

**SOCIAL PROTECTION
FOR THE INFORMAL SECTOR
AND THE INFORMALLY EMPLOYED IN VIETNAM**
Literature and Data Review



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Contents

Key findings and main recommendations from the literature and data review	iii
Executive Summary	iv
Preface	vii
Abbreviations.....	ix
Introduction	1
Part 1. Literature review	10
1. Review of social protection policies for informal sector workers	10
2. Review of further selected policies for informal sector workers.....	14
3. Review of recommendations regarding research and data	17
4. Results: literature review, further research and policy recommendations	19
Part 2. Data Review	22
1. Overview regarding existing surveys and data bases.....	22
2. Data gaps and not yet analyzed data	28
3. Results: survey outcomes, data gaps and potential future surveys	29
References	31
Annex I: Publication Matrix. Social Protection for the Informal Sector in Vietnam	36
Annex II: Data Matrix. Social Protection for the Informal Sector in Vietnam	82
Annex III: Enumeration of leading research questions.....	101

List of tables

Table 1: Employment by institutional sector and area in Vietnam in 2009	6
Table 2: Literature review regarding social protection of informal sector workers (based on the systematic understanding of social protection)	12
Table 3: Literature review regarding further selected conclusions and policies for informal sector worker	15
Table 4: Literature review regarding research and data on labour market and informal sector	18
Table 5: Selected data bases which provide evidence regarding labour market, informal sector and informally employed	24
Table 6: Overview: scale of existing research (simplified).....	26
Table 7: Overview: subject (sampling units) of research.....	27
Table 8: Overview: profoundness regarding social protection (simplified).....	27

Key findings and main recommendations from the literature and data review

The awareness is rising: the informal sector and informal employment are no longer acknowledged as a single economic or labour market phenomenon. Its impact on social protection and socio-economic development in Vietnam is evident. Because of this, an increasing number of publications take up this topic. But informal sector and informal employment are not yet covered comprehensively from point of view of literature and data. The current picture is rather fragmented which indicates the necessity for further efforts.

It seems that women in the informal sector are in charge of most own account or unpaid family work. For this reason they are overrepresented in vulnerable employment. Furthermore, many women work in occupations requiring lower skills or lower technical qualification. From this follows a need for specified training of women in the informal sector.

Current literature does not provide approaches for social assistance policies. Because of this it has to be elaborated if adapted social assistance policies (e.g. conditional cash transfers) could act as incentive for formalization of informal businesses or as incentive for attending further training. Such transfers should be targeted at the most precarious household businesses or at the most vulnerable groups in the informal sector.

From point of view of the data situation, there is still a huge knowledge gap regarding informal sector and household business characteristics. From this follows the need for a regular large scale survey regarding household businesses and the informal sector. This survey should cover social protection and further characteristics of household businesses as well as the informal sector and the informally employed.

Due to the heterogeneity of the informal sector, a “one-size fits all” solution does not exist. But there is strong evidence that one general single concept with several subordinated targeted policies – covering the various sub groups of the informal sector – could be a suitable and successful approach.

Executive Summary

- The reviewed literature shows an increasing number of publications regarding social protection for the informal sector and the informally employed. The topic is no longer acknowledged as a single economic or labour market phenomenon. Informality and its impact on social protection and socio-economic development in Vietnam are evident. But the informal sector and informal employment are not yet covered comprehensively from point of view of literature and data. The current picture is rather fragmented which indicates the necessity for further efforts.
- The reviewed literature focuses mainly on social protection for informal sector workers. This means that the informal sector and also social protection for informal sector workers is already in the focus of researchers. But on the other side there is a lack of literature regarding the informally employed. This indicates that informal employment is rather neglected from point of view of research and literature. But evidence already exists that informal employment appears in every institutional or economic sector. Research and science have to elaborate this phenomenon further so that the policy can find approaches to tackle informal employment.
- There is strong evidence that the informal sector and household business sector in general consists of “micro-micro enterprises”. Because of this it does not fit into the scheme of business registration. From this follows the need for a revised definition in order to acknowledge the informal sector and informal household businesses appropriately.
- From point of view of social protection for informal sector workers there are many recommendations concerning active labour market policies. In the current literature active labour market represents the key policy area for social protection of informal sector workers. Furthermore, social insurance policies (compulsory and voluntary social insurance) are subject-matter of many policy recommendations. But there seems to be a lack of knowledge and literature regarding adapted social assistance policies for informal sector workers.

- It seems that women in the informal sector represent one key target group for active labour market policies. They are in charge of most own account or unpaid family work and for this reason they are overrepresented in vulnerable employment. Furthermore, many women work in occupations requiring lower skills or lower technical qualification. From this follows a need for specified training of women in the informal sector.
- Regarding social insurance there are many recommendations to assess, adapt and improve the voluntary scheme, for example as the eligibility criteria of 20 years of contributions for a pension seems to strongly reduce the attractiveness of the scheme. But subject-matter of the policy recommendations is also the improved access to the compulsory social insurance scheme. This needs further investigation.
- Further social protection measures comprehend the implementation of micro-finance institutions at a larger scale, the development of appropriate insurances (regarding micro-finance risks) and the facilitation of the transformation of micro-finance groups into consistent, standard-based and well-organized groups. This applies for both, micro-finance institutions in urban and in rural areas.
- It has to be elaborated whether adapted social assistance policies (e.g. conditional cash transfers) could act as incentive for formalization or attending further training. These transfers should be targeted at the most precarious household businesses or at the vulnerable groups – for example women in small household businesses. In this manner the most precarious businesses and the most vulnerable groups would get a real incentive to formalize their business or to attend further training. As income in the informal sector is low and people often live near the subsistence level they usually do not have the resources to stop their business for one or more days in order to attend occupational or further training.
- Due to the heterogeneity of informal sector there is no “one-size fits all” solution. But strong evidence exists that one general single concept with several subordinated targeted policies should be developed.
- Most of the large scale surveys in Vietnam focused on a general picture regarding enterprises, household businesses, labour force and living standard. With these data it is possible to measure e.g. employment, underemployment, the

size of the informal sector and the people's level of education, training or skills. But it is not possible to dig deeper in order to discover informal sector characteristics (e.g. regarding working conditions, environment, social security, problems and shortcomings).

- There is still a huge knowledge gap and from this follows the need for a regular large scale survey regarding household businesses and the informal sector including social protection and further characteristics of household businesses and informal sector workers. There is a need for specific data in order to create appropriate, adapted and evidence based policies for formalization and social protection of informal household businesses. Only in this manner is it possible to monitor development of the informal sector, to develop evidence based future policies and to monitor the success of these policies tackling the informal sector and informal employment.

- It has to be elaborated further how to improve coordination and harmonization of existing surveys and a potential future informal sector survey in order to avoid unnecessary overlapping.

Preface

Since the beginning of the *Doi Moi* (renewal) process in 1986 there have been tremendous changes in the Vietnamese economy and society. The national poverty rate declined from 58.1% in 1993 to around 10% in 2010 and recently the country reached the status of a lower-middle-income country. This poses a huge success of the Government in implementing the poverty reduction programs, social insurance laws including the health insurance law and social assistance policies.

But there is also a challenging way ahead as coverage of health insurance comprehends only around 63% of Vietnamese population and coverage of social insurance – the scheme which provides cash-benefits for employees – is even lower: only around 10,5 million workers are covered by the social insurance scheme currently. This means that at the national level, informal employment represents around 70% of total jobs.

On behalf of the Government, the Vietnamese Ministry of Labour, Invalids and Social Affairs (MoLISA) and the Institute of Labour Science and Social Affairs (ILSSA) have developed a Master Plan on main Social Issues for the period 2012 to 2020. In this, social protection is acknowledged as a driver for socio-economic development. It intends to implement a social protection system for the entire population – following the principles of universality, solidarity, equitability, sustainability, promotion of individual responsibility as well as prioritizing the poor. Key issues from the Master Plan have been adopted from the THE FIFTH PLENUM OF THE 11TH CENTRAL COMMITTEE in the Resolution Number 15 on Main Social Policies for the Period of 2012 – 2020.

The process of implementing the resolution poses a huge challenge: it requires further economic, social, administrative and legal reforms from central to local level. Furthermore, accompanying scientific research and consulting is essential in order to develop adapted, appropriate and evidence based policies regarding social protection for the people in Vietnam.

This research paper is one output of the research cooperation between Hanns-Seidel Foundation (HSF) and the Institute of Labour Science and Social Affairs (ILSSA), the research institute under the Ministry of Labour, Invalids and Social Affairs (MoLISA) in Hanoi, Vietnam. The objective of the cooperation is to provide basic research and an international exchange on social protection issues – research and exchange that contributes to the implementation of the Resolution Number 15.

At first, this study was planned as a literature, data, policy, program and legal review. But due to the limited time frame the research was expanded and divided into two parts:

on the one hand the legal, policy and program review and on the other the literature and data review. This paper presents the literature and data review. One of the findings of the research is that there are more publications regarding informal sector than expected. For this reason this paper focuses on the most recent publications and data sources. As all research this study is also limited due to the financial and human resources that were available.

This paper was compiled by ILSSA-researchers with contributions from Bui Sy Tuan, Dang Do Quyen, Nguyen Hai Yen and Matthias Meissner (leader of the research team). Hoang Viet Dung and Ngo Van Nam also supported the process of data collection. This paper was translated into Vietnamese by Ms Dao Ngoc Nga and Ms Nguyen Thi Hien (ILSSA).

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Comments and recommendations to this publication are very welcome (please send them to: vienkhld@ilssa.org.vn and Meissner@csp.de).

Abbreviations

AHBS	The Annual Non-Farm Individual / Household Business Establishment Survey
CIEM	Central Institute for Economic Management
CON	Constitution
CP	Compare
DERG	Development Economics Research Group
DoLISA	Department of Labour, Invalids and Social Affairs
ECV	Establishment Census of Vietnam
ES	Enterprise Survey
FHB	Formal Household Business
GDN	Global Development Network
GDP	Gross Domestic Product
GSO	General Statistics Office
HB	Household Business
HB&IS	Household Businesses and Informal Sector
HCMC	Ho Chi Minh City
HSF	Hanns-Seidel Foundation
IHB	Informal Household Business
ILSSA	Institute of Labour Science and Social Affairs
IPPR	Institute for Public Policy Research
IPSARD	Institute of Policy and Strategy for Agriculture and Rural Development
IS	Informal Sector
IRD	Institute of Research for Development
LFS	Labor Force Survey
LC	Labor Code
MPI	Ministry for Planning and Investment
MoLISA	Ministry of Labour, Invalids and Social Affairs
NFIDBE	Non-farm individual business establishment
PPC	Provincial People's Committee

SEDP	Socio-Economic Development Plan
SEDS	Socio-Economic Development Strategy
SME	Small and medium enterprises
SPS	Social Protection Strategy period 2011-2020
VARHS	Vietnam Access to Resources Household Survey
VASS	Vietnam Academy of Social Sciences
VDR	Vietnam Development Report
VES	Vietnam Enterprise Survey
VHLSS	Vietnam Household Living Standards Survey
VCPFC	Vietnam Committee for Population, Family and Children
VSIS	Survey on Voluntary Social Insurance for Informal Sector
VSS	Vietnam Social Security

Introduction

In many parts of the world informal employment is the norm, not the exception: in developing countries more than 900 million workers can be considered informal – they represent more than half of all jobs in the non-agricultural sectors (OECD 2009a). In some regions, including sub-Saharan Africa and South Asia, their share is even higher: according to estimations more than 80% of non-agricultural jobs are informal in these regions (OECD 2009a; Maligalig/ADB 2007). Furthermore, from point of view of economic sectors, the informal sector represents a huge and important part of the overall economic system in developing countries. But in spite of its economic and factual weight there are still huge knowledge gaps: data collection, surveys and statistical investigations have not been carried out on a regular basis and have not acknowledged international standards of data collection. Furthermore, policies on improving social protection for informal sector workers are rare and fragmented and lack coherence between ministries and implementing agencies.

In recent years developing countries in Asia enforced their activities in order to collect reliable and comparable data regarding the informal economy. Their overall objective is to measure the informal economy and to develop and implement appropriate policies and instruments for its formalization. International cooperation and international organizations supported this process, e.g. in developing measuring instruments.¹

In Vietnam international cooperation is also a driver for research regarding informal sector: In 2007, the General Statistics Office (GSO) launched a joint research program with the French Institute of Research for Development (IRD) in order to measure and analyze the informal sector. With the Labor Force Survey, conducted in 2007, two specific surveys regarding Hanoi and Ho Chi Minh City and a Labor Force Survey conducted in 2009 it is now possible – for the first time ever in Vietnam – to measure precisely the evolution of the informal economy and to estimate its economic weight in terms of labour or production. The recent research regarding Hanoi and Ho Chi Minh City pointed out that the phenomenon of informalization even increased in the economic crisis in 2008-2009 and that it has affected almost all industries (Cling et al., 2010b).

The mentioned joint research from GSO and IRD is a huge step forward towards a better understanding of informal sector work and informal employment in Vietnam. Furthermore, it may act as a valuable basis for evidence based policy design on social

¹ Compare the Unified Data Collection Strategy from UN/UNESCAP project on Interregional Cooperation on the Measurement of Informal Sector and Informal Employment, ICMISIE.

protection for informal sector workers and the informally employed. Before, data bases and literature in Vietnam were focused on general economic or labour market issues. There was a lack of specific knowledge regarding informal sector characteristics, its needs and requirements. Because of this, several authors stated that “the informal sector still remains a non tackled issue from a policy perspective, largely ignored by the authorities” (Cling et al., 2010b).

Hanns-Seidel Foundation (HSF) and the Institute of Labour Science and Social Affairs (ILSSA) agreed to carry out further research which focuses on social protection for workers in the informal sector and the informally employed. In this manner, the existing knowledge gaps concerning social protection for informal sector workers and the informally employed shall be closed. In line with a review of data bases – and respective literature, policies, programs and laws – existing knowledge gaps shall be identified and further recommendations for a better social protection developed. At the end of this paper a non-exhaustive enumeration of the leading research questions is attached (compare Annex III).

Furthermore, this research shall contribute to the implementation of Resolution Number 15 on Main Social Policies for the Period of 2012 – 2020. Expanding the coverage of social security systems for informal sector workers and the informally employed in Vietnam is an important task as the role of traditional and informal security systems tends to get weaker. This is also one of the core objectives of the Resolution: expanding the coverage and efficiency of social security systems in Vietnam shall contribute not only to the balance between economic development and increasing labour productivity, but also to social stability and security for all individuals.

Overview: Subject-matter of this paper

One of the main objectives of this introduction is to provide the current (international) understanding of the terms *social protection*, *informal sector* und *informal employment*. Furthermore, from point of view of international understanding the prevalence of informal sector and informal employment in Vietnam and respective future prospects shall be highlighted.

The paper provides the literature and data review regarding informal sector and informal employment in Vietnam. Annex I-II with the “Publication Matrix” and the “Data Matrix” pose the key source and the key element of this paper. The matrixes highlight the analyzed publications and data sources. Its objective is to make the existing data sources and publications visible, to give an efficient overview and to provide key information (the tables in this paper should be used in connection with the matrixes). Annex III provides a non-exhaustive enumeration of the leading research questions.

Definition of Social Protection

Social protection is defined as the set of public (e.g. social insurance or social assistance) and private interventions (non-statutory or private measures) that are designed to reduce poverty and vulnerability. It comprehends the enhancement of capacity of people and society in protecting themselves against hazards and interruption or loss of income; and assures social stability, development and equality.

Under Viet Nam's Social Protection Strategy 2011-2020, social protection is a system of policies and programs implemented by the State and social partners with the objective to ensure a minimum level of income, universal health protection and social welfare in order to enhance the capacity of individuals, households and communities in managing and controlling risks, such as unemployment, old age, sickness, and risks caused by natural calamities, restructuring or economic shocks (these risks usually lead to income loss or declined access to basic social services).

In Vietnam, the social protection system consists of three main elements: (i) active labour market; (ii) social insurance; and (iii) social assistance (ILSSA/GIZ 2011).

International definition of the informal sector

Different understanding exists of the term informal sector – not only internationally. From the national perspective there also seems to be no unique understanding as Vietnamese Ministries and Agencies do not use one single definition. This situation does not support the process of policy dialogue and policy design. A general discussion of the terms is essential and should be the first step in the process of policy dialogue and policy design. The discussion should start with the international perspective (international understanding). Then, on a second level, it has to be elaborated if this understanding is applicable for Vietnam.

Regarding international understanding of the term “informal sector” it is worth noting that the initial point for its definition is a specific mode of production in order to separate this sector from other segments of the economy. In contrast, informal employment concept refers to the arrangement or characteristics of jobs. The latter was developed to describe atypical forms of work or employment trends in the globalization process (Cling et al., 2010). For the understanding of the definitions it is important to separate the different starting points: for the informal sector it is the different segments of the economy and for informal employment it is the specific characteristics of employment. The term “informal sector” was first used in Kenya around 40 years ago; thereby the first view and approach concerning understanding of informal sector was established (ILO, 1972). Further informal sector concepts have been debated and developed in Latin America in the 1980's (Cling et al. 2010). Then, in 1993, the ILO and the Statistical Division of the UN achieved an agreement on a unique definition of

the informal sector (Husmanns 2004). The OECD also follows this approach (OECD 2009; ILO 2002).

According to this mutual consent the informal sector is

*“broadly characterised as comprising production units that operate on a small scale and at a low level of organisation, with little or no division between labour and capital as factors of production, and with the primary objective of generating income and employment for the persons concerned; operationally, the sector is defined on a country specific basis as the set of unincorporated enterprises owned by households which produce at least some products for the market but which either have less than a specified number of employees and/or are not registered under national legislation referring, for example, to tax or social security obligations, or regulatory acts.”*²

The first part of this definition is rather material and substantial as it acknowledges the real and overall characteristics of informal sector businesses like the small scale of operation and the low level of organization (Cling et al., 2010).³ This part supports understanding of informal sector in general. But due to its cloudy wording it does not provide defined differentiation criteria.

The second (operational) part of the definition poses a formal approach based on the specific country and the respective legislation. It gears to missing registration or to fulfillment of special formal of legal requirements (e.g. to have less than a defined number of employees). For this reason the operational definition, which is based on the respective legal system, may provide clear and appropriate differentiation criteria (as far as the respective legal system provides such clear definitions).

For the sake of completeness it is worth noting that many countries decided to exclude farm activities from the operational definition – due to its different specific nature in terms of legislation, level of income generated, seasonality and labour organisation. Furthermore it is appropriate, to distinguish informal sector activities with underground economy (e.g. black market) or illegal economy (e.g. drug selling) as the former are not necessarily carried out with the deliberate intention of avoiding payment of taxes or social security contributions and accordingly infringing (labour) laws or administrative provisions.⁴

Informal sector in Vietnam

From point of view of the international (operational) definition, the informal sector consists of unincorporated enterprises owned by households which either have less than a specified number of employees and/or are not registered under national legislation.

² Compare: <http://unstats.un.org/unsd/nationalaccount/glossresults.asp?gID=632>;

³ Its “mode of production”.

⁴ For classification please compare: *Cling et al., 2010, 46*.

Because of this there is no static definition. It is necessary to gear to the existing national legislation on business registration. In Vietnam there is legislation concerning enterprise registration and household business registration. Household business registration is stated in Art. 49-56 Decree N°43/2010/ND-CP.⁵ But it is worth to note that not all household businesses have to register: There are two borders with the objective to exclude very small household businesses and to separate the big household businesses which have to register as an enterprise.

Business Registration of Household Businesses

(Article 49, Decree N°43/2010/ND-CP of April 15, 2010)

1. A business household owned by an individual who is a Vietnamese citizen or a group of individuals or a household may only register business at one location, employ 10 laborers at most but may not have a seal and shall be held liable with all of its assets for its business operation.
2. Households engaged in agricultural production, forestry, fishery or salt making, street vendors, small vendors, shipment traders, mobile traders or service providers who have low incomes are not required to register their business except for conditional business lines. People's Committees of provinces and centrally run cities shall set low income levels in their respective localities.
3. Business households which regularly employ more than 10 laborers shall register themselves as enterprises.

Small household businesses with low earnings are not required to register their businesses, unless they conduct business in conditional lines of business. This means that all household businesses below a certain amount of earning are exempted from registration. The same applies for small vendors, street vendors or mobile traders, etc. It is the People's Committees of provinces and centrally run cities that stipulate the applicable level of low income in their locality. Bigger household businesses which regularly employ more than ten employees must register business as an enterprise under the Law on Enterprises.

According to the international understanding the informal sector has to be defined as **all unregistered unincorporated enterprises (called informal household businesses)** wherefrom farm activities are excluded - due to its different specific nature (Cling et al. 2010, 49; Pierre 2012). Because of this, the informal sector in Vietnam consists of:

⁵ See also: Art. 28-31, Circular No. 14/2010/TT-BKH guiding the decree NO. 43/2010/ND-CP on enterprise registration.

- small household businesses (which do not have to register by law)
- unregistered household businesses (which would have to register by law) and
- unregistered enterprises (which would have to register by enterprise law).

Therefore, the informal sector comprehends different groups of informal businesses: on the one hand the legally unregistered household businesses – with very low earnings – and on the other hand the illegally unregistered household businesses or enterprises with earnings above the threshold, with more than one premise or with more than ten employees. Estimates suggest that up to 78% of informal household businesses could be operating illegally nationwide because their earnings are above the threshold (Cling et al. 2010, 25, 26).

What about prevalence of the informal sector in Vietnam? There has been much estimation in the last years – with very different outcomes.

According to current estimations nearly one million people enter the Vietnamese labour market every year. The formal and agriculture sector are unable to employ all these people. Even with a high average economic growth of 7.5% - such as attained during 2000-2008 - around 25% of new entrants into the labour market end up in the informal sector (Cling et al. 2010b). Between 2007 and 2009 around 500.000 new jobs came up in the informal sector in Vietnam which corresponds to a +4.9% increase (Nguyen et al. 2010).

There is strong evidence that from the perspective of institutional sectors (e.g. public sector, enterprises, agriculture) informal sector employment amounts to nearly 24% of employment in Vietnam (see table 1). This data is based on the Labour Force Survey 2009. The agriculture sector is listed separately and employment in this sector amounts to more than 48% in Vietnam. Informal sector and agriculture sector employment together amount to more than 70% of employment in Vietnam.

Table 1: Employment by institutional sector and area in Vietnam in 2009

Sector	Urban	Rural	Total
Public	20.2%	5.7%	9.7%
Foreign Enterprise	3.8%	2.5%	2.9%
Domestic Enterprise	14.5%	5.1%	7.7%
Formal HB	15.1%	5.0%	7.8%
Informal sector	31.6%	20.7%	23.7%
Agriculture	14.7%	60.9%	48.1%

Source: Chí *et al.*, 2010 (based on Labour Force Survey 2009).

According to the LFS 2007, the informal sector in Vietnam provides almost 11 million jobs, which means that nearly one quarter of all jobs and nearly half of all jobs excluding “agriculture” are found in the informal sector (Cling et al. 2010, 73, 74). Altogether, the household business sector provides over four-fifths of all jobs (83%).⁶

The informal sector is present in nearly every sector, but it is “manufacturing” and “construction” that forms the largest part of the informal industry (together 42.8%), followed by “trade” (30.9%) and “services” (26.3%). According to estimations the informal sector contributes to 20% of GDP (Cling et al., 2010, 73, 77, 78). The 12.4 million informal HBs generate around 25% of working hours and labour income distributed at national level (Cling et al., 2010, 73, 90).

Considered from the perspective of the “rate of informality” as the share of informal sector jobs within different industries, the highest prevalence occurs in “household services” (87%), “construction” (75%), “accommodation” (64.9%) and “trade” (60.6%). But informal sector jobs are also existent in “real estate” (37.0%), “administration” (23.2%), “professional services” (14.9%) and “art” (47.2%) (Cling et al. 2010, 78).

Public administration of business registration in Vietnam

The Ministry of Planning and Investment (MPI) sets the rules for registration of household businesses. On provincial level the provincial directorates of MPI are responsible for registration, which in practice is carried out by the districts.

The Ministry of Finance (MoF), which is also responsible for household’s business taxation, establishes through its local tax administration and in collaboration with the local People’s Committee an exhaustive list of household businesses (whether registered or not). All household business (HB) heads have to self-declare their activity according to their HB books (acknowledging the industry, their turn-over, their income, etc.). This information will be cross-checked by the local administration (which decides who has to pay taxes and which amount has to be paid). After that, the list of tax payers and the nominative tax amount is publicly posted (there exists the registration tax, the VAT and the income tax). Usually the poorest household businesses are exempted for social purposes (Cling et al., 2010c, 30).

⁶ Including peasant farming jobs and jobs in non-farm formal household businesses; cp. Cling *et al.* 2010, 74.

Definition of informal employment

Informal employment is defined – in line with international understanding – as all employed workers not covered by the social security system, irrespective of the institutional sector in which they are employed (Pierre 2012; Hussmanns 2010; Nguyen et al. 2010; Cling et al. 2010). On the one hand it comprises employees in the informal sector which are not covered by social insurance. On the other hand it also acknowledges all uncovered employees in the formal sector.

In Vietnam it is compulsory for all enterprises and registered household businesses – regardless of their size – to register their employees with an at least three-month employment contract with Vietnam Social Security – VSS (compare Decree 152/2006/ND-CP, December 22, 2006). For this reason the registration with VSS is an appropriate criterion to define informal employment in Vietnam.

Informal employment in Vietnam

In Vietnam only around 10,5 million workers are covered by the social insurance scheme which comprehends mandatory and voluntary social insurance (cp. VASS 2012). This means that at the national level, informal employment represents more than 80% of total jobs in 2009 (Nguyen et al. 2010). In rural areas informal employment is much more prevalent than in urban areas (88,0% vs. 60.9%) (Nguyen et al. 2010). The Vietnamese economy is still predominantly rural and agriculture represents 50% of employment (Nguyen et al. 2010). But the urban area is the only one where informal employment increased from 2007 to 2009 (by 58% in 2007) (Nguyen et al. 2010). It is worth noting that informal employment is not just found in agriculture and the informal sector. The phenomenon of informal employment is widespread in the economy (cp. Cling *et al.*, 2010, 74, 99):

- the majority of jobs in domestic enterprises are informal,
- in some industries such as “construction”, “trade” and “accommodation” most workers are informal workers (working in the formal or informal sector).

Future prospects for Vietnam

Due to its demographic development Vietnam will experience a massive arrival of new active population (“demographic dividend”); the share of the 15-65 year-olds is supposed to increase from 62% in 2000 to 70% of the population in 2015 (according to GSO; cp. Cling et al., 2010c, 21, 22). Because of this, it can be expected that the informal sector will keep its predominant weight in terms of employment and will

represent a huge share of employment in Vietnam for a certain number of years to come (ILO 2011; Cling et al., 2010c, 21, 22).

According to estimations, employment in the informal sector and its share in the total employment will rise in the next few years (even without the economic downturn) from 23.5% in 2007 to 26% in 2010 and 27.5% in 2015 (Cling et al. 2010c, 21, 22).⁷ The informal sector will gain 3.6 million jobs during this period (from 10.8 million to 14.4 million). The reason for this is the limited capacity of the formal sector to absorb the new entrants in the labour market and the huge number of workers who move from agricultural activities to non-agricultural ones.

⁷ The calculation was based on the estimation, that the real labour force annual increase is about 1 million jobs and it will slightly decrease in the next years.

Part 1. Literature review

The informal sector and informal employment in Vietnam are manifold. The informal sector is also described as “a mixed bag characterized by great heterogeneity” (Cling et al. 2010). What is the reason for this? On the one hand, informal activities pose a huge share of economic activities. From point of view of institutional sectors nearly 24% of employment takes place in the informal sector (Chí et al. 2010). On the other hand, most of the Vietnamese workers are informally employed – as more than 80% of all workers are not covered by the social security system (Cling et al. 2010; Nguyen et al. 2010).

The phenomenon of informality comes up everywhere: in all institutional or business sectors, in all areas, in all age groups, in all classes, say: in the whole society. Because of this, it is a big challenge to describe it comprehensively and to understand its characteristics. In contradiction to the prevalence of informal sector work and informal employment it still remains a non-tackled issue from policy perspective (cp. GIZ 2011; Cling *et al.* 2010; Cling *et al.* 2010b; Nguyen et al. 2010a; Cling *et al.* 2010c). Accordingly many proposals and recommendations exist for future policies to enhance social protection for informal sector workers and the informally employed. In order to make them visible the following tables bundle the respective literature and the most common policy recommendations (for the full picture please take a look at annex I and II).

1. Review of social protection policies for informal sector workers

According to the definition of social protection (please compare: Introduction) respective policies comprehend active labour market, social insurance, social assistance and further measures. The literature review shows that most recommendations concern active labour market policies. In the current literature active labour market represents the key policy area for social protection of informal sector workers. Furthermore, social insurance policies (compulsory and voluntary social insurance) are subject-matter of many policy recommendations.

The scope of recommended active labour market policies is broad: From training programs with specific curricula adapted to informal sector conditions and characteristics (Cling *et al.* 2010b; Nguyen et al. 2010a; Cling *et al.* 2010a), to

provision of access to credit, financial education and capacity building in accounting (Nguyen Van Huan, 2010; Cling *et al.* 2010b; Nguyen *et al.* 2010a; Cling *et al.* 2010a) and to better market information in order to improve access to big orders (GIZ 2011; Le Van Duy *et al.* 2010; Cling *et al.* 2010b; Nguyen *et al.* 2010a). Informal micro-finance is identified as an important measure to enhance informal sector working conditions and to create jobs for poor people in rural areas (Nguyen Van Huan 2010).

Due to the existing evidence (compare: 2. Data review) there is one key target group of active labour market policies: women who work in the informal sector (Cling *et al.* 2010a; MPI/GSO LFS 2009). Women are in charge of most own account or unpaid family work and for this reason they are overrepresented in vulnerable employment. Furthermore, women are more likely to work in occupations requiring lower skills or lower technical qualification. From this follows a need for specified training of women in the informal sector.

Regarding social insurance there are many voices that require an improved social insurance scheme and better access to the public programs (both, compulsory and voluntary programs). But it is especially the voluntary social insurance scheme that is in the focus. There are many recommendations to assess, adapt and improve the voluntary scheme, for example as the eligibility criteria of 20 years of contributions for a pension seems to strongly reduce the attractiveness of the scheme (GIZ, 2011; Cling *et al.* 2010b; Nguyen *et al.* 2010; Nguyen *et al.* 2010a; Cling *et al.* 2010a Chi *et al.* 2010; Castel 2010; Castel/GianThanh Cong 2010).

Further social protection measures comprehend macro policies to support small enterprises, enhance corporate social responsibilities, and improve the formalisation of informal sector activities, the implementation of micro-finance institutions at a larger scale, the development of appropriate insurances (regarding micro-finance risks) and the facilitation of the transformation of micro-finance groups into consistent, standard-based and well-organized groups (Pierre 2012; Nguyen Van Huan 2010; Cling *et al.* 2010b; Nguyen *et al.* 2010a; Cling *et al.* 2010a)

Up to now the research team hasn't identified any recommendations for social assistance of informal sector workers. In addition, recommendations for better social protection of informally employed are rare. In both areas there seems to be a lack of knowledge, data and literature.

Table 2: Literature review regarding social protection of informal sector workers (based on the systematic understanding of social protection)

Theme	Selected References	Key Conclusions and Policies
Active Labour Market Policies	<p>Cling <i>et al.</i>, 2010 Cling <i>et al.</i>, 2010b; Nguy n <i>et al.</i>, 2010a; Cling <i>et al.</i>, 2010a; Cling <i>et al.</i>, 2010c; Nguyen Van Huan, 2010 MPI/GSO, LFS 2009</p>	<p>Different categories of informal household businesses experience different kinds of problems (heterogeneity) Currently only marginal (if any) specialized training programs exist Training programs with specific curricula adapted to informal sector conditions and characteristics should be developed in order to improve returns to skills Improvement of access to credit; financial education; improve skills and management Lack of access to big order: policies to enhance access to market, in particular through market information; training, especially for women Development of a human resources strategy to build the capacity of micro-finance groups</p>
Social Insurance	<p>GIZ 2011; Cling <i>et al.</i>, 2010a; Chi <i>et al.</i>, 2010; Cling <i>et al.</i>, 2010b; Nguy n <i>et al.</i>, 2010; Nguy n <i>et al.</i>, 2010a;</p>	<p>Public schemes offer potential to scale up operations and reach a larger percentage of the population Implementation of labour force protection schemes to limit the high precariousness and vulnerability of the informal sector Improve access to voluntary and compulsory schemes Improve voluntary social insurance Develop a targeted – but segmented – approach to subsidize the poor for the voluntary scheme in social insurance, to separate</p>

	Castel 2010; Castel 2008; ILSSA/Castel 2007; Bahles/Castel 2006	them from the non-poor and to motivate the non-poor
Social Assistance	---	---
Further Social Protection measures	Pierre 2012; Nguyen Van Huan, 2010; Cling <i>et al.</i> , 2010b; Nguyen <i>et al.</i> , 2010a; Cling <i>et al.</i> , 2010a	Macro policies to support small enterprises, enhance corporate social responsibilities, and improve the formalisation of informal sector activities Micro-finance institutions should be put in place at a larger scale; Facilitation of the transformation of micro-finance groups into consistent, standard-based, well-organized groups Development of appropriate insurances regarding micro-finance risks

2. Review of further selected policies for informal sector workers

It has been stated that traditional tools to regulate the labour market – raising the minimum wage and social insurance, enhancing the role of the unions – are not applicable for the informal sector (Le Van Duy *et al.*, 2010). Due to the specific needs and requirements of informal sector businesses there are further key policies in the discussion: concerning formalization, developing a targeted approach, good governance as well as information policies and awareness rising.

Formalizing the informal sector is a topic that is discussed broadly in the literature and there are two main lines of discussion: On the one hand enforced registration and legal regulation, e.g. via clear rules, and, on the other, the implementation of incentive policies, e.g. access to credit and bigger markets, access to social security or professional premises (Pierre 2012; Le Van Duy *et al.* 2010; Cling *et al.* 2010; Cling *et al.* 2010b; Nguyen *et al.* 2010a; Cling *et al.* 2010a; Cling *et al.* 2010c; Rand/Torm 2010; GIZ 2011).

There are several calls for a targeted approach in order to integrate the informal market and combine flexibility and protection. Due to the heterogeneity of informal sector there should be a single concept with several targeted policies but no “one size fits all” solution (Nguyen *et al.* 2010; Cling *et al.* 2010; Cling *et al.* 2010c; Nguyen *et al.* 2010a; Chi *et al.* 2010). A targeted – but segmented – approach is also proposed to subsidize the poor for the voluntary social insurance scheme (GIZ 2011).

Good Governance measures cover implementation of clear rules, laws and regulations; enhanced information; efficient registration procedures; strengthened administration; better client orientation; better communication and marketing; definition of operational targets; involvement of community organizations and implementing a reliable monitoring system (Nguyen *et al.* 2010a; Cling *et al.* 2010b; Rand/Torm 2010; Nguyen Van Huan 2010; Cling *et al.* 2010a; GIZ 2011).

Information and awareness rising of public and of public administration is identified as important measure to change enterprises’ and employers’ attitude towards social security (Nguyen Van Huan 2010; Thanh/Castel 2009). This is crucial in order to implement a sustainable social security system with large coverage rates. Law enforcement’s policies will probably have a limited impact if other policies to increase employees’ awareness of their social rights and the consequences of wage under-reporting are not implemented. Information exchange is also crucial for the success of rural micro-finance groups (Nguyen Van Huan 2010).

Table 3: Literature review regarding further selected conclusions and policies for informal sector worker

Theme	Selected References	Key Conclusions and Policies
Formalization	<p>Pierre 2012; Le Van Duy <i>et al.</i>, 2010; Cling <i>et al.</i>, 2010; Cling <i>et al.</i>, 2010b; Nguyen <i>et al.</i>, 2010a; Cling <i>et al.</i>, 2010a; Cling <i>et al.</i>, 2010c; Rand/Torm, 2010; GIZ, 2011</p>	<p>In the long term, macro policies to support small enterprises, enhance corporate social responsibilities, and improve the formalisation of informal sector activities and so on will help the poor and migrants mitigate employment risks and gain better access to the social protection system.</p> <p>Traditional tools to regulate the labour market are not applicable for the informal sector</p> <p>Existing lack of knowledge which household businesses should register and pay taxes: enforce legal regulations, enacting clear rules, implement incentive policies (e.g. access to credit and bigger markets, access to social security or professional premises)</p> <p>Focus energy on formalizing the informal sector; enforced registration of employment; proper job training; collect taxes and re-invest in the sector</p> <p>Enhanced information, less cumbersome registration procedures</p>
Targeted approach	<p>Nguyen <i>et al.</i>, 2010; Cling <i>et al.</i>, 2010; Cling <i>et al.</i>, 2010c; Nguyen <i>et al.</i>, 2010a; Chi <i>et al.</i>, 2010; GIZ, 2011</p>	<p>Develop a targeted approach to integrating the informal market, combining flexibility and protection</p> <p>Heterogeneity of the informal sector: Single concept with several targeted policies but no “one size fits all” solution</p> <p>Develop a targeted – but segmented – approach to subsidize the poor for the voluntary scheme in social insurance</p>

<p>Good Governance</p>	<p>Nguyen et al., 2010a; Cling <i>et al.</i>, 2010b; Rand/Torm, 2010; Nguyen Van Huan, 2010; Cling <i>et al.</i>, 2010a; GIZ, 2011</p>	<p>Enacting clear rules and enforce legal regulations; enhanced information, less cumbersome registration procedures</p> <p>Insurance programmers suffer from a lack of trust: Strengthen administration to improve image and trust; better client orientation; better communication and marketing; definition of operational targets; involvement of community organizations</p> <p>Reliable monitoring system has to be put in place</p> <p>Develop a legal framework on microfinance</p>
<p>Information and awareness</p>	<p>Nguyen Van Huan, 2010; Thanh/Castel, 2009;</p>	<p>Awareness rising of public and of public administration regarding informal economy</p> <p>Changing enterprises' and employers' attitude towards social security is crucial in order to implement a financially sustainable social security system with large coverage rates</p> <p>Law enforcement's policies will probably have a limited impact if other policies are not implemented to increase employees' awareness of their social rights, and the consequences of wage under-reporting</p> <p>Implementation of a forum for information exchange across rural micro-finance groups</p>

3. Review of recommendations regarding research and data

Currently, there exist only a few recommendations regarding research and data bases. These recommendations address the existing Labour Force Survey, a potential Informal Sector Survey and further specific topics (future prospects of evolution of informal sector and a survey on temporary migration into urban areas).

It is recommended that a household and informal sector survey is incorporated in the National Survey Program (Cling *et al.* 2010, 94, 117; Nguyen *et al.* 2010a). Already identified is also the need for time series data concerning informal household businesses (Cling *et al.* 2010, 94, 117). One key conclusion is that the informal sector and HB sector in general consists of “micro-micro enterprises”. This is the reason why it does not fit to the official definition in Vietnam (Cling *et al.* 2010, 94). From this follows the need for a revised definition in order to acknowledge the informal sector and household businesses appropriately (cp. Introduction).

Regarding the existing Labour Force Survey it is proposed to implement quarterly estimations and to include a panel component (VDR 2008, 37). Only in this manner can seasonal changes and evolution of labour market over time be assessed.

Specific recommendations comprehend the need for more comprehensive and evidence based data in the field of labour supply prospects (Cling *et al.* 2010c, 21, 22) and in the field of temporary moves to urban areas (Gubry *et al.* 2010).

Table 4: Literature review regarding research and data on labour market and informal sector

Issues	Resource	Key Conclusions
Labour Force Survey	VDR 2008, 37, Box 4.1	LFS as continuous survey with quarterly estimates Inclusion of panel component in order to capture employment and earnings transitions over time
Informal Sector Survey	Pierre 2012; Cling et al., 2010, 94, 117; Nguyen et al., 2010a;	The analysis of the informal sector and informal employment would benefit from specific quantitative and qualitative data collection effort. Time series data concerning informal household businesses are required Household and informal sector survey should be incorporated into the National Survey Program Informal sector and HB sector in general is made of “micro-micro enterprises” and does not fit the official definition in Vietnam (see decree 90/2001/CP-ND on “Supporting the development of Small and Medium-Sized Enterprises”). Because of this, the official definition should be revised
Labour Supply Prospects	Cling et al., 2010c, 21, 22	Need for more comprehensive and evidence based data in the field of labour supply prospects
Migration	Gubry et al., 2010; Pierre 2012	Need for a survey on the subject of temporary moves and poverty in urban areas

4. Results: literature review, further research and policy recommendations

- The reviewed literature shows an increasing number of publications regarding social protection for the informal sector and the informally employed. The topic is no longer acknowledged as a single economic or labour market phenomenon. Informality and its impact on social protection and socio-economic development in Vietnam are evident. But the informal sector and informal employment are not yet covered comprehensively from point of view of literature and data. The current picture is rather fragmented which indicates the necessity for further efforts.
- The reviewed literature focuses mainly on social protection for informal sector workers. This means that the informal sector and also social protection for informal sector workers is already in the focus of researchers. But on the other side there is a lack of literature regarding the informally employed. From this follows, that up to now informal employment is rather neglected from point of view of research and literature. But there already exists evidence that informal employment comes up in every institutional or economic sector. Research and science have to further elaborate this phenomenon so that the policy can find the right way to deal with it.
- There is strong evidence that the informal sector and household business sector in general consists of “micro-micro enterprises” (compare Annex I, Publication Matrix). This is the reason why it does not fit the official definition in Vietnam. From this follows the need for a revised definition in order to acknowledge informal sector and informal household businesses appropriately.
- From point of view of social protection for informal sector workers there exist many recommendations concerning active labour market policies. In the current literature active labour market represents the key policy area for social protection of informal sector worker. Furthermore, social insurance policies (compulsory and voluntary social insurance) are subject-matter of many policy recommendations. But there seems to be a lack of knowledge and literature regarding adapted social assistance policies for informal sector workers.

- There is strong evidence that women who work in the informal sector represent one key target group of active labour market policies. They are in charge of most own account or unpaid family work and for this reason they are overrepresented in vulnerable employment. Furthermore, women tend to work in occupations requiring lower skills or lower technical qualification. From this follows a need for specified training of women in the informal sector.
- Regarding social insurance there are many recommendations to assess, adapt and improve the voluntary scheme, for example as the eligibility criteria of 20 years of contributions for a pension seems to strongly reduce the attractiveness of the scheme. But subject-matter of the policy recommendations is also the improved access to the compulsory social insurance scheme. This needs further investigation.
- Further social protection measures comprehend the implementation of micro-finance institutions at a larger scale, the development of appropriate insurances (regarding micro-finance risks) and the facilitation of the transformation of micro-finance groups into consistent, standard-based and well-organized groups. This applies for both, micro-finance institutions in urban and in rural areas.
- It has to be elaborated whether adapted social assistance policies (e.g. conditional cash transfers) could act as incentive for formalization or attending further training. These transfers should be targeted to the most precarious household businesses or to the vulnerable groups – for example women in small household businesses. In this manner the most precarious businesses and the most vulnerable groups would get a real incentive to formalize their business or to attend further training. As income in the informal sector is low and people often live at the subsistence level they usually do not have the resources to stop their business for one or further days in order to attend occupational or further training.
- Due to the heterogeneity of the informal sector there isn't a "one-size fits all" solution. But there is strong evidence that one general single concept with several subordinated targeted policies should be developed. Important characteristics of the informal sector are already known, e.g. from the clustering analysis based on data from the Labour

Force Survey 2009. According to this, three specific groups of informal household businesses exist: “Survivor”, “Resourceful” and “Professional” businesses.

- The “**Survivor**” IHBs are the most precarious and insecure. Their heads have a very low level of education and most of them operate in services sector, outdoors without access to water and electricity. Their prevalence is high as they represent 39% of the total. They do not have any alternatives as most of them could not find a job elsewhere. Targeted policies should be developed for this group in order to improve skills, improve access to credit and provide incentives for formalization, e.g. via conditional cash transfers.
- The “**Resourceful**” IHBs are “better off” household businesses. The majority operates at home and has access to basic public services. They represent 51% of the total (highest prevalence). Around half of their heads went to secondary school. The sector breakdown is more balanced between trade and services (the bulk of the total) and manufacturing (significant share). Their businesses were created for reasons not related to labour market constraints (e.g. earning higher incomes). Targeted policies should be developed for the needs of this group, e.g. better market information in order to get access to big orders or further training.
- The third group, the “**Professional**” IHBs, represents only 10% of the total (small prevalence). They usually have better educated heads, larger businesses and professional premises (focused rather on manufacturing). This group includes a majority of male-headed HBs. Almost half of their heads set up the business to be their own boss. This group also has specific needs regarding market information, access to credit and enhancement of working environment. Any targeted policies have to acknowledge these specific needs.

Part 2. Data Review

1. Overview regarding existing surveys and data bases

In Vietnam, many large scale surveys exist with linkages to employment, labour and informal work. But up to now, there has been no regular large scale survey that captures informal work, informal employment and informal sector characteristics comprehensively. The existing large scale surveys do not focus on this topic because it is not their main objective (compare Annex II: Data Matrix):

- The Non-Farm Individual / Household Business Establishment Survey (AHBS) is an annual large scale survey. But its indicators are rather general (compare Annex II: Data Matrix). Furthermore, important groups are missing, as this survey does not cover non-located household businesses and establishments that have not been operational and in business for at least three months in the previous year
- The renewed Labour Force Surveys – from 2007 onwards, carried out from GSO – also comprehend indicators concerning business and industrial sectors, informal employment, business registration and technical qualifications. With these data it is possible to measure general labour market characteristics regarding informal sector, informal employment and educational background of worker. But it is not possible to carry out an in-depth analysis of informal sector characteristics and its working environment. The breakdown of the establishment size does not allow a complete analysis because there are only three categories: “1-20 laborers”, “21-under 300 laborers” and “300 or more laborers”. Furthermore, LFS acknowledges only household members aged 15 and older. But there is evidence that child labour is more prevalent in informal sector than in other institutional sectors.
- The SME Survey (DANIDA) consists of very detailed questionnaires acknowledging informal sector as well as informal employment indicators. Its questionnaires comprehend more indicators than LFS, for example indicators regarding economic constraints and potentials, voluntary social insurance, further social benefits, etc. But

this survey is a biannual survey that is not carried out on a large scale – it covers 10 provinces in Vietnam.

- The same applies for the Vietnam Access to Resources Household Survey (VARHS): it captures labour and employment indicators as well as the share of registered household businesses in rural areas – but only every two years in 12 provinces.
- The Vietnam Household Living Standards Survey (VHLSS) is a large scale but biannual survey. Its indicators are rather general (e.g. regions, industrial sectors) and there are only few questions on job characteristics. Important indicators regarding the informal sector are missing.
- The Multiple Indicator Cluster Survey targets households with women and children in eight regions. The survey acknowledges – amongst others – education, household characteristics and child labour. But it is not an annual survey. It was carried out in 2006 and 2010.
- The Household Business & Informal Sector Survey provides very comprehensive data concerning establishment's characteristics, labour force, problems and prospects, and social security. But this survey was only carried out in Hanoi and HCMC in 2007 and 2009.

This list could be extended – but this is not necessary as “Annex II: Data Matrix” enumerates the existing surveys with linkages to labour, employment and informal sector. Acknowledging these surveys it can be stated that many surveys exist which cover general labour market characteristics (e.g. employment, institutional sectors, industrial sectors, education of labour force). Also the Labour Force Survey collects these data – and furthermore data regarding informal sector and informal employment – on an annual basis. But a regular large scale survey that elaborates informal sector and informal employment characteristics is still not yet implemented in Vietnam. Because of this, important data for monitoring of informal sector development and for evidence based policy design is still missing (cp. Pierre 2012).

Table 5: Selected data bases which provide evidence regarding labour market, informal sector and informally employed

Research question: Which surveys regarding labour, employment, informal sector and informal employment exist in Vietnam? What is the scope of these surveys and which indicators did they apply?

– Regarding the full picture please compare Matrix II: Data Matrix –

Selected Surveys	Scope	Selected Indicators
Annual Non-Farm Individual / Household Business Establishment Survey (AHBS)	Annual individual business establishments survey (which are private establishments not registered under the Enterprise Law) Not included: e.g. non located household businesses	Number of individual business establishments, persons engaged by industry and province Rate of registered establishments by industry and province Taxpaying establishments Value of source of capital, fixed assets, liquid assets, turnover
Labour Force Survey	Annual survey of households and respective working age population (aged 15 and over)	Occupation, industry, economic sector, status of employment, educational background, economic activity, status at work, salary, social insurance, etc.
SME-Survey (DANIDA)	Comprehensive biannual small and medium enterprises survey (covering 10 provinces)	Employment (unpaid regular labour force, formal labour contracts, contributions to social insurance, health insurance, unemployment insurance and further social benefits) Existence of formal labour contracts, level of education, gained general or on-the-job training, provided social insurance benefits, contribution

		to voluntary social insurance schemes Labour costs, social insurance costs, health insurance costs, unemployment insurance costs, training costs
Vietnam Access to Resources Household Survey (VARHS)	Biannual household survey regarding economic wellbeing of households in rural Vietnam, with a particular focus on access to, and use of, productive resources (covering 12 provinces)	Living conditions, access to services Labour and income (of economic active household members aged 15 and over) Share of household enterprises with license, number of workers
Vietnam Household Living Standards Survey (VHLSS)	Biannual household survey, initially designed to measure and monitor poverty and inequality	Regions, industrial sectors, job characteristics
Multiple Indicator Cluster Survey	Household survey focused on the situation of women and children (covering eight regions); carried out in 2006 and 2010	Education, water and sanitation, household characteristics, child labour
Household Business & Informal Sector Survey	Comprehensive household and household business survey (carried out in 2007 and 2009 in Hanoi and HCMC)	Establishment's characteristics, labour force (incl. economic sectors), problems and prospects, social security

The review of existing surveys and data bases regarding informal employment and social protection in informal sector discloses a rather unbalanced and fragmented picture: there already are a number of large scale surveys, carried out nationwide and based on a representative sample size (e.g. AHBS, LFS, VHLSS, VES). But these surveys provide rather general data on labour market issues and economic sectors. With these data it is possible e.g. to measure employment, underemployment and the size of the informal economy in Vietnam. It is worth noting that it was not the objective of these large scale surveys to provide detailed data on the informal sector and the informally employed.

General or detailed data concerning household businesses and the informal sector in particular regarding social protection of household businesses or informal sector workers are not yet available on a large scale. Respective surveys exist for example for Hanoi and HCMC and these data were collected in 2007 and 2009 (compare Annex II: Data Matrix, Household Business & Informal Sector Survey). Furthermore, the respective surveys were not carried out on a regular basis. The VAHRS, which provides biannual data on rural household businesses, covers only selected rural provinces. The same applies for SME-Survey (DANIDA). It is also carried out biannually and focuses on selected provinces.

The review of existing surveys and data bases also shows that data collection usually focuses on household heads. But detailed data, e.g. on educational or personal background of household business members or employees are essential in order to develop evidence based policies for social protection of respective workers. Because of this, household members and workers should be acknowledged in a large scale future survey. Only in this manner can e.g. targeted active labour market policies be developed and monitored appropriately. This requires surveys and questionnaires which are targeted at household business members or employees, not only at household business heads.

Table 6: Overview: scale of existing research (simplified)

Large scale	Medium scale	Small scale
AHBS, LFS, VHLSS, VES, ECV	SME Survey (DANIDA), VAHRS, HB&IS Survey	Rand/Torm 2010, Nguyen Tam Giang/Oxfam 2009, Oxfam/ActionAid 2009, Oxfam/ActionAid 2011

Remark: Large scale = nationwide and representative sample size, medium scale = selected provinces/areas and representative sample size, small scale = selected provinces/areas but not representative sample.

Table 7: Overview: subject (sampling units) of research

Enterprises	Household businesses, household-heads	Household-members / workers
SME Survey (DANIDA), VES, ECV, Nguyen Tam Giang/Oxfam 2009	AHBS, LFS, VHLSS, HB&IS Survey 2009, HB&IS Survey 2007 Nguyen Tam Giang/Oxfam 2009	SME Survey (DANIDA): “Main Questionnaire” and “Employee Questionnaire”; LFS “Individual Questionnaire” Oxfam/ActionAid 2009; Oxfam/ActionAid 2011

Table 8: Overview: profoundness regarding social protection (simplified)

Detailed data on social protection regarding contributions / measures and costs of enterprises / households / workers	General data on social protection of households/workers	General data on labour market issues, informality, etc.
VAHRS, HB&IS Survey 2009, HB&IS Survey 2007, SME Survey (DANIDA): “Main Questionnaire”, “Employee Questionnaire” and “Economic Accounts”	LFS, Nguyen Tam Giang/Oxfam 2009; Oxfam/Actionaid 2009; Oxfam/Actionaid 2011	AHBS, LFS, VAHRS, VHLSS, VES, ECV, HB&IS Survey 2009, HB&IS Survey 2007, SME Survey (DANIDA), Nguyen Tam Giang/Oxfam 2009 Oxfam/ActionAid 2009 Oxfam/Actionaid 2011

Remark: This simplified table intends to visualize the data situation on social protection. It does not estimate the success of respective surveys and the quality of respective data as collection of detailed data on social protection was not the objective of most of the mentioned surveys.

2. Data gaps and not yet analyzed data

A comprehensive informal sector survey with a detailed questionnaire (acknowledging education, training, social protection, needs, access to social services, etc.) should be implemented on an annually basis. Only in this manner is it possible to measure the development of the informal sector, to elaborate its characteristics and needs and to develop appropriate policies for formalization and social protection of informal sector workers.

The review of existing data bases regarding labour force and informal sector in Vietnam discloses that reliable and appropriate data already exist. This data is not yet analyzed completely for which reason further analysis is reasonable and necessary, e.g.:

- The Labour Force Survey collects information regarding informal sector and informal employment both for the main and the second job. This data offers the opportunity to analyze linkages between different institutional sectors regarding social security: How many people work in their first and in their second job in the informal sector without social security? How many informal sector workers are engaged in another institutional sector (in their first or second job) and how many of them have social security in one job at least?
- The HB&IS Survey provides information regarding the labour force in the informal sector and there is evidence that many informal sector workers have a very low level of education (cp. Cling *et al.*, 2010, 25). This evidence requires further analysis: Which skills are important to train? Which shortcomings exist currently? Which occupational and further training is required?
- The HB&IS Survey provides data concerning expenditure and charges, capital, investment and financing. There is evidence that the informal sector generates a very low average income compared with the other institutional sectors: 1,1 million VN Dong/month (cp. Cling *et al.*, 2010, 25.) From this, further questions arise: What is the scope of earnings in informal sector? Is there any room for voluntary insurance? For which group of informal sector does voluntary insurance seem to be applicable? How many (highly) vulnerable, poor or near poor household businesses exist currently?
- Furthermore the HB&IS Survey provides information concerning problems and prospects. Further analysis has to investigate, which new policies informal sector workers require. Which social protection policies follow from the real situation of the informal sector and household businesses?

- The HB&IS Survey opens the stage for further general social policy research regarding labour conditions, gender and discrimination aspects, migration and corruption (cp. Cling *et al.*, 2010, 28, 32, 33).
- The VHLSS can be used to explore the link between informal sector and different issues such as health, education, migration and poverty (cp. Cling *et al.*, 2010, 70).

However, existing data bases for Vietnam are not able to answer all questions regarding the informal sector. Some data gaps exist:

- The HB&IS Survey 2007 (phase 2 of the 1-2-3 Survey scheme) is carried out with the head of the Household Business. A representative up-to-date survey with employees in the informal sector is essential in order to gain specific knowledge regarding informal sector employees' characteristics.
- LFS and HB&IS Survey represent phase 1 and 2 of the 1-2-3 Survey scheme. Phase 3 is still missing and it would be appropriate to carry out this phase in order to measure the weights of the formal and informal sectors in household consumption, by product and household type.
- A precise analysis on how establishments may switch from informality to formality cannot be undertaken yet (cp. Cling *et al.*, 2010, 63).
- The VHLSS applies rather general indicators and comprehends only few questions on job characteristics. Furthermore, important indicators regarding the informal sector are missing and labour market indicators are not collected in accordance with standard international definitions. But the VHSS could be used as a filter survey to design the sample for a specific informal sector survey (cp. Cling *et al.*, 2010, 69, 70).

3. Results: survey outcomes, data gaps and potential future surveys

- Most of the large scale surveys of the past years focused on a general picture regarding enterprises, household businesses, labour force and living standard (e.g. LFS, AHBS, VHLSS, VES, ECV). With these data it is possible to measure e.g. employment, underemployment, the size of the informal sector and the people's level of education, training or skills. But it is not possible to dig deeper in order to find out informal sector characteristics. It is worth noting that it was not the objective of these large scale surveys to provide further specific data on the informal sector (e.g. regarding working conditions, environment, social security, problems and shortcomings). But there is still a huge knowledge gap and from this follows the need for a regular large scale survey regarding household businesses and the informal sector including social protection and further characteristics of household businesses and

informal sector workers. There is a need for specific data in order to create appropriate, adapted and evidence based policies for formalization and social protection of informal household businesses. Only in this manner is it possible to monitor development of the informal sector, to develop evidence based future policies and to monitor the success of these policies tackling the informal sector and informal employment.

- It has to be elaborated further how to improve coordination and harmonization of existing surveys and a potential future informal sector survey in order to avoid unnecessary overlapping.⁸ For example the relation between AHBS, the renewed LFS and a future informal sector survey should be elaborated and discussed so that the surveys can be carried out in an efficient manner. This appears feasible as GSO/DSO/PSO carries out AHBS and GSO also has the mandate to carry out LFS and informal sector survey. Due to limited resources the survey design of further surveys with linkages to employment and labour should also be reviewed and respective questionnaires should be revised.
- A comprehensive informal sector survey should acknowledge all economic active members of the household (also children, persons aged 15 and under). This poses a sensitive issue. But it seems to be necessary to also cover child work. Only in this manner can targeted policies (e.g. conditional cash transfers with the objective to enhance education of children) be developed and implemented appropriately. These policies are essential to break the vicious circle between poverty, informality and lack of education or skills. If children contribute to household income of informal household businesses and work in this manner at the cost of their primary and secondary education, they will most likely not be able to break through this vicious circle.

⁸ According to the Prime Minister's Decision No. 144/2008/QD-TTg on the *National Survey Programme*, 29 October 2008, GSO will conduct a bi-annual national survey on the informal sector from 2010 onwards; cp. Cling *et al.*, 2010, p. 11, 39. Any further data collection on informal sector worker will have to acknowledge the already existing and the forthcoming surveys. It is necessary to better harmonize the existing large scale surveys – in order to avoid too much overlapping and in order to better use the limited financial and human resources.

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Annex I: Publication Matrix

Social Protection for the Informal Sector in Vietnam

Theme	Available publication	Evidence ⁹	Source or link, comments
Development of labour market in Vietnam, simulation	The Impact of the Public Expenditure Cut Policy on the Labour Market in Viet Nam, ILSSA, Hanoi 2012	There was an increase in the jobs of agriculture and the informal sector because of the expenditure cut.	ILSSA 2012
Labour market and informal sector	Labour and Social Trends in Vietnam 2001-2011, ILSSA, Hanoi 2012	<p>After four years of implementation, the voluntary social insurance covers more than 104.500 people in 2011, a share of 0.2% of labour force, or 0.3% of workers in the informal sector.</p> <p>Number of self-employed workers tended to increase, which shows the important role of the informal sector in a difficult economic context.</p> <p>Expanding voluntary social insurance participation for informal sector workers remains a challenge. The voluntary social insurance policies should be modified with adjusted premium level to be affordable to the financial capacity of farmers and</p>	ILSSA 2012a

⁹ The listed sentences are predominantly citations from the respective publications but – for the sake of simplicity – not marked as citation in the matrix.

		<p>workers in the informal sector.</p> <p>Most of unstable and vulnerable jobs were in informal sector, hence they are often associated with poverty, job insecurity and unstable income. The Northern Mountain and the Central Highlands had up to 78.8% and 76.8%, respectively, of total labour force engaged in these kinds of jobs.</p>	
Employment and labour market	Vietnam Employment Trends 2011, MoLISA/ILO, Hanoi 2012	<p>Overall, informal employment is on the decrease and formal employment is on the increase in 2007-2010. Informal employment reaches the highest level in the trade sector, industry – construction sector and service sector, correspondingly. Informal employment accounts for a high ratio in some key industries (construction, hotels and restaurants, wholesale and retail trade, repair of motor vehicles). The high rate of informal employment is due to the higher ratio of own account workers and unpaid family workers in the labour force – these workers take vulnerable jobs with a low level of social protection. The rate of informal employment varies by the technical levels. Most of skilled workers take the formal employment. Workers with lower technical levels account for a higher level of informal employment. Informal workers have a lower educational attainment against formal workers. The formalization associated with the decrease of own account workers and unpaid family workers in unregistered business households and with the improvement of human resource quality.</p>	MoLISA/ILO 2012

<p>Labour market in Vietnam</p>	<p>Report on the 2011 Vietnam Labour Force Survey GSO, Hanoi 2012</p>	<p>From point of view of economic sectors the “the self-employed/household enterprises” comprehend 77.8% of the employed population - about 39.2 million workers are in this sector.</p> <p>In the category of “unpaid family workers”, employed females are in charge of most unpaid jobs (65%). They are regarded as vulnerable group as they run the risk to get jobless and hardly receive any social security benefits.</p>	<p>GSO 2012</p>
<p>Labour market and gender</p>	<p>Recent Labor Market Performance in Vietnam through a Gender Lens, Pierre 2012</p>	<p>For all other age groups, men are more likely to belong to the formal sector. This result suggests that as women grow older, get married and have children, they may lose their job in the formal sector or choose to work in the informal sector that provides greater flexibility in working hours. This shows how traditional gender roles affect women’s labor market outcomes.</p> <p>The results from the LFS suggest that about 47 percent of workers working in the formal sector were informally employed (i.e. are not covered by social insurance) in 2009. Being informally employed in the formal sector concerns all age groups, and men and women alike.</p> <p>Specific data collection efforts are needed in order to understand several aspects of the labor market. The data that are available currently are insufficient to carry out analysis to understand better the labor market of some vulnerable groups such as migrant</p>	<p>Pierre 2012</p>

		workers. The analysis of the informal sector and informal employment would benefit from specific quantitative and qualitative data collection effort.	
Health insurance for informal sector workers	Health insurance in Viet Nam: The case of workers in the informal sector	Affordability is not the main cause for the coverage gap. There are two types of policies that could help increase workers' and employers' willingness to buy health insurance. Firstly, policies that extend health insurance coverage through business and employee registration, rather than at the level of the individual, should be considered. However, the cost of moving to the formalized business sector must be kept reasonably low. Secondly, policies that improve the satisfaction of those insured with their health insurance must be developed. Reducing the payment of additional fees when seeking health care and removing the barriers to using higher level health care services (starting at district hospitals) by insured workers of the informal sector will increase the benefits associated to health insurance and, therefore, the willingness of those who are presently uninsured to buy health insurance.	Castel et al. 2011
Health insurance for informal sector workers	Health Insurance in Viet Nam towards universal coverage: The case of the workers of the informal sector	It could be easier to expand coverage through business and employees registration than simply at individual levels: 64.4% of the workers covered by the study earn their income from a single activity: 31.1% are farmers, 17.8% are self-employed and, 15.5% are wage-employed. These persons are not casual workers and not particularly low-income earners.	Castel et al. 2011a

		<p>The analysis (by region) of participation in health insurance by those in the informal sector indicates that these individuals are more inclined to participate in those regions where the implementation of health insurance has been more client oriented. The result of such an approach is particularly perceptible in the South Central Coast region, where the coverage rate among those covered by the study is at its highest.</p>	
<p>Individual business data and situation</p>	<p>Results of a survey on non-farm individual business establishments 2010”, GSO, Hanoi 2011</p>	<p>“An individual business establishment is a privately-owned economic organization which is not registered and operational under the enterprise law, where a regular business operation takes place with a definite address and at least one full-time employee.” As of July 2010, there are more than 4.1 million individual business establishments. From 2007 to 2010 their number increased 10,8% (equivalent to 400 thousand establishments). In the same period the number of labourers in these units increased 17% from 6.5 to 7.6 million.</p>	<p>GSO 2011</p>
		<p>“By over 7.4 million laborer, the NFIDBE area not only create jobs, increase the income, eliminate the hunger and reduce the poverty directly to the owner of an establishment himself/herself but also indirectly to improve the life of the lowincome persons, the poor in both rural and urban. It is obviously that thanks to these NFIDBE they can easily and earlier and quicker access to the goods,</p>	

		services with the reasonable prices. In addition, this area can absorb the unskilled laborers who rejected from recruitment into the enterprises or the state offices.”	
General household characteristics	Result of the Vietnam Household Living Standards Survey 2010, GSO, Hanoi 2011	General household evidence, such as: The share of the population aged 15-19 who were economically active among the poorest households was higher than among the richest households: 12.7% vs. 3.2% in 2010. The difference results from the situation that poor were less likely to attend school, and often had to go to work to earn a living early in their life.	GSO 2011
Best practices for social protection of informal sector worker in Vietnam, Pakistan and Kyrgyzstan	What works? Best practices of social protection for informal workers GIZ 2011	A high number of workers exist in the formal sector who do not benefit from the compulsory scheme as required by law. The government schemes offer potential to scale up operations and reach a larger percentage of the population. Both in terms of coverage and potential enforceability, the national programme is best able to provide social protection to the informal sector. The premium sharing that the government is implementing for voluntary membership in the national health insurance scheme is particularly notable in removing disincentives for low-income individuals to participate and in reducing adverse selection.	GIZ 2011

<p>Economic performance of households in rural areas in Vietnam</p>	<p>Characteristics of the Vietnamese Rural Economy – Evidence from a 2010 Rural Household Survey in 12 Provinces in Vietnam</p>	<p>On average, 28% of all surveyed households are running a household enterprise (Definition: cp. Matrix II: Data Matrix) in 2010. In 2008 it was 20%.</p> <p>Only one in five enterprises has a business license and represents a formal enterprise. Among the poorest households, fewer enterprises have a license.</p> <p>Most enterprises are located at home and employ one worker in addition to the owner.</p> <p>Enterprises of male headed households are on average larger than those of female headed households and richer household employ more workers.</p> <p>Household enterprises in the richest expenditure quintile are larger (have more workers and require higher initial investment), are more likely to be formal, and are less likely to be located at home.</p> <p>Rural household enterprises in Vietnam are most often engaged in retail trade, selling staples and everyday necessities.</p> <p>Households sell approximately 40% of the crops they produce.</p>	<p>CIEM et al., 2011</p>
<p>Urban poverty</p>	<p>Participatory Monitoring of Urban Poverty in Vietnam – Fourth Round</p>	<p>The poverty situation of both the local and migrant urban poor worsened in 2011 in the face of numerous threats, in particular, high inflation.</p> <p>Most local and migrant poor have limited access to</p>	<p>Oxfam/ActionAid 2011</p>

	<p>Synthesis Report – 2011, Oxfam/ActionAid 2011</p>	<p>the social protection system as they often work in the informal sector, which is flexible yet unstable and involves high risks. There are various urban poor groups, each with its own typical disadvantages and vulnerabilities.</p> <p>In the long term, macro policies to support small enterprises, enhance corporate social responsibilities, and improve the formalisation of informal sector activities and so on will help the poor and migrants mitigate employment risks and gain better access to the social protection system.</p>	
<p>General overview regarding economic development, informal sector development and informal household businesses</p>	<p>The informal economy in Vietnam Study for the ILO Cling et al., 2010c</p>	<p><u>General development:</u></p> <ul style="list-style-type: none"> • Wage employment rate in Vietnam (in general) rose from 19% in 1998 to 33% in 2006. All population categories profited from this, but substantial differences in level subsist: wage employment is more prevalent among the most skilled manpower (86% among the highly skilled, barely one-quarter among the unskilled), among urban dwellers and among men (35% men, 25% women) • the share of agricultural jobs has been reduced from 67% to 49% from 1998 to 2006 • in the last decade population has been growing by 3.4% in urban areas compared to 0.4% in rural areas <p><u>Development in the last years during the financial and economic crisis:</u></p> <ul style="list-style-type: none"> • The unemployment rate has diminished (to less 	<p>http://www.tamdaocof.com/tamdao/wp-content/uploads/downloads/2010/08/DIAL-ILO-Study-Infomal-Vietnam-2010.pdf</p> <p>[unpublished results from LFS 2009 included]</p>

than 2%). Employment has decreased in public sector and agriculture. In all other institutional sectors it increased.

- Employment in the informal sector has grown since 2007. Informal sector is now estimated to amount 11.3 million jobs, an increase of 500,000 jobs since 2007. This represents a slight increase of its share in total employment from 23.5% to 23.7%

- The principle variable of adjustment during the slowdown has been the working hours: the average working time has been reduced by 1.6 hours a week between 2007 and 2009 (from 43.9 hours to 42.3 hours). At the same time the share of part time workers (working less than 35 hours a week) rose from 21% to 27% and the multi-activity rate (“second job”) increased sharply from 18% to 25%.

- Average income increased by 66% between 2007 and 2009 (from 968,000 VND to 1,609,000 VND). Informal sector income increased equal to the average of 1,000,000 million VND to 1,700,000 VND (which is the lowest of all institutional sectors except agriculture)

Evolution of household businesses (HBs) in Hanoi:

1,310 HBs were interviewed in Hanoi in November 2007 (among which were 992 informal HBs – 76%). Two years later in November 2009:

- 73% are still operating as HB in the same line of business

- 14.5% stopped business, 5% changed activity, 1.5% changed premises

Higher rate of closure regarding more precarious HBs (operating on the street). Highest rate of closure in services sector, lowest in manufacturing sector. The crisis did not provoke a massive closure of HBs (even the opposite).

Informal sector characteristics:

Regardless of the register considered (business, tax or social security registration), from 85% to 90% of IHBs are not aware of the regulations.

Three specific IHB-groups exist:

“Survivor” IHBs, the most precarious and insecure:

- Prevalence is high (39% of the total)
- heads have a very low level of education and most of them operate in services sector, outdoors without access to water and electricity
- most of them could not find a job elsewhere

“Resourceful” IHBs:

- Highest prevalence (51% of total)
- “better off” household businesses: majority operates at home and has access to basic public services. Around half of their heads went to secondary school. Sector breakdown is more balanced between trade and services (the bulk of the

		<p>total) and manufacturing (significant share).</p> <ul style="list-style-type: none"> • IHBs were created for reasons not related to labour market constraints (e.g. earning higher incomes). <p>“Professional” IHBs:</p> <ul style="list-style-type: none"> • Small prevalence (10%) • “high-end” group: usually better educated heads, with larger businesses and professional premises (focused rather on manufacturing). This group includes a majority of male-headed HBs. • Almost half of their heads set up the business to be their own boss 	
<p>Financial as well as fiscal calculations and estimations regarding social protection</p>	<p>Fiscal space for social protection policies in Viet Nam Paulette Castel, 2010</p>	<p><u><i>Informal sector and informal employment characteristics (VHLSS 2006):</i></u></p> <ul style="list-style-type: none"> • 41,893,513 persons have been employed in formal and informal sectors, of which 19,356,539 worked as farmers and self-employed, 9,753,103 in enterprise sector and 7,707,555 worked as not registered small business employees • 10,587,569 were pensioners, inactive and unemployed • About 3.0 million (2,984,041) out of 9.7 million wage employed in the enterprise sector (30,6%) have not been registered with social security • Construction sector had about 2.6 million workers of whom 87.9% were informal 	<p>Castel 2010 (according to VHLSS 2006)</p>

<p>Health insurance, voluntary pension system</p>	<p>Vietnam – Informality and Social and Health Insurance Issues Paulette Castel, Gian Thanh Cong, 2010</p>	<ul style="list-style-type: none"> • Workers in the informal sector perceive that health insurance won't significantly help them reduce their family's health care spending • Hypothetically, 34,5% of workers in the informal sector (respondents of survey) would be ready to participate in an actuarial pension system • Predictions show that in the voluntary pension system the unattractive cost-benefit relation for the persons who can just contribute for a short period leads to a much lower participation of older people 	<p>Castel/Gian Thanh Cong 2010 (according to studies of MoLISA)</p>
<p>General labour market information and impacts of the global economic downturn to the labour market in Vietnam</p>	<p>Report on Labour Force Survey Viet Nam 1/9/2009, Hanoi 2010</p>	<p><u>General labour market facts and data (as of 1/9/2009):</u></p> <ul style="list-style-type: none"> • 57.2% of Vietnamese population participate in labour market • The employed account for 97.4%, the unemployed for 2.6% (1.3 million) • The labour force participation rate of population aged 15 and over is 76.5% (in total) but the male's rate is significantly higher (81.0% against 72.3%) as well as the rate in rural areas (79.1% against 70.6% for urban areas) • The sex differential of the labour force participation rate is 0.9% in Northern Midlands and Uplands, 4.2% in Red River Delta, 5.1% in North Central and South Central Coast, 7% in Central Highlands, 15.6% in Southeast, 16.8% in Mekong River Delta, 5.9% in Hanoi City and 16.6% in 	<p>Ministry of Planning and Investment, General Statistics Office http://www.gso.gov.vn/default_en.aspx?tabid=515&idmid=5&ItemID=10655</p>

HCMC

- In the whole country 17.6% (32.5% in urban areas, 11.7 % in rural areas) of economically active population aged 15 and over undergone and completed a vocational/professional training (male 20.7%, female 14.3%). The percentage of economically active population who graduated university or above is 5.2% (13.4% in urban areas, 2% in rural areas and in total 5.8% male, 4.6% female)
- Employment to population ratio (cp. Definitions) is in Vietnam at 74.5% (male 79.0%, female 70.4% and 67.6% in urban areas, 77.6% in rural areas)
- 87.1% of employed population (aged 15 and over) works in non-state sector, 10% in state sector and 2.9% in foreign investment sector. 78.6% of employed population work in individual employment, 8% in private sector employment and 0.5% in collective employment (altogether they form the above mentioned non-state sector)
- From 1/7/1999 to 1/9/2009 employed population (aged 15 and over) in agriculture, forestry and fishing sector declined from 64.1% to 47.6%. In the same time it increased in services sector from 23.5% to 30.6% and in industry and construction sector from 12.4% to 21.8%.
- In total the proportion of females in employed population is 48.6%. Categories with a larger

Employment status, sex ratio and age groups

proportion of employed females were “Private Households with employed persons” (87.8%), “Education and training” (68.8%) and “Hotels and restaurants” (68.2%)

Employment status, sex ratio and age groups (as of 1/9/2009):

- The largest proportion of the employed population (aged 15 and over) is “Own-account worker” (44.7%), followed by “Wage worker” (33.4%), “Unpaid family worker” (16.8%) and “Employer” (4.8%)
- From 1/8/2007 to 1/9/2009 the proportion of own-account workers decreased from 53.5% to 44.7%, whereas the proportion of unpaid family workers, wage workers and employers increased (from 12.9% to 16.8%, from 30.0% to 33.4% and from 3.2% to 4.8%, respectively)
- The proportion of female workers in the employed population (aged 15 and over) is 64% of unpaid family workers, 51% of own-account workers, 40% of wage workers and 32.6% of employers
- Most apprentices and unpaid family workers are under 30 years old (95.4% and 51.6%, respectively)

Composition of employed population by occupation and sex (as of 1/9/2009):

- In total, nearly 40% (39.4%) of employed population are in “Unskilled occupations” (but ten years ago it was 69.4%). From all occupations the

Employed population by occupation and sex

<p>Income of wage workers</p>	<p>share of unskilled occupations is the biggest – 36.2% of all employed men and 42.9% of all employed women work in unskilled occupations. The share of females in employed population in total and working in unskilled occupations is 52.8%.</p> <p><u>Income of wage workers (paper presents income data only for this group):</u></p> <ul style="list-style-type: none"> • Average monthly income in the last month (prior the survey) for wage workers aged 15 and over was 2,106,100 VND (male 2,247,400, female 1,893,500). For wage workers without any qualification the average was 1,619,500 VND (male 1,739,900, female 1,435,400) • From point of view of wage workers aged 15 and over and industrial sectors private households with employed persons had the lowest average income (1,285,200 VND), followed by agriculture, forestry and fishing (1,410,600). • From point of view of occupation wage workers (aged 15 and over) in unskilled occupations had an average monthly income of about 1,380,500 VND. “Mid-level professionals” and “Plant and machine operators and assemblers” had more than 2,300,000 VND. “Leaders and managers” and “High-level professionals” reached more than 3,300,000 VND. 	
<p>Hours worked and underemployment rate</p>	<p><u>Hours worked of employed population (aged 15 and over):</u></p> <ul style="list-style-type: none"> • The average number of hours worked was 47.0 	

<p>Unemployment by sex, age groups and qualification</p>	<p>hours per week (male 47.8, female 46.2, urban in total 48.7, rural in total 46.4)</p> <ul style="list-style-type: none"> • The underemployment rate (see Definitions) was 5.2% in total (male 5.6%, female 4.8%, urban in total 3.1% rural in total 6.0%). <p><u>Unemployed population (see Definitions) as of 1/9/2009:</u></p> <ul style="list-style-type: none"> • Vietnam has about 1.3 million unemployed persons (49.8 males, 50.2% females). The young unemployed population aged from 15 to 29 constituted nearly two thirds of unemployed population (64.9%) • From 2007 to 2009 the proportion of the unemployed population who did not attend any training courses (“No technical qualification” and “Technical worker without certificate”) increased by nearly 4.8% (from 70.0% to 74.8%), whereas that of others declined • Among those unemployed persons who attended training, the largest share (7.7%) belongs to the group which “completed secondary vocational school”. 	
<p>Economically inactive population</p>	<p><u>Economically inactive population (as of 1/9/2009):</u></p> <ul style="list-style-type: none"> • There are about 15.1 million economically inactive persons aged 15 and over (17.5% of total population). Females accounted for 60.7% of economically inactive population. 	

		<ul style="list-style-type: none"> • Reasons for economic inactivity: “in school/student” (33.8%), “Household/family duties” (14.1%), “don’t want to work” (12.5), “Disabled” (9.2%) and “Other” (30.4%) • 88.7% of economically inactive people are those who had no (not any) technical qualification and 2.1% are technical workers without certificate – altogether these two groups pose more than 90% of the economically inactive population in Vietnam 	
Informal sector and informal household businesses (IHBs) in Vietnam: - macroeconomic relevance - institutional sector - education - income	The Informal Sector in Vietnam, A focus on Hanoi and Ho Chi Minh City	<p>The 12.4 million informal HBs in Vietnam generate 23% of jobs and 25% of working hours and labour income (distributed at national level).</p> <p>According to estimations the informal sector contributes to 20% of GDP.</p> <p>The informal sector is present in nearly every industrial sector, but it is “manufacturing” and “construction” that forms the largest part of informal industry (together 42.8%), followed by “trade” (30,9%) and “services” (26,3%).</p> <p>The informal sector labour force shares many common characteristics with other workers but they have a relatively low level of education (only 15.7% have completed at least upper secondary school). Only farmers have a lower level of education. More than 90% of informal sector workers do not have any vocational training or school certificate.</p> <p>Average income is low: around 1.1 million VND/month (1,097 000 Dong/month) but much</p>	Cling <i>et al.</i> , 2010 [please note: findings are based on data from LFS 2007]

<p>- working hours</p>		<p>higher than in agriculture (652,000 Dong/month).</p>	
<p>- social security</p>		<p>Number of working hours per week (47.3) is higher than the national average of 43.8 hours.</p>	
<p>- wage workers</p>		<p>None of the informal sector workers benefit from social security, whereas coverage in other sectors is quite high, e.g. public sector 87.4%, foreign enterprises 82.8%, domestic enterprises 42.8%.</p>	
<p>Characteristics</p>		<p>At only 23.9% the share of wage workers in the informal sector is very low, compared to the public sector (98.7%), foreign enterprises (99.4%), domestic enterprises (92.4%) and formal household businesses (34.4%). The rate is only lower in agriculture (7.2%).</p>	
<p>- share in provinces</p>		<p>At national level, the vast majority of IHBs consist of just one own-account worker, working at home or outdoors in the street.</p> <p>Informal sector and HB sector in general is made of “micro-micro enterprises”.</p>	
<p>- urban/rural</p>		<p>The share of the informal sector varies substantially among provinces (from 3% in Dien Bien province to 44% in Bac Ninh province – acknowledging main jobs);</p>	
<p>- urban/rural</p>		<p>The informal sector is larger in more developed provinces.</p> <p>The informal sector is not mainly an urban phenomenon as informal sector workers are more often found in rural and suburban areas (67%, cp.</p>	

- age
- gender in
informal sector

Cling *et al.*, 2010, p. 75, 76: problem of administrative definition of rural areas)

But the informal sector observed from the perspective of households and their engagement in agriculture and/or in the informal sector appears to be an urban phenomenon: in urban areas nearly 72% of households are solely informal, around 9% carry out both activities and around 19% are exclusively doing farming. In rural areas around 63% of households are exclusively working in agriculture and only 18% solely in the informal sector, whereas around 19% take part in both activities.

Older and younger age groups are overrepresented

The proportion of women in the informal sector is nearly 50%, slightly under the national average, but in vulnerable employment they are over-represented: only 24.5% of women are wage-workers (men: 35.4%).

Women's incomes are systematically lower than men's across all institutional sectors (men get one-third more than women on average). The difference in working hours per week on average is small (42.9 for women, 44.8 for men in the main job).

In the non-farm household business sector (formal and informal), females are nearly twice as likely to be unpaid family workers than men.

Inequality is stronger among women. It is at its highest in agriculture (Gini=0.53), formal HB

<p>- multi-activity</p> <p>- socio-demographic characteristics</p> <p>- unpaid workers</p> <p>- working poverty rate</p> <p>- labour income compared to minimum wage</p> <p>- vulnerable employment rate</p> <p>- visible underemployment rate</p> <p>- invisible underemployment rate</p>	<p>(Gini=0.47) and the informal sector (Gini=0.40) and its lowest in foreign enterprises (Gini=0.27) and the public sector (Gini=0.28).</p> <p>The national rate of multi-activity is 18.2% accounting for 8.425 million additional jobs. Secondary jobs are mainly agricultural jobs (76.4 %), followed by informal sector jobs (18.4%).</p> <p>All in all (main and secondary jobs) 12.413 million jobs out of 52.636 million jobs are held in the informal sector.</p> <p>The informal sector does not concentrate the marginal or secondary household labour force; it does not constitute a <i>fall-back</i> for migrants or ethnic minority groups.</p> <p>19.6% in agriculture, 14.2% in formal HB and 8.2% in the informal sector are unpaid workers</p> <p>Proportion of working poor in total employment: 25.6% in agriculture, 6.1% in the informal sector, under 3% in all the other institutional sectors.</p> <p>In agriculture 59.4% receive less than the minimum wage, in the informal sector it is 17.2% and in formal HB 13.9%.</p> <p>Vulnerable employment (worker as an own-account or family worker) comprises 92.2% in agriculture, 72% in informal sector, 41.1% in formal HB and 2.3% in domestic enterprise sector</p> <p>Share of people working less than 35 hours a week</p>	
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<p>-characteristics of IHBs</p>	<p>(and seeking more hours) is 7.6% in agriculture, 3.6% in the informal sector and less than 1.5% in all other sectors.</p>	
<p>-precariousness of working conditions in IHBs</p>	<p>Share of people working in very low productivity jobs is 19.6% in agriculture, 14.8% in formal HB, 10.8% in foreign enterprise, 8.2% in the informal sector, 4.9% in the public sector and 2.4% in domestic enterprises.</p> <p>No IHBs are registered with VSS and none have a tax code. FHBs usually have a tax code (76%) in addition to holding a business license. But only 3% are registered with VSS. None of the IHBs keep written accounts and many do not keep any books, even informally (only 9% do so).</p>	
<p>-precariousness of informal employment compared to formal employment</p>	<p>The informal sector and HB sector in general is made of “micro-micro enterprises”: average size of IHBs is estimated between 1.7 and 1.5 persons, FHB between 2.5 and 2.0 persons per HB, while the wage rate is only 10 percentage points higher. 4.4% of IHBs have five or more workers and 0.2% more than 20. Nearly 11% of FHBs have five or more workers.</p> <p>65% of IHBs heads and 35% of FHBs heads are self-employed.</p> <p>At national level only around 2% of IHBs operate on fixed business premises. More than half work at home (personal or clients home), more than 40% work outdoors (fixed or mobile)</p>	

<p>- Informal employment and gender</p>	<p>According to estimations 78.3% of IHBs potentially operate “illegally” “riskier, more precarious jobs do not provide better incomes, as all disadvantages are cumulative.”</p> <p>More than 95% of formally employed benefit from different kinds of non-wage advantages (written contract, pay slip and public holidays.¹⁰ On the other side less than 5% of informally employed get these kinds of benefits.</p> <p>Only around 7% of informal workers work on fixed premises, in the formal sector it is more than three out of four workers.</p> <p>Monthly earnings represent just 38% of the earnings in formal jobs, but working hours per week are only slightly shorter (around 43 hours for informal workers, 48 hours for formal workers).</p>	
<p>- Informal employment and education - Informal employment and age</p>	<p>More than 80% of formal wage workers get a fixed wage (on a monthly basis), but only 24% of informal wage workers have a fixed wage. Half of them are paid on a daily or hourly basis.</p> <p>The informal employment rate is almost the same for males and females – 81.2% vs. 82%. But mixed picture:</p> <p>In many institutional sectors women have a</p>	

¹⁰ This applies if unprotected jobs worked by own-account workers and employers in FHBs are excluded from the formally employed, cp. Cling et al. 2010, 100.

- Informal employment: urban and rural

significantly lower probability of being in informal employment than men, cp. Cling *et al.*, 2010, 101.

When entering the labour market, women are less often informally employed than men (82.0% vs. 88.9% in the age group of 15-24 years). This reverts when they get older (80.8% vs. 78.5% in the age group of 25-59 years and 96.6% vs. 92.2% for the people aged 60 and older).

Gender differentiation might be found less in the number of jobs than in their quality: From the point of view of relative risk ratio women less often have written contracts, pay slips, public holidays and a job in fixed premises than men. Women earn 30% less than men, although they work nearly the same number of hours (-5%). But from the perspective of wage workers women enjoy better labour conditions than males in informal employment, cp. Cling *et al.*, 2010, 103.

Informal employment decreases steadily with education: from 96.5% for those who have not been beyond primary school to 13.7% for those who have attended university.

Informal employment is high at young ages (around 85% in the age group of 15-24 years), decreasing in middle age bracket (79.6% in age group from 25 to 59 years), and ultimately rising to very high levels for older workers (over 94% at 60 years old and older).

		Informal employment rate is 32 points higher in rural areas than urban areas (89.6% vs. 57.3%).	
<p>Informal sector and informal household businesses (IHBs) in Hanoi and Ho Chi Minh City (HSMC):</p> <p>- relevance</p> <p>- prevalence</p> <p>- structure</p> <p>- sector analysis</p>	<p>The Informal Sector in Vietnam, A focus on Hanoi and Ho Chi Minh City</p>	<p>The informal sector is the number one employer in Hanoi and HCMC: 1,582,000 jobs exist in Hanoi and 3,175,000 jobs in HCMC (Aug. 2007).</p> <p>The total number of IHBs is approximately 300,000 in Hanoi and 750,000 in HCMC (farming activities excluded). Total employment in these HBs amounts to 473,000 in Hanoi and 1,044,000 in HCMC.</p> <p>IS in Hanoi: 30% of total employment and 52% of private non-farm jobs</p> <p>IS in HCMC: 33% of total employment and 43% of private non-farm jobs</p> <p>In HB sector in general (including peasant farming and non-farm FHBs) over half of all jobs are generated (52% in Hanoi and 54% in HCMC). 80% of HBs in Hanoi and 75% of HBs in HCMC are informal.</p> <p>In Hanoi and HCMC IHBs are concentrated in the service and trade sector: IHBs in service sector (mainly hotels, accommodation, small restaurants, repair services and transport) encompass about 45% of IHBs in Hanoi and HCMC. This sector aggregates around 40% of jobs in IHBs in Hanoi and 42% of jobs in IHBs in HCMC.</p>	<p>Cling <i>et al.</i>, 2010</p> <p>See also: Le Van Duy <i>et al.</i>, 2010</p> <p>[please note: • findings are based on data from HB&IS Survey, which was grafted on LFS 2007 and carried out in Hanoi in December 2007 and HCMC in January 2008 • The HB&IS survey was conducted before the government decided to expand Hanoi. “Greater Hanoi” with around 6.5 million inhabitants is now</p>

<p>- business operating conditions</p>	<p>IHBs in trade sector compose about 37% of IHBs in Hanoi and 32% in HCMC and about one third of informal sector jobs in both cities (retail trade activities are typical).</p> <p>IHBs in manufacturing and construction: around 20% of IHBs in Hanoi and HCMC generate approximately 30% of informal sector jobs in both cities. In this sector differences between the two cities exist: The main informal industrial activity in Hanoi is “food processing”, in HCMC “textiles, leather and shoes”.</p> <p>(but in Vietnam as a whole “manufacturing and construction” is the leading informal industry, followed by trade and services).</p> <p>Most IHBs work from home (Hanoi 44.1%, HCMC 50.9%) or have no premises so that they have to work on roads or markets (Hanoi 39.9%, HCMC 37.2%). Only 16% of IHBs in Hanoi and 12% of IHBs in HCMC have premises.</p>	<p>almost equal to HCMC with 7.1 million inhabitants – according to the 2009 Population Census]</p>
<p>- business environment</p>	<p>FHBs draw another picture: around 60% have professional premises, much less work at home (Hanoi 35.5%, HCMC 36.3%) and only a few have no premises so that they have to work on roads or markets (Hanoi 5.8%, HCMC 2.9%).</p> <p>Mainly in trade and services sectors IHBs work without premises.</p> <p>Less than half of the IHBs with proper premises own them (42% in HCMC, 30% in Hanoi). Most</p>	

<p>- motivation</p>		<p>IHBs have to rent those (65% in Hanoi, 52% in HCMC).</p>	
<p>- production unit demographics</p>		<p>Among IHBs with fixed premises access to main public services is low: Only 32.1% in Hanoi and 43.3% in HCMC have access to water and only half of these IHBs have access to a telephone (Hanoi 48.2%, HCMC 50.3%). Around 60% of these IHBs have access to electricity (Hanoi 59.9%, HCMC 63,7%).</p>	
<p>- employment, income and labour conditions</p>		<p>FHBs have much better access to water (Hanoi 60.5%, HCMC 62.9%), electricity (Hanoi 96.1%, HCMC 93.9%) and telephone (Hanoi 90.4%, HCMC 84.6%).</p>	
<p>- employment, income and labour conditions</p>		<p>IHBs usually stand alone, are not organized and the entrepreneurial dynamic is limited:</p> <ul style="list-style-type: none"> • In most cases the informal production units have been set up by the person currently running them (Hanoi 91%, HCMC 95%) • In less than 1% the business was created outside of the family circle and was then transferred • Only less than 1% have more than one establishment • Only 1% of IHBs belong to an association of producers or traders 	
<p>- problems of IHBs</p>		<p>Starting business in the informal sector is generally seen as a positive move (e.g. in HCMC nearly 50% of IHB heads see the informal sector as one of the</p>	

<p>- needs of IHBs</p>	<p>best ways of entering labour market). Main reason for setting up an HB is the lack of wage-earning work (more than 40% of IHBs in Hanoi and nearly 30% of IHBs in HCMC). The informal sector also promises a better income (Hanoi nearly 29% of IHBs, HCMC around 15% of IHBs) and independence (Hanoi around 14%, HCMC around 34%). Family tradition plays a very small role as decisive factor, but in the manufacturing industry it is remarkable 9% of cases in Hanoi and up to 17.6% in HCMC.</p> <p>The average age of an IHB is eight years in Hanoi and nine years in HCMC. Only 3% in Hanoi and 8% in HCMC were created before 1986 when the process called <i>Doi Moi</i> started).</p>	
<p>- problems and needs of FHBs</p>	<p>In 2006 and 2007 most start-ups of IHBs were in the services and trade sector (89% of start-ups in Hanoi, 82% of start-ups in HCMC). During this time only 11% of IHBs in Hanoi were start-ups in the manufacturing sector (18% in HCMC).</p>	
<p>- problems with manpower</p>	<p>The total number of informal household businesses increased remarkably, but the proportion of units without premises declined. From period 1996-2000 to period 2006-2007, the total number of IHBs more than doubled and reached 321,170 in Hanoi and 749,358 in HCMC. Comparing these two periods, the percentage of IHBs without premises declined from nearly 50% to under 35% in Hanoi and from</p>	

<p>- IHBs potential use/spending of a loan</p> <p>- IHBs application for a loan</p> <p>- IHBs potential response to a fall in demand</p>	<p>around 45% to around 30% in HCMC.</p> <p>84% of informal trade workers in Hanoi and 81% in HCMC learned their skills exclusively on the job</p> <p>More than two-thirds of IHBs in Hanoi and more than half of IHBs in HCMC reported that they have problems running their business. Main mentioned problems are (rates in % from all IHBs in Hanoi and HCMC):</p> <ul style="list-style-type: none"> • competition (“Sale of production – too much competition”) which reported 52.4% of IHBs in Hanoi and 20.3% of IHBs in HCMC • “Sale of production - lack of customers” - Hanoi 31.4%, HCMC 17.0%) • “Lack of space, unsuitable premises” – Hanoi 19.1%, HCMC 15.5% • “Supply of raw materials” – Hanoi 13.9%, HCMC 6.9% • Financial (access to loan) – Hanoi 6.9%, HCMC 12.7% • Financial (high interest rate for a loan) – Hanoi 7%, HCMC 5.5% • Other problems (less than 6%): Transportation, lack of machinery and equipment and access to land. Also problems with the government (too many regulations or too many taxes and corruption) only a few IHB heads complain. <p>Only 33% of IHBs in Hanoi (and around 27% of</p>	
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- Future prospects

IHBs in HCMC) call for assistance. The greatest needs are:

- Access to large orders (Hanoi around 22%, HCMC around 7%)
- Access to market information (Hanoi around 13%, HCMC around 3%)
- Access to loans (Hanoi 8%, HCMC around 13%)
- Further needs (access to modern machinery, supply assistance, technical training).

Over half of informal unit heads in Hanoi and more than two-thirds in HCMC do not wish to receive any assistance.

A comparison with FHBs shows similar problems, similar ranking and similar needs for assistance. Interestingly the share of FHBs reporting problems is remarkable higher. The largest and highest performances HBs (especially FHBs) report most problems and more often express the need for assistance; cp. Cling et al., 2010, p. 211, 211, 215

Around 10% of IHBs in Hanoi and HCMC employ wage earners. Main problems reported were: Lack skilled manpower, instability of employees, high level of salaries and discipline, cp. Cling et al., 2010, p. 214

Around half of IHBs in Hanoi and HCMC would use a loan to develop their level of business. They would rather use it for “intensive” growth and not

for investment into another HB (in the same or in another sector). Around one-third in both cities would use it for non-productive purposes (expenditure outside of the establishment). Use of a loan for intensive growth:

- Increase stock of raw materials (Hanoi 18.3%, HCMC 11%)
- Improve premises (Hanoi 14.1%, HCMC 18.7%)
- Improve equipment (Hanoi 12.5%, HCMC 14%)
- Hire worker (Hanoi 1.4%, HCMC 0.7%)

There is little demand for bank loans (Hanoi less than 8% had applied for a loan, in HCMC 5,5%)

1.5% of IHBs said they had received loans from microfinance-institutions

In case of a fall in demand IHBs heads would reduce their margins (Hanoi 44.9%, HCMC 39.3%), diversify activities (Hanoi 13.5%, HCMC 7.9%) or look for another job (Hanoi 22.6%, HCMC 26.5%)

In short term only 42% of IHBs heads in Hanoi and 31% in HCMC think that their HB has a future (but in manufacturing sector it is much higher: 64% in Hanoi and 42.6% in HCMC. In services sector it is much lower).

Less than 20% of IHB heads feel there is a future for their children in this sector (but in manufacturing sector 33.5% in Hanoi and 23.5% in HCMC. In services sector it is again much lower).

<p>Household business multiple component and clustering analysis regarding main characteristics of Household Businesses (HBs)</p>	<p>The Informal Sector in Vietnam, A focus on Hanoi and Ho Chi Minh City [see above]</p>	<p>In the formal sector it is 37%.</p> <p>Three categories/cluster of HBs: “Survivor” HBs which have the most insecure and precarious activities:</p> <ul style="list-style-type: none"> • Prevalence is nearly one third of HBs (30%). Most are self employed (86%) which means HBs of one person (97% informal and not on a tax register) • 88% operate outdoors (40% squat) and do not have access to electricity or water, neither do they have a fixed or mobile phone • Mainly service activities (60%) for households as main customers (93%). Average monthly value-added is 2.8 million VND. • 80% learned alone and on the job: No specific training, no apprenticeship • Level of education does not exceed lower secondary school (70%) • Around half could not find any other job (as a wage worker) <p>“Resourceful” HBs:</p> <ul style="list-style-type: none"> • Prevalence is more than half of the sample (54%). • The majority operates at home (70%), is small sized (64% are run by only one person, and 34% by two people) and has access to public services. • The majority of the HBs in this group are informal, 30% are formal and 42% keep personal accounts. Almost none of them employ wage 	<p>Cling <i>et al.</i>, 2010, 118-120 [see above]</p>
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workers (less than 3%).

- 41% work in trade and 21% in manufacturing activities. Average monthly value-added is 4 million VND.
- Majority of the HBs have female heads (60%)
- Half of HBs heads have secondary school education, 10% university education. Many learnt their occupation from their experience in other production units (HBs or enterprise)
- Majority of HBs set up by family tradition (60%) or for a specific reason not related to labour market constraints, 60% motivated by higher incomes

“Professional” HBs:

- Prevalence is small (16% of the sample)
- Larger businesses: 80% are run by at least three people, 28% by more than five people. 92% employ wage workers.
- More than the half have specific professional premises, no problems exist with access to public services
- 55% are formal, 51% are on a tax register and 71% keep accounts
- Majority of the HBs have male heads (60%). Almost half of the HBs set up the business to be independent (their own boss)
- More inclined in manufacturing activities. The main market is not exclusively household

		<p>consumption as 20% of these HBs products are bought mainly by other HBs, and 5% focused on supplying inputs for formal enterprise. Average monthly value-added is over 13 million VND</p> <ul style="list-style-type: none"> • Similar level of education as “Resourceful” HBs (see above) but 13% have vocational training and 20% have experience in another enterprise or HB. 	
<p>Household business multiple component and clustering analysis regarding problems encountered and demand for assistance</p>	<p>The Informal Sector in Vietnam, A focus on Hanoi and Ho Chi Minh City [see above]</p>	<p>General result: those more inclined to complain HBs are the less unsecure (formal or larger HBs). The most unsecure (informal, self-employed with almost no capital) do not call for complaint. They do not have the same ambitions as formal or bigger HBs and they tend to consider their condition is normal - “phenomenon of attrition (of aspirations)”. According to this, the former (HBs that complain of problems) demand for assistance and the latter do not ask for specific support.</p> <p>Four categories/cluster of HBs:</p> <p>“Ambitious” HBs:</p> <ul style="list-style-type: none"> • Prevalence is small: 5% of IHBs (representing 6% of the HB population). Nearly half of them carry out manufacturing activities. They have a certain level of development as 37% are among the quartile of the most capital-intensive HBs and 17% employ more than 5 people. Furthermore they plan to extend their business. 57% of HBs in this category think their activity has a future, 40% would like their children to take over the business (only 25% for the 	<p>Cling <i>et al.</i>, 2010, 221-224 [see above]</p>

entire population)

- Average monthly value-added is 11 million VND
- High level of ambition: all of them complain of a lack of equipment, 44% reported the need for assistance with access to modern machinery and more than one third (34%) called for technical training or training in organization. More than 50% raised problems of space or premises, almost 40% reported problems with access to credit and 36% required assistance to get a loan.
- A systematically higher number of this group – compared with the population as a whole – complains about competition (63%), about the lack of customers (50%), about supply (34%) and access to basic services (27%). According to this about half of this group reported a need for market information and one quarter called for supply assistance.

“Optimistic” HBs:

- 11% of the entire HBs population (8% of IHBs) with similar characteristics as the “ambitious” group but lower level of complaints and needs. More than half of them carry out trade activities. They have a relatively small size as almost the half of HBs in this category is run by only two to four people.
- Average monthly value-added is 8 million VND
- They report the need to improve the business environment: 64% complain about regulatory problems (tax administration, customs and trade

regulation, and corruption), almost half of them note problems with access to services (but no problems with equipment).

- Fairly positive future outlook but they mention a lot of problems and needs for assistance (85% mentioned the keenness of competition).

“Pragmatic” HBs:

- Large number: 46% of IHBs (and 46% of the entire population) with the tendency to accept the working environment and to accommodate to it. Trade activities are predominant in this group (40%) and their business is dedicated mainly to satisfy household’s consumption (89%)
- Average monthly value-added is 5 million VND
- Focused on the problem of competition (67%) and lack of customers (42%), not mentioning problems regarding regulation, access to services or equipment.
- Only limited demand for market information (27% of HBs)

“Fatalistic” HBs:

- Big group: 41% of IHBs which have no institutional connection, which do not expect any change and which see no reason to complain about any problems – less than 5% call for assistance
- Average monthly value-added is 4 million VND
- High precariousness: 80% are informal and 70%

		<p>are made up of self-employment; one half operates at home, 32% have no access to electricity</p> <ul style="list-style-type: none"> • Almost the entire group has no intention to increase the size of their business; 88% did not invest in 2007 and 92% never asked for a loan • 40% consider that they do not operate in a competitive environment; most of them (67%) declare that they are not prepared to pay tax or to register their business (51%) 	
<p>Informal sector in Hanoi and HCMC</p>	<p>Shedding light on a huge blackhole: the informal sector in Hanoi and Ho Chi Minh City Le Van Duy et al., 2010</p>	<ul style="list-style-type: none"> • The informal sector involves one third of the two cities' labour force, their average age ranges between 39 and 40 and their educational level is low • The average informal production unit is rather small (1.5 people) and 70% of these businesses employ only one person • 37-40% of the informal households carry out their activities in mobile stations and have no access to basic public services such as water, electricity or telephone • Income is much lower than in the formal sector (equal to only 2/3 of the formal sector) and very unequally distributed • The informal sector makes up 12% of the added value of these cities' economies. 75% of its products serve the informal households themselves • Informal households have pessimistic belief about the future 	<p>Le Van Duy et al., 2010 [findings are based on data from HB&IS Survey, which was grafted on LFS 2007 and carried out in Hanoi in December 2007 and HCMC in January 2008]</p>

<p>Labour market and economic crisis (general paper)</p>	<p>How deep was the impact of the economic crisis in Vietnam? A focus on the informal sector in Hanoi and Ho Chi Minh City Cling <i>et al.</i>, 2010b</p>	<p>Important growth of informal sector between 2007 and 2009 Striking difference between Hanoi and HCMC: informal household businesses in the south are the most affected on the whole, especially in terms of income</p>	<p>http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2011/05/09/000386194_20110509034403/Rendered/PDF/616760WPOP10761010ENG0Final0version.pdf</p>
<p>Labour market and economic crisis (general paper)</p>	<p>Assessing the Potential Impact of the Global Crisis on the Labour Market and the Informal Sector in Vietnam Cling <i>et al.</i>, 2010a</p>	<p>Impact of the crisis on unemployment was overestimated: most new entrants on the labour market not finding jobs in the formal sector or laid-off workers will not become unemployed as they end up working in the informal sector. Inflation in the informal sector and informal jobs, contraction in income and labour conditions</p>	<p>http://depcenwp.org/upload/pubs/VEAM/08-Impact%20of%20the%20Global%20Crisis%20on%20labour%20market%20and%20%20informal%20sector_DEPOCENWP.pdf</p>
<p>Labour market and economic crisis (general paper)</p>	<p>Vietnam labour market and informal economy in a time of crisis and recovery 2007-2009, Main findings of the Labour Force Surveys (LFS) Nguyen <i>et al.</i>, 2010</p>	<p>Informal sector jobs and informal employment remain a massive component of the labour force in Vietnam (24% and 80% respectively) While the main structures of the labour market remained unaffected overall, the principal variable of adjustment during the slowdown has been the working hours and the multi-activity. [for detailed data see above, Cling <i>et al.</i>, 2010c]</p>	<p>http://www-wds.worldbank.org/servlet/main?print=Y&menuPK=64187510&pagePK=64193027&piPK=64187937&theSitePK=523679&entityID=000386194_20110509032522</p>
<p>Labour market and economic</p>	<p>Dynamics of the informal sector in</p>	<p>The economic crisis in 2008-2009 has induced a phenomenon of informalization which has affected</p>	<p>http://www-wds.worldbank.org/e</p>

crisis (general paper)	Hanoi and Ho Chi Minh City 2007-2009, Main findings of the Household business & Informal sector survey (HB&IS) Nguyen et al., 2010a;	Hanoi and HCMC and almost all industries.	xternal/default/main?pagePK=64193027&piPK=64187937&theSitePK=523679&menuPK=64187510&searchMenuPK=64187511&entityID=000386194_20110509030900&cid=3001_180
Micro-finance	Informal micro-finance: institutional framework to stimulate development in rural areas Nguyen Fan Huan, 2010	<ul style="list-style-type: none"> • Informal sector created over 30% of jobs in rural areas (according to a 2008 survey conducted by the Vietnamese Institute of Economics in the Southern Economic Zone) • Informal micro-finance is playing an important role in enhancing the informal sector and in creating jobs for the poor in rural areas • Non-governmental voluntary mechanisms based on social bonds have an important impact on the development of micro-finance 	The Informal Sector and Informal Employment – Statistical Measurement, Economic Implications and Public Policies, International Conference, Program Book, Hanoi: VASS, IRD, GSO, MoLISA.
Relationship between formal and informal enterprises from the perspective of	The integration of the informal sector into the formal sector: sub-contracting in craft villages in the Red river delta	<ul style="list-style-type: none"> • There are approximately 1000 craft villages in the Red River Delta, which occupy more than 1 million workers in full or part time employment • Some 80% of businesses are family-owned and unregistered • The unregistered businesses are very flexible in 	The Informal Sector and Informal Employment – Statistical Measurement,

<p>sub-contracting and clustering</p>	<p>Fanchette S. / Nguyen Xuan Hoan, 2010</p>	<p>the use of labour (hiring of labour or unpaid family workers, outsourcing and sub-contracting). They transfer know-how within the family. They do not pay taxes on revenues and are not subject to regulation by the province or district</p> <ul style="list-style-type: none"> • Formal and informal businesses are connected by sub-contracting • Four types of unregistered businesses exist: Units that employ labour, subcontract and execute orders from major registered exporting companies; businesses that employ labour and have their own national customers; small family workshops (without labour) which set up their workshop at home and perform on behalf of the two previous types (rather manual production process); and small mechanized workshops that perform only a part of the production process (for which they have a machine) for the first two types of unregistered enterprises or for registered businesses. 	<p>Economic Implications and Public Policies, International Conference, Program Book, Hanoi: VASS, IRD, GSO, MoLISA.</p>
<p>Sector choice and earnings regarding rural migrants in urban labour market in the Red River Delta</p>	<p>Informal Employment for Rural Migrants in Urban Labour Market in Red River Delta: a comparative analysis of sector choice and earnings with urban migrants and urban residents (Hanoi, Hai</p>	<ul style="list-style-type: none"> • Results suggest earnings discrimination against informal workers. Among them, rural migrants are found to be more disadvantaged • There is no evidence on the correlation between state of being informally employed and the intent to leave – for both rural and urban migrants • Though being engaged in jobs located in the lower end of income levels, rural migrants who held informal jobs in the urban labour market (in Hanoi, 	<p>The Informal Sector and Informal Employment – Statistical Measurement, Economic Implications and Public Policies,</p>

	Phong and Hai Duong) Nguyen Huu Chi, 2010	Hai Phong and Hai Duong) have been better off than before the migration	International Conference, Program Book, Hanoi: VASS, IRD, GSO, MoLISA.
International migration and informal sector employment	Impacts of international migration on employment in the informal sector: the case of Vietnam Tran Thi Bich et al., 2010	<ul style="list-style-type: none"> • The results show no differential in self-employment between migrant and non-migrant households • Rather than investing in production, a proportion of remittances is spent on other purposes, causing the situation of not working • High unemployment rate among returnees 	The Informal Sector and Informal Employment – Statistical Measurement, Economic Implications and Public Policies, International Conference, Program Book, Hanoi: VASS, IRD, GSO, MoLISA.
Formalization	The benefits of formalization: evidence from SMEs Rand/Torm, 2010	<ul style="list-style-type: none"> • Becoming officially registered leads to an increase in profits, investments and access to credit • There is no well-determined effect on the size of firms' business related network and customer base • Becoming legally registered is associated with a decrease in the share of casual workers (an increase in workers with formal labour contract, thereby 	The Informal Sector and Informal Employment – Statistical Measurement, Economic Implications and

		<p>improving contract conditions for workers)</p> <ul style="list-style-type: none"> •There is no evidence that formalizing leads to a change in the skill composition of workers, nor a higher share of wages in total value added 	<p>Public Policies, International Conference, Program Book, Hanoi: VASS, IRD, GSO, MoLISA.</p> <p>http://www.labourmarketproject.vn/uploads/II.3.8%20%20Paper%20%20and%20and%20Term%2050C.pdf</p>
Satisfaction at work	<p>Satisfaction at work and informal sector in Vietnam</p> <p>Wachsberger et al., 2010</p>	Data requested	<p>The Informal Sector and Informal Employment – Statistical Measurement, Economic Implications and Public Policies, International Conference, Program Book, Hanoi: VASS, IRD, GSO, MoLISA.</p>

<p>Formal/informal earnings gap, state dependence and job mobility</p>	<p>Panel data analysis of the dynamics of labour allocation and earnings in Vietnam Nguyen Huu Chi et al., 2010b</p>	<p>Informal sector earnings gap highly depend on the worker's status (wage employment vs. self-employment) and on their relative position in the earnings distribution.</p>	<p>The Informal Sector and Informal Employment – Statistical Measurement, Economic Implications and Public Policies, International Conference, Program Book, Hanoi: VASS, IRD, GSO, MoLISA.</p>
<p>Migrants in Hanoi and HCMC, urban poverty</p>	<p>Migrants and Residents' Living Standards in Hanoi and Hochiminh City Hanoi and HCMC PPC / Statistic Offices and UNDP, Vietnam, 2010</p>	<ul style="list-style-type: none"> • Most migrants in Hanoi and HCMC are young (20-30 years old) and unmarried individuals • More vulnerable living conditions than residents: more frequent change of dwelling due to frequent job change and increasing renting fee, lower education attainment • 56,6% of migrants have no health insurance (due to lack of awareness / knowledge, money and permanent registration) compared to 33,7% of residents • Lower employment status than residents: most of them were simple technical workers (63,4%) and engaged in short-term, non contract, low-salary and 	<p>The Informal Sector and Informal Employment – Statistical Measurement, Economic Implications and Public Policies, International Conference, Program Book, Hanoi: VASS, IRD, GSO,</p>

		unstable jobs with less benefit and social security	MoLISA.
Impact of economic crisis on day labourers	Rapid Assessment of the Social Impacts of the Global Economic Crisis in Viet Nam - Summary of first round research	<p>Reduced income and remittances, together with increased costs of living, have negatively affected the diets of labourers' families and may threaten the educational prospects of their children at home.</p> <p>Research in five main mobile labour markets in Ha Noi reveals that the majority (an estimated 70 per cent) of day labourers are mature/married people from poor rural areas without adequate education or skills.</p>	Oxfam/VASS 2010
	Vietnam: Compulsory Social Security Participation Revealed preferences To Trung Thanh, Paulette Castel, 2009	<p><u><i>Informal sector and informal employment characteristics (ES 2006):</i></u></p> <ul style="list-style-type: none"> • The number of contributors to VSS is relatively small: it covers 38.8% of the 17,464,000 persons that report receiving wages equal or above the legal minimum wage • Among the surveyed enterprises (129,566) only 59,346 firms (45.8%) contributed to VSS. Participation rate of state owned enterprises is 95.4%. In foreign investment it is 83.1% and in private enterprises 43.2% • Among the enterprises that contribute, the share of the contributions is on average equal to 7.6% of total wages and not equal to 23% as required by law. More than half of the enterprises (66.93%) contribute less than an amount of 5% of the wages they pay. About 3.2 million people are employed in enterprises in which the share of the contributions 	<p>Thanh/Castel 2009;</p> <p>[according to Enterprise Survey 2006]</p>

		<p>represents less than 10% of the wages</p> <ul style="list-style-type: none"> • Only 3.47% of the enterprises contribute effectively 23% (as required by law) 	
<p>Social development, migration and economic crisis</p>	<p>The impacts of the global economic crisis on migration patterns in Viet Nam Findings from rapid assessments in five provinces and cities March - August 2009 Oxfam and ActionAid 2009</p>	<p>Many migrant workers have restructured their options. Despite significant obstacles, migration to cities to seek formal or informal employment remains the key livelihood option for many. Movement between formal and informal jobs is one of the coping mechanisms to deal with the impacts of the crisis.</p> <p>An emerging tendency is that many younger people, particularly women, are opting to attend vocational schools with the hope of finding more secure, better paid jobs. They may migrate to work and study at the same time.</p> <p>An emerging concern of social impact in rural areas is a possible increase in the school dropout rates, particularly right after or before junior secondary graduation. This raises concerns over the emerging danger of child labour</p>	<p>Oxfam and ActionAid 2009</p>
<p>Problems of business and household producer in craft villages</p>	<p>The Social Impacts of the Global Economic Crisis on Two Craft Villages in Viet Nam A rapid assessment report Nguyen Tam Giang</p>	<ul style="list-style-type: none"> • No businesses or producers in the reviewed villages pay any type of insurance, redundancy or unemployment benefits to their workers. Contracts are informal and signed on an annual basis. Salaries are paid either on a pay-as-you-work daily rate basis, or on a piece-meal basis. • Barriers in credit access: official information regarding subsidized credit scheme did not reach 	<p>Nguyen Tam Giang and Oxfam (GB) Vietnam, 2009</p>

	<p>and Oxfam (GB) Vietnam, 2009</p>	<p>commune level, loan eligibility conditions from commercial banks are hard to fulfill (they usually require good production and business plans) and poor households dared not apply for loans as they do not know how to invest the money effectively</p> <ul style="list-style-type: none"> • Reported problems: Outdated production, limited designs and samples, poor technical skills, no reputation for product quality, limited capital, failure of the craft guilds to develop good guidelines and to produce good impacts on member's production and business. The commune administration cannot provide any significant assistance, except facilitating paperwork for loans 	
<p>Population, labour and employment</p>	<p>Expanded Sample Results</p> <p>The 1st April 2009 Vietnam Population and Housing Census</p> <p>Central Population and Housing Census Steering Committee</p> <p>GSO 2009</p>	<ul style="list-style-type: none"> • As of April 1st 2009 there were 43.8 million people in the whole country of working age and working (51.1% of the population): 11.9 million people in urban areas (27%) and 31.9 million in rural areas (73%) • From 1999 to 2009 proportion of the main labour force (age of 15-59) has increased from 58% to 66% • Dependent population (below 15 and above 60 years) ratio declined from 71 in 1999 to 51 in 2009. This means that 100 people of working age have to “support” 51 people (38 children and 13 elderly persons) • There has been an evident shift of labour between economic sectors during the last 10 years (in agriculture-forestry-fishing from 69.4% to 51.8%, 	<p>GSO 2009</p>

		in the industrial and construction sector from 14.9% to 15.4% and in services sector from 15.7% to 32.8%	
Overview regarding social protection in Vietnam	Vietnam Development Report 2008 – Social Protection	<p>Results from a study regarding enrollment of informal sector workers in the voluntary health insurance:</p> <p>More likely to enroll in voluntary health insurance are workers from high-income households, women, those who classify themselves as skilled and those working on a self-employment basis in the health sector. Furthermore, workers who had been confined to bed or had taken time off work because of illness were more likely to enroll.</p>	<p>http://www.ilo.org/gimi/gess/RessSource.do?resourceId=183</p> <p>77</p>

Annex II: Data Matrix

Social Protection for the Informal Sector in Vietnam

Theme	Available data - title, institution and year	General information ¹¹ - approach - sample size and scope - indicators	Source or link
Informal sector	National Survey on the Informal Sector GSO (From 2010 onwards biannually)	Not yet realized (according to the Prime Minister's Decision No. 144/2008/QD-TTg on the <i>National Survey Programme</i> , 29 October 2008, GSO will conduct a bi-annual national survey on the informal sector from 2010 onwards)	Cling <i>et al.</i> , 2010, p. 11, 39; Cling <i>et al.</i> , 2010c, p. 31.
Prevalence of Individual / Household Businesses	The Annual Non-Farm Individual / Household Business Establishment Survey (AHBS) GSO/DSO/PSO From 2003 up to now (annually)	The survey is designed to collect information about individual business establishments in all economic sectors in the country (except agriculture, forestry and fishery) in order to: <ul style="list-style-type: none"> • Provide basic information on indicators such as production value, intermediary expense, value added tax, etc. • Meet with requirements to server 	http://www.gso.gov.vn/default_en.aspx?tabid=480&idmid=4&ItemID=4692 GSO, Non-farm individual business establishments, 2008 – results of surveys, Hanoi 2009*

¹¹ The listed sentences are partly citations from the respective publications but – for the sake of simplicity – not marked as citation in the matrix.

management, planning and policy development production, business of non-farm individual business establishments on all levels and sectors.

Since 2003 individual business establishments have been surveyed from AHBS annually and uniformly. Each business establishment is considered as one separate unit. The survey covers all provinces, cities and districts nationwide.

The coverage is broad: 2008 survey covered over 180,000 establishments.

Scope: “An individual business establishment is a privately-owned economic organization which is not registered and operational under the Enterprise Law. An economic establishment is where a regular business operation takes place with a definite address and at least one full-time worker.”

Indicators: limited questionnaire, only basic information required (cp. Razafindrakoto, Roubaud and Le Van Duy, 2008), e.g.:

- Number of individual business establishments, persons engaged by industry and province
- Number of individual business establishments by industry and by province
- Number of persons engaged by industry and

		<p>by province</p> <ul style="list-style-type: none"> • Rate of registered establishments by industry and province, taxpaying establishments • Value of source of capital, fixed assets, liquid assets, capital, turnover, etc. • Fixed assets, liquid assets, accounts payable, capital of ownership <p>Limitations in the scope:</p> <ul style="list-style-type: none"> • The establishment has to have been operational and in business for at least three months in the previous year • Non-located HBs are not included 	
<p>Background information on labour market, labourers and working environment as well as labour market and the global economic downturn</p>	<p>Labour Force Survey (LFS) GSO From 2007 up to now (annually and also quarterly)</p>	<p>LFS is a nationally representative survey targeted at working age population (aged 15 years and older). Since 2007 GSO carries out LFS (which was conducted before by MoLISA).</p> <p>Sampling units: households E.g. Labour force Survey 2009: Reference date: 1 September 2009 (GSO) Sample size: approx. 18,000 households All eligible individuals in sampled households comprise the sample for the survey Objectives:</p> <ul style="list-style-type: none"> • To collect basic information on labour 	<p>GSO, Report on Labour Force Survey in Vietnam 1/9/2009, Hanoi 2010</p> <p>http://www.gso.gov.vn/default_en.aspx?tabid=515&idmid=5&ItemID=10655</p> <p>“Labour and Employment Survey Data Warehouse” with information and results of LFS 2007,</p>

		<p>market, comparable with previous annual labour force surveys, in accordance with international standards</p> <ul style="list-style-type: none"> • to support for assessing the impacts of the global economic downturn to the labour market <p>Scope:</p> <ul style="list-style-type: none"> • General questionnaire regarding household consistency: names of common household's residents, their relationship to the head of the household, sex, solar month and year of birth or age, ethnicity and residential registration. • Individual questionnaire regarding household members in working age with basic indicators (occupation, industry) and specific indicators regarding informal sector and informal employment (economic sector, status of employment, registration of establishment, social insurance, pay slip, paid public holidays/leaves) <p>Selected indicators from LFS 2010:</p> <ul style="list-style-type: none"> • Highest grade of education/training • Economic activity during the last 7 days (employed, unemployed or economically inactive population, job search, duration and mode of job search, duration and reason of unemployment) 	<p>2008, 2009 and 2010:</p> <p>http://www.gso.gov.vn/khodulieuldvl/tongquan.aspx?id=11&NameBar=GI%e1%bb%9aI%20THI%e1%bb%86U%20%20T%e1%bb%95ng%20quan</p>
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<p>Background information of Small and Medium Scale enterprises</p>	<p>SME Survey (DANIDA) From ILSSA&DANIDA 2005, 2007,2009, 2011</p>	<ul style="list-style-type: none"> • Type of current work and status at work (employer, own-account worker, unpaid family worker, wage worker, member of cooperative, apprentice) • Classification of economic sector (individual, household of individual production and trade, collective, private, state or foreign investment economic sector) • Working experience • Hours worked and underemployed • Multi-activity (secondary job) • Average salary/wage • Under-employed and discouraged worker <p>Comprehensive biannual enterprise survey with main questionnaire, employee questionnaire and economic accounts questionnaire.</p> <p>^{7th} SME Survey round in 2011 covered 2905 non-state manufacturing enterprises and 600 labourers in 10 provinces/cities</p> <p>^{6th} SME Survey round in 2009 covered 2543 non-state manufacturing enterprises in 10 provinces/cities</p> <p>^{5th} SME Survey round in 2007 covered 2492 non-state manufacturing enterprises in 10 provinces/cities</p>	<p>CIEM/DOE/ILSSA Characteristics of the Vietnamese business environment evidence from a SME survey in 2007</p>
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4th SME Survey round in 2005 covered 2635 non-state manufacturing enterprises in 10 provinces/cities

Selected indicators are:

Regarding Main Questionnaire:

- Identification particulars (owner change since last survey, closing of enterprise for a period up to one year, difficulties when enterprise was established, change of ownership form, change of legal status, change of production facility)
- General characteristics (including registration)
- Household characteristics (employment status of household members)
- Employment (unpaid regular labour force, formal labour contracts, contributions to social insurance, health insurance, unemployment insurance and further social benefits)
- Economic constraints and potentials (government assistance, e.g. human resources training; major constraints to growth, e.g. lack of skilled workers)

Regarding Employee Questionnaire:

- Existence of formal labour contracts, level of education, gained general or on-the-job

		<p>training, provided social insurance benefits, contribution to voluntary social insurance schemes</p> <p>Regarding Economic Accounts Questionnaire:</p> <p>Labour costs, social insurance costs, health insurance costs, unemployment insurance costs, training costs</p> <ul style="list-style-type: none"> • Other indicators: <p>Enterprises dynamics, bureaucracy, informality, tax evasion and bribes, production and technology, investment and access to finance, environment</p> <p>(Remark: the survey data include both formal and informal businesses but the sample of informal firms is not representative for the informal sector as a whole, so it covers only partially the informal sector)</p>	
Urban poverty	<p>Participatory Monitoring of Urban Poverty in Vietnam – Fourth Round Synthesis Report – 2011</p> <p>Oxfam/ActionAid 2011</p>	<p>In the 2011 (fourth) round of monitoring, 52 group discussions were held with the participation of 351 local people, migrant workers, and local officials, of which 141 were male and 210 female, mostly Kinh people. 161 in-depth interviews were conducted with 75 men and 86 women. 180 questionnaire sheets for migrant workers in Hanoi, Hai Phong, and Go Vap District (HCMC) were completed.</p>	<p>Oxfam/ActionAid 2011</p>

		<p>Information sheets: were used to record basic information at the time of monitoring in respective wards/communes and residential quarters/ hamlets. Direct observation and photographs were used as tools to provide additional information. Interviews with officials: In addition to the tools mentioned above, 10 interviews were conducted with officials of district departments during the survey trip.</p>	
<p>Background information regarding households in rural areas</p>	<p>Vietnam Access to Resources Household Survey (VARHS) From CIEM, DERG, ILSSA, IPSARD 2002, 2006, 2008, 2010</p>	<p>Household survey regarding rural households Objective: Economic wellbeing of households in rural Vietnam, with a particular focus on access to, and use of, productive resources. Scope: Economic activities of the households, share of household enterprises with license Definition of household enterprise: Any commercial activity that does not involve current agricultural production (the sale of crops that the household has grown is therefore included). VARHS 2010 was carried out in 12 (rural) provinces in July and August 2010 Panel data of 2.200 households Selected indicators:</p> <ul style="list-style-type: none"> • Gender, ethnicity, poverty and language • Professional education level of household 	<p>CIEM et al., 2011</p>

		<p>head</p> <ul style="list-style-type: none"> • Living conditions, access to services • Labour and income (of economic active household members aged 15 and over) • Share of household enterprises with license, number of workers • Investment, land, agricultural production 	
	<p>Vietnam Household Living Standards Survey (VHLSS) GSO 2010</p>	<p>Bi-annual survey, initially designed to measure and monitor poverty and inequality. It is focused on almost all aspects of economic and domestic activities of households and includes modules regarding “Employment” and “Non-Farm Household Business”</p> <p>Regarding VHLSS 2010 currently only summary results are available.</p> <p>Face-to-face interviews with household heads and key commune officials</p> <p>Sampling units: households</p> <p>Sample size: VHLSS 2008 was conducted nationwide with a sample size of 45,945 households in 3,063 communes</p> <p>Indicators: rather general indicators (e.g. regions, industrial sectors); only few questions on job characteristics, important indicators regarding informal sector are missing and labour market indicators are not</p>	<p>http://www.gso.gov.vn/default_en.aspx?tabid=483&idmid=4&ItemID=11148</p> <p>http://www.gso.gov.vn/default_en.aspx?tabid=515&idmid=5&ItemID=9647</p>

		collected in accordance with standard international definitions (cp. Cling <i>et al.</i> , 2010, 69). Limitation: population aged 15 years and over	
Situation of children and women in Vietnam	Multiple Indicator Cluster Survey 2006, 2010 GSO (in collaboration with Vietnam Committee for Population, Family and Children – VCPFC)	<p>Survey objective: Situation of children and women at the national level, for urban and rural areas and for eight regions: Red River Delta, North West, North East, North Central Coast, South Central Coast, Central Highlands, South East, and Mekong River Delta</p> <p>Sampling units: Households, women (age 15-49), and mothers/caretakers of all children under 5 living in the household (Household questionnaire, women’s questionnaire and mothers/caretakers questionnaire)</p> <p>Sample coverage: 8,355 households, 9,473 women (age 15-49), 2,680 children under five years</p> <p>Selected indicators:</p> <ul style="list-style-type: none"> • Education • Water and sanitation • Household characteristics • Child labour 	

<p>Migrants and urban poverty in Hanoi and HCMC</p>	<p>Migrants and Residents' Living Standards in Hanoi and Hochiminh City Hanoi and HCMC PPC / Statistic Offices and UNDP, Vietnam, 2010</p>	<p>Urban Poverty Survey 2009 Sampling units: households Questionnaire-based survey Two-stage stratified sample design, based on the updated sampling frame from the recent population census 2009 Focus on migrants and unregistered households (in addition to the registered population): persons living in group quarters, hostels, dormitories and other establishments, workers sleeping on construction sites and the homeless</p>	<p>The Informal Sector and Informal Employment – Statistical Measurement, Economic Implications and Public Policies, International Conference, Program Book, Hanoi: VASS, IRD, GSO, MoLISA.</p>
<p>Formalization</p>	<p>The benefits of formalization: evidence from Vietnamese SMEs Rand/Torm 2010</p>	<p>Ethnographic study of 10 informal and formal micro household businesses</p>	<p>Rand/Torm, 2010; Remark: the findings in the paper are not only based on the small ethnographic study, furthermore on SME Survey (DANIDA).</p>
<p>Micro-finance</p>	<p>Informal micro-finance: institutional framework to stimulate development in rural Nguyen Van Huan, 2010</p>	<p>Survey data, conducted in the Southern Economic Zone</p>	<p>Nguyen van Huan, 2010 (according to survey from Vietnamese Institute of Economics)</p>

Migration	Development on the Move Measuring and Optimising Migration's Economic and Social Impacts in Vietnam Dang Nguyen Anh et al., 2010	Survey data, Sampling units: households Sample size: 1,508 households in six provinces of Vietnam	http://www.ippr.org/uploadedFiles/_research_teams_2009/Projects/Global_Change/Vietnam%20OTM%20report%20(FINAL%20-%20April%202010).pdf
Labour market, economic crisis, impact on craft villages	The Social Impacts of the Global Economic Crisis on Two Craft Villages in Viet Nam A rapid assessment report Nguyen Tam Giang and Oxfam (GB) Vietnam, 2009	Focus group discussions and in-depth interviews (interviews with 12 representatives from craft companies and cooperatives, 17 from household producers, 12 workers, with four being female, and six senior officials of the communes, villages and craft guilds)	Nguyen Tam Giang and Oxfam (GB) Vietnam, 2009
Labour market, economic crisis and migration	The impacts of the global economic crisis on migration patterns in Viet Nam - Findings from rapid assessments in five provinces and cities March - August 2009 Oxfam, ActionAid Vietnam 2009	Two assessments in Hanoi, Hai Phong city, Ho Chi Minh city and Nghe An and Tra Vinh provinces (group discussions and interviews with 174 and 315 people).	Oxfam, ActionAid Vietnam 2009
Enterprise/	Vietnam Enterprise	Annual survey (2000-2008);	http://www.gso.gov.vn/nada2/ddibrowser/?id=9&

<p>Establishment Survey</p>	<p>Survey 2008 GSO From 2000 to 2008 (annually)</p>	<p>Sample units: non-state enterprises (less than 10 employees)</p> <p>Objective: designed – amongst others – in order to:</p> <ul style="list-style-type: none"> • collect information of enterprises' productive factors (labor, capital, assets, etc.) and business results in 2007 regarding non-state enterprises with less than 10 employees • assess the situation and capacity of enterprises in different industries and economic sectors • collect further information for aggregating officially reported indicators. <p>Indicators: three general questionnaires: One for basic indicators about production and business of enterprises, one about energy and one regarding business environment. Into the first and the second general questionnaire, there were several specific questionnaires for specific enterprises included.</p> <p>Sample size:</p> <ul style="list-style-type: none"> • first questionnaire: not specified¹² • about 10,000 enterprises (approximately 	<p>section=variable&varid=V1693#sampling GSO 2008b* Tran Tien Cuong <i>et al.</i>, 2008*</p>
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¹² The sampling frame was established based on the list of non-state enterprises having less than 10 employees from the Enterprise Survey in the year 2005 (except the enterprises in hotel industry which are all selected). The number of non-state enterprises selected for applying the first questionnaire “is 15% of enterprises which have less than 10 employees in the list of enterprises from which were collected filled questionnaires in the year 2007”, cp. link.

		<p>10%) for the second questionnaire.</p> <ul style="list-style-type: none"> • about 10,000 enterprises (approximately 10%) regarding the third questionnaire (business environment) <p>Selected indicators:</p> <ul style="list-style-type: none"> • Production, sale, investment, costs, etc. • Labour including labour's compensation, performance of obligations to the State, professional training of labour, occupational accident <p>(Currently for 2008 only data from the first general type of questionnaire is available)</p>	
<p>Labour market and economic crisis</p>	<p>Household Business & Informal Sector Survey 2007 GSO/IRD</p>	<p>HB&IS Survey methodology, which adopts the two-phase (or mixed household/enterprise) survey principles, was based on the 1-2-3 Survey scheme (cp.: Roubaud, 2009).</p> <p>Interviews with Household Business Heads in Hanoi (Dec. 2007) and HCMC (Jan. 2008):</p> <p>Interviews with 1,305 household businesses in Hanoi (992 informal and 313 formal)</p> <p>And 1,333 in HCMC (962 informal and 371 formal).</p> <p>The samples were based on the Labour Force Survey 2007 (identification of informal production units from the LFS) and were extended to all household businesses to allow</p>	

		<p>for a comparison between informal and formal production units.</p> <p>The survey comprehends eight modules: the establishment's characteristics; the labour force; production and sales; expenditure and charges; customers, suppliers and competitors; capital, investment and financing; problems and prospects; and social security.</p>	
<p>Labour market, Household Businesses and Informal Production Units</p>	<p>Labour Force Survey 2007 GSO</p>	<p>Labour Force Survey: August 2007, nationwide sample, Sampling units: households Sample size: 173,000 households Characteristics: First survey in Vietnam that captures informal employment, including both primary and secondary jobs. Also both jobs in the informal sector and unprotected jobs in the formal sector are acknowledged. Indicators: Broader set of labour market indicators in line with international standards Including questions in order to identify the informal sector and informal employment</p>	<p>Cling et al., 2010, 59, 60; Vietnam Development Report 2008, 37.</p>
<p>Labour force and employment</p>	<p>Labour Force and Employment Survey 2006, 2007</p>	<p>Annual Labour force surveys Nationwide data/sample</p>	<p>Centre for information / MoLISA, Statistical</p>

	MoLISA	<p>Survey in 2006 included 100,680 households Survey in 2007 included 100,479 households Indicators:</p> <ul style="list-style-type: none"> - Population, state of bussiness activity participation - Labour force - Employment - Unemployment and underemployment 	<p>data of employment and unemployment in Vietnam 1996-2005</p>
	<p>Establishment Census of Vietnam 1995, 2002 and 2007 (remark: also called Economic Census)</p>	<p>Nationwide business establishment survey (63 Provinces) Wide understanding of establishments (including schools, hospitals, social organisations and pagodas) Indicators:</p> <ul style="list-style-type: none"> • Number, density, distribution and labour force of establishments (by types of establishments) in the whole country • Classification of labour (by family workers, hired employees, foreign employees, gender and age) • Income, Education and qualification of labour • Establishments in different economic sectors (including “Individual business establishments”) <p>Limitations:</p>	<p>http://www.gso.gov.vn/default_en.aspx?tabid=481&idmid=4&ItemID=8385</p>

		<ul style="list-style-type: none"> • Acknowledged are only establishments with ongoing economic activity and carried out at the respective location for at least three months • Agricultural cooperatives, individual production and business households in the agriculture, forestry and fishery sector are excluded, amongst others. 	
Potential coverage of a voluntary pension system in Vietnam	Voluntary Defined Benefit Pension System Willingness to participate the case of Vietnam 2008	The results of the simulation show that high coverage could be achieved among the young population. The expected participation at middle age workers (40 years and above) is rather low. The very low level of benefits reduces significantly the willingness to participate.	Castel 2008
Willingness of farmers to move to the voluntary pension scheme	Nghe An Voluntary Pension Fund: Transition to the National Scheme Policy Options 2007	Low interest of the population to participate in the case there is no chance to obtain a pension (because of their age or the low level of the savings they had accumulated in the Nghe An Pension Fund, many participants of this fund could not expect to be entitled to a pension if they transfer their savings and contribute into the voluntary pension system until retirement).	ILSSA/Castel 2007
Voluntary social insurance and informal sector	VSIS Survey on Voluntary Social Insurance for Informal Sector	Survey data Sampling units: households Sample size: 3412 households in 10 provinces	Bahles/Castel, 2006

	<p>MoLISA/ILSSA in cooperation with 10 provincial Departments of Labour, Invalids and Social Affairs and the Social Insurance Department of Ministry of Labour, Invalids and Social Affairs (MoLISA). 2005</p>	<p>(Ha Noi, Nam Dinh, Bac Giang, Thanh Hoa, Thua Thien – Hue, Lam Dong, Dong Nai, Ho Chi Minh City, An Giang, and Soc Trang) with at least one member working in the informal sector not covered by social insurance (remark: the sample intended to exclude the poorest 6 provinces . Also communes which are targeted from Program 135 were excluded as households in these areas are usually unable to contribute to social insurance).</p> <p>Indicators:</p> <ul style="list-style-type: none"> • General characteristics of household members (background) • General questions on household economy, income, labour and savings • Information on the employment of the main respondent, information about risks and coping strategies of the household • Information on prior knowledge regarding social insurance and the main area to propose various social insurance schemes. • Willingness to participate in such schemes • Capacity of households to face income shocks, strategies regarding old-age security, occurrence of case of death and long-term disability 	
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		<p>The survey focused on collecting information on willingness to contribute to social insurance of a main respondent. This respondent was the household member whom the household considered contributed the most to the household among all household members working in the informal sector.</p> <p>The survey acknowledged also long-term benefits including survivor benefits, disability benefits and retirement pensions.</p>	
Internal migration	<p>Vietnam Migration Survey 2004 GSO</p>	<p>Household survey Sampling units: households Sample size: requested*</p> <p>Objectives: characteristics of internal migration, characteristics of migrants and non-migrants</p> <p>Geographic coverage: Hanoi area, Northeast Economic Zone, Central Highlands, Lam Dong Ho Chi Minh City Industrial Zone</p> <p>Selected indicators:</p> <ul style="list-style-type: none"> • Process of migration including reasons • Consequences of migration in terms of income, employment, living conditions, remittances, access to social and health services 	GSO

Annex III: Enumeration of leading research questions

Introduction:

What is the current international understanding of the terms *informal sector worker* and *informal employment*? From point of view of international understanding: what is the prevalence of the informal sector and informal employment in Vietnam?

Data review:

Which surveys regarding labor, employment, informal sector and informal employment exist in Vietnam?

What is the scope of these surveys and which indicators did they apply?

Are there any essential data, indicators and surveys missing?

Literature review:

What are the findings and policy recommendations of existing reviews, researches and papers on social protection for informal sector workers and the informally employed? Does data exist that has not been analyzed so far?

Which tools are already developed and/or not yet tested? Are there any essential reviews, researches and tools missing?

Legal review:

Which guidelines follow from the Vietnamese Constitution for social protection of the informal sector and informal employed in Vietnam? Which further guidelines follow from existing labor and social insurance law?

Which interlinkages exist to private law? Which elements of an offence/of a crime regarding informal employment exist?

Are there any essential provisions, by-laws, regulations, etc. missing?

Policy and program review:

Which objectives regarding social protection of the informal sector and informal employed in Vietnam follow from the Socio-Economic Development Plan and further policies and programs?

Which objectives follow from Social Protection Strategy, Employment Strategy, etc.?

Are there essential policies missing?



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