

BUILDING SOCIAL PROTECTION FLOORS WITH THE ILO TOGETHER, TO CHANGE MILLIONS OF LIVES IN VIET NAM



International
Labour
Organization

EXTENDING SOCIAL INSURANCE COVERAGE

Viet Nam's workforce is largely informal; in 2015, 76.1 per cent of the workers were in informal employment (including agriculture). Ensuring that everyone has access to social protection remains a challenge. The Social Insurance Law, 2006 mandatorily covers public and private sector employees working in establishments with at least one employee, when they are faced with a disability, sickness, maternity, work injury, unemployment or old age.

Since 2008, informal sector workers have been eligible to retirement and survivor pensions on a voluntary basis. In November 2015, up to 12 million and 0.23 million workers were covered by the mandatory and voluntary social insurance schemes respectively, accounting for a mere 20 per cent of the total workforce¹. Coverage remains particularly low for small and medium enterprises, workers with short-term contracts and workers eligible to voluntary coverage.

The Party Central Committee's Resolution No. 15-NQ/TW of 2012 set a target that 50 per cent of the workforce must have social insurance by 2020. To achieve this target and increase financial sustainability in light of its ageing population and economic slowdown, Viet Nam reformed its Social Insurance Law in November 2014 with support from the ILO. Key aspects of the reform include:

- extending coverage to all employees with contracts of at least one month, including migrant workers;
 - clarifying the definition of the reference wage used to calculate contributions;
 - allowing more flexibility in payment schedules;
 - matching voluntary contributions with government subsidies; and
- strengthening labour and social insurance inspection.

¹ VSS, 2015 and ILO calculations based on Viet Nam labour force survey 2015.



STRENGTHENING SOCIAL ASSISTANCE, OLD-AGE PENSIONS AND ACCESS TO HEALTH CARE

Viet Nam's investment in social assistance remains modest at 0.37 per cent of GDP. As a result, coverage of beneficiaries and the cash benefit (US\$ 12 monthly) are inadequate. Further, the legislation is fragmented and eligibility criteria are not clearly defined, allowing for loopholes. Accessibility to information and benefits remains problematic, particularly among ethnic groups.

A draft Master Plan for Social Assistance Reform to 2030 (MPSAR) is currently being discussed, with the intention to ensure the right of all citizens to adequate social protection by 2030. It is expected to be adopted in late 2016.



Viet Nam has achieved significant progress in extending social health insurance coverage. The Government subsidizes the contributions of a part of the population, mainly children, elderly, poor and vulnerable people. Nevertheless, accessibility, quality and affordability of services as well as medicines (leading to high out-of-pocket expenses) remain as concerns.

Viet Nam's population is ageing rapidly. The Government implements contributory old-age insurance and a tax-funded social pension. The social pension is given to people above 80 years of age who do not receive any contributory pension and people between 60 and 79 years of age who are poor and without family support. However, both schemes have their weaknesses, and even so, many elderly people do not actually get a pension. Furthermore, there is a systemic need to bring together the contributory and tax-funded schemes.

FROM RIGHT TO REALITY WITH YOUR SUPPORT

During the past year, the UN Joint Programme on Social Protection, co-chaired by ILO and UNICEF, submitted several policy recommendations on social protection to the Government. A new phase of the ILO/Japan project (2016-19) will support efforts in the country to extend social security coverage.

With your help, we can move faster to significantly expand coverage for older men and women.

You can support us to:

- Extend social insurance coverage to an additional 20 million workers by 2020.
US\$ 600.000
- Extend and strengthen social assistance to reach all people in need.
US\$ 1.200.000
- Improve access to health care, notably through enhanced social health insurance coverage.
US\$ 700.000

- Strengthen the old-age pension system, to ensure that all elderly people have access to income security.
US\$ 500.000
- Effectively extend social protection to migrant workers in Viet Nam and Vietnamese overseas migrant workers, and provide assistance for closing bilateral agreements.
US\$ 500.000

LISTENING TO YOUR AMBITIONS

As a donor, you receive regular reports on the progress made and have access to ongoing project activities and performance indicators.

To further discuss your objectives and the ways in which you can support stakeholders in Viet Nam and improve millions of lives, you can contact:



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