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An overview on Unemployment and time-related underemployment in Vietnam

August 2012

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Purpose of the research

- To understand better the characteristics, challenges and needs of unemployment and underemployment
- To provide suggestions to improve protection of unemployed and underemployed

Scope of the research and methodologies

- Review of secondary data combined with field study assessments to selected provinces (Ha Noi, Ho Chi Minh, Long An);
- The participatory method used in the field assessment comprises questionnaires, in-depth interviews and focus group discussions with all key stakeholder,
- Gaps analysis and evidence-based recommendations.

Key informants

- Central level: MOLISA- BOE, ILSA; VSS
- Provincial level: DOLISA- ESCs; PSI
- VGCL
- VCCI
- Urban and rural unemployed and underemployed (men, women, youth, Kin/ethnic, migrants and non-migrants, formal/informal workers)
- Civil society

Limitations of the research

- Limited availability of comprehensive, accurate, coherent and timely data in a number of key areas of Labour market statistics
- Some analyses are not possible as data are not sufficiently disaggregated

Content of the report

- A. Unemployment and under-employment trends**
- B. Challenges to address the issues of**
 - urban unemployment and underemployment
 - Rural unemployment and underemployment
- C. Existing policies and programmes**
- D. How to improve the supports for unemployed and underemployed?**

A. Unemployment trends

- Unemployment rate is quite low and has changed very little over the past decade.
- Slightly difference between male/female ratios.
- Youth unemployment is a major problem

Key indicators of the labour market	2007	2009	#
Labour force participation rate (15+)			
Both sexes	74.3	76.5	+2.2
Males	78.4	81.0	+2.6
Females	70.5	72.3	+1.8
Employment-to-population ratio (15+)			
Both sexes	72.8	74.5	+1.7
Males	76.8	79.0	+2.2
Females	69.2	70.4	+1.2
Unemployment rate (15+)			
Both sexes	2.0	2.6	+0.6
Males	1.9	2.5	+0.6
Females	2.0	2.7	+0.7
Youth unemployment rate (15-24)			
Both sexes	6.0	6.2	+0.2
Males	6.2	6.3	+0.1
Females	5.9	6.1	+0.2

A. Vulnerable employment

- Overall, decreasing, but still uncertain trends
- Higher concentration of women, slower improvements



Vulnerable employment here is defined as the sum of own-account and unpaid family workers

Source: VET 2010

Key indicators of the labour market	2007	2009	#
Share of wage and salaried employees (15+)			
Both sexes	30.5	33.4	+2.9
Males	35.8	38.9	+3.1
Females	25.0	27.5	+2.5
Share of vulnerable employment in total employment (15+)			
Both sexes	65.8	61.5	-4.3
Males	59.9	54.4	-5.5
Females	72.0	69.1	-2.9

A. Time-related underemployment

- More than twice unemployment rate
- Men are more affected than women
- All are in rapid increasing trend
- Youth unemployment is getting more serious.

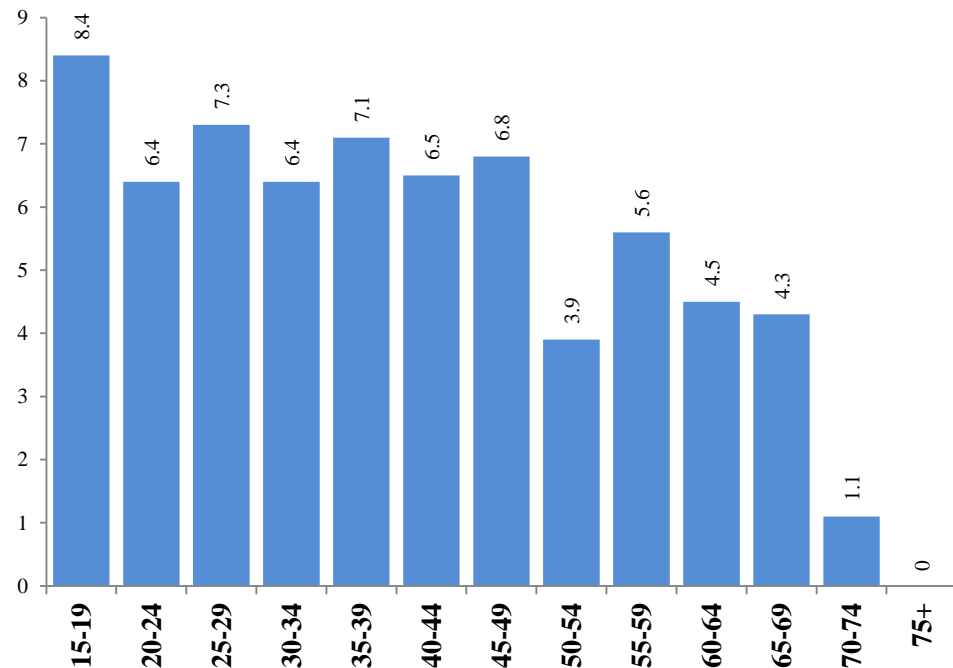
Viet Nam (15+)	2007	2009	Change 2007-09
Total			
Both Sexes	4.8	6.8	+2.0
Male	4.7	7.3	+2.6
Female	4.9	6.2	+1.3

Viet Nam (15-24)	2007	2009	Change 2007-09
Total			
Both Sexes	5.2	8.1	+2.9
Male	5.3	8.6	+3.3
Female	5.1	7.4	+2.3

B. Challenges for rural unemployment and under-employment

- Low unemployment rate: 2.3%(2011), but increasing
- Underemployment is a problem (7.7% -2009 vs 4.4% of urban), and most serious in Mekong and Red river delta.
- 15-19 ys old, underemployment is largest.
- Rural unskilled labourers: highest under-employment rate, 9% in 2009 (LFS, 2009)
- Women are less affected by time-related underemployment
- In poorer group
- Out-migration: mainly youth (both men and women).

Time-related underemployment of rural laborers by age group, 2009 (per cent)



Source: VUSTA, taking LFS 2009

B. Challenges for **rural** unemployment and under-employment

Factors influencing unemployment and underemployment

- Seasonality and natural catastrophes
- Small size land (average of 0.3 hectares to 1.1)
- Diversification of production is still below the expectation
- Lack of credit
- Prices for inputs and outputs for agricultural production appears unfavorable to farmers
- Lower health status and child care burden

Needs

- Have access to more agriculture work, with more favorable prices (contract farming)
- More agriculture waged work opportunities
- Better access to credit

B. Challenges for **urban** unemployment and under-employment

Major groups:

- the young newly graduates with little or no work experience
 - middle-aged with good education and work experience
 - the older aged group with low education and skills
 - a small group of very young and unskilled
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- **Higher unemployment rate: 4.3%(2011), but decreasing**
 - **Underemployment is at lower rate (4.4% -2009 vs 7.7% of rural)**



B. Challenges for **urban** unemployment and under-employment

Factors influencing unemployment and underemployment

- Mismatch of knowledge and skills: Lack of soft skills, lack of professional practices, etc.
- Firms and enterprises are cutting down staffs at all levels.
- Mid- career issues for educated people
- Older unemployed and underemployed, mainly women, have worsened health, low education and skills
- Firms tend to recruit workers below 30 and in good health
- Access to credit is not easy

Needs:

- skills and social connections to find jobs
- technical training and job seeking support,
- small business support and
- access to loans

C. National policy and legal framework (SEDP) 2011-2015

TARGETS:

- GDP increases between 6.5-7.0 %/year
- Labour productivity increases by 29.0 to 32.0 %
- 8 million jobs created during the 5 years
- total trained workers among employed reach 55.0%
- real income will be 2-2.5 times of 2010
- urban unemployment in the working age will be at 4.0 per cent
- poverty will be reduced by 2 % per year

As a general observation, the current national SEDP includes indicators on job creation and urban unemployment but none on rural unemployment and rural/urban underemployment.

C. National Target Programme on Employment and vocational training (2011-2015)

FOCUS:

- vocational training upgrading and development;
- rural vocational training;
- loans for job creation from the NEF;
- support to management of international labour migration through contractual arrangements;
- support to labour market development; and
- capacity building, communication and
- monitoring and evaluation (M&E)

Weaknesses (previous NTP)

- has not been able to create sufficient employment
- loans lending is mostly for sustaining current employment, not significantly creating new ones
- smaller loans to poor, bigger loans to less poor
- training programmes are not client-oriented
- very little training opportunities are offered to upgrade skills
- lack of services and support to workers migrating to industrial zones and urban areas

C. NTP on poverty alleviation

STRATEGY:

- i) Supporting infrastructure development in poor districts and communes in extreme difficult conditions in coastal lines and island areas;
- ii) Supporting infrastructure development in communes in extreme difficult conditions, border communes, communes in security region and villages in extreme difficult conditions;
- iii) Replication of poverty alleviation models; and
- iv) Capacity building for poverty alleviation, communication and M&E

- *these programmes have directly targeted the poor and disadvantaged groups of people which also include the underemployed and unemployed. However, support activities still have unsuitable, ineffective elements or cumbersome procedures*

C. Benefits in case of unemployment

- Severance pay
- UI scheme (payments released since 2010)



D. Recommendations

At strategic and policy levels:

- Promote development of competitive enterprises (export manufacturing industries)
- Strengthen and simplify labour market information
- Anticipate skills development for upgrading of economy
- Develop rural economy – in particular services
- Greater attention for regular M&E (especially impact assessment) of NTPs

D. Recommendations

Direct support for unemployed and underemployed:

- Enhance counseling and job placement - Job Fairs
- Improve training supply and access (flexibility, responsiveness to the needs, partnerships with enterprises and private institutes, soft skills, young graduates)
- improve access to social services by rural labour migrants
- Support overseas labour migration
- Facilitate access to credit, in line with investments needs
- Reinforce performance and expand UI scheme

Thank you