same period with the objective of *“shifting employment structure in line with economic structure; providing employment for people who have a demand for work; increasing productivity, income and improving living conditions for the people”*.

Specific targets are set to provide jobs for 15 million workers over the ten years from 2001 to 2010, that is 1.5–1.6 million jobs a year on average; the employment structure in agriculture, industry and the service sectors was to be 50 per cent, 23 per cent and 27 per cent, respectively; the urban unemployment rate was expected to be below 6 per cent in 2005 and under 5 per cent in 2010. The proportion of working time used by workers in rural areas was expected to reach 80 per cent in 2005 and 85 per cent by 2010. The percentage of workers with training was targeted at 30 per cent in 2005 (workers with vocational training accounting for 22 per cent) and 40 per cent in 2010 (workers with vocational training accounting for 30 per cent). Under the guidance by the Prime Minister, Viet Nam is making great efforts to increase this rate of trained workers to 50 per cent by 2010 (workers with vocational training accounting for 32 per cent). Increased attention will be paid to the type of training as well as the number of trainees in keeping with Viet Nam's current emphasis on the quality of growth and the quality of jobs.

2.2. Trade, investment, macroeconomic environment and sectoral policies

To facilitate catching up with other countries in the region and the world, Viet Nam pursues a policy of promoting economic growth by unleashing all productive forces, mobilizing all resources for development, creating favourable conditions for trade and business by promulgating such laws as the Commercial Law (2005) and Investment Law (2005) together with related guiding documents, developing goods and services markets as well as financial and monetary markets; facilitating the development of all economic sectors and attracting foreign investment.

In line with policies to promote economic growth, Viet Nam has given priority to developing specific subsectors. In the industrial sector, resources are mobilized to promote export promotion, industries with a competitive advantage and labour-intensive industries such as agricultural, forestry, and fishery processing, clothing and footwear and mining and focusing on sectors with new technology such as software, engineering and chemicals. In the service sector, priority is given to developing business development services, including transport, trade, banking, finance and insurance, while at the same time diversifying tourism to make full use of its potential and create jobs for local people. For an agriculture-based country like Viet Nam, with 75 per cent of the population and more than 50 per cent of the workforce living in rural areas, the industrialization and modernization of agriculture and rural areas play a decisive role in the development of the country. In the course of development, policies have supported new types of crop production and animal husbandry, developing the farm economy, recovering and expanding traditional craft villages and promoting reforestation. These efforts have contributed to creating stable jobs for tens of million workers and to shifting workers to non-agricultural production in rural areas.

As a result of policies introduced since 2001, Viet Nam's GDP growth rate has been sustained at a high level: at an annual average rate of 7.5 per cent during 2001–2005 period, 8.2 per cent in 2006 and 8.5 per cent in 2007; investment for development continues to increase, accounting for 35–40 per cent of GDP a year

on average; foreign investment continues to increase, from USD 3.14 billion in 2001 to USD 20.3 billion in 2007. These are major driving forces for Viet Nam to implement employment strategies, creating more jobs and contributing to decent work for the people.

2.3 Enterprise and cooperative development

The promulgation of the Enterprise Law (2005), Commercial Law, Investment Law and the Law on Cooperatives (2003) with the objective of creating a sound business environment has facilitated development of all economic sectors, particularly small and medium sized enterprises. Every year, about 40–50,000 enterprises are set up. By the end of 2006, the total number of registered enterprises amounted up to 234,000. To enhance the efficiency of state-owned enterprises (SOEs), Viet Nam has restructured and reformed SOEs through privatization and equitization of the enterprises and established state-owned corporations (with 8 corporations established to date), each operating in different fields and sectors and set up concentrated industrial and processing zones (with 150 industrial zones established so far, of which 90 are in operation, most of which are located in three key economic zones). The process of industrialization and modernization of agricultural production and rural areas has facilitated the development of individual household and collective economy. Currently, there are 3 million individual household enterprises, over 17,500 cooperatives and more than 2,000 traditional craft villages, all creating stable jobs for tens of millions of workers.

2.4 Human resource development strategy

There is a long-lasting tradition of appreciation for study and knowledge among Vietnamese people. In the new context, the Government of Viet Nam has identified spending on education as an investment in development and the future. The Government has promulgated the Education Law (2005), Vocational Training Law (2006) and others to create a legal basis for workers to continue their education, broaden their knowledge and improve their skills. Viet Nam has also promoted the participation of the private sector in education and training to mobilize social resources, increased the budget allocation for education and training (18–20 per cent of total budget spending), universalized lower secondary

education, expanded and diversified vocational training activities, opened access to vocational training and facilitated skill transfer in various forms and at different levels. Due attention has been paid to upgrading skills for employees in industrial and processing zones, and workers in key economic sectors. The educational attainment of Viet Nam's workers is relatively high. In 2007, the illiteracy rate of the workforce was 3.3 per cent (for female workers, 4.3 per cent) and the share of workers holding an upper secondary education certificate was 25 per cent (for women workers 23 per cent). The percentage of workers with training was 35 per cent, with vocational training 25 per cent.

2.5. Policies for employment creation and labour market development

New policies on labour and employment have been promulgated, amended, and supplemented in a timely fashion according to principles of a market economy ensuring the legitimate rights and interests of workers and employers. Existing laws have been amended, supplemented and reinforced, including the Labour Code (amended and supplemented in 2006 and 2007). New laws have been adopted, including the Law on sending Vietnamese workers for employment overseas under contract (2006). Institutional capacity has been strengthened and a sound environment has been created for activities in the field of labour and employment. The role of the Government has been shifted from direct intervention to indirect support through programmes, projects and practical support policies. A National Tripartite Commission has been established with a mandate to advise the Prime Minister in promoting sound industrial relations. The roles of the National Assembly, associations and mass organizations and the system of labour inspectors as supervisory bodies have been strengthened. At present, the Government attaches great importance to monitoring and evaluation in the implementation of all programmes and projects to ensure maximum transparency and cost effectiveness. In particular, Viet Nam has developed and implemented the National Target Programme on Employment in two phases, 2001–2005 and 2006–2010, consisting of important projects providing credits for employment creation from the National Employment Fund and supporting labour market policies. The Government of Viet Nam has implemented policies to strengthen integration and cohesion among the National Target Programme on Employment, the National Target Programme on

Education and Training, and the National Programme on Occupational Safety and Health to enhance the quality of employment and to realize decent work.

Established in 1992, the National Employment Fund has played an important role in supporting employment creation and extending loans at preferential interest rates to business establishments including SMEs, traditional craft villages, farms, cooperatives and households. On the basis of the programme, local employment funds have been established in 30 of the 64 provinces. Socio-political organizations, including the Viet Nam General Confederation of Labour (VGCL), the Viet Nam Cooperative Alliance (VCA), the Viet Nam Farmer's Union and the Viet Nam Women's Union are also involved in activities of the fund to improve the efficiency of loans. In addition, the National Employment Fund has been integrated into the overall socio-economic development of the locality, creating a supportive environment for the development of all economic sectors and all types of enterprises.

Since the late 1980s, a system of employment service centres has been established and developed both in quantity and quality. Currently, there are 150 centres across the country, offering employment services and acting as a link between labour supply and labour demand. Every year, these centres provide labour market information, advisory and job matching services, and pre-employment vocational training for a tens of millions of workers. So far, up to 30 centres can organize job-matching sessions on a regular basis. These centres are providing services for information and counselling on employment, vocational training, self-employment, labour relations and labour market information for all people.

In addition to promoting economic growth and creating employment opportunities within the country, Viet Nam also sends workers and specialists abroad to work under contracts. The law on sending Vietnamese workers for employment abroad under contract has acted to promote international labour migration. Currently, Vietnamese workers are employed in more than 40 countries and territories, working in more than 30 different vocations. Every year, 70–80,000 workers are sent to work abroad, of whom 35–40 per cent are women and most of whom are from rural areas, contributing effectively to poverty reduction and improving the quality of the human resources.

2.6 Policies for vulnerable groups

In line with the process of economic development, Viet Nam has paid due attention to addressing social issues by promulgating practical policies and initiatives for vulnerable groups including policies to provide financial support to workers made redundant in the process of restructuring state-owned enterprises to assist them in finding a new job. In addition, there has been support for disabled workers, rural workers and ethnic minorities through the National Target Programme on Education and Training including vocational training and loans with preferential interest rates for workers with disabilities and vocational training linked to job creation for rural workers who have lost their agricultural land. Regulations also support and require enterprises to recruit and train farmers displaced from their land. To facilitate community rehabilitation of disabled workers, Viet Nam has issued a Decree under the Labour Code to support disabled employees through programmes, projects and policies. This includes access to the National Employment Fund, free counselling and job-matching for workers with disabilities and tax reductions and exemptions for enterprises run by the disabled people. In the process of industrialization and modernization, Viet Nam is also building an integrated policy for agricultural production and rural areas for vocational training, job creation and poverty reduction.

2.7 Social security

A strong system of social security is a good instrument to help lessen the negative impacts of international economic integration. In 2006, the National Assembly of Viet Nam adopted a Law on Social Insurance, with regulations on compulsory and voluntary social insurance and particularly unemployment insurance which will take effect in January 2009. The policy aims to support unemployed workers with labour market policies for vocational training courses, counselling services and job placement to shorten the period of job search.

Together with emergency support from their family and the community, the Government of Viet Nam has issued a fairly coherent system to ensure security for the people including employment creation in response to unexpected risks such as those related to natural disasters and contagious diseases. Viet Nam has also built

many mechanisms for social funds and welfare funds that provide regular assistance to vulnerable men and women. Currently, Viet Nam is focusing on developing a law for disabled people together with policies to support other vulnerable groups in line with the country's socio-development and new global context.

2.8 Informal economy

Vietnam has a large informal sector, which absorbs 75 per cent of the workforce. Therefore, policies for employment promotion in the informal sector play an important role. In order to support job creation and self-employment, Viet Nam has developed and implemented the National Target Programme on Employment. Loans from the National Employment Fund have contributed to increasing output, creating jobs, improving productivity, restoring traditional craft villages and diversifying employment opportunities. These developments have had a positive impact on the process of shifting the structure of production and employment in rural areas, especially job creation in the informal economy. In addition, Viet Nam has designed and implemented a National Target Programme on Poverty Reduction and a Programme on Socio-Economic Development for Ethnic and Mountainous Areas (No. 135) that support production development, vocational training and basic infrastructure to assist poor people in finding jobs with stable incomes in order to promote sustainable development and achieve the Millennium Development Goals.

2.9 Employment for the youth and women workers

Understanding the situation and role of youth in the socio-economic development of Viet Nam, especially in the context of integration and globalization, and addressing the high rates of unemployment and underemployment among young people, the Government of Viet Nam has issued a Law on Youth (2005), developed a project on vocational training and job creation for youth, introduced a policy on preferential credit with loans for students to continue their studies and then created opportunities for them to have more sustainable and stable jobs in the future.

In order to enable youth to participate fully in socio-economic development, Viet Nam has implemented many programmes to encourage voluntary participation of young people in labour-intensive infrastructure development and participate in the development of rural and mountainous areas and islands. These programmes draw on high quality human resources to create jobs for young people and contribute to developing remote areas.

Women represent 49 per cent of the total number of workers in the country. Although Viet Nam aims to provide jobs for all people having working ability regardless of their sex, ethnicity and religion, and the Labour Code ensures equal opportunities in employment and occupation, gender inequalities and discrimination persist in labour, employment, social security and representation. A new law on Gender Equality (2006) supports equality in all areas including employment.

3 Achievements during the period 2001–2007 and solutions for the implementation of the National Strategy on Employment for the coming years

3.1 Achievements in the period 2001–2007

Implementation of the National Strategy on Employment over the period 2001–2007 has resulted in the creation of about 11 million jobs with an increasing share of employment in industry and services and a reduced proportion in agriculture: the shares in agriculture, industry and services were 53 per cent, 19 per cent and 28 per cent in 2007 compared to 63 per cent, 14 per cent and 23 per cent in 2001. The rate of urban unemployment fell from 6.28 per cent in 2001 to 4.91 per cent in 2007. The proportion of workers with training rose from 22 per cent to 35 per cent over the same period.

3.2 Participation of social partners

The social partners – with the Viet Nam General Confederation of Labour (VGCL) representing workers' organizations and the Viet Nam Chamber of Commerce and Industry (VCCI) and the Viet Nam Cooperative Alliance (VCA) representing employers' organizations – play an important role in formulating and implementing legal documents and policies for labour markets and employment

issues in Viet Nam. Participation of the partners has been shown clearly in business development, employment creation, vocational training, industrial relations, labour contracts, collective bargaining agreements, wages policies, occupational safety and health, social insurance and settlement of labour disputes and strikes. In addition the VGCL and VCA also act as socio-political organizations managing and implementing projects and activities of the National Targeted Programme on Employment and Vocational Training. Currently, there are 50 employment service centres and secondary technical vocational schools under the management of the VGCL and 66 centres and schools under the management of the VCA.

3.3 Support from the International Labour Organization

During the past years, the International Labour Organization (ILO) has provided practical support to Viet Nam for finalizing the system of labour laws, ratifying ILO Conventions, formulating and implementing policies, and implementing projects related to social insurance, employment creation, industrial relations and occupational safety and health. Financial and technical support from the ILO has also helped the Government of Viet Nam design and implement employment policies in light of the core elements of the Global Employment Agenda. The ILO has provided technical and financial support for Viet Nam as an ILO member to participate in ILO activities, such as workshops, forums, projects and programmes.

Special mention should be made of the first Viet Nam Employment Forum organized during 17–18 December 2007 gathering high-level labour administrators, policy makers and actors in industrial relations organized by the ILO and Ministry of Labour, Invalids and Social Affairs in collaboration with the social partners. The Forum was an important event in the National Cooperation Framework for Promoting Decent Work in Viet Nam. Among the issues raised and discussed at the Forum were ways to promote tripartism and social dialogue and to realize the goal of decent work for all in Viet Nam. The ILO will continue to cooperate with Viet Nam to implement the a labour market project funded by the European Commission and other programmes and projects in the framework of cooperation.

3.4 Solutions to promote Decent Work

Viet Nam is under a great deal of pressure to create more jobs, particularly for youth. The urban unemployment rate for young people is more than 10 per cent compared to half that rate at 4.91 per cent for the labour force as a whole. The quality and stability of the jobs is low. Labour market developments are generally limited to large cities and provinces in the three economic zones. The current system of labour market information is inadequate and inefficient and the lack of information about trends and forecasting hinders policy making. The quality of workforce in terms of health, education and discipline does not meet the demand of economic growth. Wage earners account for just only 30 per cent of the employed population. Vietnamese workers abroad lack requisite skills, foreign languages and discipline. To attain the objectives of the employment strategy by 2010 and beyond, the following key measures have been proposed to overcome the challenges:

- Strengthening labour market institutions; amending and supplementing articles on employment and labour market development in the Labour Code by incorporating internationally recognized concepts; and ratifying ILO Conventions on labour and employment;
- Enhancing coherence through the integration of labour and employment strategies and policies into socio-economic development strategies and policies, ensuring coordination in investments for economic development, human resource development and implementing social policies;
- Facilitating economic growth; mobilizing and utilizing domestic and international resources for investment in production and trading; shifting the structure of production and employment in the direction of reducing the percentage of workers in agriculture sector;
- Implementing the National Target Programme on Employment; mobilizing more investment in employment creation; successfully implementing the labour market project in order by increasing the capacity of employment service centres, building a labour market database; and improving labour market intermediation;
- Enhancing the quality of education and vocational training; and linking education and training with the demands of the market; mobilizing all available resources for investment in education and training, reforming the

training curriculum, methodology and facilities in order to catch up with regional and international standards;

- Strengthening the labour market information system; developing and finalizing a set of labour market indicators; developing and finalizing the model to forecast labour supply-demand trends in Viet Nam;
- Promoting social dialogue in formulating and implementing labour market policies; developing and finalizing the tripartite mechanism; strengthening the roles of grassroots trade unions in handling labour disputes; and developing sectoral collective bargaining agreements;
- Developing social security policies and establishing new funds, particularly the unemployment insurance fund; and
- Mobilizing ILO technical and financial support within the framework of the National Cooperation Framework on Promoting Decent Work, which has been concluded between the ILO and constituents in Viet Nam in July 2006 and implementing the Memorandum of Understanding between the Ministry of Labour, Invalids and Social Affairs of Viet Nam and the ILO in December 2007, particularly the design and implementation of the Employment Strategy for 2010–2020 in conformity with the Global Employment Agenda.